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COMMISSION



PPL companies

Kent A. Chandler  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

May 15, 2020

**Re: *Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities***  
**Case No. 2010-00204**

**LG&E and KU Energy LLC**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.lge-ku.com

Rick E. Lovekamp  
Manager – Regulatory  
Strategy/Policy  
T 502-627-3780  
rick.lovekamp@lge-ku.com

Dear Mr Chandler:

Pursuant to the Commission’s Order dated September 30, 2010 in the aforementioned case, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”), (collectively, the “Companies”) submit the Securities and Exchange Commission (“SEC”) Form 10-Q for PPL Corporation and its current and former subsidiaries for Period Ended March 31, 2020. This information is being made pursuant to Appendix C, Commitment No. 21. Also, pursuant to the Commission’s Order dated March 16, 2020 for Case No. 2020-00085, specifically Ordering Paragraph No. 4, the Companies are submitting this information via e-mail to [PSCED@ky.gov](mailto:PSCED@ky.gov).

SEC documents for PPL Corporation are also available by selecting “Filings and Forms” at <http://www.sec.gov>. Click “Search for Company Filings”, select option for “Company or Fund Name” and type in “PPL Corp”.

Should you have any questions regarding the information filed herewith, please call me or Don Harris at (502) 627-2021.

Sincerely,

A handwritten signature in blue ink that reads "Rick E. Lovekamp".

Rick E. Lovekamp

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934 for the quarterly period ended March 31, 2020
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File <u>Number</u>	Registrant; State of Incorporation; <u>Address and Telephone Number</u>	IRS Employer <u>Identification No.</u>
1-11459	<b>PPL Corporation</b> (Exact name of Registrant as specified in its charter) Pennsylvania Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-2758192
1-905	<b>PPL Electric Utilities Corporation</b> (Exact name of Registrant as specified in its charter) Pennsylvania Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-0959590
333-173665	<b>LG&amp;E and KU Energy LLC</b> (Exact name of Registrant as specified in its charter) Kentucky 220 West Main Street Louisville, KY 40202-1377 (502) 627-2000	20-0523163
1-2893	<b>Louisville Gas and Electric Company</b> (Exact name of Registrant as specified in its charter) Kentucky 220 West Main Street Louisville, KY 40202-1377 (502) 627-2000	61-0264150
1-3464	<b>Kentucky Utilities Company</b> (Exact name of Registrant as specified in its charter) Kentucky and Virginia One Quality Street Lexington, KY 40507-1462 (502) 627-2000	61-0247570



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Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol:</u>	<u>Name of each exchange on which registered</u>
Common Stock of PPL Corporation	PPL	New York Stock Exchange
Junior Subordinated Notes of PPL Capital Funding, Inc.		
2007 Series A due 2067	PPL/67	New York Stock Exchange
2013 Series B due 2073	PPX	New York Stock Exchange

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

PPL Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
PPL Electric Utilities Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
LG&E and KU Energy LLC	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Louisville Gas and Electric Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Kentucky Utilities Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit such files).

PPL Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
PPL Electric Utilities Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
LG&E and KU Energy LLC	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Louisville Gas and Electric Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Kentucky Utilities Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting companies or emerging growth companies. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
PPL Corporation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PPL Electric Utilities Corporation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LG&E and KU Energy LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Louisville Gas and Electric Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kentucky Utilities Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

PPL Corporation	<input type="checkbox"/>
PPL Electric Utilities Corporation	<input type="checkbox"/>
LG&E and KU Energy LLC	<input type="checkbox"/>
Louisville Gas and Electric Company	<input type="checkbox"/>
Kentucky Utilities Company	<input type="checkbox"/>

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

PPL Corporation	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
PPL Electric Utilities Corporation	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
LG&E and KU Energy LLC	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Louisville Gas and Electric Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Kentucky Utilities Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

PPL Corporation	Common stock, \$0.01 par value, 768,763,491 shares outstanding at April 30, 2020.
PPL Electric Utilities Corporation	Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Corporation at April 30, 2020.
LG&E and KU Energy LLC	PPL Corporation directly holds all of the membership interests in LG&E and KU Energy LLC.
Louisville Gas and Electric Company	Common stock, no par value, 21,294,223 shares outstanding and all held by LG&E and KU Energy LLC at April 30, 2020.
Kentucky Utilities Company	Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC at April 30, 2020.

**This document is available free of charge at the Investors section of PPL Corporation's website at [www.pplweb.com](http://www.pplweb.com). However, other information on this website does not constitute a part of this Form 10-Q.**

**PPL CORPORATION**  
**PPL ELECTRIC UTILITIES CORPORATION**  
**LG&E AND KU ENERGY LLC**  
**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**KENTUCKY UTILITIES COMPANY**

FORM 10-Q  
FOR THE QUARTER ENDED MARCH 31, 2020

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This combined Form 10-Q is separately filed by the following Registrants in their individual capacity: PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company. Information contained herein relating to any individual Registrant is filed by such Registrant solely on its own behalf, and no Registrant makes any representation as to information relating to any other Registrant, except that information under "Forward-Looking Information" relating to subsidiaries of PPL Corporation is also attributed to PPL Corporation and information relating to the subsidiaries of LG&E and KU Energy LLC is also attributed to LG&E and KU Energy LLC.

Unless otherwise specified, references in this Report, individually, to PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company are references to such entities directly or to one or more of their subsidiaries, as the case may be, the financial results of which subsidiaries are consolidated into such Registrants' financial statements in accordance with GAAP. This presentation has been applied where identification of particular subsidiaries is not material to the matter being disclosed, and to conform narrative disclosures to the presentation of financial information on a consolidated basis.

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## GLOSSARY OF TERMS AND ABBREVIATIONS

### PPL Corporation and its subsidiaries

**KU** - Kentucky Utilities Company, a public utility subsidiary of LKE engaged in the regulated generation, transmission, distribution and sale of electricity, primarily in Kentucky.

**LG&E** - Louisville Gas and Electric Company, a public utility subsidiary of LKE engaged in the regulated generation, transmission, distribution and sale of electricity and the distribution and sale of natural gas in Kentucky.

**LKE** - LG&E and KU Energy LLC, a subsidiary of PPL and the parent of LG&E, KU and other subsidiaries.

**LKS** - LG&E and KU Services Company, a subsidiary of LKE that provides administrative, management, and support services primarily to LKE and its subsidiaries.

**PPL** - PPL Corporation, the parent holding company of PPL Electric, PPL Energy Funding, PPL Capital Funding, LKE and other subsidiaries.

**PPL Capital Funding** - PPL Capital Funding, Inc., a financing subsidiary of PPL that provides financing for the operations of PPL and certain subsidiaries. Debt issued by PPL Capital Funding is guaranteed as to payment by PPL.

**PPL Electric** - PPL Electric Utilities Corporation, a public utility subsidiary of PPL engaged in the regulated transmission and distribution of electricity in its Pennsylvania service area and that provides electricity supply to its retail customers in this area as a PLR.

**PPL Energy Funding** - PPL Energy Funding Corporation, a subsidiary of PPL and the parent holding company of PPL Global and other subsidiaries.

**PPL EU Services** - PPL EU Services Corporation, a subsidiary of PPL that provides administrative, management and support services primarily to PPL Electric.

**PPL Global** - PPL Global, LLC, a subsidiary of PPL Energy Funding that, primarily through its subsidiaries, owns and operates WPD, PPL's regulated electricity distribution businesses in the U.K.

**PPL Services** - PPL Services Corporation, a subsidiary of PPL that provides administrative, management and support services to PPL and its subsidiaries.

**PPL WPD Limited** - an indirect U.K. subsidiary of PPL Global. Following reorganizations in October 2015 and October 2017, PPL WPD Limited is an indirect parent to WPD plc having previously been a sister company.

**Safari Energy** - Safari Energy, LLC, an indirect subsidiary of PPL, acquired in June 2018, that provides solar energy solutions for commercial customers in the U.S.

**WPD** - refers to PPL WPD Limited and its subsidiaries.

**WPD (East Midlands)** - Western Power Distribution (East Midlands) plc, a British regional electricity distribution utility company.

**WPD plc** - Western Power Distribution plc, an indirect U.K. subsidiary of PPL WPD Limited. Its principal indirectly owned subsidiaries are WPD (East Midlands), WPD (South Wales), WPD (South West) and WPD (West Midlands).

**WPD Midlands** - refers to WPD (East Midlands) and WPD (West Midlands), collectively.

**WPD (South Wales)** - Western Power Distribution (South Wales) plc, a British regional electricity distribution utility company.

**WPD (South West)** - Western Power Distribution (South West) plc, a British regional electricity distribution utility company.

**WPD (West Midlands)** - Western Power Distribution (West Midlands) plc, a British regional electricity distribution utility company.

**WKE** - Western Kentucky Energy Corp., a subsidiary of LKE that leased certain non-regulated utility generating plants in western Kentucky until July 2009.

**Other terms and abbreviations**

£ - British pound sterling.

**2019 Form 10-K** - Annual Report to the SEC on Form 10-K for the year ended December 31, 2019.

**Act 11** - Act 11 of 2012 that became effective on April 16, 2012. The Pennsylvania legislation authorized the PUC to approve two specific ratemaking mechanisms: the use of a fully projected future test year in base rate proceedings and, subject to certain conditions, a DSIC.

**Act 129** - Act 129 of 2008 that became effective in October 2008. The law amended the Pennsylvania Public Utility Code and created an energy efficiency and conservation program and smart metering technology requirements, adopted new PLR electricity supply procurement rules, provided remedies for market misconduct and changed the Alternative Energy Portfolio Standard (AEPS).

**Act 129 Smart Meter program** - PPL Electric's system wide meter replacement program that installs wireless digital meters that provide secure communication between PPL Electric and the meter as well as all related infrastructure.

**Adjusted Gross Margins** - a non-GAAP financial measure of performance used in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

**AFUDC** - allowance for funds used during construction. The cost of equity and debt funds used to finance construction projects of regulated businesses, which is capitalized as part of construction costs.

**AOCl** - accumulated other comprehensive income or loss.

**ARO** - asset retirement obligation.

**ATM Program** - at-the-market stock offering program.

**CCR(s)** - coal combustion residual(s). CCRs include fly ash, bottom ash and sulfur dioxide scrubber wastes.

**Clean Air Act** - federal legislation enacted to address certain environmental issues related to air emissions, including acid rain, ozone and toxic air emissions.

**Clean Water Act** - federal legislation enacted to address certain environmental issues relating to water quality including effluent discharges, cooling water intake, and dredge and fill activities.

**COVID-19** - the disease caused by the novel coronavirus identified in 2019 that has caused a global pandemic in 2020.

**CPCN** - Certificate of Public Convenience and Necessity. Authority granted by the KPSC pursuant to Kentucky Revised Statute 278.020 to provide utility service to or for the public or the construction of certain plant, equipment, property or facility for furnishing of utility service to the public.

**CPI** - consumer price index, a measure of inflation in the U.K. published monthly by the Office for National Statistics.

**CPIH** - consumer price index including owner-occupiers' housing costs. An aggregate measure of changes in the cost of living in the U.K., including a measure of owner-occupiers' housing costs.

**Customer Choice Act** - the Pennsylvania Electricity Generation Customer Choice and Competition Act, legislation enacted to restructure the state's electric utility industry to create retail access to a competitive market for generation of electricity.



**DNO** - Distribution Network Operator in the U.K.

**DRIP** - PPL Amended and Restated Dividend Reinvestment and Direct Stock Purchase Plan.

**DSIC** - Distribution System Improvement Charge. Authorized under Act 11, which is an alternative ratemaking mechanism providing more-timely cost recovery of qualifying distribution system capital expenditures.

**DSM** - Demand Side Management. Pursuant to Kentucky Revised Statute 278.285, the KPSC may determine the reasonableness of DSM programs proposed by any utility under its jurisdiction. DSM programs consist of energy efficiency programs intended to reduce peak demand and delay the investment in additional power plant construction, provide customers with tools and information regarding their energy usage and support energy efficiency.

**DSO** - Distribution System Operation in the U.K. is the effective delivery of a range of functions and services that need to happen to run an advanced electricity distribution network. These functions cover long-term network planning; operations, real-time processes and planning, and markets and settlement. This does not focus on a single party as an operator; but recognizes roles for a range of parties to deliver DSO.

**DSP** - Default Service Provider.

**Earnings from Ongoing Operations** - a non-GAAP financial measure of earnings adjusted for the impact of special items and used in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A).

**ECR** - Environmental Cost Recovery. Pursuant to Kentucky Revised Statute 278.183, Kentucky electric utilities are entitled to the current recovery of costs of complying with the Clean Air Act, as amended, and those federal, state or local environmental requirements that apply to coal combustion wastes and byproducts from the production of energy from coal.

**ELG(s)** - Effluent Limitation Guidelines, regulations promulgated by the EPA.

**EPA** - Environmental Protection Agency, a U.S. government agency.

**EPS** - earnings per share.

**FERC** - Federal Energy Regulatory Commission, the U.S. federal agency that regulates, among other things, interstate transmission and wholesale sales of electricity, hydroelectric power projects and related matters.

**GAAP** - Generally Accepted Accounting Principles in the U.S.

**GBP** - British pound sterling.

**GHG(s)** - greenhouse gas(es).

**GLT** - gas line tracker. The KPSC approved mechanism for LG&E's recovery of costs associated with gas transmission lines, gas service lines, gas risers, leak mitigation, and gas main replacements.

**IRS** - Internal Revenue Service, a U.S. government agency.

**KPSC** - Kentucky Public Service Commission, the state agency that has jurisdiction over the regulation of rates and service of utilities in Kentucky.

**LIBOR** - London Interbank Offered Rate.

**Moody's** - Moody's Investors Service, Inc., a credit rating agency.

**MW** - megawatt, one thousand kilowatts.

**NERC** - North American Electric Reliability Corporation.

**NPNS** - the normal purchases and normal sales exception as permitted by derivative accounting rules. Derivatives that qualify for this exception may receive accrual accounting treatment.

**OCI** - other comprehensive income or loss.

**Ofgem** - Office of Gas and Electricity Markets, the British agency that regulates transmission, distribution and wholesale sales of electricity and gas and related matters.

**OVEC** - Ohio Valley Electric Corporation, located in Piketon, Ohio, an entity in which LKE indirectly owns an 8.13% interest (consists of LG&E's 5.63% and KU's 2.50% interests), which is recorded at cost. OVEC owns and operates two coal-fired power plants, the Kyger Creek plant in Ohio and the Clifty Creek plant in Indiana, with combined capacities of 2,120 MW.

**PLR** - Provider of Last Resort, the role of PPL Electric in providing default electricity supply within its delivery area to retail customers who have not chosen to select an alternative electricity supplier under the Customer Choice Act.

**PP&E** - property, plant and equipment.

**PPL EnergyPlus** - prior to the June 1, 2015 spinoff, PPL Energy Supply, LLC, PPL EnergyPlus, LLC, a subsidiary of PPL Energy Supply that marketed and traded wholesale and retail electricity and gas and supplied energy and energy services in competitive markets.

**PPL Energy Supply** - prior to the June 1, 2015 spinoff, PPL Energy Supply, LLC, a subsidiary of PPL Energy Funding and the indirect parent company of PPL Montana, LLC.

**PPL Montana** - prior to the June 1, 2015 spinoff of PPL Energy Supply, PPL Montana, LLC, an indirect subsidiary of PPL Energy Supply that generated electricity for wholesale sales in Montana and the Pacific Northwest.

**PUC** - Pennsylvania Public Utility Commission, the state agency that regulates certain ratemaking, services, accounting and operations of Pennsylvania utilities.

**RAV** - regulatory asset value. This term, used within the U.K. regulatory environment, is also commonly known as RAB or regulatory asset base. RAV is based on historical investment costs at time of privatization, plus subsequent allowed additions less annual regulatory depreciation, and represents the value on which DNOs earn a return in accordance with the regulatory cost of capital. RAV is indexed to Retail Price Index (RPI) in order to allow for the effects of inflation. RAV additions have been and continue to be based on a percentage of annual total expenditures that have a long-term benefit to WPD (similar to capital projects for the U.S. regulated businesses that are generally included in rate base).

**RCRA** - Resource Conservation and Recovery Act of 1976.

**Registrant(s)** - refers to the Registrants named on the cover of this Report (each a "Registrant" and collectively, the "Registrants").

**Regulation S-X** - SEC regulation governing the form and content of and requirements for financial statements required to be filed pursuant to the federal securities laws.

**RFC** - ReliabilityFirst Corporation, one of eight regional entities with delegated authority from NERC that work to safeguard the reliability of the bulk power systems throughout North America.

**RIIO** - Ofgem's framework for setting U.K. regulated gas and electric utility price controls which stands for "Revenues = Incentive + Innovation + Outputs." RIIO-1 refers to the first generation of price controls under the RIIO framework. RIIO-ED1 refers to the RIIO regulatory price control applicable to the operators of U.K. electricity distribution networks, the duration of which is April 2015 through March 2023. RIIO-2 refers to the second generation of price controls under the RIIO framework. RIIO-ED2 refers to the second generation of the RIIO regulatory price control applicable to the operators of U.K. electricity distribution networks, which will begin in April 2023.

**Riverstone** - Riverstone Holdings LLC, a Delaware limited liability company and, as of December 6, 2016, ultimate parent company of the entities that own the competitive power generation business contributed to Talen Energy.

**RPI** - retail price index, is a measure of inflation in the United Kingdom published monthly by the Office for National Statistics.

**Sarbanes-Oxley** - Sarbanes-Oxley Act of 2002, which sets requirements for management's assessment of internal controls for financial reporting. It also requires an independent auditor to make its own assessment.

**Scrubber** - an air pollution control device that can remove particulates and/or gases (primarily sulfur dioxide) from exhaust gases.

**SEC** - the U.S. Securities and Exchange Commission, a U.S. government agency primarily responsible to protect investors and maintain the integrity of the securities markets.

**SERC** - SERC Reliability Corporation, one of eight regional entities with delegated authority from NERC that work to safeguard the reliability of the bulk power systems throughout North America.

**Smart metering technology** - technology that can measure, among other things, time of electricity consumption to permit offering rate incentives for usage during lower cost or demand intervals. The use of this technology also has the potential to strengthen network reliability.

**S&P** - S&P Global Ratings, a credit rating agency.

**Superfund** - federal environmental statute that addresses remediation of contaminated sites; states also have similar statutes.

**Talen Energy** - Talen Energy Corporation, the Delaware corporation formed to be the publicly traded company and owner of the competitive generation assets of PPL Energy Supply and certain affiliates of Riverstone, which as of December 6, 2016, became wholly owned by Riverstone.

**Talen Energy Marketing** - Talen Energy Marketing, LLC, the new name of PPL EnergyPlus subsequent to the spinoff of PPL Energy Supply.

**TCJA** - Tax Cuts and Jobs Act. Comprehensive U.S. federal tax legislation enacted on December 22, 2017.

**Treasury Stock Method** - a method applied to calculate diluted EPS that assumes any proceeds that could be obtained upon exercise of options and warrants (and their equivalents) would be used to purchase common stock at the average market price during the relevant period.

**VEBA** - Voluntary Employee Beneficiary Association. A tax-exempt trust under the Internal Revenue Code Section 501(c)(9) used by employers to fund and pay eligible medical, life and similar benefits.

**VSCC** - Virginia State Corporation Commission, the state agency that has jurisdiction over the regulation of Virginia corporations, including utilities.

## Forward-looking Information

Statements contained in this Form 10-Q concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although the Registrants believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in each Registrant's 2019 Form 10-K and in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, the following are among the important factors that could cause actual results to differ materially and adversely from the forward-looking statements:

- the COVID-19 pandemic and its impact on economic conditions and financial markets;
- other pandemic health events or other catastrophic events such as fires, earthquakes, explosions, floods, droughts, tornadoes, hurricanes and other storms;
- the outcome of rate cases or other cost recovery or revenue proceedings;
- changes in U.S. state or federal or U.K. tax laws or regulations;
- the direct or indirect effects on PPL or its subsidiaries or business systems of cyber-based intrusion or the threat of cyberattacks;
- significant decreases in demand for electricity in the U.S.;
- expansion of alternative and distributed sources of electricity generation and storage;
- changes in foreign currency exchange rates for British pound sterling and the related impact on unrealized gains and losses on PPL's foreign currency economic hedges;
- the effectiveness of our risk management programs, including foreign currency and interest rate hedging;
- non-achievement by WPD of performance targets set by Ofgem;
- the effect of changes in RPI on WPD's revenues and index linked debt;
- developments related to the U.K.'s withdrawal from the European Union and any responses thereto;
- the amount of WPD's pension deficit funding recovered in revenues after March 31, 2021, following the triennial pension review which began in March 2019 and is due to conclude at the end of 2020;
- defaults by counterparties or suppliers for energy, capacity, coal, natural gas or key commodities, goods or services;
- capital market conditions, including the availability of capital or credit, changes in interest rates and certain economic indices, and decisions regarding capital structure;
- a material decline in the market value of PPL's equity;
- significant decreases in the fair value of debt and equity securities and its impact on the value of assets in defined benefit plans, and the potential cash funding requirements if fair value declines;
- interest rates and their effect on pension and retiree medical liabilities, ARO liabilities and interest payable on certain debt securities;
- volatility in or the impact of other changes in financial markets and economic conditions;
- the potential impact of any unrecorded commitments and liabilities of the Registrants and their subsidiaries;
- new accounting requirements or new interpretations or applications of existing requirements;
- changes in the corporate credit ratings or securities analyst rankings of the Registrants and their securities;
- any requirement to record impairment charges pursuant to GAAP with respect to any of our significant investments;
- laws or regulations to reduce emissions of GHGs or the physical effects of climate change;
- continuing ability to access fuel supply for LG&E and KU, as well as the ability to recover fuel costs and environmental expenditures in a timely manner at LG&E and KU and natural gas supply costs at LG&E;
- weather and other conditions affecting generation, transmission and distribution operations, operating costs and customer energy use;
- war, armed conflicts, terrorist attacks, or similar disruptive events;
- changes in political, regulatory or economic conditions in states, regions or countries where the Registrants or their subsidiaries conduct business;
- receipt of necessary governmental permits and approvals;
- new state, federal or foreign legislation or regulatory developments;
- the impact of any state, federal or foreign investigations applicable to the Registrants and their subsidiaries and the energy industry;
- our ability to attract and retain qualified employees;
- the effect of any business or industry restructuring;
- development of new projects, markets and technologies;
- performance of new ventures;

- business dispositions or acquisitions and our ability to realize expected benefits from such business transactions;
- collective labor bargaining negotiations; and
- the outcome of litigation against the Registrants and their subsidiaries.

Any forward-looking statements should be considered in light of these important factors and in conjunction with other documents of the Registrants on file with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for the Registrants to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and the Registrants undertake no obligation to update the information contained in the statement to reflect subsequent developments or information.

**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****PPL Corporation and Subsidiaries**

(Unaudited)

*(Millions of Dollars, except share data)*

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>	<b>\$ 2,054</b>	<b>\$ 2,079</b>
<b>Operating Expenses</b>		
Operation		
Fuel	163	194
Energy purchases	201	250
Other operation and maintenance	476	490
Depreciation	317	284
Taxes, other than income	80	80
Total Operating Expenses	<u>1,237</u>	<u>1,298</u>
<b>Operating Income</b>	<b>817</b>	<b>781</b>
Other Income (Expense) - net	125	52
Interest Expense	<u>248</u>	<u>241</u>
<b>Income Before Income Taxes</b>	<b>694</b>	<b>592</b>
Income Taxes	<u>140</u>	<u>126</u>
<b>Net Income</b>	<b>\$ 554</b>	<b>\$ 466</b>
<b>Earnings Per Share of Common Stock:</b>		
Net Income Available to PPL Common Shareowners:		
Basic	\$ 0.72	\$ 0.65
Diluted	\$ 0.72	\$ 0.64
<b>Weighted-Average Shares of Common Stock Outstanding</b> <b>(in thousands)</b>		
Basic	767,948	721,023
Diluted	768,738	729,953

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*



**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****PPL Corporation and Subsidiaries**(Unaudited)  
(Millions of Dollars)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Net income</b>	<b>\$ 554</b>	<b>\$ 466</b>
<b>Other comprehensive income (loss):</b>		
Amounts arising during the period - gains (losses), net of tax (expense) benefit:		
Foreign currency translation adjustments, net of tax of \$0, \$0	(61)	294
Qualifying derivatives, net of tax of (\$2), \$4	8	(19)
Defined benefit plans:		
Net actuarial gain (loss), net of tax of \$0, \$1	—	(3)
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):		
Qualifying derivatives, net of tax of \$0, (\$6)	(3)	24
Defined benefit plans:		
Prior service costs, net of tax of \$0, \$0	1	—
Net actuarial (gain) loss, net of tax of (\$12), (\$5)	47	21
<b>Total other comprehensive income (loss)</b>	<b>(8)</b>	<b>317</b>
<b>Comprehensive income</b>	<b>\$ 546</b>	<b>\$ 783</b>

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**PPL Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 554	\$ 466
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	317	284
Amortization	12	22
Defined benefit plans - (income) expense	(52)	(66)
Deferred income taxes and investment tax credits	106	89
Unrealized (gains) losses on derivatives, and other hedging activities	(57)	53
Stock-based compensation expense	6	14
Other	17	(3)
Change in current assets and current liabilities		
Accounts receivable	(35)	(57)
Accounts payable	(63)	(94)
Unbilled revenues	68	48
Fuel, materials and supplies	13	31
Prepayments	(76)	(86)
Regulatory assets and liabilities, net	(25)	(25)
Accrued interest	59	48
Other current liabilities	(95)	(72)
Other	24	(21)
Other operating activities		
Defined benefit plans - funding	(125)	(127)
Other assets	42	(20)
Other liabilities	2	(10)
Net cash provided by operating activities	<u>692</u>	<u>474</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(826)	(729)
Purchase of investments	—	(55)
Proceeds from the sale of investments	—	57
Other investing activities	(7)	5
Net cash used in investing activities	<u>(833)</u>	<u>(722)</u>
<b>Cash Flows from Financing Activities</b>		
Issuance of common stock	20	22
Payment of common stock dividends	(317)	(296)
Issuance of term loan	200	—
Net increase (decrease) in short-term debt	345	424
Other financing activities	(8)	(8)
Net cash provided by financing activities	<u>240</u>	<u>142</u>
<b>Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash</b>	<u>1</u>	<u>3</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<u>100</u>	<u>(103)</u>
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	836	643
Cash, Cash Equivalents and Restricted Cash at End of Period	<u>\$ 936</u>	<u>\$ 540</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	\$ 282	\$ 322
Accrued expenditures for intangible assets at March 31,	\$ 87	\$ 64

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED BALANCE SHEETS****PPL Corporation and Subsidiaries**(Unaudited)  
(Millions of Dollars, shares in thousands)

	March 31, 2020	December 31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 915	\$ 815
Accounts receivable (less reserve: 2020, \$62; 2019, \$58)		
Customer	730	687
Other	107	105
Unbilled revenues (less reserve: 2020, \$3; 2019, \$0)	434	504
Fuel, materials and supplies	320	332
Prepayments	155	79
Price risk management assets	193	147
Other current assets	102	98
Total Current Assets	2,956	2,767
<b>Property, Plant and Equipment</b>		
Regulated utility plant	43,109	42,709
Less: accumulated depreciation - regulated utility plant	8,212	8,055
Regulated utility plant, net	34,897	34,654
Non-regulated property, plant and equipment	380	357
Less: accumulated depreciation - non-regulated property, plant and equipment	87	109
Non-regulated property, plant and equipment, net	293	248
Construction work in progress	1,645	1,580
Property, Plant and Equipment, net	36,835	36,482
<b>Other Noncurrent Assets</b>		
Regulatory assets	1,477	1,492
Goodwill	3,178	3,198
Other intangibles	748	742
Pension benefit asset	603	464
Price risk management assets	166	149
Other noncurrent assets	365	386
Total Other Noncurrent Assets	6,537	6,431
<b>Total Assets</b>	<b>\$ 46,328</b>	<b>\$ 45,680</b>

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**PPL Corporation and Subsidiaries**

(Unaudited)  
(Millions of Dollars, shares in thousands)

	March 31, 2020	December 31, 2019
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 1,696	\$ 1,151
Long-term debt due within one year	1,170	1,172
Accounts payable	833	956
Taxes	100	99
Interest	352	294
Dividends	319	317
Customer deposits	265	261
Regulatory liabilities	99	115
Other current liabilities	488	535
Total Current Liabilities	<u>5,322</u>	<u>4,900</u>
<b>Long-term Debt</b>	<u>20,670</u>	<u>20,721</u>
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	3,217	3,088
Investment tax credits	123	124
Accrued pension obligations	500	587
Asset retirement obligations	217	212
Regulatory liabilities	2,557	2,572
Other deferred credits and noncurrent liabilities	481	485
Total Deferred Credits and Other Noncurrent Liabilities	<u>7,095</u>	<u>7,068</u>
<b>Commitments and Contingent Liabilities (Notes 7 and 10)</b>		
<b>Equity</b>		
Common stock - \$0.01 par value (a)	8	8
Additional paid-in capital	12,239	12,214
Earnings reinvested	5,360	5,127
Accumulated other comprehensive loss	(4,366)	(4,358)
Total Equity	<u>13,241</u>	<u>12,991</u>
<b>Total Liabilities and Equity</b>	<u>\$ 46,328</u>	<u>\$ 45,680</u>

(a) 1,560,000 shares authorized; 768,266 and 767,233 shares issued and outstanding at March 31, 2020 and December 31, 2019.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

## CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

### PPL Corporation and Subsidiaries

(Unaudited)  
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive loss	Total
<b>December 31, 2019</b>	767,233	\$ 8	\$ 12,214	\$ 5,127	\$ (4,358)	\$ 12,991
Common stock issued	1,033		34			34
Stock-based compensation			(9)			(9)
Net income				554		554
Dividends and dividend equivalents (b)				(319)		(319)
Other comprehensive income (loss)					(8)	(8)
Adoption of financial instrument credit losses guidance cumulative effect adjustment (Note 2), net of tax of \$0				(2)		(2)
<b>March 31, 2020</b>	768,266	\$ 8	\$ 12,239	\$ 5,360	\$ (4,366)	\$ 13,241
<b>December 31, 2018</b>	720,323	\$ 7	\$ 11,021	\$ 4,593	\$ (3,964)	\$ 11,657
Common stock issued	1,048		32			32
Stock-based compensation			(2)			(2)
Net income				466		466
Dividends and dividend equivalents (b)				(298)		(298)
Other comprehensive income (loss)					317	317
<b>March 31, 2019</b>	721,371	\$ 7	\$ 11,051	\$ 4,761	\$ (3,647)	\$ 12,172

(a) Shares in thousands. Each share entitles the holder to one vote on any question presented at any shareholders' meeting.

(b) Dividends declared per share of common stock were \$0.4150 and \$0.4125 at March 31, 2020 and March 31, 2019.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

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**CONDENSED CONSOLIDATED STATEMENTS OF INCOME****PPL Electric Utilities Corporation and Subsidiaries**

(Unaudited)  
(Millions of Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Operating Revenues</b>	<b>\$ 608</b>	<b>\$ 645</b>
<b>Operating Expenses</b>		
Operation		
Energy purchases	144	171
Other operation and maintenance	137	150
Depreciation	98	95
Taxes, other than income	30	31
<b>Total Operating Expenses</b>	<b>409</b>	<b>447</b>
<b>Operating Income</b>	<b>199</b>	<b>198</b>
Other Income (Expense) - net	3	5
Interest Income from Affiliate	1	2
Interest Expense	44	42
<b>Income Before Income Taxes</b>	<b>159</b>	<b>163</b>
Income Taxes	41	42
<b>Net Income (a)</b>	<b>\$ 118</b>	<b>\$ 121</b>

(a) Net income equals comprehensive income.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**PPL Electric Utilities Corporation and Subsidiaries**

 (Unaudited)  
 (Millions of Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 118	\$ 121
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	98	95
Amortization	5	5
Deferred income taxes and investment tax credits	32	16
Other	8	(2)
Change in current assets and current liabilities		
Accounts receivable	(26)	(25)
Accounts payable	(20)	(5)
Unbilled revenues	34	13
Prepayments	(76)	(88)
Regulatory assets and liabilities, net	(11)	(15)
Taxes payable	(2)	(2)
Other	(19)	(12)
Other operating activities		
Defined benefit plans - funding	(21)	(21)
Other assets	4	2
Other liabilities	8	(1)
Net cash provided by operating activities	<u>132</u>	<u>81</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(280)	(264)
Expenditures for intangible assets	(1)	—
Net cash used in investing activities	<u>(281)</u>	<u>(264)</u>
<b>Cash Flows from Financing Activities</b>		
Payment of common stock dividends to parent	(165)	(120)
Net increase in short-term debt	85	60
Other financing activities	—	(1)
Net cash used in financing activities	<u>(80)</u>	<u>(61)</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<b>(229)</b>	<b>(244)</b>
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	264	269
Cash, Cash Equivalents and Restricted Cash at End of Period	<u>\$ 35</u>	<u>\$ 25</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	\$ 158	\$ 142

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

**CONDENSED CONSOLIDATED BALANCE SHEETS****PPL Electric Utilities Corporation and Subsidiaries**(Unaudited)  
(Millions of Dollars, shares in thousands)

	March 31, 2020	December 31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 33	\$ 262
Accounts receivable (less reserve: 2020, \$31; 2019, \$28)		
Customer	289	258
Other	18	22
Accounts receivable from affiliates	10	11
Unbilled revenues (less reserve: 2020, \$2; 2019, \$0)	100	134
Materials and supplies	48	33
Prepayments	82	6
Regulatory assets	23	26
Other current assets	10	9
<b>Total Current Assets</b>	<b>613</b>	<b>761</b>
<b>Property, Plant and Equipment</b>		
Regulated utility plant	12,750	12,589
Less: accumulated depreciation - regulated utility plant	3,137	3,078
Regulated utility plant, net	9,613	9,511
Construction work in progress	633	597
Property, Plant and Equipment, net	10,246	10,108
<b>Other Noncurrent Assets</b>		
Regulatory assets	710	726
Intangibles	264	263
Other noncurrent assets	49	43
<b>Total Other Noncurrent Assets</b>	<b>1,023</b>	<b>1,032</b>
<b>Total Assets</b>	<b>\$ 11,882</b>	<b>\$ 11,901</b>

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**PPL Electric Utilities Corporation and Subsidiaries**

(Unaudited)  
(Millions of Dollars, shares in thousands)

	March 31, 2020	December 31, 2019
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 85	\$ —
Accounts payable	394	438
Accounts payable to affiliates	34	32
Taxes	11	13
Interest	48	41
Regulatory liabilities	83	96
Other current liabilities	75	93
Total Current Liabilities	730	713
<b>Long-term Debt</b>		
	3,986	3,985
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	1,487	1,447
Accrued pension obligations	153	179
Regulatory liabilities	595	599
Other deferred credits and noncurrent liabilities	146	146
Total Deferred Credits and Other Noncurrent Liabilities	2,381	2,371
<b>Commitments and Contingent Liabilities (Note 10)</b>		
<b>Equity</b>		
Common stock - no par value (a)	364	364
Additional paid-in capital	3,558	3,558
Earnings reinvested	863	910
Total Equity	4,785	4,832
<b>Total Liabilities and Equity</b>	<b>\$ 11,882</b>	<b>\$ 11,901</b>

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at March 31, 2020 and December 31, 2019.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

**PPL Electric Utilities Corporation and Subsidiaries**

(Unaudited)  
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
<b>December 31, 2019</b>	66,368	\$ 364	\$ 3,558	\$ 910	\$ 4,832
Net income				118	118
Dividends declared on common stock				(165)	(165)
<b>March 31, 2020</b>	<u>66,368</u>	<u>\$ 364</u>	<u>\$ 3,558</u>	<u>\$ 863</u>	<u>\$ 4,785</u>
<b>December 31, 2018</b>	66,368	\$ 364	\$ 3,158	\$ 939	\$ 4,461
Net income				121	121
Dividends declared on common stock				(120)	(120)
<b>March 31, 2019</b>	<u>66,368</u>	<u>\$ 364</u>	<u>\$ 3,158</u>	<u>\$ 940</u>	<u>\$ 4,462</u>

(a) Shares in thousands. All common shares of PPL Electric stock are owned by PPL.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

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**CONDENSED CONSOLIDATED STATEMENTS OF INCOME****LG&E and KU Energy LLC and Subsidiaries**

(Unaudited)  
(Millions of Dollars)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>	<b>\$ 825</b>	<b>\$ 845</b>
<b>Operating Expenses</b>		
Operation		
Fuel	163	194
Energy purchases	57	79
Other operation and maintenance	204	214
Depreciation	149	123
Taxes, other than income	18	18
Total Operating Expenses	<u>591</u>	<u>628</u>
<b>Operating Income</b>	<b>234</b>	<b>217</b>
Interest Expense	58	54
Interest Expense with Affiliate	7	7
<b>Income Before Income Taxes</b>	<b>169</b>	<b>156</b>
Income Taxes	34	32
<b>Net Income (a)</b>	<b><u>\$ 135</u></b>	<b><u>\$ 124</u></b>

(a) Net income approximates comprehensive income.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**LG&E and KU Energy LLC and Subsidiaries**

 (Unaudited)  
 (Millions of Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 135	\$ 124
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	149	123
Amortization	4	10
Defined benefit plans - expense	5	3
Deferred income taxes and investment tax credits	31	36
Other	—	(1)
Change in current assets and current liabilities		
Accounts receivable	20	8
Accounts payable	(18)	(33)
Accounts payable to affiliates	1	7
Unbilled revenues	27	21
Fuel, materials and supplies	24	29
Regulatory assets and liabilities, net	(14)	(10)
Taxes payable	(27)	(29)
Accrued interest	51	42
Other	(37)	(15)
Other operating activities		
Defined benefit plans - funding	(23)	(21)
Expenditures for asset retirement obligations	(15)	(21)
Other assets	1	(2)
Other liabilities	6	(1)
Net cash provided by operating activities	<u>320</u>	<u>270</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(255)	(278)
Net cash used in investing activities	<u>(255)</u>	<u>(278)</u>
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in notes payable with affiliate	92	74
Net decrease in short-term debt	(85)	(12)
Distributions to member	(52)	(56)
Net cash provided by (used in) financing activities	<u>(45)</u>	<u>6</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>20</b>	<b>(2)</b>
Cash and Cash Equivalents at Beginning of Period	27	24
Cash and Cash Equivalents at End of Period	<u>\$ 47</u>	<u>\$ 22</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	\$ 78	\$ 88

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

**CONDENSED CONSOLIDATED BALANCE SHEETS****LG&E and KU Energy LLC and Subsidiaries**(Unaudited)  
(Millions of Dollars)

	March 31, 2020	December 31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 47	\$ 27
Accounts receivable (less reserve: 2020, \$27; 2019, \$28)		
Customer	246	260
Other	65	71
Unbilled revenues (less reserve: 2020, \$0; 2019, \$0)	137	164
Fuel, materials and supplies	226	250
Prepayments	23	30
Regulatory assets	52	41
Other current assets	—	2
Total Current Assets	<u>796</u>	<u>845</u>
<b>Property, Plant and Equipment</b>		
Regulated utility plant	14,798	14,646
Less: accumulated depreciation - regulated utility plant	2,401	2,356
Regulated utility plant, net	<u>12,397</u>	<u>12,290</u>
Construction work in progress	793	794
Property, Plant and Equipment, net	<u>13,190</u>	<u>13,084</u>
<b>Other Noncurrent Assets</b>		
Regulatory assets	767	766
Goodwill	996	996
Other intangibles	67	69
Other noncurrent assets	126	171
Total Other Noncurrent Assets	<u>1,956</u>	<u>2,002</u>
<b>Total Assets</b>	<u>\$ 15,942</u>	<u>\$ 15,931</u>

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED BALANCE SHEETS****LG&E and KU Energy LLC and Subsidiaries**(Unaudited)  
(Millions of Dollars)

	March 31, 2020	December 31, 2019
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 303	\$ 388
Long-term debt due within one year	975	975
Notes payable with affiliates	242	150
Accounts payable	257	316
Accounts payable to affiliates	12	11
Customer deposits	64	62
Taxes	31	58
Price risk management liabilities	4	4
Regulatory liabilities	16	19
Interest	91	40
Asset retirement obligations	66	70
Other current liabilities	116	153
<b>Total Current Liabilities</b>	<b>2,177</b>	<b>2,246</b>
<b>Long-term Debt</b>		
Long-term debt	4,378	4,377
Long-term debt to affiliate	650	650
<b>Total Long-term Debt</b>	<b>5,028</b>	<b>5,027</b>
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	1,111	1,069
Investment tax credits	123	124
Price risk management liabilities	25	17
Accrued pension obligations	184	233
Asset retirement obligations	151	145
Regulatory liabilities	1,962	1,973
Other deferred credits and noncurrent liabilities	155	155
<b>Total Deferred Credits and Other Noncurrent Liabilities</b>	<b>3,711</b>	<b>3,716</b>
<b>Commitments and Contingent Liabilities (Notes 7 and 10)</b>		
<b>Member's Equity</b>	<b>5,026</b>	<b>4,942</b>
<b>Total Liabilities and Equity</b>	<b>\$ 15,942</b>	<b>\$ 15,931</b>

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY****LG&E and KU Energy LLC and Subsidiaries**

(Unaudited)  
(Millions of Dollars)

	<b>Member's Equity</b>
<b>December 31, 2019</b>	<b>\$ 4,942</b>
Net income	135
Distributions to member	(52)
Other comprehensive income (loss)	1
<b>March 31, 2020</b>	<b>\$ 5,026</b>
<b>December 31, 2018</b>	<b>\$ 4,723</b>
Net income	124
Distributions to member	(56)
<b>March 31, 2019</b>	<b>\$ 4,791</b>

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

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**CONDENSED STATEMENTS OF INCOME****Louisville Gas and Electric Company**

(Unaudited)  
(Millions of Dollars)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Retail and wholesale	\$ 393	\$ 397
Electric revenue from affiliate	14	13
Total Operating Revenues	<u>407</u>	<u>410</u>
<b>Operating Expenses</b>		
Operation		
Fuel	74	78
Energy purchases	52	74
Energy purchases from affiliate	—	2
Other operation and maintenance	92	94
Depreciation	64	51
Taxes, other than income	10	9
Total Operating Expenses	<u>292</u>	<u>308</u>
<b>Operating Income</b>	<b>115</b>	<b>102</b>
Other Income (Expense) - net	(1)	—
Interest Expense	22	21
<b>Income Before Income Taxes</b>	<b>92</b>	<b>81</b>
Income Taxes	19	17
<b>Net Income (a)</b>	<b>\$ 73</b>	<b>\$ 64</b>

(a) Net income equals comprehensive income.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED STATEMENTS OF CASH FLOWS**
**Louisville Gas and Electric Company**

 (Unaudited)  
 (Millions of Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 73	\$ 64
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	64	51
Amortization	2	7
Defined benefit plans - expense	1	—
Deferred income taxes and investment tax credits	1	13
Change in current assets and current liabilities		
Accounts receivable	14	3
Accounts receivable from affiliates	(6)	(4)
Accounts payable	(12)	(7)
Accounts payable to affiliates	(4)	(3)
Unbilled revenues	11	13
Fuel, materials and supplies	27	32
Regulatory assets and liabilities, net	(2)	(8)
Taxes payable	2	(12)
Accrued interest	18	13
Other	(10)	(1)
Other operating activities		
Defined benefit plans - funding	(4)	—
Expenditures for asset retirement obligations	(4)	(4)
Other assets	(1)	—
Other liabilities	1	—
Net cash provided by operating activities	<u>171</u>	<u>157</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(117)	(117)
Net cash used in investing activities	<u>(117)</u>	<u>(117)</u>
<b>Cash Flows from Financing Activities</b>		
Net increase in notes payable with affiliates	21	—
Net decrease in short-term debt	(79)	(10)
Payment of common stock dividends to parent	(29)	(30)
Contributions from parent	25	—
Other financing activities	—	(1)
Net cash used in financing activities	<u>(62)</u>	<u>(41)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(8)</b>	<b>(1)</b>
Cash and Cash Equivalents at Beginning of Period	15	10
Cash and Cash Equivalents at End of Period	<u>\$ 7</u>	<u>\$ 9</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
<b>Significant non-cash transactions:</b>		
Accrued expenditures for property, plant and equipment at March 31,	\$ 39	\$ 37

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*



**CONDENSED BALANCE SHEETS**  
**Louisville Gas and Electric Company**

(Unaudited)  
(Millions of Dollars, shares in thousands)

	March 31, 2020	December 31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 7	\$ 15
Accounts receivable (less reserve: 2020, \$1; 2019, \$1)		
Customer	115	121
Other	40	41
Unbilled revenues (less reserve: 2020, \$0; 2019, \$0)	65	76
Accounts receivable from affiliates	24	18
Fuel, materials and supplies	95	122
Prepayments	12	14
Regulatory assets	26	25
Other current assets	—	1
<b>Total Current Assets</b>	<b>384</b>	<b>433</b>
<b>Property, Plant and Equipment</b>		
Regulated utility plant	6,469	6,372
Less: accumulated depreciation - regulated utility plant	881	846
Regulated utility plant, net	5,588	5,526
Construction work in progress	271	297
<b>Property, Plant and Equipment, net</b>	<b>5,859</b>	<b>5,823</b>
<b>Other Noncurrent Assets</b>		
Regulatory assets	383	380
Goodwill	389	389
Other intangibles	40	41
Other noncurrent assets	70	67
<b>Total Other Noncurrent Assets</b>	<b>882</b>	<b>877</b>
<b>Total Assets</b>	<b>\$ 7,125</b>	<b>\$ 7,133</b>

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

**CONDENSED BALANCE SHEETS**  
**Louisville Gas and Electric Company**

(Unaudited)  
(Millions of Dollars, shares in thousands)

	March 31, 2020	December 31, 2019
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 159	\$ 238
Notes payable with affiliate	21	—
Accounts payable	141	172
Accounts payable to affiliates	27	31
Customer deposits	32	31
Taxes	35	33
Price risk management liabilities	4	4
Regulatory liabilities	1	2
Interest	33	15
Asset retirement obligations	24	24
Other current liabilities	40	47
Total Current Liabilities	517	597
<b>Long-term Debt</b>	<b>2,005</b>	<b>2,005</b>
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	702	697
Investment tax credits	33	34
Price risk management liabilities	25	17
Asset retirement obligations	43	49
Regulatory liabilities	879	883
Other deferred credits and noncurrent liabilities	90	89
Total Deferred Credits and Other Noncurrent Liabilities	1,772	1,769
<b>Commitments and Contingent Liabilities (Notes 7 and 10)</b>		
<b>Stockholder's Equity</b>		
Common stock - no par value (a)	424	424
Additional paid-in capital	1,845	1,820
Earnings reinvested	562	518
Total Equity	2,831	2,762
<b>Total Liabilities and Equity</b>	<b>\$ 7,125</b>	<b>\$ 7,133</b>

(a) 75,000 shares authorized; 21,294 shares issued and outstanding at March 31, 2020 and December 31, 2019.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

**CONDENSED STATEMENTS OF EQUITY****Louisville Gas and Electric Company**

(Unaudited)  
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
<b>December 31, 2019</b>	21,294	\$ 424	\$ 1,820	\$ 518	\$ 2,762
Net income				73	73
Capital contributions from parent			25		25
Cash dividends declared on common stock				(29)	(29)
<b>March 31, 2020</b>	21,294	\$ 424	\$ 1,845	\$ 562	\$ 2,831
<b>December 31, 2018</b>	21,294	\$ 424	\$ 1,795	\$ 468	\$ 2,687
Net income				64	64
Cash dividends declared on common stock				(30)	(30)
<b>March 31, 2019</b>	21,294	\$ 424	\$ 1,795	\$ 502	\$ 2,721

(a) Shares in thousands. All common shares of LG&E stock are owned by LKE.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

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**CONDENSED STATEMENTS OF INCOME****Kentucky Utilities Company**

(Unaudited)  
(Millions of Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Operating Revenues</b>		
Retail and wholesale	\$ 432	\$ 448
Electric revenue from affiliate	—	2
<b>Total Operating Revenues</b>	<b>432</b>	<b>450</b>
<b>Operating Expenses</b>		
Operation		
Fuel	89	116
Energy purchases	5	5
Energy purchases from affiliate	14	13
Other operation and maintenance	104	108
Depreciation	84	72
Taxes, other than income	9	9
<b>Total Operating Expenses</b>	<b>305</b>	<b>323</b>
<b>Operating Income</b>	<b>127</b>	<b>127</b>
Other Income (Expense) - net	1	2
Interest Expense	28	26
<b>Income Before Income Taxes</b>	<b>100</b>	<b>103</b>
Income Taxes	20	22
<b>Net Income (a)</b>	<b>\$ 80</b>	<b>\$ 81</b>

(a) Net income equals comprehensive income.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**CONDENSED STATEMENTS OF CASH FLOWS**
**Kentucky Utilities Company**

 (Unaudited)  
 (Millions of Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 80	\$ 81
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	84	72
Amortization	3	3
Deferred income taxes and investment tax credits	4	15
Other	—	(1)
Change in current assets and current liabilities		
Accounts receivable	6	7
Accounts payable	(2)	(16)
Accounts payable to affiliates	(3)	(1)
Unbilled revenues	16	8
Fuel, materials and supplies	(3)	(3)
Regulatory assets and liabilities, net	(12)	(2)
Taxes payable	6	(3)
Accrued interest	25	22
Other	(4)	9
Other operating activities		
Defined benefit plans - funding	(1)	—
Expenditures for asset retirement obligations	(11)	(17)
Other assets	3	(2)
Other liabilities	2	2
Net cash provided by operating activities	<u>193</u>	<u>174</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(138)	(161)
Net increase in notes receivable with affiliates	(21)	—
Net cash used in investing activities	<u>(159)</u>	<u>(161)</u>
<b>Cash Flows from Financing Activities</b>		
Net decrease in short-term debt	(6)	(2)
Payment of common stock dividends to parent	(37)	(39)
Contributions from parent	37	28
Other financing activities	—	(1)
Net cash used in financing activities	<u>(6)</u>	<u>(14)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>28</b>	<b>(1)</b>
Cash and Cash Equivalents at Beginning of Period	12	14
Cash and Cash Equivalents at End of Period	<u>\$ 40</u>	<u>\$ 13</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at March 31,	\$ 39	\$ 51

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

**CONDENSED BALANCE SHEETS****Kentucky Utilities Company**

(Unaudited)

(Millions of Dollars, shares in thousands)

	March 31, 2020	December 31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 40	\$ 12
Accounts receivable (less reserve: 2020, \$1; 2019, \$1)		
Customer	131	139
Other	22	27
Unbilled revenues (less reserve: 2020, \$0; 2019, \$0)	72	88
Notes receivable from affiliate	21	—
Fuel, materials and supplies	131	128
Prepayments	10	14
Regulatory assets	26	16
Other current assets	—	1
<b>Total Current Assets</b>	<b>453</b>	<b>425</b>
<b>Property, Plant and Equipment</b>		
Regulated utility plant	8,315	8,262
Less: accumulated depreciation - regulated utility plant	1,516	1,507
Regulated utility plant, net	6,799	6,755
Construction work in progress	522	496
<b>Property, Plant and Equipment, net</b>	<b>7,321</b>	<b>7,251</b>
<b>Other Noncurrent Assets</b>		
Regulatory assets	384	386
Goodwill	607	607
Other intangibles	28	28
Other noncurrent assets	114	128
<b>Total Other Noncurrent Assets</b>	<b>1,133</b>	<b>1,149</b>
<b>Total Assets</b>	<b>\$ 8,907</b>	<b>\$ 8,825</b>

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

**CONDENSED BALANCE SHEETS**

**Kentucky Utilities Company**

(Unaudited)  
(Millions of Dollars, shares in thousands)

	March 31, 2020	December 31, 2019
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 144	\$ 150
Long-term debt due within one year	500	500
Accounts payable	96	121
Accounts payable to affiliates	50	52
Customer deposits	32	31
Taxes	32	26
Regulatory liabilities	15	17
Interest	45	20
Asset retirement obligations	42	46
Other current liabilities	44	51
<b>Total Current Liabilities</b>	<b>1,000</b>	<b>1,014</b>
<b>Long-term Debt</b>	<b>2,124</b>	<b>2,123</b>
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	801	792
Investment tax credits	90	90
Asset retirement obligations	108	96
Regulatory liabilities	1,083	1,090
Other deferred credits and noncurrent liabilities	47	46
<b>Total Deferred Credits and Other Noncurrent Liabilities</b>	<b>2,129</b>	<b>2,114</b>
<b>Commitments and Contingent Liabilities (Notes 7 and 10)</b>		
<b>Stockholder's Equity</b>		
Common stock - no par value (a)	308	308
Additional paid-in capital	2,766	2,729
Earnings reinvested	580	537
<b>Total Equity</b>	<b>3,654</b>	<b>3,574</b>
<b>Total Liabilities and Equity</b>	<b>\$ 8,907</b>	<b>\$ 8,825</b>

(a) 80,000 shares authorized; 37,818 shares issued and outstanding at March 31, 2020 and December 31, 2019.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*



## CONDENSED STATEMENTS OF EQUITY

### Kentucky Utilities Company

(Unaudited)  
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
<b>December 31, 2019</b>	37,818	\$ 308	\$ 2,729	\$ 537	\$ 3,574
Net income				80	80
Capital contributions from parent			37		37
Cash dividends declared on common stock				(37)	(37)
<b>March 31, 2020</b>	<u>37,818</u>	<u>\$ 308</u>	<u>\$ 2,766</u>	<u>\$ 580</u>	<u>\$ 3,654</u>
<b>December 31, 2018</b>	37,818	\$ 308	\$ 2,661	\$ 473	\$ 3,442
Net income				81	81
Capital contributions from parent			28		28
Cash dividends declared on common stock				(39)	(39)
<b>March 31, 2019</b>	<u>37,818</u>	<u>\$ 308</u>	<u>\$ 2,689</u>	<u>\$ 515</u>	<u>\$ 3,512</u>

(a) Shares in thousands. All common shares of KU stock are owned by LKE.

*The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.*

**Combined Notes to Condensed Financial Statements (Unaudited)**

**Index to Combined Notes to Condensed Financial Statements**

The notes to the condensed financial statements that follow are a combined presentation. The following list indicates the Registrants to which the notes apply:

	Registrant				
	PPL	PPL Electric	LKE	LG&E	KU
1. Interim Financial Statements	x	x	x	x	x
2. Summary of Significant Accounting Policies	x	x	x	x	x
3. Segment and Related Information	x	x	x	x	x
4. Revenue from Contracts with Customers	x	x	x	x	x
5. Earnings Per Share	x				
6. Income Taxes	x	x	x	x	x
7. Utility Rate Regulation	x	x	x	x	x
8. Financing Activities	x	x	x	x	x
9. Defined Benefits	x	x	x	x	x
10. Commitments and Contingencies	x	x	x	x	x
11. Related Party Transactions		x	x	x	x
12. Other Income (Expense) - net	x				
13. Fair Value Measurements	x	x	x	x	x
14. Derivative Instruments and Hedging Activities	x	x	x	x	x
15. Asset Retirement Obligations	x		x	x	x
16. Accumulated Other Comprehensive Income (Loss)	x				

**1. Interim Financial Statements**

*(All Registrants)*

Capitalized terms and abbreviations appearing in the unaudited combined notes to condensed financial statements are defined in the glossary. Dollars are in millions, except per share data, unless otherwise noted. The specific Registrant to which disclosures are applicable is identified in parenthetical headings in italics above the applicable disclosure or within the applicable disclosure for each Registrants' related activities and disclosures. Within combined disclosures, amounts are disclosed for any Registrant when significant.

The accompanying unaudited condensed financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnote disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation in accordance with GAAP are reflected in the condensed financial statements. All adjustments are of a normal recurring nature, except as otherwise disclosed. Each Registrant's Balance Sheet at December 31, 2019 is derived from that Registrant's 2019 audited Balance Sheet. The financial statements and notes thereto should be read in conjunction with the financial statements and notes contained in each Registrant's 2019 Form 10-K. The results of operations for the three months ended March 31, 2020 are not necessarily indicative of the results to be expected for the full year ending December 31, 2020 or other future periods, because results for interim periods can be disproportionately influenced by various factors, developments and seasonal variations.

**2. Summary of Significant Accounting Policies**

*(All Registrants)*

The following accounting policy disclosures represent updates to Note 1 in each Registrant's 2019 Form 10-K and should be read in conjunction with those disclosures.

**Restricted Cash and Cash Equivalents** (PPL and PPL Electric)

**Reconciliation of Cash, Cash Equivalents and Restricted Cash**

The following provides a reconciliation of Cash, Cash Equivalents and Restricted Cash reported within the Balance Sheets that sum to the total of the same amounts shown on the Statements of Cash Flows:

	PPL		PPL Electric	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 915	\$ 815	\$ 33	\$ 262
Restricted cash - current (a)	3	3	2	2
Restricted cash - noncurrent (a)	18	18	—	—
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 936</u>	<u>\$ 836</u>	<u>\$ 35</u>	<u>\$ 264</u>

(a) Bank deposits and other cash equivalents that are restricted by agreement or that have been clearly designated for a specific purpose are classified as restricted cash. On the Balance Sheets, the current portion of restricted cash is included in "Other current assets," while the noncurrent portion is included in "Other noncurrent assets."

**Current Expected Credit Losses** (All Registrants)

Financing receivable collectibility is evaluated using a combination of factors, including past due status based on contractual terms, trends in write-offs and the age of the receivable. Specific events, such as bankruptcies, are also considered when applicable. Adjustments to the reserve for credit losses are made when necessary based on the results of analysis, the aging of receivables and historical and industry trends. The Registrants periodically evaluate the impact of observable external factors on the collectibility of the financing receivables to determine if adjustments to the reserve for credit losses should be made based on current conditions or reasonable and supportable forecasts.

Accounts receivable are written off in the period in which the receivable is deemed uncollectible.

(PPL and PPL Electric)

PPL Electric has identified one class of financing receivables, "accounts receivable-customer", which includes financing receivables for all billed and unbilled sales with residential and non-residential customers. All other financing receivables are classified as other. Within the credit loss model for the residential customer accounts receivables, customers are disaggregated based on their projected propensity to pay, which is derived from historical trends and the current activity of the individual customer accounts. Conversely, the non-residential customer accounts receivables are not further segmented due to the varying nature of the individual customers, which lack readily identifiable risk characteristics for disaggregation.

(PPL, LKE, LG&E and KU)

LKE, LG&E and KU have identified one class of financing receivables, "accounts receivable-customer", which includes financing receivables for all billed and unbilled sales with customers. All other financing receivables are classified as other.

(All Registrants)

The following table shows changes in the allowance for credit losses for the period ended March 31, 2020:

	Balance at Beginning of Period (a)	Charged to Income	Deductions (b)	Balance at End of Period
<b>PPL</b>				
Accounts Receivable - Customer and Unbilled Revenue	\$ 30	\$ 9	\$ 5	\$ 34
Other (c)	27	—	1	26
<b>PPL Electric</b>				
Accounts Receivable - Customer and Unbilled Revenue	\$ 25	\$ 5	\$ 2	\$ 28
Other	1	—	—	1

	Balance at Beginning of Period (a)	Charged to Income	Deductions (b)	Balance at End of Period
<b>LKE</b>				
Accounts Receivable - Customer and Unbilled Revenue	\$ 2	\$ 2	\$ 2	\$ 2
Other (c)	26	—	1	25
<b>LG&amp;E</b>				
Accounts Receivable - Customer and Unbilled Revenue	\$ 1	\$ 1	\$ 1	\$ 1
<b>KU</b>				
Accounts Receivable - Customer and Unbilled Revenue	\$ 1	\$ 1	\$ 1	\$ 1

(a) Reflects cumulative-effect adjustment upon adoption of current expected credit loss guidance.

(b) Primarily related to uncollectible accounts receivable written off.

(c) Primarily related to receivables at WKE, which are fully reserved.

(PPL, LKE, LGE and KU)

#### **Asset Impairment (Excluding Investments)**

PPL, LKE, LG&E and KU review goodwill for impairment at the reporting unit level annually or more frequently when events or circumstances indicate that the carrying amount of a reporting unit may be greater than the unit's fair value. PPL's, LKE's, LG&E's and KU's reporting units are primarily at the operating segment level.

PPL, LKE, LG&E and KU considered whether the economic events associated with COVID-19, which resulted in PPL's shares experiencing volatility and a decrease in market value, would more likely than not reduce the fair value of the Registrants' reporting units below their carrying amounts. See "Risks and Uncertainties" in Note 10 for additional information about COVID-19. Based on our assessment, a quantitative impairment test was not required for the LKE, LG&E and KU reporting units, but was required for the U.K. Regulated segment reporting unit, the allocated goodwill of which was \$2.5 billion at March 31, 2020. The test did not indicate impairment of the reporting unit.

Although goodwill was not determined to be impaired at March 31, 2020, it is possible that an impairment charge could occur in future periods if PPL's share price or any of the assumptions used in determining fair value of the reporting units are negatively impacted.

#### **New Accounting Guidance Adopted**

(All Registrants)

##### **Accounting for Financial Instrument Credit Losses**

Effective January 1, 2020, the Registrants adopted accounting guidance, using a modified retrospective approach, that requires the use of a current expected credit loss (CECL) model for the measurement of credit losses on financial instruments within the scope of the guidance, which includes accounts receivable. The CECL model requires an entity to measure credit losses using historical information, current information and reasonable and supportable forecasts of future events, rather than the incurred loss impairment model required under previous GAAP. The adoption of this guidance did not have a material impact on the Registrants.

##### **Accounting for Implementation Costs in a Cloud Computing Service Arrangement**

Effective January 1, 2020, the Registrants prospectively adopted accounting guidance that requires a customer in a cloud computing hosting arrangement that is a service contract to capitalize implementation costs consistent with internal-use software guidance for non-service arrangements. The guidance requires these capitalized implementation costs to be amortized over the term of the hosting arrangement to the statement of income line item where the service arrangement costs are recorded. The guidance also prescribes the financial statement classification of the capitalized implementation costs and cash flows associated with the arrangement. The adoption of this guidance did not have a material impact on the Registrants.

(PPL, LKE, LG&E and KU)

**Simplifying the Test for Goodwill Impairment**

Effective January 1, 2020, the Registrants adopted accounting guidance that simplifies the test for goodwill impairment by eliminating the second step of the quantitative test. The second step of the quantitative test required a calculation of the implied fair value of goodwill, which was determined in the same manner as the amount of goodwill in a business combination. Under the new guidance, the fair value of a reporting unit will be compared with the carrying value and an impairment charge will be recognized if the carrying amount exceeds the fair value of the reporting unit. The adoption of this guidance did not have a material impact on the Registrants.

**3. Segment and Related Information**

(PPL)

See Note 2 in PPL's 2019 Form 10-K for a discussion of reportable segments and related information.

Income Statement data for the segments and reconciliation to PPL's consolidated results for the period ended March 31 are as follows:

	Three Months	
	2020	2019
Operating Revenues from external customers		
U.K. Regulated	\$ 614	\$ 583
Kentucky Regulated	825	845
Pennsylvania Regulated	608	645
Corporate and Other	7	6
<b>Total</b>	<b>\$ 2,054</b>	<b>\$ 2,079</b>
Net Income		
U.K. Regulated (a)	\$ 340	\$ 264
Kentucky Regulated	127	117
Pennsylvania Regulated	118	121
Corporate and Other	(31)	(36)
<b>Total</b>	<b>\$ 554</b>	<b>\$ 466</b>

(a) Includes unrealized gains and losses from hedging foreign currency economic activity. See Note 14 for additional information.

The following provides Balance Sheet data for the segments and reconciliation to PPL's consolidated Balance Sheets as of:

	March 31, 2020	December 31, 2019
	Assets	
U.K. Regulated (a) (b)	\$ 17,918	\$ 17,622
Kentucky Regulated	15,608	15,597
Pennsylvania Regulated	11,898	11,918
Corporate and Other (c)	904	543
<b>Total</b>	<b>\$ 46,328</b>	<b>\$ 45,680</b>

(a) Includes \$13.3 billion and \$13.2 billion of net PP&E as of March 31, 2020 and December 31, 2019. WPD is not subject to accounting for the effects of certain types of regulation as prescribed by GAAP.

(b) Includes \$2.5 billion of goodwill as of March 31, 2020 and December 31, 2019.

(c) Primarily consists of unallocated items, including cash, PP&E, goodwill, the elimination of inter-segment transactions as well as the assets of Safari Energy.

(PPL Electric, LKE, LG&E and KU)

PPL Electric has two operating segments, distribution and transmission, which are aggregated into a single reportable segment. LKE, LG&E and KU are individually single operating and reportable segments.

**4. Revenue from Contracts with Customers**

(All Registrants)

See Note 3 in PPL's 2019 Form 10-K for a discussion of the principal activities from which the Registrants and PPL's segments generate their revenues.

The following tables reconcile "Operating Revenues" included in each Registrant's Statement of Income with revenues generated from contracts with customers for the period ended March 31.

	2020 Three Months				
	PPL	PPL Electric	LKE	LG&E	KU
Operating Revenues (a)	\$ 2,054	\$ 608	\$ 825	\$ 407	\$ 432
Revenues derived from:					
Alternative revenue programs (b)	(3)	—	(3)	(3)	—
Other (c)	(10)	(2)	(6)	(3)	(3)
Revenues from Contracts with Customers	\$ 2,041	\$ 606	\$ 816	\$ 401	\$ 429

	2019 Three Months				
	PPL	PPL Electric	LKE	LG&E	KU
Operating Revenues (a)	\$ 2,079	\$ 645	\$ 845	\$ 410	\$ 450
Revenues derived from:					
Alternative revenue programs (b)	(6)	(4)	(2)	(2)	—
Other (c)	(10)	(3)	(4)	(1)	(3)
Revenues from Contracts with Customers	\$ 2,063	\$ 638	\$ 839	\$ 407	\$ 447

- (a) PPL includes \$614 million and \$583 million of revenues from external customers reported by the U.K. Regulated segment for the three months ended March 31, 2020 and 2019. PPL Electric and LKE represent revenues from external customers reported by the Pennsylvania Regulated and Kentucky Regulated segments. See Note 3 for additional information.
- (b) Alternative revenue programs include the transmission formula rate for PPL Electric, the ECR and DSM programs for LG&E and KU, the GLT program for LG&E, and the generation formula rate for KU. This line item shows the over/under collection of these rate mechanisms with over-collections of revenue shown as positive amounts in the table above and under-collections shown as negative amounts.
- (c) Represents additional revenues outside the scope of revenues from contracts with customers, such as leases and other miscellaneous revenues.

The following tables show revenues from contracts with customers disaggregated by customer class for the periods ended March 31.

	2020 Three Months				
	PPL (d)	PPL Electric (d)	LKE	LG&E	KU
Licensed energy suppliers (a)	\$ 583	\$ —	\$ —	\$ —	\$ —
Residential	714	344	370	187	183
Commercial	312	81	231	124	107
Industrial	144	8	136	45	91
Other (b)	116	14	66	28	38
Wholesale - municipality	5	—	5	—	5
Wholesale - other (c)	8	—	8	17	5
Transmission	159	159	—	—	—
Revenues from Contracts with Customers	\$ 2,041	\$ 606	\$ 816	\$ 401	\$ 429

	2019 Three Months				
	PPL	PPL Electric	LKE	LG&E	KU
Licensed energy suppliers (a)	\$ 556	\$ —	\$ —	\$ —	\$ —
Residential	778	407	371	189	182
Commercial	319	95	224	121	103
Industrial	150	17	133	44	89
Other (b)	114	14	70	33	37
Wholesale - municipality	28	—	28	—	28
Wholesale - other (c)	13	—	13	20	8
Transmission	105	105	—	—	—
Revenues from Contracts with Customers	<u>\$ 2,063</u>	<u>\$ 638</u>	<u>\$ 839</u>	<u>\$ 407</u>	<u>\$ 447</u>

(a) Represents customers of WPD.

(b) Primarily includes revenues from pole attachments, street lighting, other public authorities and other non-core businesses.

(c) Includes wholesale power and transmission revenues. LG&E and KU amounts include intercompany power sales and transmission revenues, which are eliminated upon consolidation at LKE.

(d) In the fourth quarter of 2019, management deemed it appropriate to present the revenue offset associated with network integration transmission service (NITS) as distribution revenue rather than transmission revenue.

As discussed in Note 2 in PPL's 2019 Form 10-K, PPL segments its business by geographic location. Revenues from external customers for each segment/geographic location are reconciled to revenues from contracts with customers in the footnotes to the tables above. PPL Electric's revenues from contracts with customers are further disaggregated by distribution and transmission, which were \$447 million and \$159 million for the three months ended March 31, 2020 and \$533 million and \$105 million for the three months ended March 31, 2019.

Contract receivables from customers are primarily included in "Accounts receivable - Customer" and "Unbilled revenues" on the Balance Sheets.

The following table shows the accounts receivable and unbilled revenues balances that were impaired for the period ended March 31.

	Three Months	
	2020	2019
PPL	\$ 8	\$ 9
PPL Electric	4	6
LKE	2	2
LG&E	1	1
KU	1	1

The following table shows the balances and certain activity of contract liabilities resulting from contracts with customers.

	PPL	PPL Electric	LKE	LG&E	KU
Contract liabilities at December 31, 2019	\$ 44	\$ 21	\$ 9	\$ 5	\$ 4
Contract liabilities at March 31, 2020	42	15	14	10	4
Revenue recognized during the three months ended March 31, 2020 that was included in the contract liability balance at December 31, 2019	23	8	9	5	4
Contract liabilities at December 31, 2018	\$ 42	\$ 23	\$ 9	\$ 5	\$ 4
Contract liabilities at March 31, 2019	37	14	7	4	3
Revenue recognized during the three months ended March 31, 2019 that was included in the contract liability balance at December 31, 2018	25	11	9	5	4

Contract liabilities result from recording contractual billings in advance for customer attachments to the Registrants' infrastructure and payments received in excess of revenues earned to date. Advanced billings for customer attachments are recognized as revenue ratably over the billing period. Payments received in excess of revenues earned to date are recognized as revenue as services are delivered in subsequent periods.

At March 31, 2020, PPL had \$32 million of performance obligations attributable to Corporate and Other that have not been satisfied. Of this amount, PPL expects to recognize approximately \$28 million within the next 12 months.

## 5. Earnings Per Share

(PPL)

Basic EPS is computed by dividing income available to PPL common shareowners by the weighted-average number of common shares outstanding during the applicable period. Diluted EPS is computed by dividing income available to PPL common shareowners by the weighted-average number of common shares outstanding, increased by incremental shares that would be outstanding if potentially dilutive non-participating securities were converted to common shares as calculated using the Treasury Stock Method. Incremental non-participating securities that have a dilutive impact are detailed in the table below. These dilutive securities include the PPL common stock forward sale agreements, which were settled in 2019. The forward sale agreements were dilutive under the Treasury Stock Method to the extent the average stock price of PPL's common shares exceeded the forward sale price prescribed in the agreements.

Reconciliations of the amounts of income and shares of PPL common stock (in thousands) for the period ended March 31 used in the EPS calculation are:

	Three Months	
	2020	2019
<b>Income (Numerator)</b>		
Net income	\$ 554	\$ 466
Less amounts allocated to participating securities	1	—
Net income available to PPL common shareowners - Basic and Diluted	<u>\$ 553</u>	<u>\$ 466</u>
<b>Shares of Common Stock (Denominator)</b>		
Weighted-average shares - Basic EPS	767,948	721,023
Add incremental non-participating securities:		
Share-based payment awards	790	1,023
Forward sale agreements	—	7,907
Weighted-average shares - Diluted EPS	<u>768,738</u>	<u>729,953</u>
<b>Basic EPS</b>		
Net Income available to PPL common shareowners	\$ 0.72	\$ 0.65
<b>Diluted EPS</b>		
Net Income available to PPL common shareowners	\$ 0.72	\$ 0.64

For the period ended March 31, PPL issued common stock related to stock-based compensation plans and the DRIP as follows (in thousands):

	Three Months	
	2020	2019
Stock-based compensation plans	598	590
DRIP	434	458

For the period ended March 31, the following shares (in thousands) were excluded from the computations of diluted EPS because the effect would have been antidilutive.

	Three Months	
	2020	2019
Stock-based compensation awards	250	—



**6. Income Taxes**

Reconciliations of income tax expense (benefit) for the period ended March 31 are as follows.

*(PPL)*

	Three Months	
	2020	2019
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 146	\$ 124
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	13	13
Valuation allowance adjustments	6	7
Impact of lower U.K. income tax rates	(11)	(8)
Amortization of excess deferred federal and state income taxes	(11)	(11)
Other	(3)	1
Total increase (decrease)	(6)	2
Total income tax expense (benefit)	<u>\$ 140</u>	<u>\$ 126</u>

*(PPL Electric)*

	Three Months	
	2020	2019
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 33	\$ 34
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	13	13
Amortization of excess deferred income taxes	(3)	(4)
Other	(2)	(1)
Total increase (decrease)	8	8
Total income tax expense (benefit)	<u>\$ 41</u>	<u>\$ 42</u>

*(LKE)*

	Three Months	
	2020	2019
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 35	\$ 33
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	7	6
Amortization of excess deferred federal and state income taxes	(7)	(6)
Other	(1)	(1)
Total increase (decrease)	(1)	(1)
Total income tax expense (benefit)	<u>\$ 34</u>	<u>\$ 32</u>

*(LG&E)*

	Three Months	
	2020	2019
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 19	\$ 17
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	4	3
Amortization of excess deferred federal and state income taxes	(3)	(3)
Other	(1)	—
Total increase (decrease)	—	—
Total income tax expense (benefit)	<u>\$ 19</u>	<u>\$ 17</u>

(KU)

	Three Months	
	2020	2019
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 21	\$ 22
Increase (decrease) due to:		
State income taxes, net of federal income tax benefit	4	4
Amortization of excess deferred federal and state income taxes	(4)	(3)
Other	(1)	(1)
Total increase (decrease)	(1)	—
Total income tax expense (benefit)	\$ 20	\$ 22

**Other**

*2020 TCJA Regulatory Update (All Registrants)*

The IRS issued proposed regulations for certain provisions of the TCJA in 2018, including rules relating to limitations on interest deductibility. These proposed regulations were issued in November 2018 and should not apply to the Registrants until the year in which the regulations are issued in final form, which is expected to be in 2020. It is uncertain what form the final regulations will take and, therefore, the Registrants cannot predict what impact the final regulations will have on the tax deductibility of interest expense. However, if the proposed regulations were issued as final in their current form, the Registrants could have a limitation on a portion of their interest expense deduction for tax purposes and such limitation could be significant. PPL expressed its views on these proposed regulations in a comment letter addressed to the IRS on February 26, 2019.

**7. Utility Rate Regulation**

*(All Registrants)*

The following table provides information about the regulatory assets and liabilities of cost-based rate-regulated utility operations.

	PPL		PPL Electric	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
<b>Current Regulatory Assets:</b>				
Plant outage costs	\$ 44	\$ 32	\$ —	\$ —
Gas supply clause	5	8	—	—
Smart meter rider	15	13	15	13
Transmission formula rate	—	—	3	3
Transmission service charge	5	10	5	10
Other	6	4	—	—
Total current regulatory assets (a)	\$ 75	\$ 67	\$ 23	\$ 26
<b>Noncurrent Regulatory Assets:</b>				
Defined benefit plans	\$ 788	\$ 800	\$ 460	\$ 467
Storm costs	34	39	12	15
Unamortized loss on debt	37	41	15	18
Interest rate swaps	29	22	—	—
Terminated interest rate swaps	80	81	—	—
Accumulated cost of removal of utility plant	222	220	222	220
AROs	282	279	—	—
Act 129 compliance rider	—	6	—	6
Other	5	4	1	—
Total noncurrent regulatory assets	\$ 1,477	\$ 1,492	\$ 710	\$ 726

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	PPL		PPL Electric			
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019		
<b>Current Regulatory Liabilities:</b>						
Generation supply charge	\$ 24	\$ 23	\$ 24	\$ 23		
Environmental cost recovery	4	5	—	—		
Universal service rider	5	9	5	9		
Fuel adjustment clause	6	8	—	—		
TCJA customer refund	46	61	46	59		
Storm damage expense rider	8	5	8	5		
Other	6	4	—	—		
<b>Total current regulatory liabilities</b>	<b>\$ 99</b>	<b>\$ 115</b>	<b>\$ 83</b>	<b>\$ 96</b>		
<b>Noncurrent Regulatory Liabilities:</b>						
Accumulated cost of removal of utility plant	\$ 640	\$ 640	\$ —	\$ —		
Power purchase agreement - OVEC	49	51	—	—		
Net deferred taxes	1,739	1,756	580	588		
Defined benefit plans	53	51	13	11		
Terminated interest rate swaps	68	68	—	—		
Act 129 compliance rider	—	—	2	—		
Other	8	6	—	—		
<b>Total noncurrent regulatory liabilities</b>	<b>\$ 2,557</b>	<b>\$ 2,572</b>	<b>\$ 595</b>	<b>\$ 599</b>		
	<b>LKE</b>		<b>LG&amp;E</b>		<b>KU</b>	
	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>Current Regulatory Assets:</b>						
Plant outage costs	\$ 44	\$ 32	\$ 18	\$ 16	\$ 26	\$ 16
Gas supply clause	5	8	5	8	—	—
Other	3	1	3	1	—	—
<b>Total current regulatory assets</b>	<b>\$ 52</b>	<b>\$ 41</b>	<b>\$ 26</b>	<b>\$ 25</b>	<b>\$ 26</b>	<b>\$ 16</b>
<b>Noncurrent Regulatory Assets:</b>						
Defined benefit plans	\$ 328	\$ 333	\$ 202	\$ 206	\$ 126	\$ 127
Storm costs	22	24	14	14	8	10
Unamortized loss on debt	22	23	13	14	9	9
Interest rate swaps	29	22	29	22	—	—
Terminated interest rate swaps	80	81	47	47	33	34
AROs	282	279	77	76	205	203
Other	4	4	1	1	3	3
<b>Total noncurrent regulatory assets</b>	<b>\$ 767</b>	<b>\$ 766</b>	<b>\$ 383</b>	<b>\$ 380</b>	<b>\$ 384</b>	<b>\$ 386</b>

	LKE		LG&E		KU	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
<b>Current Regulatory Liabilities:</b>						
Environmental cost recovery	\$ 4	\$ 5	\$ —	\$ 1	\$ 4	\$ 4
Demand side management	2	3	1	1	1	2
Fuel adjustment clause	6	8	—	—	6	8
Other	4	3	—	—	4	3
<b>Total current regulatory liabilities</b>	<b>\$ 16</b>	<b>\$ 19</b>	<b>\$ 1</b>	<b>\$ 2</b>	<b>\$ 15</b>	<b>\$ 17</b>
<b>Noncurrent Regulatory Liabilities:</b>						
Accumulated cost of removal of utility plant	\$ 640	\$ 640	\$ 267	\$ 266	\$ 373	\$ 374
Power purchase agreement - OVEC	49	51	34	35	15	16
Net deferred taxes	1,159	1,168	540	544	619	624
Defined benefit plans	40	40	—	—	40	40
Terminated interest rate swaps	68	68	34	34	34	34
Other	6	6	4	4	2	2
<b>Total noncurrent regulatory liabilities</b>	<b>\$ 1,962</b>	<b>\$ 1,973</b>	<b>\$ 879</b>	<b>\$ 883</b>	<b>\$ 1,083</b>	<b>\$ 1,090</b>

(a) For PPL, these amounts are included in "Other current assets" on the Balance Sheets.

## Regulatory Matters

### Kentucky Activities

#### *ECR Filings (PPL, LKE, LG&E and KU)*

On March 31, 2020, LG&E and KU submitted applications to the KPSC for ECR rate treatment regarding upcoming environmental construction projects relating to the EPA's regulations addressing ELGs. The construction projects are expected to begin in 2020 and continue through 2024 and are estimated to cost approximately \$405 million (\$153 million at LG&E and \$252 million at KU). The applications request an authorized 9.725% return on equity with respect to LG&E's and KU's ECR mechanisms consistent with the 2018 Kentucky rate cases approved in April 2019. Decisions on the applications are currently expected in September 2020.

### Pennsylvania Activities

#### *Act 129 (PPL and PPL Electric)*

The Pennsylvania Public Utility Code requires electric distribution companies, including PPL Electric, to act as a DSP, which provides electricity generation supply service to customers pursuant to a PUC-approved default service procurement plan. The DSP is able to recover the costs associated with its default service procurement plan.

In March 2020, PPL Electric filed a Petition for Approval of a new default service program and procurement plan with the PUC for the period June 1, 2021 through May 31, 2025. This proceeding remains pending before the PUC. PPL Electric cannot predict the outcome of this proceeding.

### Federal Matters

#### *FERC Transmission Rate Filing*

##### *(PPL, LKE, LG&E and KU)*

In 2018, LG&E and KU applied to the FERC requesting elimination of certain on-going credits to a sub-set of transmission customers relating to the 1998 merger of LG&E's and KU's parent entities and the 2006 withdrawal of LG&E and KU from the Midcontinent Independent System Operator, Inc. (MISO), a regional transmission operator and energy market. The application seeks termination of LG&E's and KU's commitment to provide certain Kentucky municipalities mitigation for certain

horizontal market power concerns arising out of the 1998 LG&E and KU merger and 2006 MISO withdrawal. The amounts at issue are generally waivers or credits granted to a limited number of Kentucky municipalities for either certain LG&E and KU or MISO transmission charges incurred for transmission service received. Due to the development of robust, accessible energy markets over time, LG&E and KU believe the mitigation commitments are no longer relevant or appropriate. In March 2019, the FERC granted LG&E's and KU's request to remove the ongoing credits, conditioned upon the implementation by LG&E and KU of a transition mechanism for certain existing power supply arrangements, subject to FERC review and approval. In July 2019, LG&E and KU proposed their transition mechanism to the FERC and in September 2019, the FERC rejected the proposed transition mechanism and issued a separate order providing clarifications of certain aspects of the March order. In October 2019, LG&E and KU filed requests for rehearing and clarification on the two September orders. In November 2019, the FERC granted LG&E and KU's and other parties' rehearing requests. Additionally, certain petitions for review of FERC's orders have been filed by multiple parties, including LG&E and KU, at the D.C. Circuit Court of Appeals. LG&E and KU cannot predict the outcome of the proceedings. In February 2020, the D.C. Circuit Court of Appeals issued an order holding the various appeals in abeyance pending the FERC's rehearing process. LG&E and KU currently receive recovery of waivers and credits provided through other rate mechanisms.

*(PPL and PPL Electric)*

In April 2020, PPL Electric filed its annual transmission formula rate update with the FERC, reflecting a revised revenue requirement that will take effect in June 2020.

#### **Other**

##### Purchase of Receivables Program *(PPL and PPL Electric)*

In accordance with a PUC-approved purchase of accounts receivable program, PPL Electric purchases certain accounts receivable from alternative electricity suppliers at a discount, which reflects a provision for credit losses. The alternative electricity suppliers have no continuing involvement or interest in the purchased accounts receivable. Accounts receivable that are acquired are initially recorded at fair value on the date of acquisition. During the three months ended March 31, 2020 and 2019, PPL Electric purchased \$311 million and \$348 million of accounts receivable from alternate suppliers.

#### **8. Financing Activities**

##### **Credit Arrangements and Short-term Debt**

*(All Registrants)*

The Registrants maintain credit facilities to enhance liquidity, provide credit support and act as a backstop to commercial paper programs. For reporting purposes, on a consolidated basis, the credit facilities and commercial paper programs of PPL Electric, LKE, LG&E and KU also apply to PPL and the credit facilities and commercial paper programs of LG&E and KU also apply to LKE. The amounts listed in the borrowed column below are recorded as "Short-term debt" on the Balance Sheets. The following credit facilities were in place at:

	Expiration Date	March 31, 2020					December 31, 2019		
		Capacity	Borrowed	Letters of Credit and Commercial Paper Issued	Unused Capacity	Borrowed	Letters of Credit and Commercial Paper Issued		
<b>PPL</b>									
<b>U.K.</b>									
WPD plc									
Syndicated Credit Facility (a)	Jan. 2023	£ 210	£ 156	£ —	£ 56	£ 155	£ —		
WPD (South West)									
Syndicated Credit Facility (b)	July 2021	245	—	—	245	40	—		
WPD (East Midlands)									
Syndicated Credit Facility	July 2021	300	—	—	300	—	—		
WPD (West Midlands)									
Syndicated Credit Facility (c)	July 2021	300	54	—	246	48	—		
Uncommitted Credit Facilities		100	—	4	96	—	4		
Total U.K. Credit Facilities (d)		£ 1,155	£ 210	£ 4	£ 943	£ 243	£ 4		
<b>U.S.</b>									
PPL Capital Funding (e)									
Syndicated Credit Facility	Jan. 2024	\$ 1,450	\$ 575	\$ 180	\$ 695	\$ —	\$ 450		
Term Loan Credit Facility	Mar. 2021	200	200	—	—	—	—		
Bilateral Credit Facility	Mar. 2021	50	50	—	—	—	—		
Bilateral Credit Facility	Mar. 2021	50	34	15	1	—	15		
Total PPL Capital Funding Credit Facilities		\$ 1,750	\$ 859	\$ 195	\$ 696	\$ —	\$ 465		
<b>PPL Electric</b>									
Syndicated Credit Facility (f)	Jan. 2024	\$ 650	\$ 85	\$ 1	\$ 564	\$ —	\$ 1		
<b>LG&amp;E</b>									
Syndicated Credit Facility (g)	Jan. 2024	\$ 500	\$ 100	\$ 59	\$ 341	\$ —	\$ 238		
Total LG&E Credit Facilities		\$ 500	\$ 100	\$ 59	\$ 341	\$ —	\$ 238		
<b>KU</b>									
Syndicated Credit Facility (g)	Jan. 2024	\$ 400	\$ 100	\$ 44	\$ 256	\$ —	\$ 150		
Total KU Credit Facilities		\$ 400	\$ 100	\$ 44	\$ 256	\$ —	\$ 150		

- (a) The amounts borrowed at March 31, 2020 and December 31, 2019 were USD-denominated borrowings of \$200 million for both periods, which bore interest at 2.43% and 2.52%. The interest rates on the borrowings are equal to one-month USD LIBOR plus a spread. The unused capacity reflects the amounts borrowed in GBP of £154 million as of the date borrowed.
- (b) The amount borrowed at December 31, 2019 was GBP-denominated borrowings which equated to \$51 million and bore interest at 1.09%.
- (c) The amount borrowed at March 31, 2020 and December 31, 2019 were GBP-denominated borrowings which equated to \$69 million and \$62 million and bore interest at 1.11%. The interest rates on the borrowings are equal to one-month GBP LIBOR plus a margin.
- (d) At March 31, 2020, the unused capacity under the U.K. credit facilities was \$1.2 billion.
- (e) The interest rates on the borrowings are based on one-month LIBOR plus a spread, which resulted in a weighted-average rate of 1.97% at March 31, 2020.
- (f) The interest rate on the borrowing is equal to one-month LIBOR plus a spread, which was 1.96% at March 31, 2020.
- (g) The interest rates on the borrowings are equal to one-month LIBOR plus a spread, which were 1.81% at March 31, 2020.

(PPL)

In March 2020, PPL Capital Funding entered into a \$200 million term loan credit facility expiring in March 2021 and borrowed the full principal amount under the facility at an initial interest rate of 1.96%. The applicable interest rate on borrowings fluctuates periodically and is based on LIBOR plus a spread. The proceeds were used to repay short-term debt and for general corporate purposes.

On April 1, 2020, PPL Capital Funding entered into a \$100 million term loan credit facility expiring in March 2021 and borrowed the full principal amount under the facility at an initial interest rate of 1.73%. The applicable interest rate on borrowings fluctuates periodically and is based on LIBOR plus a spread. The proceeds will be used to repay short-term debt and for general corporate purposes.

PPL has guaranteed PPL Capital Funding's obligations under these credit agreements.

*(All Registrants)*

PPL, PPL Electric, LG&E and KU maintain commercial paper programs to provide an additional financing source to fund short-term liquidity needs. Commercial paper issuances, included in "Short-term debt" on the Balance Sheets, are supported by the respective Registrant's credit facilities. The following commercial paper programs were in place at:

	March 31, 2020				December 31, 2019	
	Weighted - Average Interest Rate	Capacity	Commercial Paper Issuances	Unused Capacity	Weighted - Average Interest Rate	Commercial Paper Issuances
PPL Capital Funding	1.91%	\$ 1,500	\$ 180	\$ 1,320	2.13%	\$ 450
PPL Electric		650	—	650		—
LG&E	1.71%	350	59	291	2.07%	238
KU	1.65%	350	44	306	2.02%	150
<b>Total</b>		<b>\$ 2,850</b>	<b>\$ 283</b>	<b>\$ 2,567</b>		<b>\$ 838</b>

*(PPL Electric, LKE, LG&E, and KU)*

See Note 11 for discussion of intercompany borrowings.

### Long-term Debt

*(PPL)*

On April 1, 2020, PPL Capital Funding entered into a \$100 million term loan credit facility expiring in March 2022 and borrowed the full principal amount under the facility at an initial interest rate of 1.72%. The applicable interest rate on borrowings fluctuates periodically and is based on LIBOR plus a spread. The proceeds will be used to repay short-term debt and for general corporate purposes.

On April 1, 2020, PPL Capital Funding issued \$1 billion of 4.125% Senior Notes due 2030. PPL Capital Funding received proceeds of \$993 million, net of a discount and underwriting fees, which will be used to repay short-term debt and for general corporate purposes.

PPL has guaranteed PPL Capital Funding's obligations under the credit agreement and notes.

### Equity Securities

#### ATM Program

In February 2018, PPL entered into an equity distribution agreement, pursuant to which PPL may sell, from time to time, up to an aggregate of \$1.0 billion of its common stock through an at-the-market offering program, including a forward sales component. The compensation paid to the selling agents by PPL may be up to 2% of the gross offering proceeds of the shares. There were no issuances under the ATM program for the three months ended March 31, 2020.

#### Distributions

In February 2020, PPL declared a quarterly common stock dividend, payable April 1, 2020, of 41.50 cents per share (equivalent to \$1.66 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

**9. Defined Benefits**

(PPL, LKE and LG&E)

Certain net periodic defined benefit costs are applied to accounts that are further distributed among capital, expense, regulatory assets and regulatory liabilities, including certain costs allocated to applicable subsidiaries for plans sponsored by PPL Services and LKE. Following are the net periodic defined benefit costs (credits) of the plans sponsored by PPL and its subsidiaries, LKE, and LG&E for the periods ended March 31:

	Pension Benefits			
	Three Months			
	U.S.		U.K.	
	2020	2019	2020	2019
<b>PPL</b>				
Service cost	\$ 13	\$ 13	\$ 23	\$ 17
Interest cost	38	41	36	47
Expected return on plan assets	(60)	(61)	(158)	(148)
Amortization of:				
Prior service cost	2	2	—	—
Actuarial loss	20	13	54	24
Net periodic defined benefit costs (credits) before settlements	13	8	(45)	(60)
Settlements	—	1	—	—
Net periodic defined benefit costs (credits)	<u>\$ 13</u>	<u>\$ 9</u>	<u>\$ (45)</u>	<u>\$ (60)</u>

	Pension Benefits	
	Three Months	
	2020	2019
	<b>LKE</b>	
Service cost	\$ 5	\$ 6
Interest cost	16	16
Expected return on plan assets	(24)	(25)
Amortization of:		
Prior service cost	2	2
Actuarial loss (a)	9	4
Net periodic defined benefit costs	<u>\$ 8</u>	<u>\$ 3</u>

(a) As a result of treatment approved by the KPSC, the difference between actuarial loss calculated in accordance with LKE's accounting policy and actuarial loss calculated using a 15-year amortization period was \$3 million for the three months ended March 31, 2020 and not significant for the three months ended March 31, 2019. This difference is recorded as a regulatory asset.

	Pension Benefits	
	Three Months	
	2019 (a)	
<b>LG&amp;E</b>		
Interest cost	\$	3
Expected return on plan assets		(6)
Amortization of:		
Prior service cost		1
Actuarial loss		2
Net periodic defined benefit costs	<u>\$</u>	<u>—</u>

(a) The pension plans sponsored by LKE and LG&E were merged effective January 1, 2020 into the LG&E and KU Pension Plan, sponsored by LKE



	Other Postretirement Benefits	
	Three Months	
	2020	2019
<b>PPL</b>		
Service cost	\$ 2	\$ 1
Interest cost	5	6
Expected return on plan assets	(5)	(5)
Net periodic defined benefit costs	<u>\$ 2</u>	<u>\$ 2</u>
<b>LKE</b>		
Service cost	\$ 1	\$ 1
Interest cost	2	2
Expected return on plan assets	(2)	(2)
Net periodic defined benefit costs	<u>\$ 1</u>	<u>\$ 1</u>

*(PPL Electric, LG&E and KU)*

PPL Electric is allocated costs of defined benefit plans sponsored by PPL Services and LG&E and KU are allocated costs of defined benefit plans sponsored by LKE. LG&E and KU are also allocated costs of defined benefit plans from LKS for defined benefit plans sponsored by LKE. See Note 11 for additional information on costs allocated to LG&E and KU from LKS. These allocations are based on participation in those plans, which management believes are reasonable. For the periods ended March 31, PPL Services allocated the following net periodic defined benefit costs to PPL Electric, and LKE allocated the following net periodic defined benefit costs to LG&E and KU:

	Three Months	
	2020	2019
PPL Electric	\$ 3	\$ 3
LG&E (a)	3	1
KU	1	—

(a) Allocations to LG&E increased in 2020 primarily due to the merger of plans sponsored by LKE and LG&E effective January 1, 2020 into the LG&E and KU Pension Plan.

*(All Registrants)*

The non-service cost components of net periodic defined benefit costs (credits) (interest cost, expected return on plan assets, amortization of prior service cost and amortization of actuarial gain and loss) are presented in "Other Income (Expense) - net" on the Statements of Income. See Note 12 for additional information.

## 10. Commitments and Contingencies

### Legal Matters

*(All Registrants)*

PPL and its subsidiaries are involved in legal proceedings, claims and litigation in the ordinary course of business. PPL and its subsidiaries cannot predict the outcome of such matters, or whether such matters may result in material liabilities, unless otherwise noted.

**Talen Litigation (PPL)**

**Background**

In September 2013, one of PPL's former subsidiaries, PPL Montana entered into an agreement to sell its hydroelectric generating facilities. In June 2014, PPL and PPL Energy Supply, the parent company of PPL Montana, entered into various definitive agreements with affiliates of Riverstone to spin off PPL Energy Supply and ultimately combine it with Riverstone's competitive power generation businesses to form a stand-alone company named Talen Energy. In November 2014, after executing the spinoff agreements but prior to the closing of the spinoff transaction, PPL Montana closed the sale of its hydroelectric generating facilities. Subsequently, on June 1, 2015, the spinoff of PPL Energy Supply was completed. Following the spinoff transaction, PPL had no continuing ownership interest in or control of PPL Energy Supply. In connection with the spinoff transaction, PPL Montana became Talen Montana, LLC (Talen Montana), a subsidiary of Talen Energy. Talen Energy Marketing also became a subsidiary of Talen Energy as a result of the June 2015 spinoff of PPL Energy Supply. Talen Energy has owned and operated both Talen Montana and Talen Energy Marketing since the spinoff. At the time of the spinoff, affiliates of Riverstone acquired a 35% ownership interest in Talen Energy. Riverstone subsequently acquired the remaining interests in Talen Energy in a take private transaction in December 2016.

***Talen Montana, LLC v. PPL Corporation et al.***

On October 29, 2018, Talen Montana filed a complaint against PPL and certain of its affiliates and current and former officers and directors in the First Judicial District of the State of Montana, Lewis & Clark County (Talen Direct Action). Talen Montana alleges that in November 2014, PPL and certain officers and directors improperly distributed to PPL's subsidiaries \$733 million of the proceeds from the sale of Talen Montana's (then PPL Montana's) hydroelectric generating facilities, rendering PPL Montana insolvent. The complaint includes claims for, among other things, breach of fiduciary duty; aiding and abetting breach of fiduciary duty; breach of an LLC agreement; breach of the implied duty of good faith and fair dealing; tortious interference; negligent misrepresentation; and constructive fraud. Talen Montana is seeking unspecified damages, including punitive damages, and other relief. In December 2018, PPL moved to dismiss the Talen Direct Action for lack of jurisdiction and, in the alternative, to dismiss because Delaware is the appropriate forum to decide this case. In January 2019, Talen Montana dismissed without prejudice all current and former PPL Corporation directors from the case. The parties engaged in limited jurisdictional discovery, and the Court heard oral argument regarding the PPL parties' motion to dismiss on August 22, 2019. On December 4, 2019, the Court granted PPL's motion to dismiss and on December 26, 2019, a judgment dismissing all claims against all defendants with prejudice was signed by the Court. No appeal was filed and this matter is now concluded.

***Talen Montana Retirement Plan and Talen Energy Marketing, LLC, Individually and on Behalf of All Others Similarly Situated v. PPL Corporation et al.***

Also, on October 29, 2018, Talen Montana Retirement Plan and Talen Energy Marketing filed a putative class action complaint on behalf of current and contingent creditors of Talen Montana who allegedly suffered harm or allegedly will suffer reasonably foreseeable harm as a result of the November 2014 distribution. The action was filed in the Sixteenth Judicial District of the State of Montana, Rosebud County, against PPL and certain of its affiliates and current and former officers and directors (Talen Putative Class Action). The plaintiffs assert claims for, among other things, fraudulent transfer, both actual and constructive; recovery against subsequent transferees; civil conspiracy; aiding and abetting tortious conduct; and unjust enrichment. They are seeking avoidance of the purportedly fraudulent transfer, unspecified damages, including punitive damages, the imposition of a constructive trust, and other relief. In December 2018, PPL removed the Talen Putative Class Action from the Sixteenth Judicial District of the State of Montana to the United States District Court for the District of Montana, Billings Division (MT Federal Court). In January 2019, the plaintiffs moved to remand the Talen Putative Class Action back to state court, and dismissed without prejudice all current and former PPL Corporation directors from the case. In September 2019, the MT Federal Court granted plaintiffs' motion to remand the case back to state court, and the PPL defendants promptly petitioned the Ninth Circuit Court of Appeals to grant an appeal of the remand decision. On November 21, 2019, the Ninth Circuit Court of Appeals denied that request and on December 30, 2019, Talen Montana Retirement Plan filed a Second Amended Complaint in the Sixteenth Judicial District of the State of Montana, Rosebud County, which removed Talen Energy Marketing, LLC as a plaintiff. On January 31, 2020, PPL defendants filed a motion to dismiss the Second Amended Complaint. The Court has scheduled a hearing date of June 24, 2020 to hear oral argument regarding the motion to dismiss.

***PPL Corporation et al. vs. Riverstone Holdings LLC, Talen Energy Corporation et al.***

On November 30, 2018, PPL, certain PPL affiliates, and certain current and former officers and directors (PPL plaintiffs) filed a complaint in the Court of Chancery of the State of Delaware seeking various forms of relief against Riverstone, Talen Energy

and certain of their affiliates (Delaware Action). In the complaint, the PPL plaintiffs ask the Delaware Court of Chancery for declaratory and injunctive relief. This includes a declaratory judgment that, under the separation agreement governing the spinoff of PPL Energy Supply, all related claims that arise must be heard in Delaware; that the statute of limitations in Delaware and the spinoff agreement bar these claims at this point; that PPL is not liable for the claims in either the Talen Direct Action or the Talen Putative Class Action as PPL Montana was solvent at all relevant times; and that the separation agreement requires that Talen Energy indemnify PPL for all losses arising from the debts of Talen Montana, among other things. PPL's complaint also seeks damages against Riverstone for interfering with the separation agreement and against Riverstone affiliates for breach of the implied covenant of good faith and fair dealing. The complaint was subsequently amended on January 11, 2019 and March 20, 2019, including to add claims related to indemnification with respect to the Talen Direct Action and the Talen Putative Class Action (together, the Montana Actions), request a declaration that the Montana Actions are time-barred under the spinoff agreements, and allege additional facts to support the tortious interference claim. In April 2019, the defendants filed motions to dismiss the amended complaint. In July 2019, the Court heard oral arguments from the parties regarding the motions to dismiss. On October 23, 2019, the Delaware Court of Chancery returned its opinion on the defendants' motions to dismiss sustaining all of the PPL plaintiffs' claims except for the claim for breach of implied covenant of good faith and fair dealing. Discovery is underway; however, on January 30, 2020, Talen Energy filed a new motion to dismiss five of the remaining eight claims in the amended complaint. Oral argument on the motion to dismiss is scheduled for May 28, 2020. A tentative trial date has been scheduled for June 2021.

With respect to each of the Talen-related matters described above, PPL believes that the 2014 distribution of proceeds was made in compliance with all applicable laws and that PPL Montana was solvent at all relevant times. Additionally, the agreements entered into in connection with the spinoff, which PPL and affiliates of Talen Energy and Riverstone negotiated and executed prior to the 2014 distribution, directly address the treatment of the proceeds from the sale of PPL Montana's hydroelectric generating facilities; in those agreements, Talen Energy and Riverstone definitively agreed that PPL was entitled to retain the proceeds.

PPL believes that it has meritorious defenses to the claims made in the Talen Putative Class Action and intends to continue to vigorously defend against this action. The Talen Putative Class Action and the Delaware Action are both in early stages of litigation; at this time, PPL cannot predict the outcome of these matters or estimate the range of possible losses, if any, that PPL might incur as a result of the claims, although they could be material.

*(PPL, LKE and LG&E)*

#### Cane Run Environmental Claims

In December 2013, six residents, on behalf of themselves and others similarly situated, filed a class action complaint against LG&E and PPL in the U.S. District Court for the Western District of Kentucky (U.S. District Court) alleging violations of the Clean Air Act, RCRA, and common law claims of nuisance, trespass and negligence. In July 2014, the U.S. District Court dismissed the RCRA claims and all but one Clean Air Act claim, but declined to dismiss the common law tort claims. In February 2017, the U.S. District Court dismissed PPL as a defendant and dismissed the final federal claim against LG&E, and in April 2017, issued an Order declining to exercise supplemental jurisdiction on the state law claims dismissing the case in its entirety. In June 2017, the plaintiffs filed a class action complaint in Jefferson County, Kentucky Circuit Court, against LG&E alleging state law nuisance, negligence and trespass tort claims. The plaintiffs seek compensatory and punitive damages for alleged property damage due to purported plant emissions on behalf of a class of residents within one to three miles of the plant. On January 8, 2020, the Jefferson Circuit Court issued an order denying the plaintiffs' request for class certification. On January 14, 2020, the plaintiffs filed a notice of appeal in the Kentucky Court of Appeals. PPL, LKE and LG&E cannot predict the outcome of this matter and an estimate or range of possible losses cannot be determined.

*(PPL, LKE and KU)*

#### E.W. Brown Environmental Claims

In July 2017, the Kentucky Waterways Alliance and the Sierra Club filed a citizen suit complaint against KU in the U.S. District Court for the Eastern District of Kentucky (U.S. District Court) alleging discharges at the E.W. Brown plant in violation of the Clean Water Act and the plant's water discharge permit and alleging contamination that may present an imminent and substantial endangerment in violation of the RCRA. The plaintiffs' suit relates to prior notices of intent to file a citizen suit submitted in October and November 2015 and October 2016. These plaintiffs sought injunctive relief ordering KU to take all actions necessary to comply with the Clean Water Act and RCRA, including ceasing the discharges in question, abating effects associated with prior discharges and eliminating the alleged imminent and substantial endangerment. These plaintiffs also

sought assessment of civil penalties and an award of litigation costs and attorney fees. In December 2017, the U.S. District Court issued an Order dismissing the Clean Water Act and RCRA complaints against KU in their entirety. In January 2018, the plaintiffs appealed the dismissal Order to the U.S. Court of Appeals for the Sixth Circuit. In September 2018, the U.S. Court of Appeals for the Sixth Circuit issued its ruling affirming the lower court's decision to dismiss the Clean Water Act claims but reversing its dismissal of the RCRA claims against KU and remanding the latter to the U.S. District Court. In October 2018, KU filed a petition for rehearing to the U.S. Court of Appeals for the Sixth Circuit regarding the RCRA claims. In November 2018, the U.S. Court of Appeals for the Sixth Circuit denied KU's petition for rehearing regarding the RCRA claims. In January 2019, KU filed an answer to plaintiffs' complaint in the U.S. District Court. A trial has been scheduled to begin in February 2021. PPL, LKE and KU cannot predict the outcome of these matters and an estimate or range of possible losses cannot be determined.

KU is undertaking extensive remedial measures at the E.W. Brown plant including closure of the former ash pond, implementation of a groundwater remedial action plan and performance of a corrective action plan including aquatic study of adjacent surface waters and risk assessment. The aquatic study and risk assessment are being undertaken pursuant to a 2017 agreed Order with the Kentucky Energy and Environment Cabinet (KEEC). KU conducted sampling of Herrington Lake in 2017 and 2018. In June 2019, KU submitted to the KEEC the required aquatic study and risk assessment, conducted by an independent third-party consultant, finding that discharges from the E.W. Brown plant have not had any significant impact on Herrington Lake and that the water in the lake is safe for recreational use and meets safe drinking water standards. However, until the KEEC assesses the study and issues any regulatory determinations, PPL, LKE and KU are unable to determine whether additional remedial measures will be required at the E.W. Brown plant.

#### Air

##### *Sulfuric Acid Mist Emissions (PPL, LKE and LG&E)*

In June 2016, the EPA issued a notice of violation under the Clean Air Act alleging that LG&E violated applicable rules relating to sulfuric acid mist emissions at its Mill Creek plant. The notice alleges failure to install proper controls, failure to operate the facility consistent with good air pollution control practice, and causing emissions exceeding applicable requirements or constituting a nuisance or endangerment. LG&E believes it has complied with applicable regulations during the relevant time period. Discussions between the EPA and LG&E are ongoing. The parties have entered into a tolling agreement with respect to this matter through July 31, 2020. The parties are conducting negotiations regarding potential settlement of the matter. PPL, LKE and LG&E are unable to predict the outcome of this matter or the potential impact on operations of the Mill Creek plant, including increased capital or operating costs, and potential civil penalties or remedial measures, if any.

#### Water/Waste

##### *(PPL, LKE, LG&E and KU)*

##### *ELGs*

In 2015, the EPA finalized ELGs for wastewater discharge permits for new and existing steam electricity generating facilities. These guidelines require deployment of additional control technologies providing physical, chemical and biological treatment and mandate operational changes including "no discharge" requirements for certain wastewaters. The implementation date for individual generating stations was to be determined by the states on a case-by-case basis according to criteria provided by the EPA. Legal challenges to the final rule were consolidated before the U.S. Court of Appeals for the Fifth Circuit. In April 2017, the EPA announced that it would grant petitions for reconsideration of the rule. In September 2017, the EPA issued a rule to postpone the compliance date for certain requirements. On November 25, 2019, the EPA issued proposed revisions to its best available technology standards for certain wastewaters. The EPA expects to complete its reconsideration of best available technology standards by the fall of 2020. Upon completion of the ongoing regulatory proceedings, the rule will be implemented by the states in the course of their normal permitting activities. LG&E and KU are developing compliance strategies and schedules. PPL, LKE, LG&E and KU are unable to predict the outcome of the EPA's pending reconsideration of the rule or fully estimate compliance costs or timing. Additionally, certain aspects of these compliance plans and estimates relate to developments in state water quality standards, which are separate from the ELG rule or its implementation. Costs to comply with ELGs or other discharge limits are expected to be significant. Certain costs are included in the Registrants' capital plans and are subject to rate recovery. See Note 7 for additional information regarding LG&E's and KU's applications for ECR rate treatment of construction costs relating to regulations addressing ELGs.

## CCRs

In 2015, the EPA issued a final rule governing management of CCRs which include fly ash, bottom ash and sulfur dioxide scrubber wastes. The CCR Rule imposes extensive new requirements for certain CCR impoundments and landfills, including public notifications, location restrictions, design and operating standards, groundwater monitoring and corrective action requirements, and closure and post-closure care requirements, and specifies restrictions relating to the beneficial use of CCRs. Legal challenges to the final rule are pending before the D.C. Circuit Court of Appeals. In July 2018, the EPA issued a final rule extending the deadline for closure of certain impoundments and adopting other substantive changes. In August 2018, the D.C. Circuit Court of Appeals vacated and remanded portions of the CCR Rule. In December 2019, the EPA addressed the deficiencies identified by the court and proposed amendments to change the closure deadline to August 31, 2020, but allow certain extensions. EPA has announced that additional amendments to the rule are planned. PPL, LKE, LG&E and KU are unable to predict the outcome of the ongoing litigation and rulemaking or potential impacts on current LG&E and KU compliance plans. The Registrants are currently finalizing closure plans and schedules.

In January 2017, Kentucky issued a new state rule relating to CCR management, effective May 2017, aimed at reflecting the requirements of the federal CCR rule. As a result of a subsequent legal challenge, in January 2018, the Franklin County, Kentucky Circuit Court issued an opinion invalidating certain procedural elements of the rule. LG&E and KU presently operate their facilities under continuing permits authorized under the former program and do not currently anticipate material impacts as a result of the judicial ruling. The Kentucky Energy and Environmental Cabinet has announced it intends to propose new state rules aimed at addressing procedural deficiencies identified by the court and providing the regulatory framework necessary for operation of the state program in lieu of the federal CCR Rule. Associated costs are expected to be subject to rate recovery.

LG&E and KU received KPSC approval for a compliance plan providing for the closure of impoundments at the Mill Creek, Trimble County, E.W. Brown, and Ghent stations, and construction of process water management facilities at those plants. In addition to the foregoing measures required for compliance with the federal CCR rule, KU also received KPSC approval for its plans to close impoundments at the retired Green River, Pineville and Tyrone plants to comply with applicable state law. Since 2017, LG&E and KU have commenced closure of many of the subject impoundments and have completed closure of some of their smaller impoundments. LG&E and KU expect to commence closure of the remaining impoundments no later than August 2020. LG&E and KU generally expect to complete impoundment closures within five years of commencement, although a longer period may be required to complete closure of some facilities. Associated costs are expected to be subject to rate recovery.

In connection with the final CCR rule, LG&E and KU recorded adjustments to existing AROs beginning in 2015 and continue to record adjustments as required. See Note 15 for additional information. Further changes to AROs, current capital plans or operating costs may be required as estimates are refined based on closure developments, groundwater monitoring results, and regulatory or legal proceedings. Costs relating to this rule are subject to rate recovery.

*(All Registrants)*

## Superfund and Other Remediation

PPL Electric, LG&E and KU are potentially responsible for investigating and remediating contamination under the federal Superfund program and similar state programs. Actions are under way at certain sites including former coal gas manufacturing plants in Pennsylvania and Kentucky previously owned or operated by, or currently owned by predecessors or affiliates of, PPL Electric, LG&E and KU. PPL Electric is potentially responsible for a share of clean-up costs at certain sites including the Columbia Gas Plant site and the Brodhead site. Clean-up actions have been or are being undertaken at all of these sites, the costs of which have not been and are not expected to be significant to PPL Electric.

As of March 31, 2020 and December 31, 2019, PPL Electric had a recorded liability of \$10 million representing its best estimate of the probable loss incurred to remediate the sites identified above. Depending on the outcome of investigations at identified sites where investigations have not begun or been completed, or developments at sites for which information is incomplete, additional costs of remediation could be incurred. PPL Electric, LG&E and KU lack sufficient information about such additional sites to estimate any potential liability or range of reasonably possible losses, if any, related to these sites. Such costs, however, are not expected to be significant.

The EPA is evaluating the risks associated with polycyclic aromatic hydrocarbons and naphthalene, chemical by-products of coal gas manufacturing. As a result, individual states may establish stricter standards for water quality and soil cleanup, that

could require several PPL subsidiaries to take more extensive assessment and remedial actions at former coal gas manufacturing plants. PPL, PPL Electric, LKE, LG&E and KU cannot estimate a range of possible losses, if any, related to these matters.

**Regulatory Issues** *(All Registrants)*

See Note 7 for information on regulatory matters related to utility rate regulation.

**Electricity - Reliability Standards**

The NERC is responsible for establishing and enforcing mandatory reliability standards (Reliability Standards) regarding the bulk electric system in North America. The FERC oversees this process and independently enforces the Reliability Standards.

The Reliability Standards have the force and effect of law and apply to certain users of the bulk electric system, including electric utility companies, generators and marketers. Under the Federal Power Act, the FERC may assess civil penalties for certain violations.

PPL Electric, LG&E and KU monitor their compliance with the Reliability Standards and self-report or self-log potential violations of applicable reliability requirements whenever identified, and submit accompanying mitigation plans, as required. The resolution of a small number of potential violations is pending. Penalties incurred to date have not been significant. Any Regional Reliability Entity (including RFC or SERC) determination concerning the resolution of violations of the Reliability Standards remains subject to the approval of the NERC and the FERC.

In the course of implementing their programs to ensure compliance with the Reliability Standards by those PPL affiliates subject to the standards, certain other instances of potential non-compliance may be identified from time to time. The Registrants cannot predict the outcome of these matters, and an estimate or range of possible losses cannot be determined.

**Other**

**Guarantees and Other Assurances**

*(All Registrants)*

In the normal course of business, the Registrants enter into agreements that provide financial performance assurance to third parties on behalf of certain subsidiaries. Such agreements include, for example, guarantees, stand-by letters of credit issued by financial institutions and surety bonds issued by insurance companies. These agreements are entered into primarily to support or enhance the creditworthiness attributed to a subsidiary on a stand-alone basis or to facilitate the commercial activities in which these subsidiaries engage.

*(PPL)*

PPL fully and unconditionally guarantees all of the debt securities of PPL Capital Funding.

*(All Registrants)*

The table below details guarantees provided as of March 31, 2020. "Exposure" represents the estimated maximum potential amount of future payments that could be required to be made under the guarantee. The probability of expected payment/performance under each of these guarantees is remote except for "WPD guarantee of pension and other obligations of unconsolidated entities," for which PPL has a total recorded liability of \$5 million at March 31, 2020 and December 31, 2019. For reporting purposes, on a consolidated basis, all guarantees of PPL Electric, LKE, LG&E and KU also apply to PPL, and all guarantees of LG&E and KU also apply to LKE.

	Exposure at March 31, 2020	Expiration Date
<b>PPL</b>		
Indemnifications related to the WPD Midlands acquisition	(a)	
WPD indemnifications for entities in liquidation and sales of assets	\$ 10 (b)	2022
WPD guarantee of pension and other obligations of unconsolidated entities	77 (c)	
<b>PPL Electric</b>		
Guarantee of inventory value	6 (d)	2020
<b>LKE</b>		
Indemnification of lease termination and other divestitures	200 (e)	2021
<b>LG&amp;E and KU</b>		
LG&E and KU obligation of shortfall related to OVEC	(f)	

- (a) Indemnifications related to certain liabilities, including a specific unresolved tax issue and those relating to properties and assets owned by the seller that were transferred to WPD Midlands in connection with the acquisition. A cross indemnity has been received from the seller on the tax issue. The maximum exposure and expiration of these indemnifications cannot be estimated because the maximum potential liability is not capped and the expiration date is not specified in the transaction documents.
- (b) Indemnification to the liquidators and certain others for existing liabilities or expenses or liabilities arising during the liquidation process. The indemnifications are limited to distributions made from the subsidiary to its parent either prior or subsequent to liquidation or are not explicitly stated in the agreements. The indemnifications generally expire two to seven years subsequent to the date of dissolution of the entities. The exposure noted only includes those cases where the agreements provide for specific limits.

In connection with their sales of various businesses, WPD and its affiliates have provided the purchasers with indemnifications that are standard for such transactions, including indemnifications for certain pre-existing liabilities and environmental and tax matters or have agreed to continue their obligations under existing third-party guarantees, either for a set period of time following the transactions or upon the condition that the purchasers make reasonable efforts to terminate the guarantees. Additionally, WPD and its affiliates remain secondarily responsible for lease payments under certain leases that they have assigned to third parties.

- (c) Relates to certain obligations of discontinued or modified electric associations that were guaranteed at the time of privatization by the participating members. Costs are allocated to the members and can be reallocated if an existing member becomes insolvent. At March 31, 2020, WPD has recorded an estimated discounted liability for which the expected payment/performance is probable. Neither the expiration date nor the maximum amount of potential payments for certain obligations is explicitly stated in the related agreements, and as a result, the exposure has been estimated.
- (d) A third-party logistics firm provided inventory procurement and fulfillment services, whose contract was terminated as of March 2020. The logistics firm has title to the inventory, however, upon termination of the contracts, PPL Electric has guaranteed to purchase any remaining inventory that has not been used or sold.
- (e) LKE provides certain indemnifications covering the due and punctual payment, performance and discharge by each party of its respective obligations. The most comprehensive of these guarantees is the LKE guarantee covering operational, regulatory and environmental commitments and indemnifications made by WKE under a 2009 Transaction Termination Agreement. This guarantee has a term of 12 years ending July 2021, and a maximum exposure of \$200 million, exclusive of certain items such as government fines and penalties that may exceed the maximum. Additionally, LKE has indemnified various third parties related to historical obligations for other divested subsidiaries and affiliates. The indemnifications vary by entity and the maximum exposures range from being capped at the sale price to no specified maximum. LKE could be required to perform on these indemnifications in the event of covered losses or liabilities being claimed by an indemnified party. LKE cannot predict the ultimate outcomes of the various indemnification scenarios, but does not expect such outcomes to result in significant losses above the amounts recorded.
- (f) Pursuant to the OVEC power purchase contract, LG&E and KU are obligated to pay for their share of OVEC's excess debt service, post-retirement and decommissioning costs, as well as any shortfall from amounts included within a demand charge designed and expected to cover these costs over the term of the contract. LKE's proportionate share of OVEC's outstanding debt was \$109 million at March 31, 2020, consisting of LG&E's share of \$76 million and KU's share of \$33 million. The maximum exposure and the expiration date of these potential obligations are not presently determinable. See "Energy Purchase Commitments" in Note 13 in PPL's, LKE's, LG&E's and KU's 2019 Form 10-K for additional information on the OVEC power purchase contract.

In March 2018, a sponsor with a 4.85% pro-rata share of OVEC obligations filed for bankruptcy under Chapter 11 and, in August 2018, received a rejection order for the OVEC power purchase contract in the bankruptcy proceeding. In October 2019, the bankruptcy court issued an order confirming the sponsor's proposed reorganization plan. OVEC and other entities are challenging the contract rejection, the bankruptcy plan confirmation and regulatory aspects of the plan in various forums. In December 2019, an appellate court remanded the contract rejection issue and in March 2020 the FERC commenced a related proceeding. The plan was declared effective in February 2020, but certain aspects of the matter are subject to the on-going appellate, bankruptcy and regulatory proceedings, including issues relating to the appropriateness of the rejection of the OVEC power purchase agreement and regulatory appropriateness of the plan's confirmation. Periodically, OVEC and certain of its sponsors, including LG&E and KU, consider certain potential additional credit support actions to preserve OVEC's access to credit markets or mitigate risks or adverse impacts relating thereto, including addressing increased interest costs, establishing or continuing debt reserve accounts or other changes involving OVEC's existing short and long-term debt. The ultimate outcome of these matters, including the sponsor bankruptcy and related appellate or regulatory proceedings, OVEC structural or financial steps relating thereto and any other potential impact on LG&E's and KU's obligations relating to OVEC under the power purchase contract cannot be predicted.

The Registrants provide other miscellaneous guarantees through contracts entered into in the normal course of business. These guarantees are primarily in the form of indemnification or warranties related to services or equipment and vary in duration. The amounts of these guarantees often are not explicitly stated, and the overall maximum amount of the obligation under such

guarantees cannot be reasonably estimated. Historically, no significant payments have been made with respect to these types of guarantees and the probability of payment/performance under these guarantees is remote.

PPL, on behalf of itself and certain of its subsidiaries, maintains insurance that covers liability assumed under contract for bodily injury and property damage. The coverage provides maximum aggregate coverage of \$225 million. This insurance may be applicable to obligations under certain of these contractual arrangements.

#### Risks and Uncertainties (All Registrants)

The COVID-19 pandemic has disrupted the U.S. and global economies and continues to present extraordinary challenges to businesses, communities, workforces and markets. In the U.S. and throughout the world, governmental authorities have taken urgent and extensive actions to contain the spread of the virus and mitigate known or foreseeable impacts. In the Registrants' service territories, mitigation measures have included quarantines, stay-at-home orders, travel restrictions, reduced operations or closures of businesses, schools and governmental agencies, and legislative or regulatory actions to address health or other pandemic-related concerns, all of which have the potential to adversely impact the Registrants' business and operations, especially if these measures remain in effect for a prolonged period of time.

To date, the Registrants have not experienced a significant impact on their business, results of operations, financial condition, liquidity, operations or on their supply chain as a result of COVID-19; however, the duration and severity of the outbreak and its ultimate effects on the global economy, the financial markets, or the Registrants' workforce, customers and suppliers are uncertain. A protracted slowdown of broad sectors of the economy, prolonged or pervasive restrictions on businesses and their workforces, or significant changes in legislation or regulatory policy to address the COVID-19 pandemic all present significant risks to the Registrants. These or other unpredictable events resulting from the pandemic could further reduce customer demand for electricity and gas, impact the Registrants' employees and supply chains, result in an increase in certain costs, delay payments or increase bad debts, or result in changes in the fair value of their assets and liabilities, which could materially and adversely affect the Registrants' business, results of operations, financial condition or liquidity.

### 11. Related Party Transactions

#### **Support Costs** (PPL Electric, LKE, LG&E and KU)

PPL Services, PPL EU Services and LKS provide PPL, PPL Electric, LKE, their respective subsidiaries, including LG&E and KU, and each other with administrative, management and support services. For all services companies, the costs of directly assignable and attributable services are charged to the respective recipients as direct support costs. General costs that cannot be directly assigned or attributed to a specific entity are allocated and charged to the respective recipients as indirect support costs. PPL Services and PPL EU Services use a three-factor methodology that includes the applicable recipients' invested capital, operation and maintenance expenses and number of employees to allocate indirect costs. PPL Services may also use a ratio of overall direct and indirect costs or a weighted average cost ratio. LKS bases its indirect allocations on the subsidiaries' number of employees, total assets, revenues, number of customers and/or other statistical information. PPL Services, PPL EU Services and LKS charged the following amounts for the periods ended March 31, including amounts applied to accounts that are further distributed between capital and expense on the books of the recipients, based on methods that are believed to be reasonable.

	Three Months	
	2020	2019
PPL Electric from PPL Services	\$ 12	\$ 16
LKE from PPL Services	6	9
PPL Electric from PPL EU Services	41	37
LG&E from LKS	38	38
KU from LKS	41	43

In addition to the charges for services noted above, LKS makes payments on behalf of LG&E and KU for fuel purchases and other costs for products or services provided by third parties. LG&E and KU also provide services to each other and to LKS. Billings between LG&E and KU relate to labor and overheads associated with union and hourly employees performing work for the other company, charges related to jointly-owned generating units and other miscellaneous charges. Tax settlements between LKE and LG&E and KU are reimbursed through LKS.



## **Intercompany Borrowings**

### *(PPL Electric)*

PPL Energy Funding maintains a \$650 million revolving line of credit with a PPL Electric subsidiary. No balance was outstanding at March 31, 2020 and December 31, 2019. The interest rates on borrowings are equal to one-month LIBOR plus a spread. Interest income is reflected in "Interest Income from Affiliate" on the Income Statements.

### *(LKE)*

LKE maintains a \$375 million revolving line of credit with a PPL Energy Funding subsidiary whereby LKE can borrow funds on a short-term basis at market-based rates. The interest rates on borrowings are equal to one-month LIBOR plus a spread. At March 31, 2020 and December 31, 2019, \$242 million and \$150 million were outstanding and reflected in "Notes payable with affiliates" on the Balance Sheets. The interest rates on the outstanding borrowings at March 31, 2020 and December 31, 2019 were 3.02% and 3.20%. Interest expense on the revolving line of credit was not significant for the three months ended March 31, 2020 and 2019.

LKE maintains an agreement with a PPL affiliate that has a \$300 million borrowing limit whereby LKE can loan funds on a short-term basis at market-based rates. No balance was outstanding at March 31, 2020 and December 31, 2019. The interest rate on the loan is based on the PPL affiliate's credit rating and equal to one-month LIBOR plus a spread.

LKE maintains ten-year notes of \$400 million and \$250 million with a PPL affiliate with interest rates of 3.5% and 4%. At March 31, 2020 and December 31, 2019, the notes were reflected in "Long-term debt to affiliate" on the Balance Sheets. Interest expense on the \$400 million note was \$4 million for the three months ending March 31, 2020 and 2019. Interest expense on the \$250 million note was \$3 million for the three months ending March 31, 2020 and 2019.

### *(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 March 31, 2020, LG&E had borrowings outstanding from KU in the amount of \$21 million. This balance is reflected in "Notes payable with affiliates" on the Balance Sheets. No balances were outstanding at December 31, 2019.

### *(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. No balances were outstanding at March 31, 2020 and December 31, 2019.

### **VEBA Funds Receivable** *(PPL Electric)*

In May 2018, PPL received a favorable private letter ruling from the IRS permitting a transfer of excess funds from the PPL Bargaining Unit Retiree Health Plan VEBA to a new subaccount within the VEBA, to be used to pay medical claims of active bargaining unit employees. Based on PPL Electric's participation in PPL's Other Postretirement Benefit plan, PPL Electric was allocated a portion of the excess funds from PPL Services. These funds have been recorded as an intercompany receivable on PPL Electric's Balance Sheets. The receivable balance decreases as PPL Electric pays incurred medical claims and is reimbursed by PPL Services. The intercompany receivable balance associated with these funds was \$32 million as of March 31, 2020 and December 31, 2019, of which \$10 million was reflected in "Accounts receivable from affiliates" and \$22 million was reflected in "Other noncurrent assets" on the PPL Electric Balance Sheets.

### **Other** *(PPL Electric, LG&E and KU)*

See Note 9 for discussions regarding intercompany allocations associated with defined benefits.

**12. Other Income (Expense) - net**

(PPL)

The details of "Other Income (Expense) - net" for the periods ended March 31, were:

	Three Months	
	2020	2019
Other Income		
Economic foreign currency exchange contracts (Note 14)	\$ 62	\$ (33)
Defined benefit plans - non-service credits (Note 9)	68	80
Interest income	1	6
AFUDC - equity component	3	5
Miscellaneous	1	6
Total Other Income	135	64
Other Expense		
Charitable contributions	1	2
Miscellaneous	9	10
Total Other Expense	10	12
Other Income (Expense) - net	\$ 125	\$ 52

**13. Fair Value Measurements**

(All Registrants)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). A market approach (generally, data from market transactions), an income approach (generally, present value techniques and option-pricing models) and/or a cost approach (generally, replacement cost) are used to measure the fair value of an asset or liability, as appropriate. These valuation approaches incorporate inputs such as observable, independent market data and/or unobservable data that management believes are predicated on the assumptions market participants would use to price an asset or liability. These inputs may incorporate, as applicable, certain risks such as nonperformance risk, which includes credit risk. The fair value of a group of financial assets and liabilities is measured on a net basis. See Note 1 in each Registrant's 2019 Form 10-K for information on the levels in the fair value hierarchy.

**Recurring Fair Value Measurements**

The assets and liabilities measured at fair value were:

	March 31, 2020				December 31, 2019			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>PPL</b>								
Assets								
Cash and cash equivalents	\$ 915	\$ 915	\$ —	\$ —	\$ 815	\$ 815	\$ —	\$ —
Restricted cash and cash equivalents (a)	21	21	—	—	21	21	—	—
Special use funds (a):								
Money market fund	1	1	—	—	—	—	—	—
Commingled debt fund measured at NAV (b)	29	—	—	—	29	—	—	—
Commingled equity fund measured at NAV (b)	22	—	—	—	27	—	—	—
Total special use funds	52	1	—	—	56	—	—	—

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	March 31, 2020				December 31, 2019			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>Price risk management assets (c):</b>								
Foreign currency contracts	190	—	190	—	142	—	142	—
Cross-currency swaps	169	—	169	—	154	—	154	—
<b>Total price risk management assets</b>	<b>359</b>	<b>—</b>	<b>359</b>	<b>—</b>	<b>296</b>	<b>—</b>	<b>296</b>	<b>—</b>
<b>Total assets</b>	<b>\$ 1,347</b>	<b>\$ 937</b>	<b>\$ 359</b>	<b>\$ —</b>	<b>\$ 1,188</b>	<b>\$ 836</b>	<b>\$ 296</b>	<b>\$ —</b>
<b>Liabilities</b>								
<b>Price risk management liabilities (c):</b>								
Interest rate swaps	\$ 34	\$ —	\$ 34	\$ —	\$ 21	\$ —	\$ 21	\$ —
Foreign currency contracts	—	—	—	—	5	—	5	—
<b>Total price risk management liabilities</b>	<b>\$ 34</b>	<b>\$ —</b>	<b>\$ 34</b>	<b>\$ —</b>	<b>\$ 26</b>	<b>\$ —</b>	<b>\$ 26</b>	<b>\$ —</b>
<b>PPL Electric</b>								
<b>Assets</b>								
Cash and cash equivalents	\$ 33	\$ 33	\$ —	\$ —	\$ 262	\$ 262	\$ —	\$ —
Restricted cash and cash equivalents (a)	2	2	—	—	2	2	—	—
<b>Total assets</b>	<b>\$ 35</b>	<b>\$ 35</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 264</b>	<b>\$ 264</b>	<b>\$ —</b>	<b>\$ —</b>
<b>LKE</b>								
<b>Assets</b>								
Cash and cash equivalents	\$ 47	\$ 47	\$ —	\$ —	\$ 27	\$ 27	\$ —	\$ —
Cash collateral posted to counterparties (d)	1	1	—	—	—	—	—	—
<b>Total assets</b>	<b>\$ 48</b>	<b>\$ 48</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 27</b>	<b>\$ 27</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Liabilities</b>								
<b>Price risk management liabilities:</b>								
Interest rate swaps	\$ 29	\$ —	\$ 29	\$ —	\$ 21	\$ —	\$ 21	\$ —
<b>Total price risk management liabilities</b>	<b>\$ 29</b>	<b>\$ —</b>	<b>\$ 29</b>	<b>\$ —</b>	<b>\$ 21</b>	<b>\$ —</b>	<b>\$ 21</b>	<b>\$ —</b>
<b>LG&amp;E</b>								
<b>Assets</b>								
Cash and cash equivalents	\$ 7	\$ 7	\$ —	\$ —	\$ 15	\$ 15	\$ —	\$ —
Cash collateral posted to counterparties (d)	1	1	—	—	—	—	—	—
<b>Total assets</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 15</b>	<b>\$ 15</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Liabilities</b>								
<b>Price risk management liabilities:</b>								
Interest rate swaps	\$ 29	\$ —	\$ 29	\$ —	\$ 21	\$ —	\$ 21	\$ —
<b>Total price risk management liabilities</b>	<b>\$ 29</b>	<b>\$ —</b>	<b>\$ 29</b>	<b>\$ —</b>	<b>\$ 21</b>	<b>\$ —</b>	<b>\$ 21</b>	<b>\$ —</b>
<b>KU</b>								
<b>Assets</b>								
Cash and cash equivalents	\$ 40	\$ 40	\$ —	\$ —	\$ 12	\$ 12	\$ —	\$ —
<b>Total assets</b>	<b>\$ 40</b>	<b>\$ 40</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 12</b>	<b>\$ 12</b>	<b>\$ —</b>	<b>\$ —</b>

- (a) Current portion is included in "Other current assets" and long-term portion is included in "Other noncurrent assets" on the Balance Sheets.
- (b) In accordance with accounting guidance, certain investments that are measured at fair value using net asset value per share (NAV), or its equivalent, have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.
- (c) Current portion is included in "Price risk management assets" and "Other current liabilities" and noncurrent portion is included in "Price risk management assets" and "Other deferred credits and noncurrent liabilities" on the Balance Sheets.
- (d) Included in "Other noncurrent assets" on the Balance Sheets. Represents cash collateral posted to offset the exposure with counterparties related to certain interest rate swaps under master netting arrangements that are not offset.

**Special Use Funds**

(PPL)

The special use funds are investments restricted for paying active union employee medical costs. In May 2018, PPL received a favorable private letter ruling from the IRS permitting a transfer of excess funds from the PPL Bargaining Unit Retiree Health Plan VEBA to a new subaccount within the VEBA to be used to pay medical claims of active bargaining unit employees. The funds are invested primarily in commingled debt and equity funds measured at NAV and are classified as investments in equity securities. Changes in fair value of the funds are recorded to the Statements of Income.

**Price Risk Management Assets/Liabilities - Interest Rate Swaps/Foreign Currency Contracts/Cross-Currency Swaps**

(PPL, LKE, LG&E and KU)

To manage interest rate risk, PPL, LKE, LG&E and KU use interest rate contracts such as forward-starting swaps, floating-to-fixed swaps and fixed-to-floating swaps. To manage foreign currency exchange risk, PPL uses foreign currency contracts such as forwards, options and cross-currency swaps that contain characteristics of both interest rate and foreign currency contracts. An income approach is used to measure the fair value of these contracts, utilizing readily observable inputs, such as forward interest rates (e.g., LIBOR and government security rates) and forward foreign currency exchange rates (e.g., GBP), as well as inputs that may not be observable, such as credit valuation adjustments. In certain cases, market information cannot practically be obtained to value credit risk and therefore internal models are relied upon. These models use projected probabilities of default and estimated recovery rates based on historical observations. When the credit valuation adjustment is significant to the overall valuation, the contracts are classified as Level 3.

**Financial Instruments Not Recorded at Fair Value (All Registrants)**

The carrying amounts of long-term debt on the Balance Sheets and their estimated fair values are set forth below. Long-term debt is classified as Level 2. The effect of third-party credit enhancements is not included in the fair value measurement.

	March 31, 2020		December 31, 2019	
	Carrying Amount (a)	Fair Value	Carrying Amount (a)	Fair Value
PPL	\$ 21,840	\$ 25,175	\$ 21,893	\$ 25,481
PPL Electric	3,986	4,500	3,985	4,589
LKE	6,003	6,774	6,002	6,766
LG&E	2,005	2,254	2,005	2,278
KU	2,624	2,978	2,623	3,003

(a) Amounts are net of debt issuance costs.

The carrying amounts of other current financial instruments (except for long-term debt due within one year) approximate their fair values because of their short-term nature.

**14. Derivative Instruments and Hedging Activities**

**Risk Management Objectives**

(All Registrants)

PPL has a risk management policy approved by the Board of Directors to manage market risk associated with commodities, interest rates on debt issuances and foreign exchange (including price, liquidity and volumetric risk) and credit risk (including non-performance risk and payment default risk). The Risk Management Committee, comprised of senior management and chaired by the Senior Director-Risk Management, oversees the risk management function. Key risk control activities designed to ensure compliance with the risk policy and detailed programs include, but are not limited to, credit review and approval, validation of transactions, verification of risk and transaction limits, value-at-risk analyses (VaR, 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) and the coordination and reporting of the Enterprise Risk Management program.

## Market Risk

Market risk includes the potential loss that may be incurred as a result of price changes associated with a particular financial or commodity instrument as well as market liquidity and volumetric risks. Forward contracts, futures contracts, options, swaps and structured transactions are utilized as part of risk management strategies to minimize unanticipated fluctuations in earnings caused by changes in commodity prices, interest rates and foreign currency exchange rates. Many of these contracts meet the definition of a derivative. All derivatives are recognized on the Balance Sheets at their fair value, unless NPNS is elected.

The following summarizes the market risks that affect PPL and its subsidiaries.

### Interest Rate Risk

- PPL and its subsidiaries are exposed to interest rate risk associated with forecasted fixed-rate and existing floating-rate debt issuances. PPL and WPD hold over-the-counter cross currency swaps to limit exposure to market fluctuations on interest and principal payments from changes in foreign currency exchange rates and interest rates. PPL, LKE and LG&E utilize over-the-counter interest rate swaps to limit exposure to market fluctuations on floating-rate debt. PPL, WPD, LKE, LG&E and KU utilize forward starting interest rate swaps to hedge changes in benchmark interest rates, when appropriate, in connection with future debt issuances.
- PPL and its subsidiaries are exposed to interest rate risk associated with debt securities and derivatives held by defined benefit plans. This risk is significantly mitigated to the extent that the plans are sponsored at, or sponsored on behalf of, the regulated domestic utilities and for certain plans at WPD due to the recovery methods in place.

### Foreign Currency Risk (PPL)

- PPL is exposed to foreign currency exchange risk primarily associated with its investments in and earnings of U.K. affiliates.

(All Registrants)

### Commodity Price Risk

PPL is exposed to commodity price risk through its domestic subsidiaries as described below.

- PPL Electric is required to purchase electricity to fulfill its obligation as a PLR. Potential commodity price risk is insignificant and mitigated through its PUC-approved cost recovery mechanism and full-requirement supply agreements to serve its PLR customers which transfer the risk to energy suppliers.
- LG&E's and KU's rates include certain mechanisms for fuel, fuel-related expenses and energy purchases. In addition, LG&E's rates include a mechanism for natural gas supply expenses. These mechanisms generally provide for timely recovery of market price fluctuations associated with these expenses.

### Volumetric Risk

Volumetric risk is the risk related to the changes in volume of retail sales due to weather, economic conditions or other factors. PPL is exposed to volumetric risk through its subsidiaries as described below.

- WPD is exposed to volumetric risk which is significantly mitigated as a result of the method of regulation in the U.K. Under the RIIO-ED1 price control regulations, recovery of such exposure occurs on a two year lag. See Note 1 in PPL's 2019 Form 10-K for additional information on revenue recognition under RIIO-ED1.
- PPL Electric, LG&E and KU are exposed to volumetric risk on retail sales, mainly due to weather and other economic conditions for which there is limited mitigation between rate cases.

### Equity Securities Price Risk

- PPL and its subsidiaries are exposed to equity securities price risk associated with the fair value of the defined benefit plans' assets. This risk is significantly mitigated at the regulated domestic utilities and for certain plans at WPD due to the recovery methods in place.
- PPL is exposed to equity securities price risk from future stock sales and/or purchases.

## Credit Risk

Credit risk is the potential loss that may be incurred due to a counterparty's non-performance.

PPL is exposed to credit risk from "in-the-money" interest rate and foreign currency derivatives with financial institutions, as well as additional credit risk through certain of its subsidiaries, as discussed below.

In the event a supplier of PPL Electric, LG&E or KU defaults on its obligation, those Registrants would be required to seek replacement power or replacement fuel in the market. In general, subject to regulatory review or other processes, appropriate incremental costs incurred by these entities would be recoverable from customers through applicable rate mechanisms, thereby mitigating the financial risk for these entities.

PPL and its subsidiaries have credit policies in place to manage credit risk, including the use of an established credit approval process, daily monitoring of counterparty positions and the use of master netting agreements or provisions. These agreements generally include credit mitigation provisions, such as margin, prepayment or collateral requirements. PPL and its subsidiaries may request additional credit assurance, in certain circumstances, in the event that the counterparties' credit ratings fall below investment grade, their tangible net worth falls below specified percentages or their exposures exceed an established credit limit.

### Master Netting Arrangements (*PPL, LKE, LG&E and KU*)

Net derivative positions on the balance sheets are not offset against the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) under master netting arrangements.

PPL had a \$29 million and \$14 million obligation to return cash collateral under master netting arrangements at March 31, 2020 and December 31, 2019.

LKE, LG&E and KU had no obligation to return cash collateral under master netting arrangements at March 31, 2020 and December 31, 2019.

PPL, LKE and LG&E posted \$1 million of cash collateral under master netting arrangements at March 31, 2020. KU had no obligation to post cash collateral under master netting arrangements at March 31, 2020. PPL, LKE, LG&E and KU had no obligation to post cash collateral under master netting arrangements at December 31, 2019.

See "Offsetting Derivative Instruments" below for a summary of derivative positions presented in the balance sheets where a right of setoff exists under these arrangements.

## Interest Rate Risk

*(All Registrants)*

PPL and its subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. A variety of financial derivative instruments are utilized to adjust the mix of fixed and floating interest rates in their debt portfolios, adjust the duration of the debt portfolios and lock in benchmark interest rates in anticipation of future financing, when appropriate. Risk limits under PPL's risk management program are designed to balance risk exposure to volatility in interest expense and changes in the fair value of the debt portfolio due to changes in benchmark interest rates. In addition, the interest rate risk of certain subsidiaries is potentially mitigated as a result of the existing regulatory framework or the timing of rate cases.

### Cash Flow Hedges (*PPL*)

Interest rate risks include exposure to adverse interest rate movements for outstanding variable rate debt and for future anticipated financings. Financial interest rate swap contracts that qualify as cash flow hedges may be entered into to hedge floating interest rate risk associated with both existing and anticipated debt issuances. At March 31, 2020, PPL held an aggregate notional value in interest rate swap contracts of £105 million (approximately \$134 million based on spot rates) that mature in 2035 to hedge interest payments of WPD's anticipated September 2020 debt issuance.

At March 31, 2020, PPL held an aggregate notional value in cross-currency interest rate swap contracts of \$702 million that range in maturity from 2021 through 2028 to hedge the interest payments and principal of WPD's U.S. dollar-denominated senior notes.

Cash flow hedges are discontinued if it is no longer probable that the original forecasted transaction will occur by the end of the originally specified time period and any amounts previously recorded in AOCI are reclassified into earnings once it is determined that the hedged transaction is not probable of occurring.

For the three months ended March 31, 2020 and 2019, PPL had no cash flow hedges reclassified into earnings associated with discontinued cash flow hedges.

At March 31, 2020, the amount of accumulated net unrecognized after-tax gains (losses) on qualifying derivatives expected to be reclassified into earnings during the next 12 months is insignificant. Amounts are reclassified as the hedged interest expense is recorded.

**Economic Activity** (PPL, LKE and LG&E)

LG&E enters into interest rate swap contracts that economically hedge interest payments on variable rate debt. Because realized gains and losses from the swaps, including terminated swap contracts, are recoverable through regulated rates, any subsequent changes in fair value of these derivatives are included in regulatory assets or liabilities until they are realized as interest expense. Realized gains and losses are recognized in "Interest Expense" on the Statements of Income at the time the underlying hedged interest expense is recorded. At March 31, 2020, LG&E held contracts with a notional amount of \$147 million that range in maturity through 2033.

**Foreign Currency Risk** (PPL)

PPL is exposed to foreign currency risk, primarily through investments in and earnings of U.K. affiliates. 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 GBP earnings.

**Net Investment Hedges**

PPL enters into foreign currency contracts on behalf of a subsidiary to protect the value of a portion of its net investment in WPD. There were no contracts outstanding at March 31, 2020.

At March 31, 2020 and December 31, 2019, PPL had \$32 million of accumulated net investment hedge after tax gains (losses) that were included in the foreign currency translation adjustment component of AOCI.

**Economic Activity**

PPL enters into foreign currency contracts on behalf of a subsidiary to economically hedge GBP-denominated anticipated earnings. At March 31, 2020, the total exposure hedged by PPL was approximately £686 million (approximately \$1.0 billion based on contracted rates). These contracts have termination dates ranging from April 2020 through July 2021.

**Accounting and Reporting**

*(All Registrants)*

All derivative instruments are recorded at fair value on the Balance Sheet as an asset or liability unless NPNS is elected. NPNS contracts include certain full requirement purchase contracts and other physical purchase contracts. Changes in the fair value of derivatives not designated as NPNS are recognized in earnings unless specific hedge accounting criteria are met and designated as such, except for the changes in fair values of LG&E's interest rate swaps that are recognized as regulatory assets or regulatory liabilities. See Note 7 for amounts recorded in regulatory assets and regulatory liabilities at March 31, 2020 and December 31, 2019.

See Note 1 in each Registrant's 2019 Form 10-K for additional information on accounting policies related to derivative instruments.

*(PPL)*

The following table presents the fair value and location of derivative instruments recorded on the Balance Sheets.

	March 31, 2020				December 31, 2019			
	Derivatives designated as hedging instruments		Derivatives not designated as hedging instruments		Derivatives designated as hedging instruments		Derivatives not designated as hedging instruments	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Current:								
Price Risk Management								
Assets/Liabilities (a):								
Interest rate swaps (b)	\$ —	\$ 5	\$ —	\$ 4	\$ —	\$ —	\$ —	\$ 4
Cross-currency swaps (b)	6	—	—	—	5	—	—	—
Foreign currency contracts	—	—	187	—	—	—	142	5
Total current	6	5	187	4	5	—	142	9
Noncurrent:								
Price Risk Management								
Assets/Liabilities (a):								
Interest rate swaps (b)	—	—	—	25	—	—	—	17
Cross-currency swaps (b)	163	—	—	—	149	—	—	—
Foreign currency contracts	—	—	3	—	—	—	—	—
Total noncurrent	163	—	3	25	149	—	—	17
Total derivatives	\$ 169	\$ 5	\$ 190	\$ 29	\$ 154	\$ —	\$ 142	\$ 26

- (a) Current portion is included in "Price risk management assets" and "Other current liabilities" and noncurrent portion is included in "Price risk management assets" and "Other deferred credits and noncurrent liabilities" on the Balance Sheets.  
(b) Excludes accrued interest, if applicable.

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended March 31, 2020.

Derivative Relationships	Three Months		Location of Gain (Loss) Recognized in Income on Derivative	Three Months	
	Derivative Gain (Loss) Recognized in OCI			Gain (Loss) Reclassified from AOCI into Income	
Cash Flow Hedges:					
Interest rate swaps	\$ (5)	Interest expense		\$ (3)	
Cross-currency swaps	15	Other income (expense) - net		6	
Total	\$ 10			\$ 3	
Net Investment Hedges:					
Foreign currency contracts	\$ —				
Derivatives Not Designated as Hedging Instruments					
		Location of Gain (Loss) Recognized in Income on Derivative		Three Months	
Foreign currency contracts		Other income (expense) - net		\$ 62	
Interest rate swaps		Interest expense		(1)	
		Total		\$ 61	
Derivatives Not Designated as Hedging Instruments					
		Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets		Three Months	
Interest rate swaps		Regulatory assets - noncurrent		\$ (8)	



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The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended March 31, 2019.

Derivative Relationships	Three Months		Location of Gain (Loss) Recognized in Income on Derivative	Three Months	
	Derivative Gain (Loss) Recognized in OCI			Gain (Loss) Reclassified from AOCI into Income	
Cash Flow Hedges:					
Interest rate swaps	\$	—	Interest expense	\$	(2)
Cross-currency swaps		(23)	Other income (expense) - net		(28)
<b>Total</b>	<b>\$</b>	<b>(23)</b>		<b>\$</b>	<b>(30)</b>
Net Investment Hedges:					
Foreign currency contracts	\$	—			
<b>Derivatives Not Designated as Hedging Instruments</b>					
			<b>Location of Gain (Loss) Recognized in Income on Derivative</b>	<b>Three Months</b>	
Foreign currency contracts			Other income (expense) - net	\$	(33)
Interest rate swaps			Interest expense		(1)
			<b>Total</b>	<b>\$</b>	<b>(34)</b>
<b>Derivatives Not Designated as Hedging Instruments</b>					
			<b>Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets</b>	<b>Three Months</b>	
Interest rate swaps			Regulatory assets - noncurrent	\$	(1)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the period ended March 31, 2020.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships	
	Three Months	
	Interest Expense	Other Income (Expense) - net
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	\$ 248	\$ 125
The effects of cash flow hedges:		
Gain (Loss) on cash flow hedging relationships:		
Interest rate swaps:		
Amount of gain (loss) reclassified from AOCI to income	(3)	—
Cross-currency swaps:		
Hedged items	—	(6)
Amount of gain (loss) reclassified from AOCI to income	—	6

(LKE and LG&E)

The following table presents the fair value and the location on the Balance Sheets of derivatives not designated as hedging instruments.

	March 31, 2020		December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management				
Assets/Liabilities:				
Interest rate swaps	\$ —	\$ 4	\$ —	\$ 4
Total current	—	4	—	4

	March 31, 2020		December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Noncurrent:				
Price Risk Management				
Assets/Liabilities:				
Interest rate swaps	—	25	—	17
Total noncurrent	—	25	—	17
Total derivatives	\$ —	\$ 29	\$ —	\$ 21

The following tables present the pre-tax effect of derivatives not designated as cash flow hedges that are recognized in income or regulatory assets for the period ended March 31, 2020.

Derivative Instruments	Location of Gain (Loss) Recognized in		Three Months
	Income on Derivatives		
Interest rate swaps	Interest expense		\$ (1)

Derivative Instruments	Location of Gain (Loss) Recognized in		Three Months
	Regulatory Assets		
Interest rate swaps	Regulatory assets - noncurrent		\$ (8)

The following tables present the pre-tax effect of derivatives not designated as cash flow hedges that are recognized in income or regulatory assets for the period ended March 31, 2019.

Derivative Instruments	Location of Gain (Loss) Recognized in		Three Months
	Income on Derivatives		
Interest rate swaps	Interest expense		\$ (1)

Derivative Instruments	Location of Gain (Loss) Recognized in		Three Months
	Regulatory Assets		
Interest rate swaps	Regulatory assets - noncurrent		\$ (1)

(PPL, LKE, LG&E and KU)

**Offsetting Derivative Instruments**

PPL, LKE, LG&E and KU or certain of their subsidiaries have master netting arrangements in place and also enter into agreements pursuant to which they purchase or sell certain energy and other products. Under the agreements, upon termination of the agreement as a result of a default or other termination event, the non-defaulting party typically would have a right to set off amounts owed under the agreement against any other obligations arising between the two parties (whether under the agreement or not), whether matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation.

PPL, LKE, LG&E and KU have elected not to offset derivative assets and liabilities and not to offset net derivative positions against the right to reclaim cash collateral pledged (an asset) or the obligation to return cash collateral received (a liability) under derivatives agreements. The table below summarizes the derivative positions presented in the balance sheets where a right of setoff exists under these arrangements and related cash collateral received or pledged.

	Assets				Liabilities			
	Gross	Eligible for Offset		Net	Gross	Eligible for Offset		Net
		Derivative Instruments	Cash Collateral Received			Derivative Instruments	Cash Collateral Pledged	
<b>March 31, 2020</b>								
<b>Treasury Derivatives</b>								
PPL	\$ 359	\$ —	\$ 29	\$ 330	\$ 34	\$ —	\$ 1	\$ 33
LKE	—	—	—	—	29	—	1	28
LG&E	—	—	—	—	29	—	1	28

	Assets				Liabilities			
	Eligible for Offset			Net	Eligible for Offset			Net
	Gross	Derivative Instruments	Cash Collateral Received		Gross	Derivative Instruments	Cash Collateral Pledged	
<b>December 31, 2019</b>								
<b>Treasury Derivatives</b>								
PPL	\$ 296	\$ 5	\$ 14	\$ 277	\$ 26	\$ 5	\$ —	\$ 21
LKE	—	—	—	—	21	—	—	21
LG&E	—	—	—	—	21	—	—	21

### Credit Risk-Related Contingent Features

Certain derivative contracts contain credit risk-related contingent features which, when in a net liability position, would permit the counterparties to require the transfer of additional collateral upon a decrease in the credit ratings of PPL, LKE, LG&E and KU or certain of their subsidiaries. Most of these features would require the transfer of additional collateral or permit the counterparty to terminate the contract if the applicable credit rating were to fall below investment grade. Some of these features also would allow the counterparty to require additional collateral upon each downgrade in credit rating at levels that remain above investment grade. In either case, if the applicable credit rating were to fall below investment grade, and assuming no assignment to an investment grade affiliate were allowed, most of these credit contingent features require either immediate payment of the net liability as a termination payment or immediate and ongoing full collateralization on derivative instruments in net liability positions.

Additionally, certain derivative contracts contain credit risk-related contingent features that require adequate assurance of performance be provided if the other party has reasonable concerns regarding the performance of PPL's, LKE's, LG&E's and KU's obligations under the contracts. A counterparty demanding adequate assurance could require a transfer of additional collateral or other security, including letters of credit, cash and guarantees from a creditworthy entity. This would typically involve negotiations among the parties. However, amounts disclosed below represent assumed immediate payment or immediate and ongoing full collateralization for derivative instruments in net liability positions with "adequate assurance" features.

(PPL, LKE and LG&E)

At March 31, 2020, derivative contracts in a net liability position that contain credit risk-related contingent features, collateral posted on those positions and the related effect of a decrease in credit ratings below investment grade are summarized as follows:

	PPL	LKE	LG&E
Aggregate fair value of derivative instruments in a net liability position with credit risk-related contingent features	\$ 6	\$ 2	\$ 2
Aggregate fair value of collateral posted on these derivative instruments	—	—	—
Aggregate fair value of additional collateral requirements in the event of a credit downgrade below investment grade (a)	6	2	2

(a) Includes the effect of net receivables and payables already recorded on the Balance Sheet.

### 15. Asset Retirement Obligations

(PPL, LKE, LG&E and KU)

PPL's, LKE's, LG&E's and KU's ARO liabilities are primarily related to CCR closure costs. See Note 10 for information on the CCR rule. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements, which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. For LKE, LG&E and KU, all ARO accretion and depreciation expenses are reclassified as a regulatory asset. ARO regulatory assets associated with certain CCR projects are amortized to expense in accordance with regulatory approvals. For other AROs, at the time of retirement, the related ARO regulatory asset is offset against the associated cost of removal regulatory liability, PP&E and ARO liability.

The changes in the carrying amounts of AROs were as follows.

	PPL	LKE	LG&E	KU
Balance at December 31, 2019	\$ 282	\$ 215	\$ 73	\$ 142
Accretion	4	4	1	3
Changes in estimated timing or cost	18	18	—	18
Obligations settled	(20)	(20)	(7)	(13)
Balance at March 31, 2020	\$ 284	\$ 217	\$ 67	\$ 150

## 16. Accumulated Other Comprehensive Income (Loss)

(PPL)

The after-tax changes in AOCI by component for the periods ended March 31 were as follows.

	Foreign currency translation adjustments	Unrealized gains (losses) on qualifying derivatives	Defined benefit plans		Total
			Prior service costs	Actuarial gain (loss)	
<b>PPL</b>					
<b>December 31, 2019</b>	\$ (1,425)	\$ (5)	\$ (18)	\$ (2,910)	\$ (4,358)
Amounts arising during the period	(61)	8	—	—	(53)
Reclassifications from AOCI	—	(3)	1	47	45
Net OCI during the period	(61)	5	1	47	(8)
<b>March 31, 2020</b>	\$ (1,486)	\$ —	\$ (17)	\$ (2,863)	\$ (4,366)
<b>December 31, 2018</b>					
Amounts arising during the period	294	(19)	—	(3)	272
Reclassifications from AOCI	—	24	—	21	45
Net OCI during the period	294	5	—	18	317
<b>March 31, 2019</b>	\$ (1,239)	\$ (2)	\$ (19)	\$ (2,387)	\$ (3,647)

The following table presents PPL's gains (losses) and related income taxes for reclassifications from AOCI for the periods ended March 31.

Details about AOCI	Three Months		Affected Line Item on the Statements of Income
	2020	2019	
<b>Qualifying derivatives</b>			
Interest rate swaps	\$ (3)	\$ (2)	Interest Expense
Cross-currency swaps	6	(28)	Other Income (Expense) - net
Total Pre-tax	3	(30)	
Income Taxes	—	6	
Total After-tax	3	(24)	
<b>Defined benefit plans</b>			
Prior service costs (a)	(1)	—	
Net actuarial loss (a)	(59)	(26)	
Total Pre-tax	(60)	(26)	
Income Taxes	12	5	
Total After-tax	(48)	(21)	
Total reclassifications during the period	\$ (45)	\$ (45)	

(a) These AOCI components are included in the computation of net periodic defined benefit cost. See Note 9 for additional information.

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

*(All Registrants)*

This "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" is separately filed by PPL, PPL Electric, LKE, LG&E and KU. Information contained herein relating to any individual Registrant is filed by such Registrant solely on its own behalf, and no Registrant makes any representation as to information relating to any other Registrant. The specific Registrant to which disclosures are applicable is identified in parenthetical headings in italics above the applicable disclosure or within the applicable disclosure for each Registrant's related activities and disclosures. Within combined disclosures, amounts are disclosed for individual Registrants when significant.

The following should be read in conjunction with the Registrants' Condensed Consolidated Financial Statements and the accompanying Notes and with the Registrants' 2019 Form 10-K. Capitalized terms and abbreviations are defined in the glossary. Dollars are in millions, except per share data, unless otherwise noted.

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

- "Overview" provides a description of each Registrant's business strategy and a discussion of important financial and operational developments.
- "Results of Operations" for all Registrants includes a "Statement of Income Analysis," which discusses significant changes in principal line items on the Statements of Income, comparing the three months ended March 31, 2020 with the same period in 2019. For PPL, "Results of Operations" also includes "Segment Earnings" and "Adjusted Gross Margins," which provide a detailed analysis of earnings by reportable segment. These discussions include non-GAAP financial measures, including "Earnings from Ongoing Operations" and "Adjusted Gross Margins" and provide explanations of the non-GAAP financial measures and a reconciliation of the non-GAAP financial measures to the most comparable GAAP measure.
- "Financial Condition - Liquidity and Capital Resources" provides an analysis of the Registrants' liquidity positions and credit profiles. This section also includes a discussion of rating agency actions.
- "Financial Condition - Risk Management" provides an explanation of the Registrants' risk management programs relating to market and credit risk.

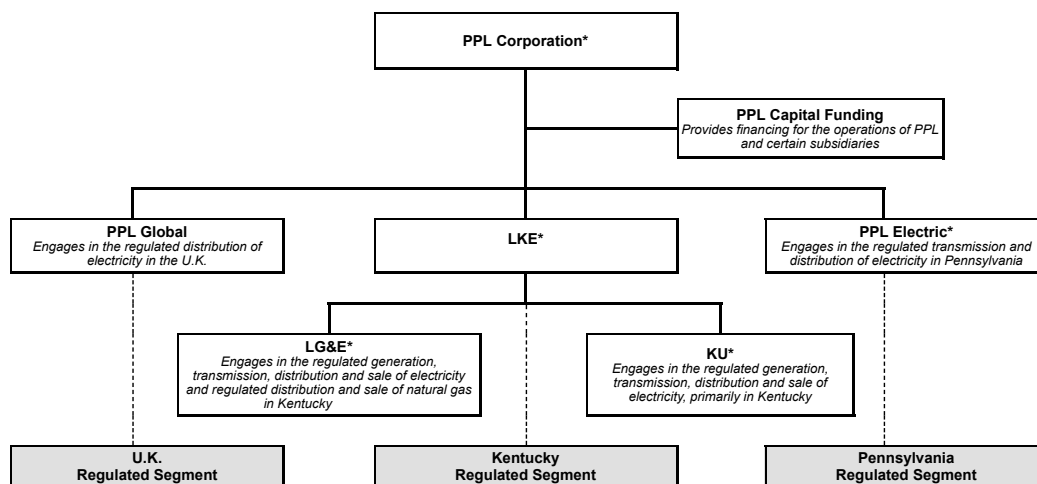
**Overview**

**Introduction**

*(PPL)*

PPL, headquartered in Allentown, Pennsylvania, is a utility holding company. PPL, through its regulated utility subsidiaries, delivers electricity to customers in the U.K., Pennsylvania, Kentucky and Virginia; delivers natural gas to customers in Kentucky; and generates electricity from power plants in Kentucky.

PPL's principal subsidiaries are shown below (\* denotes a Registrant).



PPL's reportable segments' results primarily represent the results of PPL Global, LKE and PPL Electric, except that the reportable segments are also allocated certain corporate level financing and other costs that are not included in the results of PPL Global, LKE and PPL Electric. PPL Global is not a Registrant. Unaudited annual consolidated financial statements for the U.K. Regulated segment are furnished on a Form 8-K with the SEC.

In addition to PPL, the other Registrants included in this filing are as follows.

*(PPL Electric)*

PPL Electric, headquartered in Allentown, Pennsylvania, is a wholly owned subsidiary of PPL and a regulated public utility that is an electricity transmission and distribution service provider in eastern and central 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 the 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.

*(LKE)*

LKE, acquired in 2010 and headquartered in Louisville, Kentucky, is a wholly owned subsidiary of PPL and a holding company that owns regulated utility operations through its subsidiaries, LG&E and KU, which constitute substantially all of LKE's assets. LG&E and KU are engaged in the generation, transmission, distribution and sale of electricity. LG&E also engages in the distribution and sale of natural gas. LG&E and KU maintain separate corporate identities and serve customers in Kentucky under their respective names. KU also serves customers in Virginia under the Old Dominion Power name.

*(LG&E)*

LG&E, headquartered in Louisville, Kentucky, is a wholly owned subsidiary of LKE and a regulated utility engaged in the generation, transmission, distribution and sale of electricity and distribution and sale of natural gas in Kentucky. LG&E is subject to regulation as a public utility by the KPSC, and certain of its transmission activities are subject to the jurisdiction of the FERC under the Federal Power Act.

*(KU)*

KU, headquartered in Lexington, Kentucky, is a wholly owned subsidiary of LKE and a regulated utility engaged in the generation, transmission, distribution and sale of electricity in Kentucky and Virginia. KU is subject to regulation as a public

utility by the KPSC, the VSCC and certain of its transmission and wholesale power activities are subject to the jurisdiction of the FERC under the Federal Power Act. KU serves its Kentucky customers under the KU name and its Virginia customers under the Old Dominion Power name.

## **Business Strategy**

*(All Registrants)*

PPL operates seven fully regulated, high-performing utilities. These utilities are located in the U.K., Pennsylvania and Kentucky, in constructive regulatory jurisdictions with distinct regulatory structures and customer classes. PPL believes this business portfolio positions the company well for continued success and provides earnings and dividend growth potential.

PPL's strategy, and that of the other Registrants, is to deliver best-in-sector operational performance, invest in a sustainable energy future, maintain a strong financial foundation, and engage and develop its people. PPL's business plan is designed to achieve growth by providing efficient, reliable and safe operations and strong customer service, maintaining constructive regulatory relationships and achieving timely recovery of costs. These businesses are expected to achieve strong, long-term growth in rate base in the U.S. and RAV in the U.K. Rate base growth is being driven by planned significant capital expenditures to maintain existing assets and improve system reliability and, for LKE, LG&E and KU, to comply with federal and state environmental regulations related to coal-fired electricity generation facilities.

For the U.S. businesses, central to PPL's strategy is recovering capital project costs efficiently through various rate-making mechanisms, including periodic base rate case proceedings using forward test years, annual FERC formula rate mechanisms and other regulatory agency-approved recovery mechanisms designed to limit regulatory lag. In Kentucky, the KPSC has adopted a series of regulatory mechanisms (ECR, DSM, GLT, fuel adjustment clause, and gas supply clause) and recovery on construction work-in-progress that reduce regulatory lag and provide timely recovery of and return on, as appropriate, prudently incurred costs. In addition, the KPSC requires a utility to obtain a CPCN prior to constructing a facility, unless the construction is an ordinary extension of existing facilities in the usual course of business or does not involve sufficient capital expenditures to materially affect the utility's financial condition. Although such KPSC proceedings do not directly address cost recovery issues, the KPSC, in awarding a CPCN, concludes that the public convenience and necessity require the construction of the facility on the basis that the facility is the lowest reasonable cost alternative to address the need. In Pennsylvania, the FERC transmission formula rate, DSIC mechanism, Smart Meter Rider and other recovery mechanisms operate to reduce regulatory lag and provide for timely recovery of and a return on, as appropriate, prudently incurred costs.

To manage financing costs and access to credit markets, and to fund capital expenditures, a key objective of the Registrants is to maintain their investment grade credit ratings and adequate liquidity positions. In addition, the Registrants have financial and operational risk management programs that, among other things, are designed to monitor and manage exposure to earnings and cash flow volatility, as applicable, related to changes in interest rates, foreign currency exchange rates and counterparty credit quality. To manage these risks, PPL generally uses contracts such as forwards, options and swaps. See "Financial Condition - Risk Management" below for further information.

Earnings generated by PPL's U.K. subsidiaries are subject to foreign currency translation risk. Because WPD's earnings represent such a significant portion of PPL's consolidated earnings, PPL enters into foreign currency contracts to economically hedge the value of the GBP versus the U.S. dollar. These hedges do not receive hedge accounting treatment under GAAP. See "Financial and Operational Developments - U.K. Membership in European Union" for additional discussion of the U.K. earnings hedging activity.

The U.K. subsidiaries also have currency exposure to the U.S. dollar to the extent of their U.S. dollar denominated debt. To manage these risks, PPL generally uses contracts such as forwards, options and cross-currency swaps that contain characteristics of both interest rate and foreign currency exchange contracts.

As discussed above, a key component of this strategy is to maintain constructive relationships with regulators in all jurisdictions in which the Registrants operate (U.K., U.S. federal and state). This is supported by a strong culture of integrity and delivering on commitments to customers, regulators and shareowners, and a commitment to continue to improve customer service, reliability and operational efficiency.

## Financial and Operational Developments

### *Outbreak of COVID-19 (All Registrants)*

In recent weeks, the continued spread of COVID-19 has led to global economic disruption and volatility in financial markets. The Registrants have taken significant steps to mitigate the potential spread of COVID-19 to our customers, suppliers and employees. PPL has successfully implemented its company-wide pandemic plan, which guides the emergency response. Business continuity and other precautionary measures have been taken to ensure we can continue to safely provide reliable electricity and gas service to our customers. The Registrants have implemented social distancing measures for all employees including work from home arrangements where possible and continue to implement strong physical and cyber security measures to ensure that systems function effectively to serve operational and remote workforce needs. The Registrants continue to monitor developments affecting their workforces and customers and will take additional actions as appropriate to respond to changing conditions and mitigate the impacts.

This is a rapidly evolving situation that could lead to extended disruption of economic activity in the Registrants' markets for an undetermined period of time. Lock-down or closure of non-essential businesses has occurred in each of the Registrants' service territories, which has resulted in reductions in commercial and industrial demand and an increase in residential demand for electricity service. The financial impact of this net reduction in load was not material to the first quarter financial results. The impact on future periods will depend upon various factors, including the pace and extent to which the Registrants' jurisdictions reopen their economies and community response to the reopening of businesses as well as the extent that businesses continue work from home protocols. We cannot predict these factors and therefore cannot quantify the overall impact COVID-19 will have on our 2020 results of operations.

The Registrants are committed to supporting their customers and communities and have followed federal and state mandates to suspend disconnections for non-payment and new late fees and have worked to reconnect service for customers who had previously been disconnected, where required. Despite suspension of disconnections for non-payment, the Registrants have not experienced a significant reduction of cash receipts and have not adjusted their allowance for uncollectible accounts for potential additional expected credit losses. The Registrants will continue to monitor cash receipts to determine if future increases in their allowance for uncollectible accounts is required.

At March 31, 2020, the Registrants had approximately \$3.1 billion of combined unused credit facility capacity. In addition, PPL Capital Funding, PPL Electric, LG&E and KU may, subject to certain conditions, increase their syndicated credit facilities in an aggregate amount of up to \$1 billion. In addition, in early April 2020, PPL Capital Funding borrowed an additional \$200 million aggregate amount under one and two-year term loan credit facilities and issued \$1 billion in senior notes. Based on these actions the Registrants do not anticipate a significant impact on their financial condition or liquidity, and do not foresee difficulties in accessing the capital markets in the near-term. See Note 8 to the Financial Statements for additional information.

The Registrants have assessed the fair value of their assets and liabilities and no impairment charges were required. See "Goodwill Assessment" below for additional information on the interim goodwill impairment test performed for the U.K. Regulated segment reporting unit in the first quarter of 2020.

PPL's pension plans continue to be well-funded as its liability-driven investment strategy and active management have mitigated investment losses resulting from recent market volatility and significant declines in equity values.

PPL has executed hedges to mitigate the foreign exchange risk to its U.K. earnings. The COVID-19 outbreak has put additional downward pressure on the GBP to U.S. dollar exchange rate. As of March 31, 2020, PPL's foreign exchange exposure related to budgeted earnings is approximately 86% hedged for 2020 at an average rate of \$1.55 per GBP and approximately 8% hedged for 2021 at an average rate of \$1.32 per GBP. Although PPL cannot predict the impact of COVID-19 on foreign exchange rates, the impact could be significant.

In response to COVID-19, on March 27, 2020, President Donald Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). PPL evaluated the provisions of the CARES Act as of March 31, 2020 and believes there is no significant effect on its financial statements. Certain tax provisions may result in immaterial cash benefits in 2020.

To date, there has been no material impact on the Registrants' business, results of operations, financial condition, liquidity or on their supply chain as a result of COVID-19; however, the ultimate severity or duration of the outbreak or its effects on the global economy, the capital markets, or the Registrants' workforce, contractors, customers and suppliers is uncertain. The



Registrants cannot predict the ultimate impact COVID-19 will have on their financial position, results of operations, cash flows or liquidity.

*Goodwill Assessment (PPL, LKE, LG&E and KU)*

The COVID-19 pandemic has disrupted the U.S. and global economies and continues to present extraordinary challenges to businesses, communities, workforces and markets. In the U.S. and throughout the world, governmental authorities have taken urgent and extensive actions to contain the spread of the virus and mitigate known or foreseeable impacts. In the Registrants' service territories, mitigation measures have included quarantines, stay-at-home orders, travel restrictions, reduced operations or closures of businesses, schools and governmental agencies, and legislative or regulatory actions to address health or other pandemic-related concerns, all of which have the potential to adversely impact the Registrants' business and operations, especially if these measures remain in effect for a prolonged period of time. PPL's shares have experienced volatility and a decrease in market value since the outbreak of COVID-19.

PPL, LKE, LG&E and KU considered whether these events would more likely than not reduce the fair value of the Registrants' reporting units below their carrying amounts. Based on our assessment, a quantitative impairment test was not required for the LKE, LG&E and KU reporting units, but was required for the U.K. Regulated segment reporting unit, the allocated goodwill of which was \$2.5 billion at March 31, 2020. The test did not indicate impairment of the reporting unit.

Management used both discounted cash flows and market multiples, including implied RAV premiums, which required significant assumptions, to estimate the fair value of the reporting units. Significant assumptions used in the discounted cash flows include discount and growth rates, the finalization of RHIO-ED2, and projected operating and capital cash flows. Projected operating and capital cash flows are based on the internal business plans, which assume the occurrence of certain future events. Significant assumptions used in the market multiples include sector market performance and comparable transactions.

A high degree of judgment is required to develop estimates related to fair value conclusions. A decrease in the forecasted cash flows of 10%, an increase in the discount rate of 10%, or a 10% decrease in the market multiples would not have resulted in an impairment of goodwill for the U.K. Regulated segment reporting unit.

Although goodwill was not determined to be impaired at March 31, 2020, it is possible that an impairment charge could occur in future periods if PPL's share price or any of the assumptions used in determining fair value of the reporting units are negatively impacted.

*U.K. Corporation Tax Rate Change (PPL)*

The U.K. corporation tax rate was scheduled to reduce from 19% to 17%, effective April 1, 2020. On March 11, 2020, the U.K. Spring Budget 2020 was announced and included a cancellation of the tax rate reduction to 17%. Maintaining the corporation tax rate at 19% for financial years 2020 and 2021 is expected to be included in the Finance Act 2020, which PPL expects will be approved and enacted into law in the third quarter of 2020. The impact of the cancellation of the corporate tax rate reduction, if enacted as proposed, would be an increase in deferred tax liabilities and a corresponding deferred tax cost of approximately \$100 to \$110 million.

*U.S. Tax Reform (All Registrants)*

The IRS issued proposed regulations for certain provisions of the TCJA in 2018, including rules relating to limitations on interest deductibility. These proposed regulations were issued in November 2018 and should not apply to the Registrants until the year in which the regulations are issued in final form, which is expected to be in 2020. It is uncertain what form the final regulations will take and, therefore, the Registrants cannot predict what impact the final regulations will have on the tax deductibility of interest expense. However, if the proposed regulations were issued as final in their current form, the Registrants could have a limitation on a portion of their interest expense deduction for tax purposes and such limitation could be significant. PPL expressed its views on these proposed regulations in a comment letter addressed to the IRS on February 26, 2019.

*U.K. Membership in European Union (PPL)*

In March 2017, the U.K. Government invoked Article 50 (Article 50) of the Lisbon Treaty, formally beginning the two-year period for the U.K. to negotiate an agreement specifying the terms of its withdrawal from the European Union (EU), popularly referred to as Brexit. After repeated extensions, in October 2019, the EU agreed to extend the Article 50 process until January

31, 2020. Following an early general election in December 2019, which resulted in a substantial Conservative Party Parliamentary majority, the U.K. and EU Parliaments voted to approve the EU withdrawal agreement negotiated by Prime Minister Boris Johnson.

The U.K. formally left the EU on January 31, 2020, entering a transition period that is scheduled to end on December 31, 2020. During the transition period, the U.K. will seek to negotiate a free trade arrangement with the EU and also negotiate new trade terms with countries outside of the EU. Significant uncertainty continues to surround the outcome of the transition period. PPL believes that its greatest risks relate to any extended period of depressed value of the GBP or the potential further decline in the value of the GBP compared to the U.S. dollar. A decline in the value of the GBP compared to the U.S. dollar will reduce the value of WPD's earnings to PPL.

PPL has executed hedges to mitigate the foreign exchange risk to its U.K. earnings. As of March 31, 2020, PPL's foreign exchange exposure related to budgeted earnings is approximately 86% hedged for 2020 at an average rate of \$1.55 per GBP and approximately 8% hedged for 2021 at an average rate of \$1.32 per GBP.

PPL cannot predict the impact, in either the short-term or long-term, on foreign exchange rates or PPL's financial condition that may be experienced as a result of the actions taken by the U.K. government to withdraw from the EU, although such impacts could be material.

PPL does not expect the financial condition and results of operations of WPD, itself, to change significantly as a result of Brexit. The regulatory environment and operation of WPD's businesses are not expected to change. RIIO-ED1, the current price control, with allowed revenues agreed with Ofgem runs through March 2023. The impact of a slower economy or recession on WPD would be mitigated in part because U.K. regulation provides that any reduction in the volume of electricity delivered will be recovered in allowed revenues in future periods through the K-factor adjustment. See "Item 1. Business - Segment Information - U.K. Regulated Segment" in PPL's 2019 Form 10-K for additional information on the current price control and K-factor adjustment. In addition, an increase in inflation would have a positive effect on revenues and RAV as annual inflation adjustments are applied to both revenues and RAV (and real returns are earned on inflated RAV). This impact, however, would be partially offset by higher operation and maintenance expenses and interest expense on index-linked debt. With respect to access to financing, WPD has substantial borrowing capacity under existing credit facilities and expects to continue to have access to all major financial markets. With respect to access to and cost of equipment and other materials, WPD management continues to review U.K. government issued advice on preparations for Brexit and has taken actions to mitigate potential increasing costs and disruption to its critical sources of supply. Additionally, less than 1% of WPD's employees are non-U.K. EU nationals and no change in their domicile is expected.

### **Regulatory Requirements**

*(All Registrants)*

The Registrants cannot predict the impact that future regulatory requirements may have on their financial condition or results of operations.

*(PPL, LKE, LG&E and KU)*

The businesses of LKE, LG&E and KU are subject to extensive federal, state and local environmental laws, rules and regulations, including those pertaining to CCRs, GHG, and ELGs. See Notes 7, 10 and 15 to the Financial Statements for a discussion of these significant environmental matters. These and other stringent environmental requirements led PPL, LKE, LG&E and KU to retire approximately 1,000 MW of coal-fired generating plants in Kentucky since 2015.

*RIIO-2 Framework (PPL)*

In 2018, Ofgem issued its consultation document on the RIIO-2 framework, covering all U.K. gas and electricity transmission and distribution price controls. The current electricity distribution price control, RIIO-ED1, continues through March 31, 2023 and will not be impacted by the RIIO-2 consultation process. Later in 2018, Ofgem published its decision following its RIIO-2 framework consultation after consideration of comments received including those from WPD and PPL.

In August 2019, Ofgem published an open letter seeking views on its proposed sector specific approach on the RIIO-ED2 framework. WPD and PPL provided responses to this open letter. In December 2019, Ofgem published its decision on the RIIO-ED2 framework, thus confirming the following points in its RIIO-2 and RIIO-ED2 framework decision documents:

- RIIO-ED2 will be a five-year price control period, compared to eight years in the current RIIO-ED1 price control.
- CPI or CPIH will be used for inflation measurement in calculating both RAV and allowed returns rather than RPI.
- The baseline allowed return on equity will be set using the same methodology in all RIIO-2 sectors. The new methodology includes; (a) an equity indexation, whereby the allowed return on equity is updated to reflect changes in the risk-free rate, and (b) potentially setting the allowed return 0.5% below the expected return.
- Full debt indexation will be retained.
- The early settlement process (fast tracking) will be removed and replaced with an alternative mechanism to incentivize high-quality, rigorous and ambitious business plans.
- The Totex incentive rate will be based on a confidence level for setting baseline cost allowances.
- A new enhanced engagement model will be introduced requiring distribution companies to set up a customer engagement group to provide Ofgem with a public report of local stakeholders' views on the companies' business plans. Ofgem will also establish an independent RIIO-2 challenge group comprised of consumer experts to provide Ofgem with a public report on companies' business plans.
- There will be no change to the existing depreciation policy of using economic asset lives as the basis for depreciating RAV as part of base revenue calculations. WPD is currently transitioning to 45-year asset lives for new additions in RIIO-ED1 based on Ofgem's extensive review of asset lives in RIIO-ED1.
- A focus of RIIO-2 will be on whole-system outcomes. Ofgem intends network companies and system operators working together to ensure the energy system as a whole is efficient and delivers the best value to consumers. Ofgem is undertaking further work to clarify the definition of whole-system and the appropriate roles of the network companies in supporting this objective. Ofgem is still undecided on how DSO functions are to be treated. Ofgem will include a DSO reopener to reassess progress made in the establishment of DSO activities.

Ofgem will now shift focus to the development of the RIIO-ED2 price control methodology, with the consultation expected to be published by the third quarter of 2020. WPD and PPL continue to be fully engaged in the RIIO-ED2 process. PPL cannot predict the outcome of this process or the long-term impact the final RIIO-ED2 price control will have on its financial condition or results of operations. Any decision for RIIO-ED2 will not be finalized until November 2022. The RIIO-ED2 price control will come into effect on April 1, 2023.

#### ***FERC Transmission Rate Filing***

*(PPL, LKE, LG&E and KU)*

In 2018, LG&E and KU applied to the FERC requesting elimination of certain on-going credits to a sub-set of transmission customers relating to the 1998 merger of LG&E's and KU's parent entities and the 2006 withdrawal of LG&E and KU from the Midcontinent Independent System Operator, Inc. (MISO), a regional transmission operator and energy market. The application seeks termination of LG&E's and KU's commitment to provide certain Kentucky municipalities mitigation for certain horizontal market power concerns arising out of the 1998 LG&E and KU merger and 2006 MISO withdrawal. The amounts at issue are generally waivers or credits granted to a limited number of Kentucky municipalities for either certain LG&E and KU or MISO transmission charges incurred for transmission service received. Due to the development of robust, accessible energy markets over time, LG&E and KU believe the mitigation commitments are no longer relevant or appropriate. In March 2019, the FERC granted LG&E's and KU's request to remove the ongoing credits, conditioned upon the implementation by LG&E and KU of a transition mechanism for certain existing power supply arrangements, subject to FERC review and approval. In July 2019, LG&E and KU proposed their transition mechanism to the FERC and in September 2019, the FERC rejected the proposed transition mechanism and issued a separate order providing clarifications of certain aspects of the March order. In October 2019, LG&E and KU filed requests for rehearing and clarification on the two September orders. In November 2019, the FERC granted LG&E and KU's and other parties' rehearing requests. Additionally, certain petitions for review of FERC's orders have been filed by multiple parties, including LG&E and KU, at the D.C. Circuit Court of Appeals. LG&E and KU cannot predict the outcome of the proceedings. In February 2020, the D.C. Circuit Court of Appeals issued an order holding the various appeals in abeyance pending the FERC's rehearing process. LG&E and KU currently receive recovery of waivers and credits provided through other rate mechanisms.

*(PPL and PPL Electric)*

In April 2020, PPL Electric filed its annual transmission formula rate update with the FERC, reflecting a revised revenue requirement that will take effect in June 2020.

**Rate Case Proceedings**

*(LKE and KU)*

In July 2019, KU filed a request with the VSCC for an increase in annual Virginia base electricity revenues of approximately \$13 million, representing an increase of 18.2%. In January 2020, KU reached a partial settlement agreement including an increase in annual Virginia base electricity revenues of \$9 million effective May 1, 2020, representing an increase of 12.9%. A hearing on the settlement and certain tariff provisions was held in January 2020. On April 6, 2020, the VSCC issued an order approving the settlement and Hearing Examiner tariff provision recommendations.

**Results of Operations**

*(PPL)*

The "Statement of Income Analysis" discussion below describes significant changes in principal line items on PPL's Statements of Income, comparing the three months ended March 31, 2020 with the same period in 2019. The "Segment Earnings" and "Adjusted Gross Margins" discussions for PPL provide a review of results by reportable segment. These discussions include non-GAAP financial measures, including "Earnings from Ongoing Operations" and "Adjusted Gross Margins," and provide explanations of the non-GAAP financial measures and a reconciliation of those measures to the most comparable GAAP measure.

Tables analyzing changes in amounts between periods within "Statement of Income Analysis," "Segment Earnings" and "Adjusted Gross Margins" are presented on a constant GBP to U.S. dollar exchange rate basis, where applicable, in order to isolate the impact of the change in the exchange rate on the item being explained. Results computed on a constant GBP to U.S. dollar exchange rate basis are calculated by translating current year results at the prior year weighted-average GBP to U.S. dollar exchange rate.

*(PPL Electric, LKE, LG&E and KU)*

A "Statement of Income Analysis" is presented separately for PPL Electric, LKE, LG&E and KU. The "Statement of Income Analysis" discussion below describes significant changes in principal line items on the Statements of Income, comparing the three months ended March 31, 2020 with the same period in 2019.

*(All Registrants)*

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.

**PPL: Statement of Income Analysis, Segment Earnings and Adjusted Gross Margins**

**Statement of Income Analysis**

Net income for the period ended March 31 includes the following results.

	Three Months		
	2020	2019	\$ Change
Operating Revenues	\$ 2,054	\$ 2,079	\$ (25)
Operating Expenses			
Operation			
Fuel	163	194	(31)
Energy purchases	201	250	(49)
Other operation and maintenance	476	490	(14)
Depreciation	317	284	33
Taxes, other than income	80	80	—
Total Operating Expenses	1,237	1,298	(61)
Other Income (Expense) - net	125	52	73
Interest Expense	248	241	7
Income Taxes	140	126	14
Net Income	\$ 554	\$ 466	\$ 88

**Operating Revenues**

The increase (decrease) in operating revenues was due to:

	Three Months
Domestic:	
PPL Electric Distribution volumes (a)	\$ (24)
PPL Electric PLR (b)	(27)
PPL Electric Transmission Formula Rate (c)	16
LKE Retail Rates (d)	49
LKE ECR (e)	19
LKE Fuel and other energy purchase prices (f)	(21)
LKE Municipal supply (g)	(22)
LKE Volumes (h)	(38)
Other	(8)
Total Domestic	(56)
U.K.:	
Price	18
Foreign currency exchange rates	9
Other	4
Total U.K.	31
Total	\$ (25)

- (a) The decrease was primarily due to warmer weather in 2020.
- (b) The decrease was primarily due to lower energy volumes of \$16 million primarily due to warmer weather in 2020 and lower energy prices of \$11 million.
- (c) The increase was primarily due to increased returns on capital investments.
- (d) The increase was primarily due to higher base rates, inclusive of the termination of the TCJA bill credit mechanism, effective May 1, 2019.
- (e) The increase was primarily due to higher recoverable depreciation expense as a result of higher depreciation rates effective May 1, 2019.
- (f) The decrease was primarily due to lower recoveries of fuel and energy purchases due to lower commodity costs.
- (g) The decrease was primarily due to the termination of eight supply contracts with Kentucky municipalities on April 30, 2019.
- (h) The decrease was primarily due to weather.

**Fuel**

Fuel decreased \$31 million primarily due to a \$13 million decrease in volumes driven by weather, a \$10 million decrease in commodity costs and an \$8 million decrease in volumes driven by the termination of eight supply contracts with Kentucky municipalities on April 30, 2019.

**Energy Purchases**

Energy purchases decreased \$49 million primarily due to lower PLR prices of \$18 million and lower PLR volumes of \$14 million at PPL Electric as well as a \$14 million decrease in commodity costs at LKE.

**Other Operation and Maintenance**

The increase (decrease) in other operation and maintenance was due to:

	<b>Three Months</b>
Domestic:	
PPL Electric storm costs	\$ (16)
LKE plant operations and maintenance	(3)
LKE administrative and general	(5)
Other	(2)
U.K.:	
Pension	2
Foreign currency exchange rates	2
Third-party engineering	2
Other	6
<b>Total</b>	<b>\$ (14)</b>

**Depreciation**

The increase in depreciation was due to:

	<b>Three Months</b>
Additions to PP&E, net	\$ 11
Foreign currency exchange rates	1
Depreciation rates (a)	19
Other	2
<b>Total</b>	<b>\$ 33</b>

(a) Higher depreciation rates were effective May 1, 2019 at LG&E and KU.

**Other Income (Expense) - net**

The increase (decrease) in other income (expense) - net was due to:

	<b>Three Months</b>
Economic foreign currency exchange contracts (Note 14)	\$ 95
Defined benefit plans - non-service credits (Note 9)	(12)
Other	(10)
<b>Total</b>	<b>\$ 73</b>

## Interest Expense

The increase (decrease) in interest expense was due to:

	Three Months	
Long-term debt interest expense	\$	8
Short-term debt interest expense		(2)
Foreign currency exchange rates		1
Total	\$	7

## Income Taxes

Income taxes increased by \$14 million primarily due to a change in pre-tax income. See Note 6 to the Financial Statements for additional information on income taxes.

## Segment Earnings

PPL's Net Income by reportable segment for the period ended March 31 was as follows:

	Three Months		
	2020	2019	\$ Change
U.K. Regulated	\$ 340	\$ 264	\$ 76
Kentucky Regulated	127	117	10
Pennsylvania Regulated	118	121	(3)
Corporate and Other (a)	(31)	(36)	5
Net Income	\$ 554	\$ 466	\$ 88

(a) Primarily represents financing and certain other costs incurred at the corporate level that have not been allocated or assigned to the segments, which are presented to reconcile segment information to PPL's consolidated results.

## Earnings from Ongoing Operations

Management utilizes "Earnings from Ongoing Operations" as a non-GAAP financial measure that should not be considered as an alternative to net income, an indicator of operating performance determined in accordance with GAAP. PPL believes that Earnings from Ongoing Operations is useful and meaningful to investors because it provides management's view of PPL's earnings performance as another criterion in making investment decisions. In addition, PPL's management uses Earnings from Ongoing Operations in measuring achievement of certain corporate performance goals, including targets for certain executive incentive compensation. Other companies may use different measures to present financial performance.

Earnings from Ongoing Operations is adjusted for the impact of special items. Special items are presented in the financial tables on an after-tax basis with the related income taxes on special items separately disclosed. Income taxes on special items, when applicable, are calculated based on the statutory tax rate of the entity where the activity is recorded. Special items may include items such as:

- Unrealized gains or losses on foreign currency economic hedges (as discussed below).
- Gains and losses on sales of assets not in the ordinary course of business.
- Impairment charges.
- Significant workforce reduction and other restructuring effects.
- Acquisition and divestiture-related adjustments.
- Other charges or credits that are, in management's view, non-recurring or otherwise not reflective of the company's ongoing operations.

Unrealized gains or losses on foreign currency economic hedges include the changes in fair value of foreign currency contracts used to hedge GBP-denominated anticipated earnings. The changes in fair value of these contracts are recognized immediately within GAAP earnings. Management believes that excluding these amounts from Earnings from Ongoing Operations until settlement of the contracts provides a better matching of the financial impacts of those contracts with the economic value of PPL's underlying hedged earnings. See Note 14 to the Financial Statements and "Risk Management" below for additional information on foreign currency economic activity.

PPL's Earnings from Ongoing Operations by reportable segment for the period ended March 31 were as follows:

	Three Months		
	2020	2019	\$ Change
U.K. Regulated	\$ 298	\$ 304	\$ (6)
Kentucky Regulated	127	117	10
Pennsylvania Regulated	118	121	(3)
Corporate and Other	(29)	(34)	5
Earnings from Ongoing Operations	\$ 514	\$ 508	\$ 6

See "Reconciliation of Earnings from Ongoing Operations" below for a reconciliation of this non-GAAP financial measure to Net Income.

#### U.K. Regulated Segment

The U.K. Regulated segment consists of PPL Global, which primarily includes WPD's regulated electricity distribution operations, the results of hedging the translation of WPD's earnings from GBP into U.S. dollars, and certain costs, such as U.S. income taxes, administrative costs and certain acquisition-related financing costs. The U.K. Regulated segment represents 61% of PPL's Net Income for the three months ended March 31, 2020 and 39% of PPL's assets at March 31, 2020.

Net Income and Earnings from Ongoing Operations for the period ended March 31 include the following results.

	Three Months		
	2020	2019	\$ Change
Operating revenues	\$ 614	\$ 583	\$ 31
Other operation and maintenance	129	118	11
Depreciation	66	62	4
Taxes, other than income	33	32	1
Total operating expenses	228	212	16
Other Income (Expense) - net	130	45	85
Interest Expense	102	99	3
Income Taxes	74	53	21
Net Income	340	264	76
Less: Special Items	42	(40)	82
Earnings from Ongoing Operations	\$ 298	\$ 304	\$ (6)

The following after-tax gains (losses), which management considers special items, impacted the U.K. Regulated segment's results and are excluded from Earnings from Ongoing Operations during the period ended March 31.

Income Statement Line Item	Three Months	
	2020	2019
Foreign currency economic hedges, net of tax of \$(11), \$11 (a)	\$ 42	\$ (40)
Total Special Items	\$ 42	\$ (40)

(a) Unrealized gains (losses) on contracts that economically hedge anticipated GBP-denominated earnings.

The changes in the components of the U.K. Regulated segment's results between these periods are due to the factors set forth below, which reflect amounts classified as U.K. Adjusted Gross Margins, the items that management considers special and the effects of movements in foreign currency exchange, including the effects of foreign currency hedge contracts, on separate lines and not in their respective Statement of Income line items.



	<b>Three Months</b>
U.K.	
U.K. Adjusted Gross Margins	\$ 20
Other operation and maintenance	(10)
Depreciation	(4)
Other Income (Expense) - net	(11)
Interest expense	(2)
Income taxes	1
U.S.	
Income taxes	(1)
Other	3
Foreign currency exchange, after-tax	(2)
Earnings from Ongoing Operations	(6)
Special items, after-tax	82
Net Income	<u>\$ 76</u>

U.K.

- See "Adjusted Gross Margins - Changes in Adjusted Gross Margins" for an explanation of U.K. Adjusted Gross Margins.
- Higher other operation and maintenance expense primarily from increases in various costs that were not individually significant in comparison to the prior year.
- Lower other income (expense) - net primarily from lower pension income.

**Kentucky Regulated Segment**

The Kentucky Regulated segment consists primarily of LKE's regulated electricity generation, transmission and distribution operations conducted by LG&E and KU, as well as LG&E's regulated distribution and sale of natural gas. In addition, certain acquisition-related financing costs are allocated to the Kentucky Regulated segment. The Kentucky Regulated segment represents 23% of PPL's Net Income for the three months ended March 31, 2020 and 34% of PPL's assets at March 31, 2020.

Net Income and Earnings from Ongoing Operations for the period ended March 31 include the following results.

	<b>Three Months</b>		
	<b>2020</b>	<b>2019</b>	<b>\$ Change</b>
Operating revenues	\$ 825	\$ 845	\$ (20)
Fuel	163	194	(31)
Energy purchases	57	79	(22)
Other operation and maintenance	204	214	(10)
Depreciation	149	123	26
Taxes, other than income	18	18	—
Total operating expenses	<u>591</u>	<u>628</u>	<u>(37)</u>
Other Income (Expense) - net	—	—	—
Interest Expense	75	70	5
Income Taxes	32	30	2
Net Income	<u>127</u>	<u>117</u>	<u>10</u>
Less: Special Items (a)	—	—	—
Earnings from Ongoing Operations	<u>\$ 127</u>	<u>\$ 117</u>	<u>\$ 10</u>

(a) There are no items that management considers special for the periods presented.

The changes in the components of the Kentucky Regulated segment's results between these periods are due to the factors set forth below, which reflect amounts classified as Kentucky Adjusted Gross Margins on separate lines and not in their respective Statement of Income line items.

	Three Months
Kentucky Adjusted Gross Margins	\$ 17
Other operation and maintenance	9
Depreciation	(8)
Taxes, other than income	(1)
Interest Expense	(5)
Income Taxes	(2)
Net Income	\$ 10

- See "Adjusted Gross Margins - Changes in Adjusted Gross Margins" for an explanation of Kentucky Adjusted Gross Margins.
- Lower other operation and maintenance expense primarily from decreases in various costs that were not individually significant in comparison to the prior year.
- Higher depreciation expense primarily due to a \$5 million increase related to higher depreciation rates effective May 1, 2019 and a \$3 million increase related to additional assets placed into service, net of retirements.

#### Pennsylvania Regulated Segment

The Pennsylvania Regulated segment includes the regulated electricity transmission and distribution operations of PPL Electric. In addition, certain costs are allocated to the Pennsylvania Regulated segment. The Pennsylvania Regulated segment represents 21% of PPL's Net Income for the three months ended March 31, 2020 and 26% of PPL's assets at March 31, 2020.

Net Income and Earnings from Ongoing Operations for the period ended March 31 include the following results.

	Three Months		
	2020	2019	\$ Change
Operating revenues	\$ 608	\$ 645	\$ (37)
Energy purchases	144	171	(27)
Other operation and maintenance	137	150	(13)
Depreciation	98	95	3
Taxes, other than income	30	31	(1)
Total operating expenses	409	447	(38)
Other Income (Expense) - net	4	7	(3)
Interest Expense	44	42	2
Income Taxes	41	42	(1)
Net Income	118	121	(3)
Less: Special Item (a)	—	—	—
Earnings from Ongoing Operations	\$ 118	\$ 121	\$ (3)

(a) There are no items that management considers special for the periods presented.

The changes in the components of the Pennsylvania Regulated segment's results between these periods are due to the factors set forth below, which reflect amounts classified as Pennsylvania Adjusted Gross Margins on a separate line and not in their respective Statement of Income line items.

	Three Months
Pennsylvania Adjusted Gross Margins	\$ (2)
Other operation and maintenance	5
Depreciation	(1)
Taxes, other than income	(1)
Other Income (Expense) - net	(3)
Interest Expense	(2)
Income Taxes	1
Net Income	\$ (3)

- See "Adjusted Gross Margins - Changes in Adjusted Gross Margins" for an explanation of Pennsylvania Adjusted Gross Margins.
- Lower other operation and maintenance expense primarily due to lower storm costs of \$11 million, partially offset by higher project cancellation costs of \$6 million.

**Reconciliation of Earnings from Ongoing Operations**

The following tables contain after-tax gains (losses), in total, which management considers special items, that are excluded from Earnings from Ongoing Operations and a reconciliation to PPL's "Net Income" for the period ended March 31.

	2020 Three Months				
	U.K. Regulated	KY Regulated	PA Regulated	Corporate and Other	Total
<b>Net Income</b>	\$ 340	\$ 127	\$ 118	\$ (31)	\$ 554
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of (\$11)	42	—	—	—	42
Talen litigation costs, net of tax of \$1 (a)	—	—	—	(2)	(2)
<b>Total Special Items</b>	42	—	—	(2)	40
<b>Earnings from Ongoing Operations</b>	<u>\$ 298</u>	<u>\$ 127</u>	<u>\$ 118</u>	<u>\$ (29)</u>	<u>\$ 514</u>

	2019 Three Months				
	U.K. Regulated	KY Regulated	PA Regulated	Corporate and Other	Total
<b>Net Income</b>	\$ 264	\$ 117	\$ 121	\$ (36)	\$ 466
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$11	(40)	—	—	—	(40)
Talen litigation costs, net of tax of \$0 (a)	—	—	—	(2)	(2)
<b>Total Special Items</b>	(40)	—	—	(2)	(42)
<b>Earnings from Ongoing Operations</b>	<u>\$ 304</u>	<u>\$ 117</u>	<u>\$ 121</u>	<u>\$ (34)</u>	<u>\$ 508</u>

(a) PPL incurred legal expenses related to litigation with its former affiliate, Talen Montana. See Note 10 to the Financial Statements for additional information.

**Adjusted Gross Margins**

Management also utilizes the following non-GAAP financial measures as indicators of performance for its businesses:

- "U.K. Adjusted Gross Margins" is a single financial performance measure of the electricity distribution operations of the U.K. Regulated segment. In calculating this measure, direct costs such as connection charges from National Grid, which owns and manages the electricity transmission network in England and Wales, and Ofgem license fees (recorded in "Other operation and maintenance" on the Statements of Income) are deducted from operating revenues, as they are costs passed through to customers. As a result, this measure represents the net revenues from the delivery of electricity across WPD's distribution network in the U.K. and directly related activities.
- "Kentucky Adjusted Gross Margins" is a single financial performance measure of the electricity generation, transmission and distribution operations of the Kentucky Regulated segment, as well as the Kentucky Regulated segment's distribution and sale of natural gas. In calculating this measure, fuel, energy purchases and certain variable costs of production (recorded in "Other operation and maintenance" on the Statements of Income) are deducted from operating revenues. In addition, certain other expenses, recorded in "Other operation and maintenance", "Depreciation" and "Taxes, other than income" on the Statements of Income, associated with approved cost recovery mechanisms are offset against the recovery of those expenses, which are included in revenues. These mechanisms allow for direct recovery of these expenses and, in some cases, returns on capital investments and performance incentives. As a result, this measure represents the net revenues from electricity and gas operations.
- "Pennsylvania Adjusted Gross Margins" is a single financial performance measure of the electricity transmission and distribution operations of the Pennsylvania Regulated segment. 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," "Other operation and maintenance," (which are primarily Act 129, Storm Damage and Universal Service program costs), "Depreciation," (which is primarily related to the Act 129 Smart Meter program) and "Taxes, other than income," (which is primarily gross receipts tax) on the Statements of Income. This measure represents the net revenues from the Pennsylvania Regulated segment's electricity delivery operations.

These measures are 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 report their results of operations. Management believes these measures provide additional useful criteria to make investment decisions. These performance measures are used, in conjunction with other information, by senior management and PPL's Board of Directors to manage operations and analyze actual results compared with budget.

**Changes in Adjusted Gross Margins**

The following table shows Adjusted Gross Margins by PPL's reportable segment and by component, as applicable, for the period ended March 31 as well as the change between period. The factors that gave rise to the changes are described following the table.

	Three Months		
	2020	2019	\$ Change
<b>U.K. Regulated</b>			
U.K. Adjusted Gross Margins	\$ 575	\$ 546	\$ 29
Impact of changes in foreign currency exchange rates			9
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 20
<b>Kentucky Regulated</b>			
Kentucky Adjusted Gross Margins			
Total Kentucky Adjusted Gross Margins	\$ 547	\$ 530	\$ 17
<b>Pennsylvania Regulated</b>			
Pennsylvania Adjusted Gross Margins			
Distribution	\$ 242	\$ 260	\$ (18)
Transmission	159	143	16
Total Pennsylvania Adjusted Gross Margins	\$ 401	\$ 403	\$ (2)

**U.K. Adjusted Gross Margins**

U.K. Adjusted Gross Margins, excluding the impact of changes in foreign currency exchange rates, increased primarily due to the April 1, 2019 price increase.

**Kentucky Adjusted Gross Margins**

Kentucky Adjusted Gross Margins increased primarily due to higher retail rates approved by the KPSC of \$49 million, inclusive of the termination of the TCJA bill credit mechanism, partially offset by \$17 million of decreased sales volumes primarily due to weather and a \$14 million decrease due to the termination of eight supply contracts with Kentucky municipalities on April 30, 2019.

**Pennsylvania Adjusted Gross Margins**

**Distribution**

Distribution Adjusted Gross Margins decreased \$26 million due to lower volumes primarily as a result of warmer weather in 2020, partially offset by \$8 million of returns on additional distribution system improvement capital investments.

*Transmission*

Transmission Adjusted Gross Margins increased primarily due to returns on additional transmission capital investments focused on replacing aging infrastructure and improving reliability.

**Reconciliation of Adjusted Gross Margins**

The following tables contain the components from the Statement of Income that are included in the non-GAAP financial measures and a reconciliation to PPL's "Operating Income" for the periods ended March 31.

	2020 Three Months				
	U.K. Adjusted Gross Margins	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
<b>Operating Revenues</b>	\$ 605 (c)	\$ 825	\$ 608	\$ 16	\$ 2,054
<b>Operating Expenses</b>					
Fuel	—	163	—	—	163
Energy purchases	—	57	144	—	201
Other operation and maintenance	30	21	23	402	476
Depreciation	—	37	12	268	317
Taxes, other than income	—	—	28	52	80
Total Operating Expenses	30	278	207	722	1,237
<b>Total</b>	<b>\$ 575</b>	<b>\$ 547</b>	<b>\$ 401</b>	<b>\$ (706)</b>	<b>\$ 817</b>

	2019 Three Months				
	U.K. Adjusted Gross Margins	Kentucky Adjusted Gross Margins	Pennsylvania Adjusted Gross Margins	Other (a)	Operating Income (b)
<b>Operating Revenues</b>	\$ 574 (c)	\$ 845	\$ 645	\$ 15	\$ 2,079
<b>Operating Expenses</b>					
Fuel	—	194	—	—	194
Energy purchases	—	79	171	—	250
Other operation and maintenance	28	22	31	409	490
Depreciation	—	19	10	255	284
Taxes, other than income	—	1	30	49	80
Total Operating Expenses	28	315	242	713	1,298
<b>Total</b>	<b>\$ 546</b>	<b>\$ 530</b>	<b>\$ 403</b>	<b>\$ (698)</b>	<b>\$ 781</b>

- (a) Represents amounts excluded from Adjusted Gross Margins.
- (b) As reported on the Statements of Income.
- (c) Excludes ancillary revenues of \$9 million for the three months ended March 31, 2020 and 2019.

**PPL Electric: Statement of Income Analysis**

**Statement of Income Analysis**

Net income for the periods ended March 31 includes the following results.

	Three Months		
	2020	2019	\$ Change
Operating Revenues	\$ 608	\$ 645	\$ (37)
Operating Expenses			
Operation			
Energy purchases	144	171	(27)
Other operation and maintenance	137	150	(13)
Depreciation	98	95	3
Taxes, other than income	30	31	(1)
Total Operating Expenses	409	447	(38)
Other Income (Expense) - net	3	5	(2)
Interest Income from Affiliate	1	2	(1)
Interest Expense	44	42	2
Income Taxes	41	42	(1)
Net Income	\$ 118	\$ 121	\$ (3)

**Operating Revenues**

The increase (decrease) in operating revenues was due to:

	Three Months
Distribution volume (a)	\$ (24)
PLR (b)	(27)
Transmission Formula Rate (c)	16
Other	(2)
Total	\$ (37)

(a) The decrease was primarily due to warmer weather in 2020.

(b) The decrease was primarily due to lower energy volumes of \$16 million primarily due to warmer weather in 2020 and lower energy prices of \$11 million.

(c) The increase was primarily due to increased returns on capital investments.

**Energy Purchases**

Energy purchases decreased \$27 million primarily due to lower PLR prices of \$18 million and lower PLR volumes of \$14 million, partially offset by higher transmission enhancement expenses of \$6 million.

**Other Operation and Maintenance**

The increase (decrease) in other operation and maintenance was due to:

	Three Months
Storm costs	\$ (16)
Act 129	(3)
Bad debts	(2)
Canceled projects	6
Other	2
Total	\$ (13)

## LKE: Statement of Income Analysis

### Statement of Income Analysis

Net income for the period ended March 31 includes the following results.

	Three Months		
	2020	2019	\$ Change
Operating Revenues	\$ 825	\$ 845	\$ (20)
Operating Expenses			
Operation			
Fuel	163	194	(31)
Energy purchases	57	79	(22)
Other operation and maintenance	204	214	(10)
Depreciation	149	123	26
Taxes, other than income	18	18	—
Total Operating Expenses	591	628	(37)
Interest Expense	58	54	4
Interest Expense with Affiliate	7	7	—
Income Taxes	34	32	2
Net Income	\$ 135	\$ 124	\$ 11

### Operating Revenues

The increase (decrease) in operating revenues was due to:

	Three Months
Retail rates (a)	\$ 49
ECR (b)	19
Fuel and other energy prices (c)	(21)
Municipal supply (d)	(22)
Volumes (e)	(38)
Other	(7)
Total	\$ (20)

- (a) The increase was primarily due to higher base rates, inclusive of the termination of the TCJA bill credit mechanism, effective May 1, 2019.  
 (b) The increase was primarily due to higher recoverable depreciation expense as a result of higher depreciation rates effective May 1, 2019.  
 (c) The decrease was primarily due to lower recoveries of fuel and energy purchases due to lower commodity costs.  
 (d) The decrease was primarily due to the termination of eight supply contracts with Kentucky municipalities on April 30, 2019.  
 (e) The decrease was primarily due to weather.

### Fuel

Fuel decreased \$31 million primarily due to a \$13 million decrease in volumes driven by weather, a \$10 million decrease in commodity costs and an \$8 million decrease in volumes driven by the termination of eight supply contracts with Kentucky municipalities on April 30, 2019.

### Energy Purchases

Energy purchases decreased \$22 million primarily due to a \$14 million decrease in commodity costs and a \$6 million decrease in gas volumes driven by weather.

### Other Operation and Maintenance

The increase (decrease) in other operation and maintenance was due to:

	Three Months
Administrative and general	\$ (5)
Plant operations and maintenance	(3)
Other	(2)
Total	<u>\$ (10)</u>

**Depreciation**

Depreciation increased \$26 million primarily due to a \$19 million increase related to higher depreciation rates effective May 1, 2019 and an \$6 million increase related to additional assets placed into service, net of retirements.

**LG&E: Statement of Income Analysis**

**Statement of Income Analysis**

Net income for the period ended March 31 includes the following results.

	Three Months		
	2020	2019	\$ Change
Operating Revenues			
Retail and wholesale	\$ 393	\$ 397	\$ (4)
Electric revenue from affiliate	14	13	1
Total Operating Revenues	<u>407</u>	<u>410</u>	<u>(3)</u>
Operating Expenses			
Operation			
Fuel	74	78	(4)
Energy purchases	52	74	(22)
Energy purchases from affiliate	—	2	(2)
Other operation and maintenance	92	94	(2)
Depreciation	64	51	13
Taxes, other than income	10	9	1
Total Operating Expenses	<u>292</u>	<u>308</u>	<u>(16)</u>
Other Income (Expense) - net	(1)	—	(1)
Interest Expense	22	21	1
Income Taxes	19	17	2
Net Income	<u>\$ 73</u>	<u>\$ 64</u>	<u>\$ 9</u>

**Operating Revenues**

The increase (decrease) in operating revenues was due to:

	Three Months
Retail rates (a)	\$ 20
ECR (b)	8
Fuel and other energy prices (c)	(12)
Volumes (d)	(18)
Other	(1)
Total	<u>\$ (3)</u>

- (a) The increase was primarily due to higher base rates, inclusive of the termination of the TCJA bill credit mechanism, effective May 1, 2019.
- (b) The increase was primarily due to higher recoverable depreciation expense as a result of higher depreciation rates effective May 1, 2019.
- (c) The decrease was primarily due to lower recoveries of fuel and energy purchases due to lower commodity costs.
- (d) The decrease was primarily due to weather.



**Fuel**

Fuel decreased \$4 million primarily due to a \$3 decrease in commodity costs and a \$1 decrease in volumes driven by weather.

**Energy Purchases**

Energy purchases decreased \$22 million primarily due to a \$14 million decrease in commodity costs and a \$6 million decrease in gas volumes driven by weather.

**Depreciation**

Depreciation increased \$13 million primarily due to a \$9 million increase related to higher depreciation rates effective May 1, 2019 and a \$4 million increase related to additional assets placed into service, net of retirements.

**KU: Statement of Income Analysis**

**Statement of Income Analysis**

Net income for the period ended March 31 includes the following results.

	Three Months		
	2020	2019	\$ Change
Operating Revenues			
Retail and wholesale	\$ 432	\$ 448	\$ (16)
Electric revenue from affiliate	—	2	(2)
Total Operating Revenues	432	450	(18)
Operating Expenses			
Operation			
Fuel	89	116	(27)
Energy purchases	5	5	—
Energy purchases from affiliate	14	13	1
Other operation and maintenance	104	108	(4)
Depreciation	84	72	12
Taxes, other than income	9	9	—
Total Operating Expenses	305	323	(18)
Other Income (Expense) - net	1	2	(1)
Interest Expense	28	26	2
Income Taxes	20	22	(2)
Net Income	\$ 80	\$ 81	\$ (1)

**Operating Revenues**

The increase (decrease) in operating revenues was due to:

	Three Months
Municipal supply (a)	\$ (22)
Volumes (b)	(20)
Fuel and other energy prices (c)	(9)
ECR (d)	11
Retail rates (e)	29
Other	(7)
Total	\$ (18)

- (a) The decrease was primarily due to the termination of eight supply contracts with Kentucky municipalities on April 30, 2019.
- (b) The decrease was primarily due to weather.
- (c) The decrease was primarily due to lower recoveries of fuel and energy purchases due to lower commodity costs.
- (d) The increase was primarily due to higher recoverable depreciation expense as a result of higher depreciation rates effective May 1, 2019.

(e) The increase was due to higher base rates, inclusive of the termination of the TCJA bill credit mechanism, effective May 1, 2019.

**Fuel**

Fuel decreased \$27 million primarily due to a \$12 million decrease in volumes driven by weather, an \$8 million decrease in volumes driven by the termination of eight supply contracts with Kentucky municipalities on April 30, 2019 and a \$7 million decrease in commodity.

**Other Operation and Maintenance**

The increase (decrease) in other operation and maintenance was due to:

	<b>Three Months</b>
Plant operations and maintenance	\$ (2)
Administrative and general	(1)
Other	(1)
<b>Total</b>	<b>\$ (4)</b>

**Depreciation**

Depreciation increased \$12 million primarily due to a \$10 million increase related to higher depreciation rates effective May 1, 2019 and a \$2 million increase related to additional assets placed into service, net of retirements.

**Financial Condition**

The remainder of this Item 2 in this Form 10-Q is presented on a combined basis, providing information, as applicable, for all Registrants.

**Liquidity and Capital Resources**

*(All Registrants)*

The Registrants had the following at:

	<u>PPL (a)</u>		<u>PPL Electric</u>		<u>LKE</u>		<u>LG&amp;E</u>		<u>KU</u>	
<b><u>March 31, 2020</u></b>										
Cash and cash equivalents	\$	915	\$	33	\$	47	\$	7	\$	40
Short-term debt		1,696		85		303		159		144
Long-term debt due within one year		1,170		—		975		—		500
Notes payable with affiliates				—		242		21		—
<b><u>December 31, 2019</u></b>										
Cash and cash equivalents	\$	815	\$	262	\$	27	\$	15	\$	12
Short-term debt		1,151		—		388		238		150
Long-term debt due within one year		1,172		—		975		—		500
Notes payable with affiliates				—		150		—		—

(a) At March 31, 2020, \$174 million of cash and cash equivalents were denominated in GBP. If these amounts would be remitted as dividends, PPL would not anticipate an incremental U.S. tax cost. See Note 6 to the Financial Statements in PPL's 2019 Form 10-K for additional information on undistributed earnings of WPD.

Net cash provided by (used in) operating, investing and financing activities for the three month periods ended March 31, and the changes between periods, were as follows.

	PPL	PPL Electric	LKE	LG&E	KU
<b>2020</b>					
Operating activities	\$ 692	\$ 132	\$ 320	\$ 171	\$ 193
Investing activities	(833)	(281)	(255)	(117)	(159)
Financing activities	240	(80)	(45)	(62)	(6)
<b>2019</b>					
Operating activities	\$ 474	\$ 81	\$ 270	\$ 157	\$ 174
Investing activities	(722)	(264)	(278)	(117)	(161)
Financing activities	142	(61)	6	(41)	(14)
<b>Change - Cash Provided (Used)</b>					
Operating activities	\$ 218	\$ 51	\$ 50	\$ 14	\$ 19
Investing activities	(111)	(17)	23	—	2
Financing activities	98	(19)	(51)	(21)	8

### Operating Activities

The components of the change in cash provided by (used in) operating activities for the three months ended March 31, 2020 compared with 2019 were as follows.

	PPL	PPL Electric	LKE	LG&E	KU
<b>Change - Cash Provided (Used)</b>					
Net income	\$ 88	\$ (3)	\$ 11	\$ 9	\$ (1)
Non-cash components	(44)	29	18	(3)	2
Working capital	98	14	7	12	8
Defined benefit plan funding	2	—	(2)	(4)	(1)
Other operating activities	74	11	16	—	11
<b>Total</b>	<b>\$ 218</b>	<b>\$ 51</b>	<b>\$ 50</b>	<b>\$ 14</b>	<b>\$ 19</b>

#### (PPL)

PPL's cash provided by operating activities in 2020 increased \$218 million compared with 2019.

- Net income increased \$88 million between the periods and included a decrease in non-cash charges of \$44 million. The decrease in non-cash charges was primarily due to an increase in unrealized gains on hedging activities, partially offset by an increase in depreciation expense (primarily due to higher depreciation rates and additional assets placed into service, net of retirements), an increase in deferred income taxes (due to book versus tax plant timing differences and Federal net operating losses) and a decrease in the U.K. net periodic defined benefit credits (primarily due to higher levels of unrecognized losses being amortized).
- The \$98 million increase in cash from changes in working capital was primarily due to an increase in accounts payable (primarily due to timing of payments), a decrease in accounts receivable (primarily due to timing of receipts) and a decrease in unbilled revenues (primarily due to weather).
- The \$74 million increase in cash provided by other operating activities was primarily due to an increase in non-current regulatory liabilities, an increase in accrued pension obligation and an increase in ARO expenditures.

#### (PPL Electric)

PPL Electric's cash provided by operating activities in 2020 increased \$51 million compared with 2019.

- Net income decreased \$3 million between the periods and included an increase in non-cash components of \$29 million. The increase in non-cash components was primarily due to a \$16 million increase in deferred income taxes (due to book versus tax plant timing differences and Federal net operating losses) and a \$10 million increase in other expenses (primarily due to an increase in canceled projects).
- The \$14 million increase in cash from changes in working capital was primarily due to a decrease in unbilled revenues (primarily due to weather) and a decrease in prepayments (primarily due to timing of prepayments including gross

receipt tax and other income tax prepayments), partially offset by a decrease in accounts payable (primarily due to timing of payments).

- The \$11 million increase in cash provided by other operating activities was primarily due to an increase in other liabilities (primarily due to an increase in accrued pension obligations and noncurrent regulatory liabilities).

*(LKE)*

LKE's cash provided by operating activities in 2020 increased \$50 million compared with 2019.

- Net income increased \$11 million between the periods and included an increase in non-cash components of \$18 million. The increase in non-cash components was primarily driven by an increase in depreciation expense (primarily due to higher depreciation rates and additional assets placed into service, net of retirements).
- The increase in cash from changes in working capital was primarily driven by an increase in accounts payable (primarily due to timing of payments), a decrease in accounts receivable (primarily due to weather) and an increase in interest payable (primarily due to higher interest rates and higher outstanding debt) partially offset by a decrease in other current liabilities (primarily due to timing of payments).
- The increase in cash provided by other operating activities was driven primarily by a decrease in ARO expenditures.

*(LG&E)*

LG&E's cash provided by operating activities in 2020 increased \$14 million compared with 2019.

- Net income increased \$9 million between the periods and included a decrease in non-cash components of \$3 million. The decrease in non-cash components was primarily driven by a decrease in deferred income tax expense (primarily due to book versus tax plant timing differences) and a decrease in amortization expense (primarily due to amortization of regulatory liabilities beginning May 1, 2019), partially offset by an increase in depreciation expense (primarily due to higher depreciation rates and additional assets placed into service, net of retirements).
- The increase in cash from changes in working capital was primarily driven by an increase in taxes payable (primarily due to timing of payments), an increase in interest payable (primarily due to higher interest rates and higher outstanding debt), partially offset by a decrease in other current liabilities (primarily due to timing of payments) and a decrease in accounts payable (primarily due to timing of payments).

*(KU)*

KU's cash provided by operating activities in 2020 increased \$19 million compared with 2019.

- Net income decreased \$1 million between the periods and included an increase in non-cash charges of \$2 million. The increase in non-cash components was driven by an increase in depreciation expense (primarily due to higher depreciation rates and additional assets placed into service, net of retirements), partially offset by a decrease in deferred income tax expense (primarily due to book versus tax plant timing differences).
- The increase in cash from changes in working capital was primarily driven by an increase in accounts payable (primarily due to timing of payments), an increase in taxes payable (primarily due to timing of payments) and a decrease in unbilled revenues (primarily due to weather), partially offset by a decrease in other current liabilities (primarily due to timing of payments) and an increase in net regulatory assets and liabilities (primarily due to the timing of rate recovery mechanisms).
- The increase in cash provided by other operating activities was driven primarily by a decrease in ARO expenditures.

Investing Activities

*(All Registrants)*

The components of the change in cash provided by (used in) investing activities for the three months ended March 31, 2020 compared with 2019 were as follows.

	<u>PPL</u>	<u>PPL Electric</u>	<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>
Change - Cash Provided (Used)					
Expenditures for PP&E	\$ (97)	\$ (16)	\$ 23	\$ —	\$ 23
Purchase of investments	55	—	—	—	—
Proceeds from the sale of investments	(57)	—	—	—	—
Notes receivable with affiliate	—	—	—	—	(21)
Other investing activities	(12)	—	—	—	—
Total	<u>\$ (111)</u>	<u>\$ (16)</u>	<u>\$ 23</u>	<u>\$ —</u>	<u>\$ 2</u>

For PPL, the increase in expenditures for PP&E was due to higher project expenditures at WPD and PPL Electric, partially offset by a decrease in project expenditures at LKE and KU. The increase in expenditures at WPD was primarily due to an increase in expenditures to enhance system reliability and an increase in foreign currency exchange rates. The increase in expenditures at PPL Electric was primarily due to timing differences on capital spending projects related to the ongoing efforts to improve reliability and replace aging infrastructure. The decrease in expenditures at LKE was primarily due to decreased spending for environmental water projects at LG&E and KU's Trimble County plant, LG&E's Mill Creek plant and KU's Ghent plant, partially offset by spending on various other projects at LG&E and KU that are not individually significant.

### Financing Activities

*(All Registrants)*

The components of the change in cash provided by (used in) financing activities for the three months ended March 31, 2020 compared with 2019 were as follows.

	<u>PPL</u>	<u>PPL Electric</u>	<u>LKE</u>	<u>LG&amp;E</u>	<u>KU</u>
Change - Cash Provided (Used)					
Stock issuances/redemptions, net	\$ (2)	\$ —	\$ —	\$ —	\$ —
Dividends	(21)	(45)	—	1	2
Capital contributions/distributions, net	—	—	4	25	9
Issuance of term loan	200	—	—	—	—
Change in short-term debt, net	(79)	25	(73)	(69)	(4)
Notes payable with affiliate	—	—	18	21	—
Other financing activities	—	1	—	1	1
Total	<u>\$ 98</u>	<u>\$ (19)</u>	<u>\$ (51)</u>	<u>\$ (21)</u>	<u>\$ 8</u>

See Note 8 to the Financial Statements in this Form 10-Q for information on 2020 short-term and long-term debt activity, equity transactions and PPL dividends. See Note 8 to the Financial Statements in the Registrants' 2019 Form 10-K for information on 2019 activity.

### Credit Facilities

The Registrants maintain credit facilities to enhance liquidity, provide credit support and provide a backstop to commercial paper programs. Amounts borrowed under these credit facilities are reflected in "Short-term debt" on the Balance Sheets. At March 31, 2020, the total committed borrowing capacity under credit facilities and the borrowings under these facilities were:

External

	Committed Capacity	Borrowed	Letters of Credit and Commercial Paper Issued	Unused Capacity
PPL Capital Funding Credit Facilities	\$ 1,700	\$ 825	\$ 180	\$ 695
PPL Electric Credit Facility	650	85	1	564
LG&E Credit Facilities	500	100	59	341
KU Credit Facilities	400	100	44	256
Total LKE	900	200	103	597
Total U.S. Credit Facilities (a)	\$ 3,250	\$ 1,110	\$ 284	\$ 1,856
Total U.K. Credit Facilities (b)	£ 1,055	£ 210	£ —	£ 847

- (a) The commitments under the U.S. credit facilities are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than the following percentages of the total committed capacity: PPL - 12%, PPL Electric - 6%, LKE - 7%, LG&E - 7% and KU - 7%.
- (b) The amounts borrowed at March 31, 2020 were a USD-denominated borrowing of \$200 million and GBP-denominated borrowings of £54 million which equated to \$69 million. The unused capacity reflects the USD denominated borrowing amount borrowed in GBP of £154 million as of the date borrowed. At March 31, 2020, the USD equivalent of unused capacity under the U.K. committed credit facilities was \$1.1 billion.

The commitments under the U.K. credit facilities are provided by a diverse bank group, with no one bank providing more than 13% of the total committed capacity.

See Note 8 to the Financial Statements for further discussion of the Registrants' credit facilities.

Intercompany (LKE, LG&E and KU)

	Committed Capacity	Borrowed	Non-affiliate Used Capacity	Unused Capacity
LKE Credit Facility	\$ 375	\$ 242	\$ —	\$ 133
LG&E Money Pool (a)	500	21	159	320
KU Money Pool (a)	500	—	144	356

- (a) LG&E and KU participate in an intercompany money pool agreement whereby LKE, LG&E and/or KU make available funds up to \$500 million at an interest rate based on a market index of commercial paper issues. However, the FERC has issued a maximum aggregate short-term debt limit for each utility at \$500 million from all covered sources.

See Note 11 to the Financial Statements for further discussion of intercompany credit facilities.

Commercial Paper (All Registrants)

PPL, PPL Electric, LG&E and KU maintain commercial paper programs to provide an additional financing source to fund short-term liquidity needs, as necessary. Commercial paper issuances, included in "Short-term debt" on the Balance Sheets, are supported by the respective Registrant's credit facility. The following commercial paper programs were in place at March 31, 2020:

	Capacity	Commercial Paper Issuances	Unused Capacity
PPL Capital Funding	\$ 1,500	\$ 180	\$ 1,320
PPL Electric	650	—	650
LG&E	350	59	291
KU	350	44	306
Total LKE	700	103	597
Total PPL	\$ 2,850	\$ 283	\$ 2,567

### Long-term Debt (All Registrants)

See Note 8 to the Financial Statements for information regarding the Registrants' long-term debt activities.

(PPL)

### Equity Securities Activities

ATM

In February 2018, PPL entered into an equity distribution agreement, pursuant to which PPL may sell, from time to time, up to an aggregate of \$1.0 billion of its common stock through an at-the-market offering program; including a forward sales component. The compensation paid to the selling agents by PPL may be up to 2% of the gross offering proceeds of the shares. There were no issuances under the ATM program for the three months ended March 31, 2020.

### Common Stock Dividends

In February 2020, PPL declared a quarterly common stock dividend, payable April 1, 2020, of 41.50 cents per share (equivalent to \$1.66 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

### Rating Agency Actions

(All Registrants)

Moody's and S&P periodically review the credit ratings of the debt of the Registrants and their 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 the Registrants and their subsidiaries are based on information provided by the Registrants and other sources. The ratings of Moody's and S&P are not a recommendation to buy, sell or hold any securities of the Registrants or their 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.

The credit ratings of the Registrants and their subsidiaries affect their liquidity, access to capital markets and cost of borrowing under their credit facilities. A downgrade in the Registrants' or their subsidiaries' credit ratings could result in higher borrowing costs and reduced access to capital markets. The Registrants and their subsidiaries have no credit rating triggers that would result in the reduction of access to capital markets or the acceleration of maturity dates of outstanding debt.

The rating agencies have taken the following actions related to the Registrants and their subsidiaries during 2020:

(PPL)

In April 2020, Moody's and S&P assigned ratings of Baa2 and BBB+ to PPL Capital Funding's \$1 billion 4.125% Senior Notes due 2030. The bonds were issued April 1, 2020.

### Ratings Triggers

(PPL, LKE, LG&E and KU)

Various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity and fuel, commodity transportation and storage, interest rate and foreign currency instruments (for PPL), contain provisions that require the posting of additional collateral or permit the counterparty to terminate the contract, if PPL's, LKE's, LG&E's or KU's or their subsidiaries' credit rating, as applicable, 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 requirements for PPL, LKE and LG&E for derivative contracts in a net liability position at March 31, 2020.

(All Registrants)

For additional information on the Registrants' liquidity and capital resources, see "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Registrants' 2019 Form 10-K.

**Risk Management**

**Market Risk**

(All Registrants)

See Notes 13 and 14 to the Financial Statements for information about the Registrants' 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 are not precise indicators of expected future losses, but are rather only indicators of possible losses under normal market conditions at a given confidence level.

**Interest Rate Risk**

The Registrants and their subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. The Registrants and their subsidiaries utilize various financial derivative instruments to adjust the mix of fixed and floating interest rates in their debt portfolios, adjust the duration of their debt portfolios 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 the debt portfolios due to changes in the absolute level of interest rates. In addition, the interest rate risk of certain subsidiaries is potentially mitigated as a result of the existing regulatory framework or the timing of rate cases.

The following interest rate hedges were outstanding at March 31, 2020.

	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates (b)	Maturities Ranging Through
<b>PPL</b>				
Cash flow hedges				
Interest rate swaps (c)	\$ 134	\$ (5)	\$ —	2035
Cross-currency swaps (c)	702	171	(70)	2028
Economic hedges				
Interest rate swaps (d)	147	(29)	—	2033
<b>LKE</b>				
Economic hedges				
Interest rate swaps (d)	147	(29)	—	2033
<b>LG&amp;E</b>				
Economic hedges				
Interest rate swaps (d)	147	(29)	—	2033

- (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. Sensitivities represent a 10% adverse movement in interest rates, except for cross-currency swaps which also includes a 10% adverse movement in foreign currency exchange rates.
- (c) Changes in the fair value of these instruments are recorded in equity and reclassified into earnings in the same period during which the item being hedged affects earnings.
- (d) Realized changes in the fair value of such economic hedges are recoverable through regulated rates and any subsequent changes in the fair value of these derivatives are included in regulatory assets or regulatory liabilities.

The Registrants are exposed to a potential increase in interest expense and to changes in the fair value of their debt portfolios. The estimated impact of a 10% adverse movement in interest rates on interest expense at March 31, 2020 was insignificant for



PPL, PPL Electric, LKE, LG&E and KU. The estimated impact of a 10% adverse movement in interest rates on the fair value of debt at March 31, 2020 is shown below.

	10% Adverse Movement in Rates
PPL	\$ 638
PPL Electric	198
LKE	193
LG&E	84
KU	104

**Foreign Currency Risk (PPL)**

PPL is exposed to foreign currency risk primarily through investments in and earnings of U.K. affiliates. Under its risk management program, PPL may enter into financial instruments to hedge certain foreign currency exposures, including translation risk of expected earnings, firm commitments, recognized assets or liabilities, anticipated transactions and net investments.

The following foreign currency hedges were outstanding at March 31, 2020.

	Exposure Hedged	Fair Value, Net - Asset (Liability)	Effect of a 10% Adverse Movement in Foreign Currency Exchange Rates (a)	Maturities Ranging Through
Economic hedges (b)	£ 686	\$ 190	\$ (67)	2021

- (a) Effects of adverse movements decrease assets or increase liabilities, as applicable, which could result in an asset becoming a liability.  
 (b) To economically hedge the translation risk of expected earnings denominated in GBP.

*(All Registrants)*

**Commodity Price Risk**

PPL is exposed to commodity price risk through its domestic subsidiaries as described below.

- PPL Electric is required to purchase electricity to fulfill its obligation as a PLR. Potential commodity price risk is insignificant and mitigated through its PUC-approved cost recovery mechanism and full-requirement supply agreements to serve its PLR customers which transfer the risk to energy suppliers.
- LG&E's and KU's rates include certain mechanisms for fuel, fuel-related expenses and energy purchases. In addition, LG&E's rates include a mechanism for natural gas supply expenses. These mechanisms generally provide for timely recovery of market price fluctuations associated with these expenses.

**Volumetric Risk**

Volumetric risk is the risk related to the changes in volume of retail sales due to weather, economic conditions or other factors. PPL is exposed to volumetric risk through its subsidiaries as described below.

- WPD is exposed to volumetric risk which is significantly mitigated as a result of the method of regulation in the U.K. Under the RIIO-ED1 price control regulations, recovery of such exposure occurs on a two year lag. See Note 1 in PPL's 2019 Form 10-K for additional information on revenue recognition under RIIO-ED1.
- PPL Electric, LG&E and KU are exposed to volumetric risk on retail sales, mainly due to weather and other economic conditions for which there is limited mitigation between rate cases.

**Credit Risk** *(All Registrants)*

See Notes 13 and 14 to the Financial Statements in this Form 10-Q and "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Risk Management - Credit Risk" in the Registrants' 2019 Form 10-K for additional information.

**Foreign Currency Translation** *(PPL)*

The value of the British pound sterling fluctuates in relation to the U.S. dollar. Changes in this exchange rate resulted in a foreign currency translation loss of \$63 million for the three months ended March 31, 2020, which primarily reflected a \$108 million decrease to PP&E, a \$20 million decrease to goodwill, partially offset by a \$63 million decrease to long-term debt and a \$2 million decrease to other net liabilities. Changes in this exchange rate resulted in a foreign currency translation gain of \$294 million for the three months ended March 31, 2019, which primarily reflected a \$504 million increase to PP&E and a \$98 million increase to goodwill, partially offset by a \$304 million increase to long-term debt and a \$4 million increase to other net liabilities. The impact of foreign currency translation is recorded in AOCL.

**Related Party Transactions** *(All Registrants)*

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

**Acquisitions, Development and Divestitures** *(All Registrants)*

The Registrants from time to time evaluate opportunities for potential acquisitions, divestitures and development projects. Development projects are reexamined based on market conditions and other factors to determine whether to proceed with, modify or terminate the projects. Any resulting transactions may impact future financial results.

**Environmental Matters**

*(All Registrants)*

Extensive federal, state and local environmental laws and regulations are applicable to PPL's, PPL Electric's, LKE's, LG&E's and KU's air emissions, water discharges and the management of hazardous and solid waste, as well as other aspects of the Registrants' businesses. The costs of compliance or alleged non-compliance cannot be predicted with certainty but could be significant. In addition, costs may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed. Costs may take the form of increased capital expenditures 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 for their products or their demand for the Registrants' services. Increased capital and operating costs are subject to rate recovery. PPL, PPL Electric, LKE, LG&E and KU can provide no assurances as to the ultimate outcome of future environmental or rate proceedings before regulatory authorities.

See "Environmental Matters" in Item 1. "Business" in the Registrants' 2019 Form 10-K for information about environmental laws and regulations affecting the Registrants' business. See "Legal Matters" in Note 10 to the Financial Statements for a discussion of significant environmental claims. See "Financial Condition - Liquidity and Capital Resources - Forecasted Uses of Cash - Capital Expenditures" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Registrants' 2019 Form 10-K for information on projected environmental capital expenditures for 2020 through 2024. See Note 15 to the Financial Statements for information related to the impacts of CCRs on AROs.

**New Accounting Guidance** *(All Registrants)*

See Note 2 to the Financial Statements for a discussion of new accounting guidance adopted.

**Application of Critical Accounting Policies** *(All Registrants)*

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following table summarizes the accounting policies by Registrant that are particularly important to an understanding of the reported financial condition or results of operations, and require management to make estimates or other judgments of matters that are inherently uncertain. See "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Registrants' 2019 Form 10-K for a discussion of each critical accounting policy.

	<b>PPL</b>	<b>PPL</b> <b>Electric</b>	<b>LKE</b>	<b>LG&amp;E</b>	<b>KU</b>
Defined Benefits	X	X	X	X	X
Income Taxes	X	X	X	X	X
Regulatory Assets and Liabilities	X	X	X	X	X
Price Risk Management	X				
Goodwill Impairment	X		X	X	X
AROs	X		X	X	X
Revenue Recognition - Unbilled Revenue			X	X	X

**PPL Corporation  
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 "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations."

**Item 4. Controls and Procedures**

Although the COVID-19 pandemic prompted the Registrants to make certain procedural adjustments to accommodate an increased remote workforce, PPL's accounting and reporting systems and functions were well prepared to perform necessary accounting and reporting activities as of March 31, 2020 and to maintain the effectiveness of its disclosure controls and procedures and internal control over financial reporting.

(a) Evaluation of disclosure controls and procedures.

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 March 31, 2020, 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 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.

The Registrants' principal executive officers and principal financial officers have concluded that there were no changes in the Registrants' internal controls over financial reporting during the Registrants' first 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 information regarding legal, tax, regulatory, environmental or other administrative proceedings that became reportable events or were pending in the first quarter of 2020 see:

- "Item 3. Legal Proceedings" in each Registrant's 2019 Form 10-K; and
- Notes 6, 7 and 10 to the Financial Statements.

**Item 1A. Risk Factors**

There have been no material changes in the Registrants' risk factors from those disclosed in "Item 1A. Risk Factors" of the Registrants' 2019 Form 10-K, except for the following:

*The COVID-19 pandemic and resultant impact on business and economic conditions could negatively affect our business.*

The COVID-19 pandemic has disrupted the U.S. and global economies and continues to present extraordinary challenges to businesses, communities, workforces and markets. In the U.S. and throughout the world, governmental authorities have taken urgent and extensive actions to contain the spread of the virus and mitigate known or foreseeable impacts. In the Registrants' service territories, mitigation measures have included quarantines, stay-at-home orders, travel restrictions, reduced operations

or closures of businesses, schools and governmental agencies, and executive, legislative or regulatory actions to address health or other pandemic-related concerns.

Until COVID-19 is contained or an effective vaccine is identified and widely-available, the COVID-19 virus poses significant risks to the health and welfare of the Registrants' customers, employees, contractors and suppliers, and to the conduct of their business. Mandates to stay at home, shelter in place, or quarantine and resulting lock-down or closures of non-essential businesses could reduce demand for electricity and gas, or cause shifts in demand between residential, commercial and industrial customers that could negatively impact the Registrants' financial condition. Customers experiencing financial strain from unemployment, furloughs, or reduced work hours may not be able to pay their bills on a timely basis, which could negatively impact our liquidity. Continued economic disruption may further depress the GBP to U.S. dollar exchange rate and increase PPL's foreign exchange exposure. New or changing legislation or regulatory orders may unfavorably impact the Registrants or the utility industry generally.

All of these factors have the potential to materially and adversely affect the Registrants' business and operations, especially if they remain in effect for a prolonged period of time. At this time, the Registrants' cannot predict the extent to which these or other pandemic-related factors may affect their business, earnings or other financial results, as it depends on the duration and scope of the outbreak, the measures undertaken in response and other future developments, all of which are highly uncertain. In addition to the factors discussed above, investors should be aware that other COVID-19-related risks may emerge in the future and may prove to be significant. Investors should carefully consider the discussion of COVID-19 related items presented in this Quarterly Report and the risks presented in the Registrants' Annual Report on Form 10-K for 2019, especially to the extent that the COVID-19 pandemic may exacerbate or increase those risks.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

#### **Item 5. Other Information**

**The information below represents an update to "Item 1. Business - Environmental Matters - Water/Waste - Clean Water Act Jurisdiction" in the Registrants' 2019 Form 10-K.**

##### *Clean Water Act Jurisdiction*

Environmental groups and others have claimed that discharges to groundwater from leaking CCR impoundments at power plants are subject to Clean Water Act permitting. A citizen suit raising such claims has been filed against KU with respect to the E.W. Brown plant, as discussed under "Legal Matters" - "E.W. Brown Environmental Claims" in Note 10 to the Financial Statements. On April 12, 2019, the EPA released regulatory clarification finding that Clean Water Act jurisdiction does not cover such discharges to groundwater. On January 23, 2020, the EPA announced a final rule modifying the jurisdictional scope of the Clean Water Act. The announced rule revises the definition of the "Waters of the United States," including a revision to exclude groundwater from the definition. In April 2020, the U.S. Supreme Court issued a ruling that Clean Water Act jurisdiction may apply to certain discharges to groundwater that result in the functional equivalent of a direct discharge to navigable waters. PPL, LKE, LG&E, and KU are unaware of any unpermitted releases from their facilities that are subject to Clean Water Act jurisdiction, but future guidance from the EPA and judicial rulings could potentially subject certain releases from CCR impoundments and landfills to additional permitting and remediation requirements, which could impose substantial costs. If any, associated costs are expected to be subject to rate recovery. PPL, LKE, LG&E and KU are unable to predict the outcome or financial impact of future regulatory proceedings and litigation.

#### **Item 6. Exhibits**

The following Exhibits indicated by an asterisk preceding the Exhibit number are filed herewith. The balance of the Exhibits has heretofore been filed with the Commission and pursuant to Rule 12(b)-23 are incorporated herein by reference. Exhibits indicated by a [ ] are filed or listed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

- [3\(a\)](#) - Bylaws of PPL Corporation, effective as of March 23, 2020 (Exhibit 3(ii) to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 27, 2020)
- [4\(a\)](#) - Supplemental Indenture No 17, dated as of April 3, 2020, to Indenture, dated as of November 1, 1997, 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 April 3, 2020)

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- [\\*10\(a\)](#) - \$100,000,000 Term Loan Credit Agreement, dated as of April 1, 2020, among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, and Canadian Imperial Bank of Commerce, New York Branch, as Administrative Agent and Lender
- [\\*10\(b\)](#) - \$100,000,000 Term Loan Credit Agreement, dated as of April 1, 2020, among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, and U.S. Bank National Association, as Administrative Agent and Lender
- [\\*10\(c\)](#) - \$200,000,000 Credit Agreement, dated as of March 27, 2020, among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, and The Bank of Nova Scotia, as Administrative Agent and Lender
- [\\*10\(d\)](#) - \$50,000,000 Revolving Credit Agreement, dated as of March 12, 2020, among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, and The Bank of Nova Scotia, as Administrative Agent and Lender
- [\\*10\(e\)](#) - Amendment No. 6 to Revolving Credit Agreement, dated as of March 12, 2020, to the March 26, 2014 Existing Credit Agreement, between PPL Capital Funding, Inc., the Borrower, PPL Corporation, the Guarantor, and The Bank of Nova Scotia, as the Administrative Agent and as a Lender

Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended September 30, 2019, 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 Electric Utilities Corporation's principal executive officer
- [\\*31\(d\)](#) - PPL Electric Utilities Corporation's principal financial officer
- [\\*31\(e\)](#) - LG&E and KU Energy LLC's principal executive officer
- [\\*31\(f\)](#) - LG&E and KU Energy LLC's principal financial officer
- [\\*31\(g\)](#) - Louisville Gas and Electric Company's principal executive officer
- [\\*31\(h\)](#) - Louisville Gas and Electric Company's principal financial officer
- [\\*31\(i\)](#) - Kentucky Utilities Company's principal executive officer
- [\\*31\(j\)](#) - Kentucky Utilities Company's principal financial officer

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended September 30, 2019, furnished by the following officers for the following companies:

- [\\*32\(a\)](#) - PPL Corporation's principal executive officer and principal financial officer
- [\\*32\(b\)](#) - PPL Electric Utilities Corporation's principal executive officer and principal financial officer
- [\\*32\(c\)](#) - LG&E and KU Energy LLC's principal executive officer and principal financial officer
- [\\*32\(d\)](#) - Louisville Gas and Electric Company's principal executive officer and principal financial officer
- [\\*32\(e\)](#) - Kentucky Utilities Company's principal executive officer and principal financial officer

- 101.INS - XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH - XBRL Taxonomy Extension Schema
- 101.CAL - XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF - XBRL Taxonomy Extension Definition Linkbase
- 101.LAB - XBRL Taxonomy Extension Label Linkbase
- 101.PRE - XBRL Taxonomy Extension Presentation Linkbase
- 104 - The Cover Page Interactive Data File is formatted as Inline XBRL and contained in Exhibits 101.

**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)

Date: May 8, 2020

/s/ Marlene C. Beers

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Marlene C. Beers  
Vice President and Controller  
(Principal Accounting Officer)

**PPL Electric Utilities Corporation**

(Registrant)

Date: May 8, 2020

/s/ Stephen K. Breininger

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Stephen K. Breininger  
Vice President-Finance and Regulatory Affairs and Controller  
(Principal Financial Officer and Principal Accounting Officer)

**LG&E and KU Energy LLC**

(Registrant)

**Louisville Gas and Electric Company**

(Registrant)

**Kentucky Utilities Company**

(Registrant)

Date: May 8, 2020

/s/ Kent W. Blake

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

\$100,000,000

TERM LOAN CREDIT AGREEMENT

dated as of April 1, 2020

among

PPL CAPITAL FUNDING, INC.,  
as the Borrower,

PPL CORPORATION,  
as the Guarantor,

THE LENDERS FROM TIME TO TIME PARTY HERETO

and

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH,  
as Administrative Agent

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Exhibits:

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Exhibit B - Form of Note  
Exhibit C - Form of Assignment and Assumption Agreement  
Exhibit D - Forms of Opinion of Counsel for the Loan Parties  
Exhibit E - U.S. Tax Compliance Certificates

TERM LOAN CREDIT AGREEMENT (this “Agreement”) dated as of April 1, 2020 is entered into among PPL CAPITAL FUNDING, INC., a Delaware corporation (the “Borrower”), PPL CORPORATION, a Pennsylvania corporation (the “Guarantor”) the LENDERS party hereto from time to time and CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH, as the Administrative Agent. The parties hereto agree as follows:

## RECITALS

The Loan Parties (as hereinafter defined) have requested that the Lenders provide a term loan facility in an aggregate principal amount not to exceed \$100,000,000.00. In consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

## ARTICLE I DEFINITIONS

Section 1.01 Definitions. All capitalized terms used in this Agreement or in any Appendix, Schedule or Exhibit hereto which are not otherwise defined herein or therein shall have the respective meanings set forth below.

“Adjusted London Interbank Offered Rate” means, for any Interest Period, a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the nearest 1/100th of 1%) by dividing (i) the London Interbank Offered Rate for such Interest Period by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

“Administrative Agent” means CIBC, in its capacity as administrative agent for the Lenders hereunder and under the other Loan Documents, and its successor or successors in such capacity.

“Administrative Questionnaire” means, with respect to each Lender, an administrative questionnaire in the form provided by the Administrative Agent and submitted to the Administrative Agent (with a copy to the Borrower) duly completed by such Lender.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“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. In no event shall the Administrative Agent or any Lender be deemed to be an Affiliate of the Borrower, the Guarantor or any of their Subsidiaries.

“Agreement” has the meaning set forth in the introductory paragraph hereto, as this Agreement may be amended, restated, supplemented or modified from time to time.

“Applicable Lending Office” means, with respect to any Lender, (i) in the case of its Base Rate Loans, its Base Rate Lending Office and (ii) in the case of its Euro-Dollar Loans, its Euro-Dollar Lending Office.

“Applicable Percentage” means, for purposes of calculating the applicable interest rate for any day for any Base Rate Loans or Euro-Dollar Loans, the appropriate applicable percentage set forth below

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corresponding to the then current highest Borrower's Ratings; provided, that, in the event that the Borrower's Ratings shall fall within different levels and ratings are maintained by both Rating Agencies, the applicable rating shall be based on the higher of the two ratings unless one of the ratings is two or more levels lower than the other, in which case the applicable rating shall be determined by reference to the level one rating lower than the higher of the two ratings:

	<b>Borrower's Ratings (S&amp;P/Moody's)</b>	<b>Applicable Percentage for Base Rate Loans</b>	<b>Applicable Percentage for Euro-Dollar Loans</b>
Category A	≥ A+ from S&P / A1 from Moody's	0.000%	0.70%
Category B	A from S&P / A2 from Moody's	0.000%	0.70%
Category C	A- from S&P / A3 from Moody's	0.000%	0.70%
Category D	BBB+ from S&P / Baa1 from Moody's	0.000%	0.70%
Category E	BBB from S&P / Baa2 from Moody's	0.000%	0.825%
Category F	≤BBB- from S&P / Baa3 from Moody's	0.000%	0.825%

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Asset Sale" means any sale of any assets, including by way of the sale by the Guarantor or any of its Subsidiaries of equity interests in such Subsidiaries.

"Assignee" has the meaning set forth in Section 9.06(c).

"Assignment and Assumption Agreement" means an Assignment and Assumption Agreement, substantially in the form of attached Exhibit C, under which an interest of a Lender hereunder is transferred to an Eligible Assignee pursuant to Section 9.06(c).

"Authorized Officer" means the president, the chief operating officer, the chief financial officer, the chief accounting officer, any vice president, the treasurer, the assistant treasurer or the controller of the applicable Loan Party or such other individuals reasonably acceptable to the Administrative Agent as may be designated in writing by the Borrower from time to time.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended, or any successor statute.

“Base Rate” means for any day, a rate per annum equal to the highest of (i) the Prime Rate for such day, (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day and (iii) except during any period of time during which a notice delivered to the Borrower under Section 2.14 or Section 2.15 shall remain in effect, the London Interbank Offered Rate plus 1%.

“Base Rate Borrowing” means a Borrowing comprised of Base Rate Loans.

“Base Rate Lending Office” means, as to each Lender, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Base Rate Lending Office) or such other office as such Lender may hereafter designate as its Base Rate Lending Office by notice to the Borrower and the Administrative Agent.

“Base Rate Loan” means a Loan in respect of which interest is computed on the basis of the Base Rate.

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to LIBOR for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of LIBOR with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).



“Benchmark Replacement Date” means the earlier to occur of the following events with respect to LIBOR:

- 1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR; or
- 2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to LIBOR:

- 1) a public statement or publication of information by or on behalf of the administrator of LIBOR announcing that such administrator has ceased or will cease to provide LIBOR, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR;
- 2) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; or
- 3) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR announcing that LIBOR is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR and solely to the extent that LIBOR has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced LIBOR for all purposes hereunder in accordance with Section 2.14(b) and (y) ending at the time that a Benchmark Replacement has replaced LIBOR for all purposes hereunder pursuant to Section 2.14(b).

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Borrower” has the meaning set forth in the introductory paragraph hereto.



“Borrower’s Rating” means the senior unsecured long-term debt rating of the Borrower from S&P or Moody’s without giving effect to any third party credit enhancement except for a guaranty of the Guarantor (it being understood that all of the Borrower’s long term debt is Guaranteed by the Guarantor).

“Borrowing” means a borrowing consisting of Loans of a single Type made by the Lenders on a single date and, in the case of a Euro-Dollar Borrowing, having a single Interest Period.

“Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized by law to close; provided, that when used with respect to any borrowing of, payment or prepayment of principal of or interest on, or the Interest Period for, a Euro-Dollar Loan, or a notice by the Borrower with respect to any such borrowing payment, prepayment or Interest Period, the term “Business Day” shall also mean that such day is a London Business Day.

“Capital Lease” means any lease of property which, in accordance with GAAP, should be capitalized on the lessee’s balance sheet.

“Capital Lease Obligations” means, with respect to any Person, all obligations of such Person as lessee under Capital Leases, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

“Change of Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of 25% or more of the outstanding shares of Voting Stock of the Guarantor or its successors or (ii) the failure at any time of the Guarantor or its successors to own, directly or indirectly, 80% or more of the outstanding shares of the Voting Stock in the Borrower.

“CIBC” means Canadian Imperial Bank of Commerce, New York Branch, and its successors.

“Commitment” means, with respect to any Lender, the commitment of such Lender to make Loans under this Agreement, as set forth in Appendix A and as such Commitment may be reduced pursuant to Section 2.01.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise or branch profits or similar taxes, duties, levies, impost, deductions, charges, and withholdings and all liabilities with respect thereto.

“Consolidated Capitalization” means the sum of, without duplication, (A) the Consolidated Debt (without giving effect to clause (b) of the definition of “Consolidated Debt”) and (B) the consolidated shareowners’ equity (determined in accordance with GAAP) of the common, preference and preferred shareowners of the Guarantor and minority interests recorded on the Guarantor’s consolidated financial statements (excluding from shareowners’ equity (i) the effect of all unrealized gains and losses reported under Financial Accounting Standards Board Accounting Standards Codification Topic 815 in connection with (x) forward contracts, futures contracts, options contracts or other derivatives or hedging agreements for the future delivery of electricity, capacity, fuel or other commodities and (y) Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (ii) the balance of accumulated other comprehensive income/loss of the Guarantor on any date of determination solely with respect to the effect of any pension and other post-retirement benefit liability adjustment recorded in accordance with GAAP), except that for purposes of calculating Consolidated Capitalization of the Guarantor, Consolidated Debt of the Guarantor shall exclude Non-

Recourse Debt and Consolidated Capitalization of the Guarantor shall exclude that portion of shareowners' equity attributable to assets securing Non-Recourse Debt.

“Consolidated Debt” means the consolidated Debt of the Guarantor and its Consolidated Subsidiaries (determined in accordance with GAAP), except that for purposes of this definition (a) Consolidated Debt shall exclude Non-Recourse Debt of the Guarantor and its Consolidated Subsidiaries, and (b) Consolidated Debt shall exclude (i) Hybrid Securities of the Guarantor and its Consolidated Subsidiaries in an aggregate amount as shall not exceed 15% of Consolidated Capitalization and (ii) Equity-Linked Securities in an aggregate amount as shall not exceed 15% of Consolidated Capitalization.

“Consolidated Subsidiary” means with respect to any Person at any date any Subsidiary of such Person or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

“Continuing Lender” means with respect to any event described in Section 2.08, a Lender which is not a Retiring Lender, and “Continuing Lenders” means any two or more of such Continuing Lenders.

“Corporation” means a corporation, association, company, joint stock company, limited liability company, partnership or business trust.

“Debt” of any Person means, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all Guarantees by such Person of Debt of others, (iv) all Capital Lease Obligations and Synthetic Leases of such Person, (v) all obligations of such Person in respect of Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements (the amount of any such obligation to be the net amount that would be payable upon the acceleration, termination or liquidation thereof), but only to the extent that such net obligations exceed \$150,000,000 in the aggregate and (vi) all obligations of such Person as an account party in respect of letters of credit and bankers' acceptances; provided, however, that “Debt” of such Person does not include (a) obligations of such Person under any installment sale, conditional sale or title retention agreement or any other agreement relating to obligations for the deferred purchase price of property or services, (b) obligations under agreements relating to the purchase and sale of any commodity, including any power sale or purchase agreements, any commodity hedge or derivative (regardless of whether any such transaction is a “financial” or physical transaction), (c) any trade obligations or other obligations of such Person incurred in the ordinary course of business or (d) obligations of such Person under any lease agreement (including any lease intended as security) that is not a Capital Lease or a Synthetic Lease.

“Debtor Relief Laws” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“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.

“Defaulting Lender” means at any time any Lender with respect to which a Lender Default is in effect at such time, including any Lender subject to a Bail-In Action. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more clauses of the definition of “Lender Default” shall be conclusive and binding absent manifest error, and such Lender shall be deemed

to be a Defaulting Lender (subject to cure as expressly contemplated in the definition of “Lender Default”) upon delivery of written notice of such determination to the Borrower and each Lender.

“Dollars” and the sign “\$” means lawful money of the United States of America.

“Early Opt-in Election” means the occurrence of:

- 1) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 2.14(b) are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBOR, and
- 2) (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the Administrative Agent determines that the conditions specified in or pursuant to Section 4.01 have been satisfied.

“Eligible Assignee” means (i) a Lender; (ii) a commercial bank organized under the laws of the United States and having a combined capital and surplus of at least \$100,000,000; (iii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country and having a combined capital and surplus of at least \$100,000,000; provided, that such bank is acting through a branch or agency located and licensed in the United States; (iv) an Affiliate of a Lender that is an “accredited investor” (as defined in Regulation D under the Securities Act of 1933, as amended) or (v) an Approved Fund; provided, that, in each case (a) upon and following the occurrence of an Event of Default, an Eligible Assignee shall mean any Person other than a Loan Party or any of its Affiliates and (b) notwithstanding the foregoing, “Eligible Assignee” shall not include any Loan Party or any of its Subsidiaries or Affiliates.

“Environmental Laws” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses or other written governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous

Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes.

“Environmental Liabilities” means all liabilities (including anticipated compliance costs) in connection with or relating to the business, assets, presently or previously owned, leased or operated property, activities (including, without limitation, off-site disposal) or operations of the Guarantor or any of its Subsidiaries which arise under Environmental Laws or relate to Hazardous Substances.

“Equity-Linked Securities” means any securities of the Guarantor or any of its Subsidiaries which are convertible into, or exchangeable for, equity securities of the Guarantor or such Subsidiary, including any securities issued by any of such Persons which are pledged to secure any obligation of any holder to purchase equity securities of the Guarantor or any of its Subsidiaries.

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

“ERISA Group” means each of the Loan Parties and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with each of the Loan Parties, are treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Euro-Dollar Borrowing” means a Borrowing comprised of Euro-Dollar Loans.

“Euro-Dollar Lending Office” means, as to each Lender, its office, branch or Affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or Affiliate of such Lender as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Borrower and the Administrative Agent.

“Euro-Dollar Loan” means a Loan in respect of which interest is computed on the basis of the Adjusted London Interbank Offered Rate pursuant to the applicable Notice of Borrowing or Notice of Conversion/Continuation.

“Euro-Dollar Reserve Percentage” of any Lender for the Interest Period of any LIBOR Rate Loan means the reserve percentage applicable to such Lender during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) then applicable to such Lender with respect to liabilities or assets consisting of or including “Eurocurrency Liabilities” (as defined in Regulation D). The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

“Event of Default” has the meaning set forth in Section 7.01.



“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Internal Revenue Code.

“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, 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 rate (rounded upward, if necessary, to the nearest 1/100th of 1%) charged by CIBC on such day on such transactions as determined by the Administrative Agent; provided, further, that if any such rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

“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.

“Group of Loans” means at any time a group of Loans consisting of (i) all Loans which are Base Rate Loans at such time or (ii) all Loans which are Euro-Dollar Loans of the same Type having the same Interest Period at such time; provided, that, if a Loan of any particular Lender is converted to or made as a Base Rate Loan pursuant to Sections 2.15 or 2.18, such Loan shall be included in the same Group or Groups of Loans from time to time as it would have been in if it had not been so converted or made.

“Guarantee” of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for payment of such Debt, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt or (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt; provided, however, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

“Guarantor” has the meaning set forth in the introductory paragraph hereto.

“Guaranty” means the guaranty of the Guarantor set forth in Article X.

“Hazardous Substances” means any toxic, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics.

“Hybrid Securities” means any trust preferred securities, or deferrable interest subordinated debt with a maturity of at least 20 years issued by any of the Loan Parties, or any business trusts, limited liability companies, limited partnerships (or similar entities) (i) all of the common equity, general partner or similar interests of which are owned (either directly or indirectly through one or more Wholly Owned Subsidiaries) at all times by the Guarantor or any of its Subsidiaries, (ii) that have been formed for the purpose of issuing hybrid preferred securities and (iii) substantially all the assets of which consist of (A) subordinated debt of the Guarantor or a Subsidiary of the Guarantor, as the case may be, and (B) payments made from time to time on the subordinated debt.

“Indemnitee” has the meaning set forth in Section 9.03(b).

“Interest Period” means with respect to each Euro-Dollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion/Continuation and ending one, two, three or six months thereafter, as the Borrower may elect in the applicable notice; provided, that:

(i) any Interest Period which would otherwise end on a day which is not a Business Day shall, subject to clause (iii) below, be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iii) below, end on the last Business Day of a calendar month; and

(iii) no Interest Period shall end after the Maturity Date.

“Interest Rate Protection Agreements” means any agreement providing for an interest rate swap, cap or collar, or any other financial agreement designed to protect against fluctuations in interest rates.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.

“Lender” means each bank or other lending institution listed in Appendix A as having a Commitment, each Eligible Assignee that becomes a Lender pursuant to Section 9.06(c) and their respective successors.

“Lender Default” means (i) the failure (which has not been cured) of any Lender to (a) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (b) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, or (ii) a Lender having

notified the Borrower and the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), or (iii) the failure, within three Business Days after written request by the Administrative Agent or the Borrower, of a Lender to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that a Lender Default in effect pursuant to this clause (iii) shall be cured upon receipt of such written confirmation by the Administrative Agent and the Borrower) or (iv) a Lender has, or has a direct or indirect parent company that has, (a) become the subject of a proceeding under any Debtor Relief Law, or (b) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (v) the Lender becomes the subject of a Bail-in Action; provided that a Lender Default shall not exist solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance intended to confer or having the effect of conferring upon a creditor a preferential interest.

“Loan” means a Base Rate Loan or a Euro-Dollar Loan, and “Loans” means any combination of the foregoing.

“Loan Documents” means this Agreement and the Notes.

“London Business Day” means a day on which commercial banks are open for international business (including dealings in Dollar deposits) in London.

“Loan Parties” means the Borrower and the Guarantor.

“London Interbank Offered Rate” or “LIBOR” means:

(i) for any Euro-Dollar Loan for any Interest Period, the interest rate for deposits in Dollars for a period of time comparable to such Interest Period which appears on Reuters Screen LIBOR01 (or any applicable successor page) at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period; provided, however, that if more than one such rate is specified on Reuters Screen LIBOR01 (or any applicable successor page), the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%). If for any reason such rate is not available on Reuters Screen LIBOR01 (or any applicable successor page), the term “London Interbank Offered Rate” means for any Interest Period, the arithmetic mean of the rate per annum at which deposits in Dollars are offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Euro-Dollar Loan of CIBC to which such Interest Period is to apply and for a period of time comparable to such Interest Period. To the extent that a comparable or successor rate is chosen by the Administrative Agent in connection with any rate set forth in this clause (i), such comparable or successor rate shall be applied in a manner consistent with market practice.

(ii) for any interest rate calculation with respect to a Base Rate Loan, the interest rate for deposits in Dollars for a period equal to one month (commencing on the date of determination of such interest rate) which appears on Reuters Screen LIBOR01 (or any applicable successor page) at approximately 11:00 A.M. (London time) on such date of determination (provided that if such day is not a Business Day for which a London Interbank Offered Rate is quoted, the next preceding Business Day for which a London Interbank Offered Rate is quoted); provided, however, that if more than one such rate is specified on Reuters Screen LIBOR01 (or any applicable successor page), the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%). If for any reason such rate is not available on Reuters Screen LIBOR01 (or any applicable successor page), the term “London Interbank Offered Rate” means for any applicable one-month interest period, the arithmetic mean of the rate per annum at which deposits in Dollars are offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 A.M. (London time) on such date of determination (provided that if such day is not a Business Day for which a London Interbank Offered Rate is quoted, the next preceding Business Day for which a London Interbank Offered Rate is quoted) in an amount approximately equal to the principal amount of the Base Rate Loan of CIBC. To the extent that a comparable or successor rate is chosen by the Administrative Agent in connection with any rate set forth in this clause (ii), such comparable or successor rate shall be applied in a manner consistent with market practice.

Notwithstanding the foregoing, if the London Interbank Offered Rate determined in accordance with the foregoing shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“Margin Stock” means “margin stock” as such term is defined in Regulation U.

“Material Adverse Effect” means (i) any material adverse effect upon the business, assets, financial condition or operations of the Guarantor or the Guarantor and its Subsidiaries, taken as a whole; (ii) a material adverse effect on the ability of the Loan Parties taken as a whole to perform their obligations under this Agreement, the Notes or the other Loan Documents or (iii) a material adverse effect on the validity or enforceability of this Agreement, the Notes or any of the other Loan Documents.

“Material Debt” means Debt (other than the Notes) of any Loan Party in a principal or face amount exceeding \$50,000,000.

“Material Plan” means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of \$50,000,000. For the avoidance of doubt, where any two or more Plans, which individually do not have Unfunded Liabilities in excess of \$50,000,000, but collectively have aggregate Unfunded Liabilities in excess of \$50,000,000, all references to Material Plan shall be deemed to apply to such Plans as a group.

“Material Subsidiary” means each Subsidiary of the Guarantor listed on Schedule 5.14 and each other Subsidiary of the Guarantor designated by the Guarantor as a “Material Subsidiary” in writing to the Administrative Agent, in either case, for so long as such Material Subsidiary shall be a Wholly Owned Subsidiary of the Guarantor.

“Maturity Date” means March 31, 2022, or, if such date is not a Business Day, the next preceding Business Day.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Administrative Agent may select.



“Multiemployer Plan” means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“New Lender” means with respect to any event described in Section 2.08, an Eligible Assignee which becomes a Lender hereunder as a result of such event, and “New Lenders” means any two or more of such New Lenders.

“Non-Defaulting Lender” means each Lender other than a Defaulting Lender, and “Non-Defaulting Lenders” means any two or more of such Lenders.

“Non-Recourse Debt” means Debt that is nonrecourse to any Loan Party or any asset of any Loan Party.

“Non-U.S. Lender” has the meaning set forth in Section 2.17(e).

“Note” means a promissory note, substantially in the form of Exhibit B hereto, issued at the request of a Lender evidencing the obligation of the Borrower to repay outstanding Loans.

“Notice of Borrowing” has the meaning set forth in Section 2.03.

“Notice of Conversion/Continuation” has the meaning set forth in Section 2.06(d)(ii).

“Obligations” means:

(i) all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on any Loan, fees payable under, or any Note issued pursuant to, this Agreement or any other Loan Document;

(ii) all other amounts now or hereafter payable by the Borrower and all other obligations or liabilities now existing or hereafter arising or incurred (including, without limitation, any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to this Agreement or any other Loan Document;

(iii) all expenses of the Administrative Agent as to which the Administrative Agent has a right to reimbursement under Section 9.03(a) hereof or under any other similar provision of any other Loan Document;

(iv) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 9.03 hereof or under any other similar provision of any other Loan Document; and

(v) in the case of each of clauses (i) through (iv) above, together with all renewals, modifications, consolidations or extensions thereof.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Other Connection Taxes” means, with respect to the Administrative Agent or any Lender, taxes, duties, levies, impost, deductions, charges, and withholdings and all liabilities with respect thereto imposed as a result of a present or former connection between such Person and the jurisdiction imposing such tax (other than connections arising from such Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” has the meaning set forth in Section 2.17(b).

“Outstandings” means at any time, with respect to any Lender, the sum of the aggregate principal amount of such Lender’s outstanding Loans.

“Participant” has the meaning set forth in Section 9.06(b).

“Participant Register” has the meaning set forth in Section 9.06(b).

“Patriot Act” has the meaning set forth in Section 9.13.

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Business” with respect to any Person means a business that is the same or similar to the business of the Guarantor or any Subsidiary of the Guarantor as of the Effective Date, or any business reasonably related thereto.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a trust or an unincorporated association or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Plan” means at any time an employee pension benefit plan (including a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

“Prime Rate” means the rate of interest publicly announced by CIBC from time to time as its Prime Rate.

“Public Reporting Company” means a company subject to the periodic reporting requirements of the Securities and Exchange Act of 1934, as amended.

“Quarterly Date” means the last Business Day of each of March, June, September and December.

“Rating Agency” means S&P or Moody’s, and “Rating Agencies” means both of them.

“Register” has the meaning set forth in Section 9.06(e).

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as amended, or any successor regulation.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System, as amended, or any successor regulation.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Replacement Date” has the meaning set forth in Section 2.08.

“Replacement Lender” has the meaning set forth in Section 2.08.

“Required Lenders” means at any time Non-Defaulting Lenders having at least 51% of the aggregate amount of the Outstandings of the Non-Defaulting Lenders at such time.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Retiring Lender” means a Lender that ceases to be a Lender hereunder pursuant to the operation of Section 2.08.

“S&P” means Standard & Poor’s, a division of S&P Global Inc., and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Administrative Agent may select.

“Sanctioned Country” means a country, region or territory that is, or whose government is, the subject of comprehensive territorial Sanctions (currently, Crimea, Cuba, Iran, North Korea, Sudan, and Syria).

“Sanctioned Person” means a Person that is, or is owned or controlled by Persons that are, (i) the subject of any Sanctions, or (ii) located, organized or resident in a Sanctioned Country.

“Sanctions” means sanctions administered or enforced by OFAC, the U.S. State Department, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom or any other applicable sanctions authority.

“Scheduled Unavailability Date” shall have the meaning specified in Section 2.14(b).

“SEC” means the Securities and Exchange Commission.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“Subsidiary” of a Person means any Corporation, a majority of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or one or more Subsidiaries of such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Synthetic Lease” means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP.

“Taxes” has the meaning set forth in Section 2.17(a).

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Type”, when used in respect of any Loan or Borrowing, shall refer to the rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“Unfunded Liabilities” means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

“United States” means the United States of America, including the States and the District of Columbia, but excluding its territories and possessions.

“Voting Stock” means stock (or other interests) of a Corporation having ordinary voting power for the election of directors, managers or trustees thereof, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

“Wholly Owned Subsidiary” means, with respect to any Person at any date, any Subsidiary of such Person all of the Voting Stock of which (except directors’ qualifying shares) is at the time directly or indirectly owned by such Person.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.02 Divisions. For all purposes under the Loan Documents, pursuant to any statutory division or plan of division under Delaware law, including a statutory division pursuant to Section 18-217 of the Delaware Limited Liability Company Act (or any comparable event under a different state's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of one or more different Persons, then such asset, right, obligation or liability shall be deemed to have been transferred from the original Person to the subsequent Person(s) on the date such division becomes effective, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests on the date such division becomes effective.

## ARTICLE II THE CREDITS

Section 2.01 The Loans. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Loans denominated in Dollars to the Borrower pursuant to this Section 2.01 on the Effective Date in an aggregate amount not to exceed such Lender's Commitment. Each Borrowing shall be in an aggregate principal amount of \$10,000,000 or any larger integral multiple of \$1,000,000 and shall be made from the several Lenders ratably in proportion to their respective Commitments. Each Lender's Commitment shall expire upon the making of the Loans on the Effective Date. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed.

Section 2.02 [Reserved].

Section 2.03 Notice of Borrowings. The Borrower shall give the Administrative Agent notice (substantially in the form of Exhibit A-1 hereto (a "Notice of Borrowing")) not later than (a) 11:30 A.M. (New York City time) on the date of each Base Rate Borrowing and (b) 12:00 Noon (New York City time) on the third Business Day before each Euro-Dollar Borrowing, specifying:

- (i) the date of such Borrowing, which shall be a Business Day;
- (ii) the aggregate amount of such Borrowing;
- (iii) the initial Type of the Loans comprising such Borrowing;
- (iv) in the case of a Euro-Dollar Borrowing, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period; and
- (v) the account or accounts into which the proceeds of the Borrowing shall be credited.

Notwithstanding the foregoing, no more than six (6) Groups of Euro-Dollar Loans shall be outstanding at any one time, and any Loans which would exceed such limitation shall be made as Base Rate Loans.

Section 2.04 Notice to Lenders; Funding of Loans.

(a) Notice to Lenders. Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Lender of such Lender's ratable share (if any) of the Borrowing referred to in the Notice of Borrowing, and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(b) Funding of Loans. Not later than (a) 1:00 P.M. (New York City time) on the date of each Base Rate Borrowing and (b) 12:00 Noon (New York City time) on the date of each Euro-Dollar Borrowing, each Lender shall make available its ratable share of such Borrowing, in Federal or other funds immediately



available in New York City, to the Administrative Agent at its address referred to in Section 9.01. Unless the Administrative Agent determines that any applicable condition specified in Article IV has not been satisfied, the Administrative Agent shall apply any funds so received in respect of a Borrowing available to the Borrower at the Administrative Agent's address not later than (a) 3:00 P.M. (New York City time) on the date of each Base Rate Borrowing and (b) 2:00 P.M. (New York City time) on the date of each Euro-Dollar Borrowing.

(c) Funding By the Administrative Agent in Anticipation of Amounts Due from the Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing (except in the case of a Base Rate Borrowing, in which case prior to the time of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available to the Administrative Agent on the date of such Borrowing in accordance with subsection (b) of this Section, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such share available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount, together with interest thereon for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable thereto pursuant to Section 2.06, in the case of the Borrower, and (ii) the Federal Funds Rate, in the case of such Lender. Any payment by the Borrower hereunder shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make its share of a Borrowing available to the Administrative Agent. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Loan included in such Borrowing for purposes of this Agreement.

(d) Obligations of Lenders Several. The failure of any Lender to make a Loan required to be made by it as part of any Borrowing hereunder shall not relieve any other Lender of its obligation, if any, hereunder to make any Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on such date of Borrowing.

Section 2.05 Noteless Agreement; Evidence of Indebtedness.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries maintained in the accounts maintained pursuant to subsections (a) and (b) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 9.06(c)) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 9.06(c), except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in subsections (a) and (b) above.

Section 2.06 Interest Rates.

(a) Interest Rate Options. The Loans shall, at the option of the Borrower and except as otherwise provided herein, be incurred and maintained as, or converted into, one or more Base Rate Loans or Euro-Dollar Loans.

(b) Base Rate Loans. Each Loan which is made as, or converted into, a Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made as, or converted into, a Base Rate Loan until it becomes due or is converted into a Loan of any other Type, at a rate per annum equal to the sum of the Base Rate for such day plus the Applicable Percentage for Base Rate Loans for such day. Such interest shall, in each case, be payable quarterly in arrears on each Quarterly Date and on the Maturity Date and, with respect to the principal amount of any Base Rate Loan converted to a Euro-Dollar Loan, on the date such Base Rate Loan is so converted. Any overdue principal of or interest on any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the rate otherwise applicable to Base Rate Loans for such day.

(c) Euro-Dollar Loans. Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the Adjusted London Interbank Offered Rate for such Interest Period plus the Applicable Percentage for Euro-Dollar Loans for such day. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof. Any overdue principal of or interest on any Euro-Dollar Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the sum of (A) the Adjusted London Interbank Offered Rate applicable to such Loan at the date such payment was due plus (B) the Applicable Percentage for Euro-Dollar Loans for such day (or, if the circumstance described in Section 2.14 shall exist, at a rate per annum equal to the sum of 2% plus the rate applicable to Base Rate Loans for such day).

(d) Method of Electing Interest Rates.

(i) Subject to Section 2.06(a), the Loans included in each Borrowing shall bear interest initially at the type of rate specified by the Borrower in the applicable Notice of Borrowing. Thereafter, with respect to each Group of Loans, the Borrower shall have the option (A) to convert all or any part of (y) so long as no Default is in existence on the date of conversion, outstanding Base Rate Loans to Euro-Dollar Loans and (z) outstanding Euro-Dollar Loans to Base Rate Loans; provided, in each case, that the amount so converted shall be equal to \$10,000,000 or any larger integral multiple of \$1,000,000, or (B) upon the expiration of any Interest Period applicable to outstanding Euro-Dollar Loans, so long as no Default is in existence on the date of continuation, to continue all or any portion of such Loans, equal to \$10,000,000 and any larger integral multiple of \$1,000,000 in excess of that amount as Euro-Dollar Loans. The Interest Period of any Base Rate Loan converted to a Euro-Dollar Loan pursuant to clause (A) above shall commence on the date of such conversion. The succeeding Interest Period of any Euro-Dollar Loan continued pursuant to clause (B) above shall commence on the last day of the Interest Period of the Loan so continued.

Euro-Dollar Loans may only be converted on the last day of the then current Interest Period applicable thereto or on the date required pursuant to Section 2.18.

(ii) The Borrower shall deliver a written notice of each such conversion or continuation (a “Notice of Conversion/Continuation”) to the Administrative Agent no later than (A) 12:00 Noon (New York City time) at least three (3) Business Days before the effective date of the proposed conversion to, or continuation of, a Euro Dollar Loan and (B) 11:30 A.M. (New York City time) on the day of a conversion to a Base Rate Loan. A written Notice of Conversion/Continuation shall be substantially in the form of Exhibit A-2 attached hereto and shall specify: (A) the Group of Loans (or portion thereof) to which such notice applies, (B) the proposed conversion/continuation date (which shall be a Business Day), (C) the aggregate amount of the Loans being converted/continued, (D) an election between the Base Rate and the Adjusted London Interbank Offered Rate and (E) in the case of a conversion to, or a continuation of, Euro-Dollar Loans, the requested Interest Period. Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall give each Lender prompt notice of the contents thereof and such Lender’s pro rata share of all conversions and continuations requested therein. If no timely Notice of Conversion/Continuation is delivered by the Borrower as to any Euro-Dollar Loan, and such Loan is not repaid by the Borrower at the end of the applicable Interest Period, such Loan shall be converted automatically to a Base Rate Loan on the last day of the then applicable Interest Period.

(e) Determination and Notice of Interest Rates. The Administrative Agent shall determine each interest rate applicable to the Loans hereunder. The Administrative Agent shall give prompt notice to the Borrower and the participating Lenders of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error. Any notice with respect to Euro-Dollar Loans shall, without the necessity of the Administrative Agent so stating in such notice, be subject to adjustments in the Applicable Percentage applicable to such Loans after the beginning of the Interest Period applicable thereto. When during an Interest Period any event occurs that causes an adjustment in the Applicable Percentage applicable to Loans to which such Interest Period is applicable, the Administrative Agent shall give prompt notice to the Borrower and the Lenders of such event and the adjusted rate of interest so determined for such Loans, and its determination thereof shall be conclusive in the absence of manifest error.

Section 2.07 [Reserved].

Section 2.08 Replacement of Lenders. If (i) any Lender has demanded compensation or indemnification pursuant to Sections 2.14, 2.15, 2.16 or 2.17, (ii) the obligation of any Lender to make Euro-Dollar Loans has been suspended pursuant to Section 2.15 or (iii) any Lender is a Defaulting Lender (each such Lender described in clauses (i), (ii) or (iii) being a “Retiring Lender”), the Borrower shall have the right, if no Default then exists, to replace such Lender with one or more Eligible Assignees (which may be one or more of the Continuing Lenders) (each a “Replacement Lender” and, collectively, the “Replacement Lenders”) reasonably acceptable to the Administrative Agent. The replacement of a Retiring Lender pursuant to this Section 2.08 shall be effective on the tenth Business Day (the “Replacement Date”) following the date of notice given by the Borrower of such replacement to the Retiring Lender and each Continuing Lender through the Administrative Agent, subject to the satisfaction of the following conditions:

(i) the Replacement Lender shall have satisfied the conditions to assignment and assumption set forth in Section 9.06(c) (with all fees payable pursuant to Section 9.06(c) to be paid by the Borrower) and, in connection therewith, the Replacement Lender(s) shall pay to the Retiring Lender an amount equal in the aggregate to the sum of the principal of, and all accrued but unpaid interest on, all outstanding Loans of the Retiring Lender; and



(ii) the Borrower shall have paid to the Administrative Agent for the account of the Retiring Lender an amount equal to all obligations owing to the Retiring Lender by the Borrower pursuant to this Agreement and the other Loan Documents (other than those obligations of the Borrower referred to in clause (i) above).

On the Replacement Date, each Replacement Lender that is a New Lender shall become a Lender hereunder, and the Retiring Lender shall cease to constitute a Lender hereunder; provided, that the provisions of Sections 2.12, 2.16, 2.17 and 9.03 of this Agreement shall continue to inure to the benefit of a Retiring Lender with respect to any Loans made or any other actions taken by such Retiring Lender while it was a Lender.

Upon payment by the Borrower to the Administrative Agent for the account of the Retiring Lender of an amount equal to the sum of (i) the aggregate principal amount of all Loans owed to the Retiring Lender and (ii) all accrued interest, fees and other amounts owing to the Retiring Lender hereunder, including, without limitation, all amounts payable by the Borrower to the Retiring Lender under Sections 2.12, 2.16, 2.17 or 9.03, such Retiring Lender shall cease to constitute a Lender hereunder; provided, that the provisions of Sections 2.12, 2.16, 2.17 and 9.03 of this Agreement shall inure to the benefit of a Retiring Lender with respect to any Loans made or any other actions taken by such Retiring Lender while it was a Lender.

#### Section 2.09 Repayment of Loans.

The Loans shall mature on the Maturity Date and the Borrower shall repay to the Administrative Agent, for the ratable account of the Lenders on the Maturity Date, the aggregate principal amount of all Loans made to the Borrower outstanding on such date (together with accrued interest thereon and fees in respect thereof and all other amounts owed with respect to the Obligations hereunder).

#### Section 2.10 Optional Prepayments and Repayments.

(a) Prepayments of Loans. Subject to Section 2.12, the Borrower may (i) upon at least one (1) Business Day's notice to the Administrative Agent, prepay any Base Rate Borrowing or (ii) upon at least three (3) Business Days' notice to the Administrative Agent, prepay any Euro-Dollar Borrowing, in each case in whole at any time, or from time to time in part in amounts aggregating \$10,000,000 or any larger integral multiple of \$1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Lenders included in such Borrowing.

(b) Notice to Lenders. Upon receipt of a notice of prepayment pursuant to Section 2.10(a), the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's ratable share (if any) of such prepayment, and such notice shall not thereafter be revocable by the Borrower.

#### Section 2.11 General Provisions as to Payments.

(a) Payments by the Borrower. The Borrower shall make each payment of principal of and interest on the Loans and fees hereunder not later than 12:00 Noon (New York City time) on the date when due, without set-off, counterclaim or other deduction, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address referred to in Section 9.01. The Administrative Agent will promptly distribute to each Lender its ratable share of each such payment received by the Administrative Agent for the account of the Lenders. Whenever any payment of principal of or interest on the Base Rate Loans or of fees 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. Whenever any payment of principal of or interest on the Euro-Dollar Loans 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 unless such Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding 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) Distributions by the Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date, and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.12 Funding Losses. If the Borrower makes any payment of principal with respect to any Euro-Dollar Loan pursuant to the terms and provisions of this Agreement (any conversion of a Euro-Dollar Loan to a Base Rate Loan pursuant to Section 2.18 being treated as a payment of such Euro-Dollar Loan on the date of conversion for purposes of this Section 2.12) on any day other than the last day of the Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.06(c), or if the Borrower fails to borrow, convert or prepay any Euro-Dollar Loan after notice has been given in accordance with the provisions of this Agreement, or in the event of payment in respect of any Euro-Dollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.08, the Borrower shall reimburse each Lender within fifteen (15) days after demand for any resulting loss or expense incurred by it (and by an existing Participant in the related Loan), including, without limitation, any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or failure to borrow or prepay; provided, that such Lender shall have delivered to the Borrower a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

Section 2.13 Computation of Interest and Fees. Interest on Loans based on the Prime Rate hereunder 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. All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 2.14 Basis for Determining Interest Rate Inadequate, Unfair or Unavailable.

(a) If on or prior to the first day of any Interest Period for any Euro-Dollar Loan: (i) the Required Lenders advise the Administrative Agent that the Adjusted London Interbank Offered Rate as determined by the Administrative Agent, will not adequately and fairly reflect the cost to such Lenders of funding their Euro-Dollar Loans for such Interest Period; or (ii) subject to Section 2.14(b), the Administrative Agent shall determine that no reasonable means exists for determining the Adjusted London Interbank Offered Rate, the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, whereupon, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such suspension no longer exist, (x) the obligations of the Lenders to make Euro-Dollar Loans, or to convert outstanding Loans into Euro-Dollar Loans shall be suspended; and (y) each outstanding Euro-Dollar Loan shall be converted into a Base Rate Loan on the last day of the current Interest Period applicable thereto. Unless the Borrower notifies the Administrative Agent at least two (2) Business Days before the date of (or, if at the time the Borrower receives such notice the day is the date of, or the date immediately preceding, the date of such Euro-Dollar Borrowing, by 10:00 A.M. (New York

City time) on the date of) any Euro-Dollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date (in which case the Borrower shall not be subject to any liability pursuant to Section 2.12 with respect to such election), such Borrowing shall instead be made as a Base Rate Borrowing.

(b) Effect of Benchmark Transition Event.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace LIBOR with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of LIBOR with a Benchmark Replacement pursuant to this Section 2.14(b) will occur prior to the applicable Benchmark Transition Start Date.

(ii) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(iii) Notices, Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 2.14(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.14(b).

(iv) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Eurodollar Borrowing of, conversion to or continuation of Eurodollar Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period, the component of the Base Rate based upon LIBOR will not be used in any determination of the Base Rate.

Section 2.15 Illegality. If, on or after the date of this Agreement, 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 any Lender (or its Euro-Dollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for any Lender (or its Euro-Dollar Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Lender shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Lenders and the Borrower, whereupon until such Lender notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Euro-Dollar Loans, or to convert outstanding Loans into Euro-Dollar Loans, shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section, such Lender shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. If such notice is given, each Euro-Dollar Loan of such Lender then outstanding shall be converted to a Base Rate Loan either (a) on the last day of the then current Interest Period applicable to such Euro-Dollar Loan if such Lender may lawfully continue to maintain and fund such Loan to such day or (b) immediately if such Lender shall determine that it may not lawfully continue to maintain and fund such Loan to such day.

Section 2.16 Increased Cost and Reduced Return.

(a) Increased Costs. If after the Effective Date, 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 any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall (i) 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 Loans participated in by, assets of, deposits with or for the account of or credit extended by, any Lender (or its Applicable Lending Office), (ii) subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any participation in any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (other than (A) Taxes, (B) Other Taxes, (C) the imposition of, or any change in the rate of, any taxes described in clause (i)(a) and clauses (ii) through (iv) of the definition of Taxes in Section 2.17(a), (D) Connection Income Taxes, and (E) Taxes attributable to a Lender's failure to comply with Section 2.17(e)) or (iii) impose on any Lender (or its Applicable Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting its Euro-Dollar Loans, Notes, obligation to make Euro-Dollar Loans, and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making or maintaining any Euro-Dollar Loan, or to reduce the amount of any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or under its Notes with respect thereto, then, within fifteen (15) days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts, as determined by such Lender in good faith, as will compensate such Lender for such increased cost or reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(b) Capital Adequacy. If any Lender shall have determined that, after the Effective Date, the adoption of any applicable law, rule or regulation regarding capital adequacy or liquidity, 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 such Lender (or any Person controlling such Lender) as a



consequence of such Lender's obligations hereunder to a level below that which such Lender (or any Person controlling such Lender) 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 such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender (or any Person controlling such Lender) for such reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(c) Notices. Each Lender will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the Effective Date, that will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate of any Lender 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, such Lender may use any reasonable averaging and attribution methods.

(d) Notwithstanding anything to the contrary herein, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in law" under this Article II regardless of the date enacted, adopted or issued.

#### Section 2.17 Taxes.

(a) Payments Net of Certain Taxes. Any and all payments made by or on account of any Loan Party to or for the account of any Lender or the Administrative Agent hereunder or under any other Loan Document 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, the Administrative Agent or any Lender (a) by the jurisdiction (or subdivision thereof) under the laws of which such Lender or Administrative Agent is organized or in which its principal office is located or, in the case of each Lender, in which its Applicable Lending Office is located or (b) that are Other Connection Taxes, (ii) in the case of each Lender, any United States withholding tax imposed on such payments, but only to the extent that such Lender is subject to United States withholding tax at the time such Lender first becomes a party to this Agreement or changes its Applicable Lending Office (other than pursuant to an assignment request by any Loan Party under Section 2.08), (iii) any backup withholding tax imposed by the United States (or any state or locality thereof) on a Lender or Administrative Agent, 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 any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender or the Administrative Agent, (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 2.17(a)) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions, (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) such Loan Party shall furnish to the Administrative Agent, for delivery to such Lender, the original or a certified copy of a receipt evidencing payment thereof.

(b) Other Taxes. In addition, each Loan Party agrees to pay any and all present or future stamp or court 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, any Note or any other Loan Document or from the execution, delivery, performance, registration or enforcement of, or otherwise with respect to, this Agreement, any Note or any other Loan Document (collectively, “Other Taxes”).

(c) Indemnification. Each Loan Party agrees to jointly and severally indemnify each Lender and the Administrative Agent 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 2.17(c)), whether or not correctly or legally asserted, paid by such Lender or Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto as certified in good faith to the Borrower by each Lender or Agent seeking indemnification pursuant to this Section 2.17(c). This indemnification shall be paid within 15 days after such Lender or Agent (as the case may be) makes demand therefor.

(d) Refunds or Credits. If a Lender or the Administrative Agent receives a refund, credit or other reduction from a taxation authority for any Taxes or Other Taxes for which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 2.17, it shall within fifteen (15) days from the date of such receipt pay over the amount of such refund, credit or other reduction to the Borrower (but only to the extent of indemnity payments made or additional amounts paid by the Loan Parties under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund, credit or other reduction), net of all reasonable out-of-pocket expenses of such Lender or the Administrative Agent (as the case may be) and without interest (other than interest paid by the relevant taxation authority with respect to such refund, credit or other reduction); provided, however, that each Loan Party agrees to repay, upon the request of such Lender or the Administrative Agent (as the case may be), the amount paid over to the Borrower (plus penalties, interest or other charges) to such Lender or the Administrative Agent in the event such Lender or the Administrative Agent is required to repay such refund or credit to such taxation authority.

(e) Tax Forms and Certificates. On or before the date it becomes a party to this Agreement, from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent, and at any time it changes its Applicable Lending Office: (i) each Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Internal Revenue Code shall deliver to the Borrower and the Administrative Agent 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 Borrower or the Administrative Agent, as the case may be, certifying that such Lender is a United States person and is entitled to an exemption from United States backup withholding tax or information reporting requirements; and (ii) each Lender that is not a “United States person” within the meaning of Section 7701(a)(30) of the Internal Revenue Code (a “Non-U.S. Lender”) shall deliver to the Borrower and the Administrative Agent: (A) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, or any successor form prescribed by the Internal Revenue Service, (x) certifying that such Non-U.S. Lender is entitled to the benefits under an income tax treaty to which the United States is a party which exempts the Non-U.S. Lender from United States withholding tax or reduces the rate of withholding tax on payments of interest for the account of such Non-U.S. Lender and (y) with respect to any other applicable payments under or entered into in connection with any Loan Document establishing an exemption from, or reduction of, United States withholding tax pursuant to the “business profits” or “other income” article of such tax treaty; (B) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8ECI, or any successor form prescribed by the Internal Revenue Service, certifying that the income receivable pursuant to this Agreement and the other Loan Documents is effectively connected with the conduct of a trade or business in the United States; (C) in the case of a Non-U.S. Lender claiming the



benefits of the exemption for portfolio interest under Section 871(h) or Section 881(c) of the Internal Revenue Code, two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, or any successor form prescribed by the Internal Revenue Service, together with a certificate substantially in the form of Exhibit E-1 to the effect that (x) such Non-U.S. Lender 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 any Loan Party 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 any Loan Party within the meaning of Section 864(d)(4) of the Internal Revenue Code (a “U.S. Tax Compliance Certificate”) and (y) the interest payments in question are not effectively connected with a U.S. trade or business conducted by such Non-U.S. Lender; or (D) to the extent the Non-U.S. Lender is not the beneficial owner, two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8IMY, or any successor form prescribed by the Internal Revenue Service, accompanied by an Internal Revenue Service Form W-8ECI, W-8BEN, W-8BEN-E, W-9, and/or other certification documents from each beneficial owner, including a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or E-3, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct or indirect partner. If a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding tax imposed by FATCA if such Lender 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), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Loan Parties and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), “FATCA” shall include any amendments made to FATCA after the date of this Agreement. In addition, each Lender agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Borrower and the Administrative Agent two new accurate and complete signed originals of Internal Revenue Service Form W-9, W-8BEN, W-8BEN-E, W-8ECI or W-8IMY or FATCA-related documentation described above, or successor forms, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Agreement and any other Loan Document, or it shall immediately notify the Borrower and the Administrative Agent of its inability to deliver any such form or certificate.

(f) Exclusions. No Loan Party shall be required to indemnify any Non-U.S. Lender, or to pay any additional amount to any Non-U.S. Lender, pursuant to Section 2.17(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 such Non-U.S. Lender to comply with the provisions of subsection (e) above.

(g) Mitigation. If any Loan Party is required to pay additional amounts to or for the account of any Lender pursuant to this Section 2.17, then such Lender will use reasonable efforts (which shall include efforts to rebook the Loans held by such Lender to a new Applicable Lending Office, or through another branch or affiliate of such Lender) to change the jurisdiction of its Applicable Lending Office if, in the good faith judgment of such Lender, 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 such Lender, to such Lender. Any Lender claiming any indemnity payment or additional amounts payable pursuant to this Section shall use

reasonable efforts (consistent with legal and regulatory restrictions) to deliver to Borrower any certificate or document reasonably requested in writing by the Borrower 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 such Lender, be otherwise disadvantageous to such Lender.

(h) Confidentiality. Nothing contained in this Section shall require any Lender or the Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

Section 2.18 Base Rate Loans Substituted for Affected Euro-Dollar Loans. If (a) the obligation of any Lender to make or maintain, or to convert outstanding Loans to, Euro-Dollar Loans has been suspended pursuant to Section 2.15 or (b) any Lender has demanded compensation under Section 2.16(a) with respect to its Euro-Dollar Loans and, in any such case, the Borrower shall, by at least four Business Days' prior notice to such Lender through the Administrative Agent, have elected that the provisions of this Section shall apply to such Lender, then, unless and until such Lender notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(i) all Loans which would otherwise be made by such Lender as (or continued as or converted into) Euro-Dollar Loans shall instead be Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Lenders); and

(ii) after each of its Euro-Dollar Loans has been repaid, all payments of principal that would otherwise be applied to repay such Loans shall instead be applied to repay its Base Rate Loans.

If such Lender notifies the Borrower that the circumstances giving rise to such notice no longer apply, the principal amount of each such Base Rate Loan shall be converted into a Euro-Dollar Loan on the first day of the next succeeding Interest Period applicable to the related Euro-Dollar Loans of the other Lenders.

ARTICLE III  
[RESERVED]

ARTICLE IV  
CONDITIONS

Section 4.01 Conditions to Closing. The obligation of each Lender to make a Loan hereunder is subject to the satisfaction of the following conditions:

(a) This Agreement. The Administrative Agent shall have received counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party) to be held in escrow and to be delivered to the Borrower upon satisfaction of the other conditions set forth in this Section 4.01.

(b) Notes. On or prior to the Effective Date, the Administrative Agent shall have received a duly executed Note for the account of each Lender requesting delivery of a Note pursuant to Section 2.05.



(c) Officers' Certificate. The Administrative Agent shall have received a certificate dated the Effective Date signed on behalf of each Loan Party by any Authorized Officer of such Loan Party stating that (A) on the Effective Date and after giving effect to the Loans being made on the Effective Date, no Default shall have occurred and be continuing, and (B) the representations and warranties of such Loan Party contained in the Loan Documents are true and correct on and as of the Effective 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.

(d) Secretary's Certificates. On the Effective Date, the Administrative Agent shall have received (i) a certificate of the Secretary of State (or equivalent body) of the jurisdiction of incorporation dated as of a recent date, as to the good standing of each Loan Party and (ii) a certificate of the Secretary or an Assistant Secretary of each Loan Party dated the Effective Date and certifying (A) that attached thereto is a true, correct and complete copy of (x) the articles of incorporation of such Loan Party certified by the Secretary of State (or equivalent body) of the jurisdiction of incorporation of such Loan Party and (y) the bylaws of such Loan Party, (B) as to the absence of dissolution or liquidation proceedings by or against such Loan Party, (C) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such Loan Party is a party 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 such Loan Party executing the Loan Documents to which such Loan Party is a party or any other document delivered in connection herewith or therewith.

(e) Opinions of Counsel. On the Effective Date, the Administrative Agent shall have received from counsel to the Loan Parties, opinions addressed to the Administrative Agent and each Lender, dated the Effective Date, substantially in the form of Exhibit D hereto.

(f) Consents. All necessary governmental (domestic or foreign), regulatory and third party approvals, if any, authorizing borrowings hereunder in connection with the transactions contemplated by this Agreement and the other Loan Documents 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 the Administrative Agent, materially adverse conditions upon the consummation of such transactions.

(g) Payment of Fees. All costs, fees and expenses due to the Administrative Agent and the Lenders accrued through the Effective Date shall have been paid in full.

(h) Counsel Fees. The Administrative Agent shall have received full payment from the Borrower of the fees and expenses of Davis Polk & Wardwell LLP described in Section 9.03 which are billed through the Effective Date and which have been invoiced one Business Day prior to the Effective Date.

(i) Know Your Customer. The Administrative Agent and each Lender shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act, as has been reasonably requested in writing.

(j) Notice of Borrowing. The Administrative Agent shall have received a Notice of Borrowing as required by Section 2.03.

(k) No Default. Immediately before and after giving effect to the making of the Loans on the Effective Date, no Default shall have occurred and be continuing.

(l) Representations and Warranties. The representations and warranties of the Loan Parties contained in this Agreement and the other Loan Documents shall be true and correct on and as of the Effective 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.

## ARTICLE V REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants that, and as to the Borrower, the Borrower represents and warrants that:

Section 5.01 Status. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate authority to execute and deliver this Agreement and each other Loan Document to which it is a party and perform its obligations hereunder and thereunder. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has the corporate authority to execute and deliver this Agreement and each other Loan Document to which it is a party and perform its obligations hereunder and thereunder.

Section 5.02 Authority; No Conflict. The execution, delivery and performance by each Loan Party of this Agreement and each other Loan Document to which it is a party have been duly authorized by all necessary corporate action and do not violate (i) any provision of law or regulation, or any decree, order, writ or judgment, (ii) any provision of its articles of incorporation or bylaws, or (iii) result in the breach of or constitute a default under any indenture or other agreement or instrument to which such Loan Party is a party.

Section 5.03 Legality; Etc. This Agreement and each other Loan Document (other than the Notes) to which such Loan Party is a party constitute the legal, valid and binding obligations of such Loan Party, and the Notes, when executed and delivered in accordance with this Agreement, will constitute legal, valid and binding obligations of the Borrower, in each case enforceable against the Borrower 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 5.04 Financial Condition.

(a) Audited Financial Statements. The consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of December 31, 2019 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 each of the Administrative Agent and the Lenders, fairly present, in conformity with GAAP, the consolidated financial position of the Guarantor and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) [Intentionally Omitted].

(c) Material Adverse Change. Since December 31, 2019 there has been no change in the business, assets, financial condition or operations of the Guarantor and its Consolidated Subsidiaries, considered as a whole that would materially and adversely affect the Guarantor's ability to perform any of its obligations under this Agreement, the Notes or the other Loan Documents. Since December 31, 2019 there has been no change in the business, assets, financial condition or operations of the Borrower that would materially and adversely affect the Borrower's ability to perform any of its obligations under this Agreement, the Notes or the other Loan Documents.

Section 5.05 Litigation. Except as disclosed in or contemplated by the Guarantor's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019, or any subsequent report of the Guarantor filed with the SEC on a Form 10-K, 10-Q or 8-K Report or otherwise furnished in writing to the Administrative Agent and each Lender, no litigation, arbitration or administrative proceeding against the Guarantor or any of its Subsidiaries is pending or, to the Guarantor's knowledge, threatened, which would reasonably be expected to materially and adversely affect the ability of any Loan Party to perform any of its obligations under this Agreement, the Notes or the other Loan Documents. There is no litigation, arbitration or administrative proceeding pending or, to the knowledge of any Loan Party, threatened which questions the validity of this Agreement or the other Loan Documents to which it is a party.

Section 5.06 No Violation. No part of the proceeds of the borrowings by hereunder will be used, directly or indirectly by the Borrower 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 Borrower 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 5.07 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 5.08 Governmental Approvals. No authorization, consent or approval from any Governmental Authority is required for the execution, delivery and performance by any Loan Party of this Agreement, the Notes and the other Loan Documents to which it is a party and except such authorizations, consents and approvals as shall have been obtained prior to the Effective Date and shall be in full force and effect.

Section 5.09 Investment Company Act. Neither the Borrower nor the Guarantor is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or required to register as an investment company under such Act.

Section 5.10 Tax Returns and Payments. Each Loan Party 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 such Loan Party 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 5.11 Compliance with Laws.

(a) To the knowledge of the Guarantor, the Guarantor and its Material Subsidiaries are in compliance with all applicable laws, regulations and orders of any Governmental Authority, domestic or foreign, in respect of the conduct of their respective businesses and the ownership of their respective 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 (i) such compliance is being contested in good faith by appropriate proceedings or (ii) non-compliance would not reasonably be expected to materially and adversely affect the ability of the Loan Parties to perform any of their respective obligations under this Agreement, the Notes or any other Loan Document to which they are a party.

(b) To the knowledge of the Borrower, the Borrower 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, except to the extent (i) such compliance is being contested in good faith by appropriate proceedings or (ii) non-compliance would not reasonably be expected to materially and adversely affect the ability of the Borrower to perform any of its obligations under this Agreement, the Notes or any other Loan Document to which it is a party.

Section 5.12 No Default. No Default has occurred and is continuing.

Section 5.13 Environmental Matters.

(a) Except (x) as disclosed in or contemplated by the Guarantor's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019, or in any subsequent report of the Guarantor filed with the SEC on a Form 10-K, 10-Q or 8-K Report, or otherwise furnished in writing to the Administrative Agent and each Lender, or (y) to the extent that the liabilities of the Guarantor 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) below of this Section 5.13(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 Guarantor or any of its Subsidiaries, no penalty has been assessed nor is any investigation or review pending or, to the Guarantor'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 Guarantor or any of its Subsidiaries of or under any Environmental Law, (B) alleged failure by the Guarantor 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 Guarantor'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, in, from, on or under any property now or previously owned, leased or operated by the Guarantor or any of its Subsidiaries; and

(iii) no property now or previously owned, leased or operated by the Guarantor or any of its Subsidiaries or, to the Guarantor's or any of its Subsidiaries' knowledge, any property to which the Guarantor or any of its Subsidiaries has, directly or indirectly, transported or arranged



for the transportation of any Hazardous Substances, is listed or, to the Guarantor'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 Guarantor's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019, or in any subsequent report of the Guarantor filed with the SEC on a Form 10-K, 10-Q or 8-K Report, or otherwise furnished in writing to the Administrative Agent and each Lender, to the Guarantor's 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 5.13, the terms "the Guarantor" and "Subsidiary" shall include any business or business entity (including a corporation) which is a predecessor, in whole or in part, of the Guarantor or any of its Subsidiaries from the time such business or business entity became a Subsidiary of the Guarantor.

Section 5.14 Material Subsidiaries and Ownership.

(a) As of the Effective Date, (i) Schedule 5.14 states the name of each of the Guarantor's Material Subsidiaries and its jurisdiction or jurisdictions of organization or incorporation, as applicable, (ii) except as disclosed in Schedule 5.14, each such Subsidiary is a Wholly Owned Subsidiary of the Guarantor, and (iii) each of the Guarantor's Material Subsidiaries is in good standing in the jurisdiction or jurisdictions of its organization or incorporation, as applicable, and has all corporate or other organizational powers to carry on its businesses except where failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Each of the Guarantor's Material Subsidiaries is duly organized or incorporated and validly existing under the laws of the jurisdiction or jurisdictions of its organization or incorporation, as applicable.

Section 5.15 OFAC. None of the Borrower, the Guarantor any Subsidiary of the Guarantor, nor, to the knowledge of the Guarantor or the Borrower, any director, officer, or Affiliate of the Borrower, the Guarantor or any of its Subsidiaries: (i) is a Sanctioned Person, (ii) has more than 10% of its assets in Sanctioned Persons or in Sanctioned Countries, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. The proceeds of any Loan will not be used, directly or indirectly, to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country.

Section 5.16 Anti-Corruption. None of the Borrower, the Guarantor or any of its Subsidiaries nor, to the knowledge of the Borrower or the Guarantor, any director, officer, agent, employee or other person acting on behalf of the Borrower or the Guarantor or any of its Subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") or any other applicable anti-corruption law; and the Loan Parties have instituted and maintain policies and procedures designed to ensure continued compliance therewith. No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity in violation of the FCPA or any other applicable anti-corruption law.

## ARTICLE VI COVENANTS

Each Loan Party agrees that so long as any Lender has any Commitment hereunder or any amount payable hereunder or under any Note or other Loan Document remains unpaid:

Section 6.01 Information. The Loan Parties will deliver or cause to be delivered to each of the Lenders (it being understood that the posting of the information required in clauses (a), (b) and (f) of this Section 6.01 on the Borrower's website or the Guarantor's website (<http://www.pplweb.com>) or making such information available on IntraLinks, SyndTrak (or similar service) shall be deemed to be effective delivery to the Lenders):

(a) Annual Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Guarantor is not a Public Reporting Company, within one hundred and five (105) days after the end of each fiscal year of the Guarantor), a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated statements of income and cash flows for such fiscal year and accompanied by an opinion thereon by independent public accountants of recognized national standing, which opinion shall state that such consolidated financial statements present fairly the consolidated financial position of the Guarantor and its Consolidated Subsidiaries as of the date of such financial statements and the results of their operations for the period covered by such financial statements in conformity with GAAP applied on a consistent basis.

(b) Quarterly Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Guarantor is not a Public Reporting Company, within sixty (60) days after the end of each quarterly fiscal period in each fiscal year of the Guarantor (other than the last quarterly fiscal period of the Guarantor)), a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for such fiscal quarter, all certified (subject to normal year-end audit adjustments) as to fairness of presentation, GAAP and consistency by any Authorized Officer of the Guarantor.

(c) Officer's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsections (a) and (b) above, a certificate of any Authorized Officer of the Guarantor, (i) setting forth in reasonable detail the calculations required to establish compliance with the requirements of Section 6.09 on the date of such financial statements and (ii) stating whether there exists on the date of such certificate any Default and, if any Default then exists, setting forth the details thereof and the action which the applicable Loan Party is taking or proposes to take with respect thereto.

(d) Default. Forthwith upon acquiring knowledge of the occurrence of any (i) Default or (ii) Event of Default, in either case a certificate of an Authorized Officer of the applicable Loan Party setting forth the details thereof and the action which the applicable Loan Party is taking or proposes to take with respect thereto.

(e) Change in Borrower's Ratings. Promptly, upon any Authorized Officer obtaining knowledge of any change in a Borrower's Rating, a notice of such Borrower's Rating in effect after giving effect to such change.

(f) Securities Laws Filing. To the extent the Guarantor or the Borrower is a Public Reporting Company, promptly when available and in any event within ten (10) days after the date such information

is required to be delivered to the SEC, a copy of any Form 10-K Report to the SEC and a copy of any Form 10-Q Report to the SEC, and promptly upon the filing thereof, any other filings with the SEC.

(g) ERISA Matters. If and when any member of the ERISA Group: (i) gives or is required to give notice to the PBGC of any “reportable event” (as defined in Section 4043 of ERISA) with respect to any Material Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Material Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives, with respect to any Material Plan that is a Multiemployer Plan, notice of any complete or partial withdrawal liability under Title IV of ERISA, or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose material liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Material Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code with respect to a Material Plan, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or makes any amendment to any Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a copy of such notice, and in each case a certificate of the chief accounting officer or controller of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take.

(h) Other Information. From time to time such additional financial or other information regarding the financial condition, results of operations, properties, assets or business of the Guarantor or any of its Subsidiaries as any Lender may reasonably request, and to the extent such Loan Party is a “legal entity customer” under the Beneficial Ownership Regulation, such certifications as to its beneficial ownership as any Lender shall reasonably request to enable such Lender to comply with the Beneficial Ownership Regulation.

Each Loan Party hereby acknowledges that (a) the Administrative Agent will make available to the Lenders materials and/or information provided by or on behalf of the Loan Parties hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on IntraLinks, SyndTrak or another similar electronic system (the “Platform”) and (b) certain of the Lenders may be “public-side” Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Loan Parties or their respective securities) (each, a “Public Lender”). Each Loan Party hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to any Loan Party or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information (as defined below), they shall be treated as set forth in Section 9.12); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting (subject to Section 9.12) on a portion of the Platform not designated “Public Investor.” “Information” means all information received from the Guarantor or any of its Subsidiaries relating to the Guarantor or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure

by the Guarantor or any of its Subsidiaries; provided that, in the case of information received from the Guarantor or any of its Subsidiaries after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 6.02 Maintenance of Insurance. Each Loan Party will maintain, or cause to be maintained, insurance with financially sound (determined in the reasonable judgment of the Borrower) and responsible companies in such amounts (and with such risk retentions) and against such risks as is usually carried by owners of similar businesses and properties in the same general areas in which such Loan Party operates.

Section 6.03 Conduct of Business and Maintenance of Existence. Each Loan Party will (a) continue to engage in businesses of the same general type as now conducted by such Loan Party and, in the case of the Guarantor, its Subsidiaries and businesses related thereto or arising out of such businesses, except to the extent that the failure to maintain any existing business would not have a Material Adverse Effect and (b) except as otherwise permitted in Section 6.07, preserve, renew and keep in full force and effect, and will cause each of its Subsidiaries to preserve, renew and keep in full force and effect, their respective corporate (or other entity) existence and their respective rights, privileges and franchises necessary or material to the normal conduct of business, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 6.04 Compliance with Laws, Etc. Each Loan Party will comply 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) noncompliance could not reasonably be expected to have a Material Adverse Effect.

Section 6.05 Books and Records. Each Loan Party (a) will keep, and, in the case of the Guarantor, will cause each of its Subsidiaries to keep, proper books of record and account in conformity with GAAP and (b) will permit representatives of the Administrative Agent and each of the Lenders to visit and inspect any of their respective properties, to examine and make copies from any of their respective books and records and to discuss their respective affairs, finances and accounts with their officers, any employees and independent public accountants, all at such reasonable times and as often as may reasonably be desired; provided, that, the rights created in this Section 6.05 to “visit”, “inspect”, “discuss” and copy shall not extend to any matters which such Loan Party deems, in good faith, to be confidential, unless the Administrative Agent and any such Lender agree in writing to keep such matters confidential.

Section 6.06 Use of Proceeds. The proceeds of the Loans made under this Agreement will be used by the Borrower for general corporate purposes of the Borrower and its Affiliates, including for working capital purposes and for making investments in or loans to the Guarantor and Affiliates of the Loan Parties. No such use of the proceeds for general corporate purposes will be, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any Margin Stock within the meaning of Regulation U. The proceeds of any Loan will not be used, directly or indirectly, to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country.

Section 6.07 Merger or Consolidation. No Loan Party will merge with or into or consolidate with or into any other corporation or entity, unless (a) immediately after giving effect thereto, no event shall



occur and be continuing which constitutes a Default, (b) the surviving or resulting Person, as the case may be, assumes and agrees in writing to pay and perform all of the obligations of such Loan Party under this Agreement, (c) in the case of the Guarantor, substantially all of the consolidated assets and consolidated revenues of the surviving or resulting Person, as the case may be, are anticipated to come from the utility or energy businesses and (d) in the case of the Borrower, the senior unsecured long-term debt ratings (without giving effect to any third party credit enhancement except for a guaranty of the Guarantor or a permitted successor) from both Rating Agencies of the surviving or resulting Person, as the case may be, immediately following the merger or consolidation is equal to or greater than the Borrower's Ratings from both Rating Agencies immediately preceding the announcement of such consolidation or merger.

Section 6.08 Asset Sales. Except for the sale of assets required to be sold to conform with governmental requirements, the Guarantor and its Material Subsidiaries shall not consummate any Asset Sale, if the aggregate net book value of all such Asset Sales consummated during the four calendar quarters immediately preceding any date of determination would exceed 25% of the total assets of the Guarantor and its Consolidated Subsidiaries as of the beginning of the Guarantor's most recently ended full fiscal quarter; provided, however, that any such Asset Sale will be disregarded for purposes of the 25% limitation specified above: (a) if any such Asset Sale is in the ordinary course of business of the Guarantor and its Subsidiaries; (b) if the assets subject to any such Asset Sale are worn out or are no longer useful or necessary in connection with the operation of the businesses of the Guarantor or its Subsidiaries; (c) if the assets subject to any such Asset Sale are being transferred to a Wholly Owned Subsidiary of the Guarantor; (d) if the proceeds from any such Asset Sale (i) are, within twelve (12) months of such Asset Sale, invested or reinvested by the Guarantor or any Subsidiary in a Permitted Business, (ii) are used by the Guarantor or any Subsidiary to repay Debt of the Guarantor or such Subsidiary, or (iii) are retained by the Guarantor or any Subsidiary; or (e) if, prior to any such Asset Sale, both Rating Agencies confirm the then-current Borrower's Ratings after giving effect to any such Asset Sale.

Section 6.09 Consolidated Debt to Consolidated Capitalization Ratio. The ratio of Consolidated Debt of the Guarantor to Consolidated Capitalization of the Guarantor shall not exceed 70%, measured as of the end of each fiscal quarter.

## ARTICLE VII DEFAULTS

Section 7.01 Events of Default. If one or more of the following events (each an "Event of Default") shall have occurred and be continuing:

(a) neither Loan Party shall pay when due any principal on any Loans or Reimbursement Obligations; or

(b) neither Loan Party shall pay when due any interest on the Loans and Reimbursement Obligations, any fee or any other amount payable hereunder or under any other Loan Document for five (5) days following the date such payment becomes due hereunder; or

(c) any Loan Party shall fail to observe or perform any of its covenants or agreements contained in Sections 6.05(b), 6.06, 6.07, 6.08 or 6.09; or

(d) any Loan Party shall fail to observe or perform any of its covenants or agreements contained in Section 6.01(d)(i) for 30 days after any such failure or in Section 6.01(d)(ii) for ten (10) days after any such failure; or

(e) any of the Loan Parties shall fail to observe or perform any covenant or agreement contained in this Agreement or any other Loan Document (other than those covered by clauses (a), (b), (c) or (d) above) for thirty (30) days after written notice thereof has been given to the defaulting party by the Administrative Agent, or at the request of the Required Lenders; or

(f) any representation, warranty or certification made by any Loan Party in this Agreement or any other Loan Document 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

(g) any Loan Party shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Material Debt beyond any period of grace 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 period of grace 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

(h) any Loan Party 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

(i) an involuntary case or other proceeding shall be commenced against any Loan Party 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 any Loan Party under the Bankruptcy Code; or

(j) 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

(k) any Loan Party 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 it that is not stayed on appeal or otherwise being appropriately contested in good faith; or

(l) a Change of Control shall have occurred; or

(m) the Guaranty shall cease to be in full force or effect or shall be found by any judicial proceeding to be unenforceable or invalid; or the Guarantor shall deny or disaffirm in writing the Guarantor's obligations under the Guaranty;

then, and in every such event, while such event is continuing, the Administrative Agent shall if requested by the Lenders holding more than 50% of the sum of the aggregate outstanding principal amount of the Loans at such time, by notice to the Borrower declare the Loans (together with accrued interest and accrued and unpaid fees thereon and all other amounts due hereunder) to be, and the Loans 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; provided, that, in the case of any Default or any Event of Default specified in Section 7.01(h) or 7.01(i) above with respect to the Borrower, without any notice to the Borrower or any other act by the Administrative Agent or any Lender, the Commitments shall thereupon terminate and the Loans (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 Borrower.

## ARTICLE VIII THE ADMINISTRATIVE AGENT

Section 8.01 Appointment and Authorization. Each Lender hereby irrevocably designates and appoints the Administrative Agent to act as specified herein and in the other Loan Documents and to take such actions on its behalf under the provisions of this Agreement and the other Loan Documents and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Administrative Agent agrees to act as such upon the express conditions contained in this Article VIII. Notwithstanding any provision to the contrary elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent. The provisions of this Article VIII are solely for the benefit of the Administrative Agent and Lenders, and no other Person shall have any rights as a third party beneficiary of any of the provisions hereof. For the sake of clarity, the Lenders hereby agree that no Agent other than the Administrative Agent shall have, in such capacity, any duties or powers with respect to this Agreement or the other Loan Documents.

Section 8.02 Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower, Guarantor and its Affiliates as though the Administrative Agent were not an Agent. With respect to the Loans made by it and all obligations owing to it, the Administrative Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not an Agent, and the terms "Required Lenders", "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section 8.03 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents or attorneys-in-fact. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care except to the extent otherwise required by Section 8.07.

Section 8.04 Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, teletype or other electronic facsimile transmission, telex, telegram, cable, teletype, electronic transmission by modem, computer disk or any other message, statement, order or other writing or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Loan Parties), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders, or all of the Lenders, if applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders or all of the Lenders, if applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

Section 8.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default hereunder unless the Administrative Agent has received notice from a Lender or a Loan Party referring to this Agreement, describing such Default and stating that such notice is a "notice of default". If the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default as shall be reasonably directed by the Required Lenders; provided, that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interests of the Lenders.

Section 8.06 Non-Reliance on the Administrative Agent and Other Lenders. Each Lender expressly acknowledges that no Agent or officer, director, employee, agent, attorney-in-fact or affiliate of the Administrative Agent has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Loan Parties, shall be deemed to constitute any representation or warranty by such Agent to any Lender. Each Lender acknowledges to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other condition, prospects and creditworthiness of the Loan Parties and made its own decision to make its Loans hereunder and to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other condition, prospects and creditworthiness of the Loan Parties. No Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial and other condition, prospects or creditworthiness of the Loan Parties which may come into the possession of such Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 8.07 Exculpatory Provisions. The Administrative Agent shall not, and no officers, directors, employees, agents, attorneys-in-fact or affiliates of the Administrative Agent, shall (i) be liable for any action lawfully taken or omitted to be taken by it under or in connection with this Agreement or any other Loan Document (except for its own gross negligence, willful misconduct or bad faith) or (ii) be responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties



made by each Loan Party or any of its officers contained in this Agreement, in any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for any failure of any Loan Party or any of its officers to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Loan Parties. The Administrative Agent shall not be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any other Loan Document or for any representations, warranties, recitals or statements made by any other Person herein or therein or made by any other Person in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Administrative Agent to the Lenders or by or on behalf of any Loan Party to the Administrative Agent or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default.

Section 8.08 Indemnification. To the extent that the Loan Parties, as applicable, for any reason fails to indefeasibly pay any amount required under Sections 9.03(a), (b) or (c) to be paid by it to the Administrative Agent (or any sub-agent thereof), the Lenders severally agree to indemnify the Administrative Agent, in its capacity as such, and hold the Administrative Agent, in its capacity as such, harmless ratably according to their respective Loans outstanding from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs and reasonable expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the full payment of the obligations of the Borrower hereunder) be imposed on, incurred by or asserted against the Administrative Agent, in its capacity as such, in any way relating to or arising out of this Agreement or any other Loan Document, or any documents contemplated hereby or referred to herein or the transactions contemplated hereby or any action taken or omitted to be taken by the Administrative Agent under or in connection with any of the foregoing, but only to the extent that any of the foregoing is not paid by the Loan Parties; provided, that no Lender shall be liable to the Administrative Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs or expenses or disbursements resulting from the gross negligence, willful misconduct or bad faith of the Administrative Agent. If any indemnity furnished to the Administrative Agent for any purpose shall, in the reasonable opinion of the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreement in this Section 8.08 shall survive the payment of all Loans, fees and other obligations of the Borrower arising hereunder.

Section 8.09 Resignation; Successors. The Administrative Agent may resign as Administrative Agent upon twenty (20) days' notice to the Lenders. Upon the resignation of the Administrative Agent, the Required Lenders shall have the right to appoint from among the Lenders a successor to the Administrative Agent, subject to prior approval by the Borrower (so long as no Event of Default exists) (such approval not to be unreasonably withheld), whereupon such successor Administrative Agent shall succeed to and become vested with all the rights, powers and duties of the retiring Administrative Agent, and the term "Administrative Agent" shall include such successor Administrative Agent effective upon its appointment, and the retiring Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any other Loan Document. If no successor shall have been appointed by the Required Lenders and approved by the Borrower and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may at its election give notice to the Lenders and Loan Parties of the immediate

effectiveness of its resignation and such resignation shall thereupon become effective and the Lenders collectively shall perform all of the duties of the Administrative Agent hereunder and under the other Loan Documents until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After the retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement or any other Loan Document.

#### ARTICLE IX MISCELLANEOUS

Section 9.01 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 any Lender pursuant to Article II if such Lender has notified the Administrative Agent 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 (provided, however, that if any notice or other communication sent by electronic mail, posting on an internet webpage or telecopy is received by a recipient after such recipient's normal business hours, such notice or other communication shall be deemed received upon the opening of such recipient's next Business Day), (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, in the case of any of the Loan Parties and the Administrative Agent, 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 Loan Parties:

PPL Capital Funding, Inc.  
Two North Ninth Street  
Allentown, Pennsylvania 18101-1179  
Attention: Treasurer or Assistant Treasurer  
Telephone: 610-774-5151  
Facsimile: 610-774-5235

and:

PPL Corporation  
Two North Ninth Street  
Allentown, Pennsylvania 18101-1179  
Attention: Treasurer or Assistant Treasurer  
Telephone: 610-774-5151  
Facsimile: 610-774-5235

with a copy to:

PPL Services Corporation

Two North Ninth Street (GENTW4)  
Allentown, Pennsylvania 18101-1179  
Attention: Frederick C. Paine, Esq.  
Telephone: 610-774-7445  
Facsimile: 610-774-6726

if to the Administrative Agent:

Canadian Imperial Bank of Commerce, New York Branch  
CIBC-CPS-US Loan Operations  
595 Bay Street, 5th Floor  
Toronto, ON M5G 2C2  
Email : mailbox.USLoanOperations@cibc.com

with a copy to:

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017  
Attention: Jason Kyrwood  
Telephone: 212-450-4653  
Facsimile: 212-450-5425

Section 9.02 No Waivers; Non-Exclusive Remedies. No failure by the Administrative Agent or any Lender to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege hereunder or under any Note or other Loan 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 other Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.03 Expenses; Indemnification.

(a) Expenses. The Borrower shall pay (i) all out-of-pocket expenses of the Administrative Agent, including legal fees and disbursements of Davis Polk & Wardwell LLP and any other local counsel retained by the Administrative Agent, in its reasonable discretion, in connection with the preparation, execution, delivery and administration of the Loan Documents, the syndication efforts of the Administrative Agent with respect thereto, 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 the Administrative Agent and each Lender, 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 Borrower shall not be liable for any legal fees or disbursements of any counsel for the Administrative Agent and the Lenders other than Davis Polk & Wardwell LLP associated with the preparation, execution and delivery of this Agreement and the closing documents contemplated hereby.

(b) Indemnity in Respect of Loan Documents. Each of the Loan Parties agrees to jointly and severally indemnify the Administrative Agent and each Lender, their respective Affiliates and the respective directors, officers, trustees, agents, employees 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 Borrower 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 Guarantor, the Borrower or any Subsidiary of the Borrower) in any way relating to or arising out of this Agreement, any other Loan Document or any documents contemplated hereby or thereby or referred to herein or therein 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. Each of the Loan Parties agrees to jointly and severally 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 Borrower hereunder) be imposed on, incurred by or asserted against such Indemnitee in respect of or in connection with (i) any actual or alleged presence or release of Hazardous Substances on or from any property now or previously owned or operated by the Guarantor or any of its Subsidiaries or any predecessor of the Guarantor or any of its Subsidiaries or (ii) any and all Environmental Liabilities. Without limiting the generality of the foregoing, the Borrower hereby waives all rights of contribution or any other rights of recovery with respect to liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, 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, no Loan Party shall 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, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan 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 other Loan Documents or the transactions contemplated hereby or thereby; provided that nothing in this Section 9.03(d) shall relieve any Lender from its obligations under Section 9.12.

Section 9.04 Sharing of Set-Offs. Each Lender agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest due with respect to any Loan made or Note held by it which is greater than the proportion received by any other Lender in respect of the aggregate amount of principal and interest due with respect to any Loan and Note made or held by such other Lender, except as otherwise expressly contemplated by this Agreement, the Lender receiving such proportionately greater payment shall purchase such participations in the Loan made or Notes held by the other Lenders, and such other adjustments shall be made, in each case as may be required so that all such payments of principal and interest with respect to the Loan made or Notes made or held by the Lenders shall be shared by the Lenders pro rata; provided, that nothing in this Section shall impair the right of any Lender to exercise any right of set-off or counterclaim it may have for payment of indebtedness of the Borrower other than its indebtedness hereunder.



Section 9.05 Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Loan Parties and the Required Lenders (and, if the rights or duties of the Administrative Agent are affected thereby, by the Administrative Agent); provided, that no such amendment or waiver shall, (a) unless signed by each Lender adversely affected thereby, (i) extend or increase the Commitment of any Lender or subject any Lender to any additional obligation (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or of mandatory reductions in the Commitments shall not constitute an increase of the Commitment of any Lender, and that an increase in the available portion of any Commitment of any Lender as in effect at any time shall not constitute an increase in such Commitment), (ii) reduce the principal or rate of interest on any Loan (except in connection with a waiver of applicability of any post-default increase in interest rates), (iii) postpone the date fixed for any payment of interest on any Loan or for any scheduled reduction or termination of any Commitment, (iv) postpone or change the date fixed for any scheduled payment of principal of any Loan, (v) change any provision hereof in a manner that would alter the pro rata funding of Loans required by Section 2.04(b), the pro rata sharing of payments required by Sections 2.11(a) or 9.04 or (vi) change the currency in which Loans are to be made or payment under the Loan Documents is to be made, or add additional borrowers or (b) unless signed by each Lender, (i) change the definition of Required Lender or this Section 9.05 or Section 9.06(a) or (ii) release the Guarantor from its Obligations under the Guaranty. Notwithstanding anything to the contrary herein, the Administrative Agent and the Borrower may, without the consent of any Lender, enter into amendments or modifications to this Agreement or any of the other Loan Documents or to enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to implement any Benchmark Replacement or otherwise effectuate the terms of Section 2.14(b) in accordance with the terms of Section 2.14(b).

Section 9.06 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 no Loan Party may assign or otherwise transfer any of its rights under this Agreement without the prior written consent of all of the Lenders, except to the extent any such assignment results from the consummation of a merger or consolidation permitted pursuant to Section 6.07 of this Agreement.

(b) Participations. Any Lender may at any time grant to one or more banks or other financial institutions or special purpose funding vehicle (each a "Participant") participating interests in its Commitments and/or any or all of its Loans. In the event of any such grant by a Lender of a participating interest to a Participant, whether or not upon notice to the Borrower and the Administrative Agent, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that such Lender shall retain the sole right and responsibility to enforce the obligations of the Loan Parties hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided, that such participation agreement may provide that such Lender will not agree to any modification, amendment or waiver of this Agreement which would (i) extend the Maturity Date, reduce the rate or extend the time of payment of principal, interest or fees on any Loan in which such Participant is participating (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the Participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or of a mandatory reduction in the Commitments shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any Participant if the Participant's participation is not increased as a result thereof) or (ii) allow the assignment or transfer by any Loan Party

of any of its rights and obligations under this Agreement, without the consent of the Participant, except to the extent any such assignment results from the consummation of a merger or consolidation permitted pursuant to Section 6.07 of this Agreement. The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article II with respect to its participating interest to the same extent as if it were a Lender, subject to the same requirements and limitations therein, including the requirements under Section 2.17(e) (it being understood that the documentation required under Section 2.17(e) shall be delivered to the participating Lender) to the same extent as if it were the Lender, and in no case shall any Participant be entitled to receive any amount payable pursuant to Article II that is greater than the amount the Lender granting such Participant's participating interest would have been entitled to receive had such Lender not sold such participating interest. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register (solely for tax purposes) on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided, that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person except to the extent that such disclosure is necessary to establish that such interest in the Loan or other obligation under the Loan Documents is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(c) Assignments Generally. Any Lender may at any time assign to one or more Eligible Assignees (each, an "Assignee") all, or a proportionate part (equivalent to an initial amount of not less than \$5,000,000 or any larger integral multiple of \$1,000,000), of its rights and obligations under this Agreement and the Notes with respect to its Loans and, if still in existence, its Commitment, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit C attached hereto executed by such Assignee and such transferor, with (and subject to) the consent of the Borrower, which shall not be unreasonably withheld or delayed, the Administrative Agent, which consent shall not be unreasonably withheld or delayed; provided, that if an Assignee is an Approved Fund or Affiliate of such transferor Lender or was a Lender immediately prior to such assignment, no such consent of the Borrower or the Administrative Agent shall be required; provided, further, that if at the time of such assignment a Default or an Event of Default has occurred and is continuing, no such consent of the Borrower shall be required; provided, further, that the provisions of Sections 2.12, 2.16, 2.17 and 9.03 of this Agreement shall inure to the benefit of a transferor with respect to any Loans made or any other actions taken by such transferor while it was a Lender. Upon execution and delivery of such instrument and payment by such Assignee to such transferor of an amount equal to the purchase price agreed between such transferor and such Assignee, such Assignee shall be a Lender party to this Agreement and shall have all the rights and obligations of a Lender with a Commitment, if any, as set forth in such instrument of assumption, and the transferor shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment, the transferor shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of \$3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such administrative fee in the case of any assignment. Each Assignee shall be subject to the requirements under Section 2.17 and shall, on or before the effective date of such assignment, deliver to the Borrower and the Administrative Agent certification as to exemption from deduction or withholding of any United States Taxes in accordance with Section 2.17(e).

(d) Assignments to Federal Reserve Banks. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and its Note to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) Register. The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for purposes of this Section 9.06(e), to (i) maintain a register (the "Register") on which the Administrative Agent will record the Commitments from time to time of each Lender, the Loans made by each Lender and each repayment in respect of the principal amount of the Loans of each Lender and to (ii) retain a copy of each Assignment and Assumption Agreement delivered to the Administrative Agent pursuant to this Section. Failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's obligation in respect of such Loans. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan and the Note evidencing the same is registered as the owner thereof for all purposes of this Agreement, notwithstanding notice or any provision herein to the contrary. With respect to any Lender, the assignment or other transfer of the Commitments of such Lender and the rights to the principal of, and interest on, any Loan made and any Note issued pursuant to this Agreement shall not be effective until such assignment or other transfer is recorded on the Register and, except to the extent provided in this Section 9.06(e), otherwise complies with Section 9.06, and prior to such recordation all amounts owing to the transferring Lender with respect to such Commitments, Loans and Notes shall remain owing to the transferring Lender. The registration of assignment or other transfer of all or part of any Commitments, Loans and Notes for a Lender shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Assumption Agreement and payment of the administrative fee referred to in Section 9.06(c). The Register shall be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to the Loan Documents is pending, any Lender wishing to consult with other Lenders in connection therewith may request and receive from the Administrative Agent a copy of the Register. The Borrower may not replace any Lender pursuant to Section 2.08, unless, with respect to any Notes held by such Lender, the requirements of Section 9.06(c) and this Section 9.06(e) have been satisfied.

Section 9.07 Governing Law; Submission to Jurisdiction. This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each Loan Party hereby submits to the exclusive 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, borough of Manhattan, for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Loan Party 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 9.08 Counterparts; Integration; Effectiveness. This Agreement shall become effective on the Effective 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 Effective Date, this Agreement and the other Loan Documents 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 9.09 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 Guarantor's independent public accountants) with the audited consolidated financial statements of the Guarantor and its Consolidated Subsidiaries most recently delivered to the Lenders; provided, that, if the Guarantor notifies the Administrative Agent that the Guarantor wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Guarantor that the Required Lenders wish to amend Article VI for such purpose), then the Guarantor'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 Guarantor and the Required Lenders.

Section 9.10 Usage. The following rules of construction and usage shall be applicable to this Agreement and to any instrument or agreement that is governed by or referred to in this Agreement.

(a) All terms defined in this Agreement shall have the defined meanings when used in any instrument governed hereby or referred to herein and in any certificate or other document made or delivered pursuant hereto or thereto unless otherwise defined therein.

(b) The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement or in any instrument or agreement governed here shall be construed to refer to this Agreement or such instrument or agreement, as applicable, in its entirety and not to any particular provision or subdivision hereof or thereof.

(c) References in this Agreement to "Article", "Section", "Exhibit", "Schedule" or another subdivision or attachment shall be construed to refer to an article, section or other subdivision of, or an exhibit, schedule or other attachment to, this Agreement unless the context otherwise requires; references in any instrument or agreement governed by or referred to in this Agreement to "Article", "Section", "Exhibit", "Schedule" or another subdivision or attachment shall be construed to refer to an article, section or other subdivision of, or an exhibit, schedule or other attachment to, such instrument or agreement unless the context otherwise requires.

(d) The definitions contained in this Agreement shall apply equally to the singular and plural forms of such terms. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word "will" shall be construed to have the same meaning as the word "shall". The term "including" shall be construed to have the same meaning as the phrase "including without limitation".

(e) Unless the context otherwise requires, any definition of or reference to any agreement, instrument, statute or document contained in this Agreement or in any agreement or instrument that is governed by or referred to in this Agreement shall be construed (i) as referring to such agreement, instrument, statute or document as the same may be amended, supplemented or otherwise modified from time to time (subject to any restrictions on such amendments, supplements or modifications set forth in this Agreement or in any agreement or instrument governed by or referred to in this Agreement), including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and (ii) to include (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein. Any reference to any Person shall be construed to include such Person's successors and permitted assigns.

(f) 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.

(g) Unless otherwise specified, all references herein to times of day shall constitute references to New York City time.

Section 9.11 WAIVER OF JURY TRIAL. EACH OF THE LOAN PARTIES 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 9.12 Confidentiality. Each Lender 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 any Lender from disclosing such information (i) to any other Lender or to the Administrative Agent, (ii) to any other Person if reasonably incidental to the administration of the Loans, (iii) upon the order of any court or administrative agency, (iv) 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), (v) which had been publicly disclosed other than as a result of a disclosure by the Administrative Agent or any Lender prohibited by this Agreement, (vi) in connection with any litigation to which the Administrative Agent, any Lender or any of their respective Subsidiaries or Affiliates may be party, (vii) to the extent necessary in connection with the exercise of any remedy hereunder, (viii) to such Lender's or the Administrative Agent's Affiliates and their respective directors, officers, employees, service providers 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), (ix) with the consent of the Borrower, (x) 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 (xi) subject to provisions substantially similar to those contained in this Section, to any actual or proposed Participant or Assignee or to any actual or prospective counterparty (or its advisors) to any securitization, swap or derivative transaction relating to the Loan Parties' Obligations hereunder. Notwithstanding the foregoing, the Administrative Agent, any Lender or Davis Polk & Wardwell 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 Loan Parties or their Affiliates, or any of them, and the amount, type and closing date of such transactions, all at their sole expense.

Section 9.13 USA PATRIOT Act Notice. Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Beneficial Ownership Regulation and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties 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") and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies the Borrower and the Guarantor, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the Patriot Act and, to the extent such Loan Party is a "legal entity customer" under the Beneficial Ownership Regulation, the Beneficial Ownership Regulation.

Section 9.14 No Fiduciary Duty. Each Agent, each Lender and their respective Affiliates (collectively, solely for purposes of this paragraph, the "Lender Parties"), may have economic interests that

conflict with those of the Loan Parties, their respective Affiliates and/or their respective stockholders (collectively, solely for purposes of this paragraph, the “Borrower Parties”). Each Loan Party agrees that nothing in the Loan Documents 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 Lender Party, on the one hand, and any Borrower Party, on the other. The Lender Parties acknowledge and agree that (a) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between the Lender Parties, on the one hand, and the Loan Parties, on the other and (b) in connection therewith and with the process leading thereto, (i) no Lender Party has assumed an advisory or fiduciary responsibility in favor of any Borrower 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 Lender Party has advised, is currently advising or will advise any Borrower Party on other matters) or any other obligation to any Borrower Party except the obligations expressly set forth in the Loan Documents and (ii) each Lender Party is acting solely as principal and not as the agent or fiduciary of any Borrower Party. Each Loan Party acknowledges and agrees that it 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. Each Loan Party agrees that it will not claim that any Lender Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to any Borrower Party, in connection with such transaction or the process leading thereto.

Section 9.15 Acknowledgment and Consent to Bail-in of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

Section 9.16 Survival. Sections 2.12, 2.16, 2.17 and 9.03 shall survive the Maturity Date for the benefit of each Agent and Each Lender, as applicable.

Section 9.17 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or

reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

Section 9.18 Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 9.19 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

## ARTICLE X GUARANTY

Section 10.01 Guaranty. The Guarantor unconditionally, absolutely and irrevocably guarantees to the Administrative Agent and each Lender as though it was a primary obligor for, the full and punctual payment of the Obligations when due (whether at stated maturity, upon acceleration or otherwise). If the Borrower fails to pay any Obligation punctually when due, the Guarantor agrees that it will forthwith on demand pay the amount not so paid at the place and in the manner specified in the relevant Loan Document. Notwithstanding the foregoing, the liability of the Guarantor individually with respect to its obligations, including any payment made pursuant to, this Guaranty shall be limited to an aggregate amount equal to the maximum amount that would not render the Guarantor's obligations hereunder subject to avoidance under the Bankruptcy Code or any comparable provisions of any applicable state law. This Guaranty is a Guarantee of payment and not merely of collection.

Section 10.02 Guaranty Unconditional. The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any change in the amount or purpose of or the time, manner, method, or place of payment or performance of any of the Obligations or any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Person under any Loan Document, by operation of law or otherwise;

(b) any modification, extension, renewal or amendment of or supplement to any Loan Document or any of the Obligations or any execution or delivery of any additional Loan Documents;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower or any other Person under any Loan Document;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Person or any of their respective Subsidiaries, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Person or any of their assets or any resulting release or



discharge of any obligation (including any of the Obligations) of the Borrower or any other Person under any Loan Document;

(e) the existence of any claim, set-off, defense, counterclaim, withholding or other right that the Guarantor or the Borrower may have at any time against any Person (including the Administrative Agent and the Lenders), whether in connection with the Loan Documents or any unrelated transactions; provided that nothing herein shall prevent the assertion of any such claim or defense by separate suit or compulsory counterclaim;

(f) any avoidance, subordination, invalidity or unenforceability relating to or against the Borrower or any other Person for any reason of any Obligation or any Loan Document, any provision of applicable law or regulation purporting to prohibit the payment of any Obligation by the Borrower or any other Person, or the Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Obligation or provision of any Loan Document;

(g) any failure of the Administrative Agent or any Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Loan Document or to assert any breach of or default under any Loan Document or any breach of the Obligations; or

(h) any other act or omission to act or delay of any kind by the Borrower, any other party to any Loan Document or any other Person, or any other circumstance whatsoever that might, but for the provisions of this clause (h), constitute a legal or equitable discharge of or defense to any obligation of the Guarantor hereunder.

**Section 10.03 Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances.**

The Guarantor's obligations hereunder shall remain in full force and effect until all Obligations shall have been paid in full and all Commitments have been terminated. If at any time any payment of any Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Guarantor's obligations hereunder shall be reinstated as though such payment had been due but not made at such time.

**Section 10.04 Waiver by Guarantor.** The Guarantor irrevocably waives (a) acceptance hereof, presentment, demand for performance, promptness, diligence, notice of non-performance, default, acceleration, protest or dishonor and any notice not provided for herein, (b) any requirement that at any time any action be taken by any Person against the Borrower or any other Person, (c) any right to revoke this Guaranty, and (d) any defense based on any right of set-off, recoupment, counterclaim, withholding or other deduction of any nature against or in respect of the Obligations.

**Section 10.05 Subrogation.** Upon making payment with respect to any Obligation, the Guarantor shall be subrogated to the rights of the payee against the Borrower with respect to such payment; provided that the Guarantor agrees it will not exercise any rights against the Borrower arising in connection with the Obligations by way of subrogation against the Borrower, or by reason of contribution against any other guarantor of such Obligations until all Obligations shall have been paid in full and all Commitments have been terminated.

**Section 10.06 Stay of Acceleration.** If acceleration of the time for payment of any Obligation by the Borrower is stayed, enjoined or prevented for any reason (including but not limited to by reason of the insolvency or receivership of the Borrower or otherwise), all Obligations otherwise subject to acceleration under the terms of any Loan Document shall nonetheless be payable by the Guarantor forthwith on demand by the Administrative Agent.



Section 10.07 Continuing Guaranty. The Guaranty set forth in this Article X is a continuing guaranty, shall be binding on the Guarantor and its successors and assigns, and shall be enforceable by each holder from time to time of the Obligations (including, without limitation, the Administrative Agent and the Lenders, each, a "Guaranteed Party"). If all or part of any Guaranteed Party's interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall automatically be transferred with such obligation; and without limitation of the foregoing, any of the Obligations shall be and remain Obligations entitled to the benefit of this Guaranty if any Guaranteed Party assigns or otherwise transfers all or part of its interest in any Obligation or any of its rights or obligations under any Loan Document.

Section 10.08 Default Payments by Borrower. Upon the occurrence and during the continuation of any default under any Obligation, if any amount shall be paid to the Guarantor by or for the account of the Borrower with respect to such Obligation, such amount shall be held in trust for the benefit of each Lender and the Administrative Agent and shall forthwith be paid to the Administrative Agent to be credited and applied to the Obligations when due and payable.

Section 10.09 Duty to Stay Advised. The Guarantor agrees that the Lenders shall have no duty to advise the Guarantor of information known to them regarding the financial condition of the Borrower and the Guarantor hereby assumes responsibility for keeping itself advised of the financial condition of the Borrower.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER: PPL CAPITAL FUNDING, INC.

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President and Treasurer

GUARANTOR: PPL CORPORATION

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President and Treasurer

CANADIAN IMPERIAL BANK OF COMMERCE,  
NEW YORK BRANCH, as Administrative Agent and  
Lender

By: /s/ Anju Abraham  
Name: Anju Abraham  
Title: Authorized Signatory

COMMITMENTS

Lender	Commitment
CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH	\$100,000,000.00
Total	\$100,000,000.00

SCHEDULE 5.14

Material Subsidiaries

<u>Name</u>	<u>Jurisdiction of Organization</u>
LG&E and KU Energy LLC	Kentucky
PPL Electric Utilities Corporation	Pennsylvania
PPL Global, LLC	Delaware

Form of Notice of Borrowing

EXHIBIT A-I

Canadian Imperial Bank of Commerce, New York Branch  
CIBC-CPS-US Loan Operations  
595 Bay Street, 5th Floor  
Toronto, ON M5G 2C2  
Email : mailbox.USLoanOperations@cibc.com

Ladies and Gentlemen:

This notice shall constitute a "Notice of Borrowing" pursuant to Section 2.03 of the \$100,000,000 Term Loan Credit Agreement dated as of April 1, 2020 (the "Credit Agreement") among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, the lending institutions party thereto from time to time and Canadian Imperial Bank of Commerce, New York Branch, as Administrative Agent. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

1. The date of the Borrowing will be \_\_\_\_\_, \_\_\_\_\_.<sup>1</sup>
2. The aggregate principal amount of the Borrowing will be \_\_\_\_\_.<sup>2</sup>
3. The Borrowing will consist of [Base Rate] [Euro-Dollar] Loans.
4. The initial Interest Period for the Loans comprising such Borrowing shall be \_\_\_\_\_.<sup>3</sup>

[Insert appropriate delivery instructions, which shall include bank and account number].

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<sup>1</sup> Must be a Business Day.

<sup>2</sup> Borrowings must be an aggregate principal amount of \$10,000,000 or any larger integral multiple of \$1,000,000.

<sup>3</sup> Applicable for Euro-Dollar Loans only. Insert "one month", "two months", "three months" or "six months" (subject to the provisions of the definition of "Interest Period").

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_  
Name:  
Title:

## Form of Notice of Conversion/Continuation

Canadian Imperial Bank of Commerce, New York Branch  
 CIBC-CPS-US Loan Operations  
 595 Bay Street, 5th Floor  
 Toronto, ON M5G 2C2  
 Email : mailbox.USLoanOperations@cibc.com

Ladies and Gentlemen:

This notice shall constitute a "Notice of Conversion/Continuation" pursuant to Section 2.06(d)(ii) of the \$100,000,000 Term Loan Credit Agreement dated as of April 1, 2020 (the "Credit Agreement") among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, the lending institutions party thereto from time to time and Canadian Imperial Bank of Commerce, New York Branch, as Administrative Agent. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

1. The Group of Loans (or portion thereof) to which this notice applies is [all or a portion of all Base Rate Loans currently outstanding] [all or a portion of all Euro-Dollar Loans currently outstanding having an Interest Period of \_\_\_ months and ending on the Election Date specified below].

2. The date on which the conversion/continuation selected hereby is to be effective is \_\_\_\_\_, \_\_\_\_\_ (the "Election Date").<sup>4</sup>

3. The principal amount of the Group of Loans (or portion thereof) to which this notice applies is \$\_\_\_\_\_.<sup>5</sup>

4. [The Group of Loans (or portion thereof) which are to be converted will bear interest based upon the [Base Rate] [Adjusted London Interbank Offered Rate].] [The Group of Loans (or portion thereof) which are to be continued will bear interest based upon the [Base Rate][Adjusted London Interbank Offered Rate].]

5. The Interest Period for such Loans will be \_\_\_\_\_.<sup>6</sup>

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_  
 Name:

<sup>4</sup> Must be a Business Day.

<sup>5</sup> May apply to a portion of the aggregate principal amount of the relevant Group of Loans; provided that (i) such portion is allocated ratably among the Loans comprising such Group and (ii) the portion to which such notice applies, and the remaining portion to which it does not apply, are each \$10,000,000 or any larger integral multiple of \$1,000,000.

<sup>6</sup> Applicable only in the case of a conversion to, or a continuation of, Euro-Dollar Loans. Insert "one month", "two months", "three months" or "six months" (subject to the provisions of the definition of Interest Period).



Title:

## Form of Note

FOR VALUE RECEIVED, the undersigned, PPL CAPITAL FUNDING, INC., a Delaware corporation (the "Borrower"), promises to pay to \_\_\_\_\_ (the "Lender") or its permitted successors and its registered assigns, in accordance with the Credit Agreement (as hereinafter defined), the principal sum of \_\_\_\_\_ AND \_\_\_\_\_/100s DOLLARS (\$\_\_\_\_\_), or, if less, the principal amount of all Loans advanced by the Lender to the Borrower pursuant to the Credit Agreement (as defined below), plus interest as hereinafter provided.

All capitalized terms used herein shall have the meanings ascribed to them in that certain \$100,000,000 Term Loan Credit Agreement dated as of April 1, 2020 (as the same may be amended, modified or supplemented from time to time, the "Credit Agreement") by and among the Borrower, PPL Corporation, as Guarantor, the lenders party thereto (collectively, the "Lenders") and Canadian Imperial Bank of Commerce, New York Branch, as administrative agent (the "Administrative Agent") for itself and on behalf of the Lenders, except to the extent such capitalized terms are otherwise defined or limited herein.

The Borrower shall repay principal outstanding hereunder from time to time, as necessary, in order to comply with the Credit Agreement. All amounts paid by the Borrower shall be applied to the Obligations in such order of application as provided in the Credit Agreement.

A final payment of all principal amounts and other Obligations then outstanding hereunder shall be due and payable on the maturity date provided in the Credit Agreement, or such earlier date as payment of the Loans shall be due, whether by acceleration or otherwise.

The Borrower shall be entitled to borrow, repay, continue and convert the Lender's Loans (or portions thereof) hereunder pursuant to the terms and conditions of the Credit Agreement. Prepayment of the principal amount of any Loan may be made as provided in the Credit Agreement.

The Borrower hereby promises to pay interest on the unpaid principal amount hereof as provided in Article II of the Credit Agreement. Interest under this Note shall also be due and payable when this Note shall become due (whether at maturity, by reason of acceleration or otherwise). Overdue principal and, to the extent permitted by law, overdue interest, shall bear interest payable on DEMAND at the default rate as provided in the Credit Agreement.

In no event shall the amount of interest due or payable hereunder exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently made by the Borrower or inadvertently received by the Lender, then such excess sum shall be credited as a payment of principal, unless the Borrower shall notify the Lender in writing that it elects to have such excess sum returned forthwith. It is the express intent hereof that the Borrower not pay and the Lender not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrower under applicable law.

All parties now or hereafter liable with respect to this Note, whether the Borrower, any guarantor, endorser or any other Person or entity hereby waive presentment for payment, demand, notice of non-payment or dishonor, protest and notice of protest of this Note.

No delay or omission on the part of the Lender or its permitted successors and its registered assigns in exercising its rights under this Note, or delay or omission on the part of the Lender or its

permitted successors and its registered assigns, the Administrative Agent or the Lenders collectively, or any of them, in exercising its or their rights under the Credit Agreement or under any other Loan Document, or course of conduct relating thereto, shall operate as a waiver of such rights or any other right of the Lender or its permitted successors and its registered assigns, nor shall any waiver by the Lender or its permitted successors and its registered assigns, the Administrative Agent, the Required Lenders or the Lenders collectively, or any of them, of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion.

This Note is one of the Notes referred to in, and evidences the Lender's Loans (or portion thereof) under, and is entitled to the benefits and subject to the terms of, the Credit Agreement, which contains provisions with respect to the acceleration of the maturity of this Note upon the happening of certain stated events, and provisions for prepayment.

This Note is entitled to the benefit of the Guaranty of the Guarantor, as set forth in the Credit Agreement. Reference is made to the Credit Agreement for a description of the terms and conditions of such Guaranty, and the respective rights and limitations of the Lender, the Borrower and the Guarantor thereunder.

Unless and until an Assignment and Acceptance effecting the assignment or transfer of the obligations evidenced hereby shall have been accepted by the Administrative Agent and recorded in the Register as provided in the Credit Agreement, the Borrower and the Administrative Agent shall be entitled to deem and treat the Lender as the owner and holder of this Note and the Loan evidenced hereby.

This Note shall be governed by and construed in accordance with the internal laws of the State of New York.

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IN WITNESS WHEREOF, the undersigned has caused this Note to be executed by its duly authorized representative as of the day and year first above written.

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_  
Name:  
Title:

## Form of Assignment and Assumption Agreement

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [the] [each]<sup>7</sup> Assignor identified on the Schedules hereto as “Assignor” [or “Assignors” (collectively, the “Assignors” and each an “Assignor”) and [the] [each]<sup>8</sup> Assignee identified on the Schedules hereto as “Assignee” or “Assignees” (collectively, the “Assignees” and each an “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors] [the Assignees]<sup>9</sup> hereunder are several and not joint.]<sup>10</sup> Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by [the] [each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the] [each] Assignor hereby irrevocably sells and assigns to [the Assignee] [the respective Assignees], and [the] [each] Assignee hereby irrevocably purchases and assumes from [the Assignor] [the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (a) all of [the Assignor’s] [the respective Assignors’] rights and obligations in [its capacity as a Lender] [their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor] [the respective Assignors] under the respective facilities identified below (including without limitation any guarantees included in such facilities) and (b) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)] [the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned by [the] [any] Assignor to [the] [any] Assignee pursuant to clauses (a) and (b) above being referred to herein collectively as, the “Assigned Interest”). Each such sale and assignment is without recourse to [the] [any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the] [any] Assignor.

1. Assignor: See Schedule attached hereto
2. Assignee: See Schedule attached hereto

<sup>7</sup> For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

<sup>8</sup> For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

<sup>9</sup> Select as appropriate.

<sup>10</sup> Include bracketed language if there are either multiple Assignors or multiple Assignees.

3. Borrower: PPL Capital Funding, Inc.
4. Administrative Agent: Canadian Imperial Bank of Commerce, New York Branch, as the administrative agent under the Credit Agreement
5. Credit Agreement: The \$100,000,000 Term Loan Credit Agreement dated as of April 1, 2020 by and among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, the Lenders party thereto and Canadian Imperial Bank of Commerce, New York Branch, as Administrative Agent (as amended, restated, supplemented or otherwise modified)
6. Assigned Interest: See Schedule attached hereto
- [7. Trade Date: \_\_\_\_\_]<sup>11</sup>

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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<sup>11</sup> To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: \_\_\_\_\_, 20\_\_\_\_

[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: \_\_\_\_\_

Title:

ASSIGNEE

See Schedule attached hereto

[Consented to and]<sup>12</sup> Accepted:

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH,  
as Administrative Agent

By \_\_\_\_\_  
Title:

[Consented to:]<sup>13</sup>

PPL CAPITAL FUNDING, INC.

By \_\_\_\_\_  
Title:

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<sup>12</sup> To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

<sup>13</sup> To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.



SCHEDULE

To Assignment and Assumption

By its execution of this Schedule, the Assignee(s) agree(s) to the terms set forth in the attached Assignment and Assumption.

Assigned Interests:

Aggregate Amount of Commitment/ Loans for all Lenders <sup>14</sup>	Amount of Commitment/ Loans Assigned <sup>15</sup>	Percentage Assigned of Commitment/ Loans <sup>16</sup>	CUSIP Number
\$	\$	%	

[NAME OF ASSIGNEE]<sup>17</sup>

[and is an Affiliate of [identify Lender]]<sup>18</sup>

<sup>14</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>15</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>16</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

<sup>17</sup> Add additional signature blocks, as needed.

<sup>18</sup> Select as applicable.

ANNEX 1 to Assignment and Assumption

TERM LOAN CREDIT AGREEMENT DATED AS OF  
APRIL 1, 2020  
BY AND AMONG  
PPL CAPITAL FUNDING, INC., AS BORROWER,  
PPL CORPORATION, AS GUARANTOR  
THE LENDERS PARTY THERETO  
AND CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH,  
AS ADMINISTRATIVE AGENT  
STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. [The] [Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the] [the relevant] Assigned Interest, (ii) [the] [such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. [The] [Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the] [the relevant] Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (vi) based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the] [any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations that by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other

amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the][the relevant] Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by and construed in accordance with the internal laws of the State of New York.

EXHIBIT D

Forms of Opinion of Counsel for the Loan Parties

[see attached]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 1, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and Canadian Imperial Bank of Commerce, New York Branch, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

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Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
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Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

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[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_, 20[ ]

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Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]





\$100,000,000

TERM LOAN CREDIT AGREEMENT

dated as of April 1, 2020

among

PPL CAPITAL FUNDING, INC.,  
as the Borrower,

PPL CORPORATION,  
as the Guarantor,

THE LENDERS FROM TIME TO TIME PARTY HERETO

and

U.S. BANK NATIONAL ASSOCIATION,  
as Administrative Agent

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Exhibit C - Form of Assignment and Assumption Agreement  
Exhibit D - Forms of Opinion of Counsel for the Loan Parties  
Exhibit E - U.S. Tax Compliance Certificates

TERM LOAN CREDIT AGREEMENT (this "Agreement") dated as of April 1, 2020 is entered into among PPL CAPITAL FUNDING, INC., a Delaware corporation (the "Borrower"), PPL CORPORATION, a Pennsylvania corporation (the "Guarantor") the LENDERS party hereto from time to time and U.S. BANK NATIONAL ASSOCIATION, as the Administrative Agent. The parties hereto agree as follows:

## RECITALS

The Loan Parties (as hereinafter defined) have requested that the Lenders provide a term loan facility in an aggregate principal amount not to exceed \$100,000,000. In consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

## ARTICLE I DEFINITIONS

Section 1.01 Definitions. All capitalized terms used in this Agreement or in any Appendix, Schedule or Exhibit hereto which are not otherwise defined herein or therein shall have the respective meanings set forth below.

"Adjusted London Interbank Offered Rate" means, for any Interest Period, a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the nearest 1/100th of 1%) by dividing (i) the London Interbank Offered Rate for such Interest Period by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

"Administrative Agent" means U.S. Bank, in its capacity as administrative agent for the Lenders hereunder and under the other Loan Documents, and its successor or successors in such capacity.

"Administrative Questionnaire" means, with respect to each Lender, an administrative questionnaire in the form provided by the Administrative Agent and submitted to the Administrative Agent (with a copy to the Borrower) duly completed by such Lender.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"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. In no event shall the Administrative Agent or any Lender be deemed to be an Affiliate of the Borrower, the Guarantor or any of their Subsidiaries.

"Agreement" has the meaning set forth in the introductory paragraph hereto, as this Agreement may be amended, restated, supplemented or modified from time to time.

"Applicable Lending Office" means, with respect to any Lender, (i) in the case of its Base Rate Loans, its Base Rate Lending Office and (ii) in the case of its Euro-Dollar Loans, its Euro-Dollar Lending Office.

"Applicable Percentage" means (i) 0.75% per annum in the case of any Euro-Dollar Loans and (ii) 0.00% per annum in the case of any Base Rate Loans.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Asset Sale” means any sale of any assets, including by way of the sale by the Guarantor or any of its Subsidiaries of equity interests in such Subsidiaries.

“Assignee” has the meaning set forth in Section 9.06(c).

“Assignment and Assumption Agreement” means an Assignment and Assumption Agreement, substantially in the form of attached Exhibit C, under which an interest of a Lender hereunder is transferred to an Eligible Assignee pursuant to Section 9.06(c).

“Authorized Officer” means the president, the chief operating officer, the chief financial officer, the chief accounting officer, any vice president, the treasurer, the assistant treasurer or the controller of the applicable Loan Party or such other individuals reasonably acceptable to the Administrative Agent as may be designated in writing by the Borrower from time to time.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended, or any successor statute.

“Base Rate” means for any day, a rate per annum equal to the highest of (i) the Prime Rate for such day, (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day and (iii) except during any period of time during which a notice delivered to the Borrower under Section 2.14 or Section 2.15 shall remain in effect, the London Interbank Offered Rate plus 1%.

“Base Rate Borrowing” means a Borrowing comprised of Base Rate Loans.

“Base Rate Lending Office” means, as to each Lender, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Base Rate Lending Office) or such other office as such Lender may hereafter designate as its Base Rate Lending Office by notice to the Borrower and the Administrative Agent.

“Base Rate Loan” means a Loan in respect of which interest is computed on the basis of the Base Rate.

“Benchmark Replacement” means the sum of: (a) an alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of



interest as a replacement to LIBOR for U.S. syndicated or bilateral credit facilities denominated in Dollars and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement under this Agreement of LIBOR with an Unadjusted Benchmark Replacement, for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the Unadjusted Benchmark Replacement for U.S. syndicated or bilateral credit facilities denominated in Dollars, which adjustment or method for calculating or determining such spread adjustment pursuant to clause (b) is published on an information service as selected by the Administrative Agent and the Borrower from time to time and as may be updated periodically.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with then-prevailing market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to LIBOR:

- (a) in the case of clauses (ii), (iii) or (iv) of Section 2.14(b), the later of:
  - (i) the date of the public statement or publication of information referenced therein and
  - (ii) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR; and
- (b) in the case of clause (i) of Section 2.14(b), the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” is defined in Section 2.14(b).

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR and solely to the extent that LIBOR has not been replaced hereunder with a Benchmark Replacement, the period (y) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced

LIBOR for all purposes under this Agreement and the other Loan Documents in accordance with Section 2.14(b) and (z) ending at the time that a Benchmark Replacement has replaced LIBOR for all purposes under this Agreement and the other Loan Documents pursuant to Section 2.14(b).

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Borrower” has the meaning set forth in the introductory paragraph hereto.

“Borrower’s Rating” means the senior unsecured long-term debt rating of the Borrower from S&P or Moody’s without giving effect to any third party credit enhancement except for a guaranty of the Guarantor (it being understood that all of the Borrower’s long term debt is Guaranteed by the Guarantor).

“Borrowing” means a borrowing consisting of Loans of a single Type made by the Lenders on a single date and, in the case of a Euro-Dollar Borrowing, having a single Interest Period.

“Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized by law to close; provided, that when used with respect to any borrowing of, payment or prepayment of principal of or interest on, or the Interest Period for, a Euro-Dollar Loan, or a notice by the Borrower with respect to any such borrowing payment, prepayment or Interest Period, the term “Business Day” shall also mean that such day is a London Business Day.

“Capital Lease” means any lease of property which, in accordance with GAAP, should be capitalized on the lessee’s balance sheet.

“Capital Lease Obligations” means, with respect to any Person, all obligations of such Person as lessee under Capital Leases, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

“Change of Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of 25% or more of the outstanding shares of Voting Stock of the Guarantor or its successors or (ii) the failure at any time of the Guarantor or its successors to own, directly or indirectly, 80% or more of the outstanding shares of the Voting Stock in the Borrower.

“Commitment” means, with respect to any Lender, the commitment of such Lender to make Loans under this Agreement, as set forth in Appendix A and as such Commitment may be reduced pursuant to Section 2.01.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise or branch profits or similar taxes, duties, levies, impost, deductions, charges, and withholdings and all liabilities with respect thereto.

“Consolidated Capitalization” means the sum of, without duplication, (A) the Consolidated Debt (without giving effect to clause (b) of the definition of “Consolidated Debt”) and (B) the consolidated shareowners’ equity (determined in accordance with GAAP) of the common, preference and preferred shareowners of the Guarantor and minority interests recorded on the Guarantor’s consolidated financial statements (excluding from shareowners’ equity (i) the effect of all unrealized gains and losses reported under Financial Accounting Standards Board Accounting Standards Codification Topic 815 in connection with (x) forward contracts, futures contracts, options contracts or other derivatives or hedging agreements for the future delivery of electricity, capacity, fuel or other commodities and (y) Interest Rate Protection

Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (ii) the balance of accumulated other comprehensive income/loss of the Guarantor on any date of determination solely with respect to the effect of any pension and other post-retirement benefit liability adjustment recorded in accordance with GAAP), except that for purposes of calculating Consolidated Capitalization of the Guarantor, Consolidated Debt of the Guarantor shall exclude Non-Recourse Debt and Consolidated Capitalization of the Guarantor shall exclude that portion of shareowners' equity attributable to assets securing Non-Recourse Debt.

“Consolidated Debt” means the consolidated Debt of the Guarantor and its Consolidated Subsidiaries (determined in accordance with GAAP), except that for purposes of this definition (a) Consolidated Debt shall exclude Non-Recourse Debt of the Guarantor and its Consolidated Subsidiaries, and (b) Consolidated Debt shall exclude (i) Hybrid Securities of the Guarantor and its Consolidated Subsidiaries in an aggregate amount as shall not exceed 15% of Consolidated Capitalization and (ii) Equity-Linked Securities in an aggregate amount as shall not exceed 15% of Consolidated Capitalization.

“Consolidated Subsidiary” means with respect to any Person at any date any Subsidiary of such Person or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

“Continuing Lender” means with respect to any event described in Section 2.08, a Lender which is not a Retiring Lender, and “Continuing Lenders” means any two or more of such Continuing Lenders.

“Corporation” means a corporation, association, company, joint stock company, limited liability company, partnership or business trust.

“Debt” of any Person means, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all Guarantees by such Person of Debt of others, (iv) all Capital Lease Obligations and Synthetic Leases of such Person, (v) all obligations of such Person in respect of Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements (the amount of any such obligation to be the net amount that would be payable upon the acceleration, termination or liquidation thereof), but only to the extent that such net obligations exceed \$150,000,000 in the aggregate and (vi) all obligations of such Person as an account party in respect of letters of credit and bankers' acceptances; provided, however, that “Debt” of such Person does not include (a) obligations of such Person under any installment sale, conditional sale or title retention agreement or any other agreement relating to obligations for the deferred purchase price of property or services, (b) obligations under agreements relating to the purchase and sale of any commodity, including any power sale or purchase agreements, any commodity hedge or derivative (regardless of whether any such transaction is a “financial” or physical transaction), (c) any trade obligations or other obligations of such Person incurred in the ordinary course of business or (d) obligations of such Person under any lease agreement (including any lease intended as security) that is not a Capital Lease or a Synthetic Lease.

“Debtor Relief Laws” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“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.

“Defaulting Lender” means at any time any Lender with respect to which a Lender Default is in effect at such time, including any Lender subject to a Bail-In Action. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more clauses of the definition of “Lender Default” shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to cure as expressly contemplated in the definition of “Lender Default”) upon delivery of written notice of such determination to the Borrower and each Lender.

“Dollars” and the sign “\$” means lawful money of the United States of America.

“Early Opt-in Election” means the occurrence of:

(a) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 2.14(b), are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBOR, and

(b) (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the Administrative Agent determines that the conditions specified in or pursuant to Section 4.01 have been satisfied.

“Eligible Assignee” means (i) a Lender; (ii) a commercial bank organized under the laws of the United States and having a combined capital and surplus of at least \$100,000,000; (iii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country and having a combined capital and surplus of at least \$100,000,000; provided, that such bank is acting through a branch or agency located and licensed in the United States; (iv) an Affiliate of a Lender that is an “accredited investor” (as defined in Regulation D under the Securities Act of 1933, as amended) or (v) an Approved Fund; provided, that, in each case (a) upon and following the occurrence of an Event of Default, an Eligible Assignee shall mean any Person other than a Loan Party or any of its Affiliates and (b) notwithstanding the foregoing, “Eligible Assignee” shall not include any Loan Party or any of its Subsidiaries or Affiliates.



“Environmental Laws” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses or other written governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes.

“Environmental Liabilities” means all liabilities (including anticipated compliance costs) in connection with or relating to the business, assets, presently or previously owned, leased or operated property, activities (including, without limitation, off-site disposal) or operations of the Guarantor or any of its Subsidiaries which arise under Environmental Laws or relate to Hazardous Substances.

“Equity-Linked Securities” means any securities of the Guarantor or any of its Subsidiaries which are convertible into, or exchangeable for, equity securities of the Guarantor or such Subsidiary, including any securities issued by any of such Persons which are pledged to secure any obligation of any holder to purchase equity securities of the Guarantor or any of its Subsidiaries.

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

“ERISA Group” means each of the Loan Parties and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with each of the Loan Parties, are treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Euro-Dollar Borrowing” means a Borrowing comprised of Euro-Dollar Loans.

“Euro-Dollar Lending Office” means, as to each Lender, its office, branch or Affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or Affiliate of such Lender as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Borrower and the Administrative Agent.

“Euro-Dollar Loan” means a Loan in respect of which interest is computed on the basis of the Adjusted London Interbank Offered Rate pursuant to the applicable Notice of Borrowing or Notice of Conversion/Continuation.

“Euro-Dollar Reserve Percentage” of any Lender for the Interest Period of any LIBOR Rate Loan means the reserve percentage applicable to such Lender during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) then applicable to such Lender with respect to liabilities or assets consisting of or including “Eurocurrency Liabilities” (as defined in Regulation D). The Adjusted London Interbank Offered Rate

shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

“Event of Default” has the meaning set forth in Section 7.01.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Internal Revenue Code.

“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, 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 rate (rounded upward, if necessary, to the nearest 1/100th of 1%) charged by U.S. Bank on such day on such transactions as determined by the Administrative Agent; provided, further, that if any such rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org> or any successor source.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

“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.

“Group of Loans” means at any time a group of Loans consisting of (i) all Loans which are Base Rate Loans at such time or (ii) all Loans which are Euro-Dollar Loans of the same Type having the same Interest Period at such time; provided, that, if a Loan of any particular Lender is converted to or made as a Base Rate Loan pursuant to Sections 2.15 or 2.18, such Loan shall be included in the same Group or Groups of Loans from time to time as it would have been in if it had not been so converted or made.

“Guarantee” of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for payment of such Debt, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt or (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt;

provided, however, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

“Guarantor” has the meaning set forth in the introductory paragraph hereto.

“Guaranty” means the guaranty of the Guarantor set forth in Article X.

“Hazardous Substances” means any toxic, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics.

“Hybrid Securities” means any trust preferred securities, or deferrable interest subordinated debt with a maturity of at least 20 years issued by any of the Loan Parties, or any business trusts, limited liability companies, limited partnerships (or similar entities) (i) all of the common equity, general partner or similar interests of which are owned (either directly or indirectly through one or more Wholly Owned Subsidiaries) at all times by the Guarantor or any of its Subsidiaries, (ii) that have been formed for the purpose of issuing hybrid preferred securities and (iii) substantially all the assets of which consist of (A) subordinated debt of the Guarantor or a Subsidiary of the Guarantor, as the case may be, and (B) payments made from time to time on the subordinated debt.

“Indemnitee” has the meaning set forth in Section 9.03(b).

“Interest Period” means with respect to each Euro-Dollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion/Continuation and ending one, two, three or six months thereafter, as the Borrower may elect in the applicable notice; provided, that:

(i) any Interest Period which would otherwise end on a day which is not a Business Day shall, subject to clause (iii) below, be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iii) below, end on the last Business Day of a calendar month; and

(iii) no Interest Period shall end after the Maturity Date.

“Interest Rate Protection Agreements” means any agreement providing for an interest rate swap, cap or collar, or any other financial agreement designed to protect against fluctuations in interest rates.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.

“Lender” means each bank or other lending institution listed in Appendix A as having a Commitment, each Eligible Assignee that becomes a Lender pursuant to Section 9.06(c) and their respective successors.

“Lender Default” means (i) the failure (which has not been cured) of any Lender to (a) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded

hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (b) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, or (ii) a Lender having notified the Borrower and the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), or (iii) the failure, within three Business Days after written request by the Administrative Agent or the Borrower, of a Lender to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that a Lender Default in effect pursuant to this clause (iii) shall be cured upon receipt of such written confirmation by the Administrative Agent and the Borrower) or (iv) a Lender has, or has a direct or indirect parent company that has, (a) become the subject of a proceeding under any Debtor Relief Law, or (b) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (v) the Lender becomes the subject of a Bail-In Action; provided that a Lender Default shall not exist solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance intended to confer or having the effect of conferring upon a creditor a preferential interest.

"Loan" means a Base Rate Loan or a Euro-Dollar Loan, and "Loans" means any combination of the foregoing.

"Loan Documents" means this Agreement and the Notes.

"London Business Day" means a day on which commercial banks are open for international business (including dealings in Dollar deposits) in London.

"Loan Parties" means the Borrower and the Guarantor.

"London Interbank Offered Rate" or "LIBOR" means:

(i) for any Euro-Dollar Loan for any Interest Period, the interest rate for deposits in Dollars for a period of time comparable to such Interest Period which appears on Reuters Screen LIBOR01 (or any applicable successor page) at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period; provided, however, that if more than one such rate is specified on Reuters Screen LIBOR01 (or any applicable successor page), the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%). If for any reason such rate is not available on Reuters Screen LIBOR01 (or any applicable successor page), the term "London Interbank Offered Rate" means for any Interest Period, the arithmetic mean of the rate per annum at which deposits in Dollars are offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in



an amount approximately equal to the principal amount of the Euro-Dollar Loan of U.S. Bank to which such Interest Period is to apply and for a period of time comparable to such Interest Period. To the extent that a comparable or successor rate is chosen by the Administrative Agent in connection with any rate set forth in this clause (i), such comparable or successor rate shall be applied in a manner consistent with market practice.

(ii) for any interest rate calculation with respect to a Base Rate Loan, the interest rate for deposits in Dollars for a period equal to one month (commencing on the date of determination of such interest rate) which appears on Reuters Screen LIBOR01 (or any applicable successor page) at approximately 11:00 A.M. (London time) on such date of determination (provided that if such day is not a Business Day for which a London Interbank Offered Rate is quoted, the next preceding Business Day for which a London Interbank Offered Rate is quoted); provided, however, that if more than one such rate is specified on Reuters Screen LIBOR01 (or any applicable successor page), the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%). If for any reason such rate is not available on Reuters Screen LIBOR01 (or any applicable successor page), the term "London Interbank Offered Rate" means for any applicable one-month interest period, the arithmetic mean of the rate per annum at which deposits in Dollars are offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 A.M. (London time) on such date of determination (provided that if such day is not a Business Day for which a London Interbank Offered Rate is quoted, the next preceding Business Day for which a London Interbank Offered Rate is quoted) in an amount approximately equal to the principal amount of the Base Rate Loan of U.S. Bank. To the extent that a comparable or successor rate is chosen by the Administrative Agent in connection with any rate set forth in this clause (ii), such comparable or successor rate shall be applied in a manner consistent with market practice.

Notwithstanding the foregoing, if the London Interbank Offered Rate determined in accordance with the foregoing shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Margin Stock" means "margin stock" as such term is defined in Regulation U.

"Material Adverse Effect" means (i) any material adverse effect upon the business, assets, financial condition or operations of the Guarantor or the Guarantor and its Subsidiaries, taken as a whole; (ii) a material adverse effect on the ability of the Loan Parties taken as a whole to perform their obligations under this Agreement, the Notes or the other Loan Documents or (iii) a material adverse effect on the validity or enforceability of this Agreement, the Notes or any of the other Loan Documents.

"Material Debt" means Debt (other than the Notes) of any Loan Party in a principal or face amount exceeding \$50,000,000.

"Material Plan" means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of \$50,000,000. For the avoidance of doubt, where any two or more Plans, which individually do not have Unfunded Liabilities in excess of \$50,000,000, but collectively have aggregate Unfunded Liabilities in excess of \$50,000,000, all references to Material Plan shall be deemed to apply to such Plans as a group.

"Material Subsidiary" means each Subsidiary of the Guarantor listed on Schedule 5.14 and each other Subsidiary of the Guarantor designated by the Guarantor as a "Material Subsidiary" in writing to the Administrative Agent, in either case, for so long as such Material Subsidiary shall be a Wholly Owned Subsidiary of the Guarantor.

“Maturity Date” means March 31, 2021, or, if such date is not a Business Day, the next preceding Business Day.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Administrative Agent may select.

“Multiemployer Plan” means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“New Lender” means with respect to any event described in Section 2.08, an Eligible Assignee which becomes a Lender hereunder as a result of such event, and “New Lenders” means any two or more of such New Lenders.

“Non-Defaulting Lender” means each Lender other than a Defaulting Lender, and “Non-Defaulting Lenders” means any two or more of such Lenders.

“Non-Recourse Debt” means Debt that is nonrecourse to any Loan Party or any asset of any Loan Party.

“Non-U.S. Lender” has the meaning set forth in Section 2.17(e).

“Note” means a promissory note, substantially in the form of Exhibit B hereto, issued at the request of a Lender evidencing the obligation of the Borrower to repay outstanding Loans.

“Notice of Borrowing” has the meaning set forth in Section 2.03.

“Notice of Conversion/Continuation” has the meaning set forth in Section 2.06(d)(ii).

“Obligations” means:

(i) all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on any Loan, fees payable under, or any Note issued pursuant to, this Agreement or any other Loan Document;

(ii) all other amounts now or hereafter payable by the Borrower and all other obligations or liabilities now existing or hereafter arising or incurred (including, without limitation, any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to this Agreement or any other Loan Document;

(iii) all expenses of the Administrative Agent as to which the Administrative Agent has a right to reimbursement under Section 9.03(a) hereof or under any other similar provision of any other Loan Document;

(iv) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 9.03 hereof or under any other similar provision of any other Loan Document; and

(v) in the case of each of clauses (i) through (iv) above, together with all renewals, modifications, consolidations or extensions thereof.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Other Connection Taxes” means, with respect to the Administrative Agent or any Lender, taxes, duties, levies, impost, deductions, charges, and withholdings and all liabilities with respect thereto imposed as a result of a present or former connection between such Person and the jurisdiction imposing such tax (other than connections arising from such Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” has the meaning set forth in Section 2.17(b).

“Outstandings” means at any time, with respect to any Lender, the sum of the aggregate principal amount of such Lender’s outstanding Loans.

“Participant” has the meaning set forth in Section 9.06(b).

“Participant Register” has the meaning set forth in Section 9.06(b).

“Patriot Act” has the meaning set forth in Section 9.13.

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Business” with respect to any Person means a business that is the same or similar to the business of the Guarantor or any Subsidiary of the Guarantor as of the Effective Date, or any business reasonably related thereto.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a trust or an unincorporated association or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Plan” means at any time an employee pension benefit plan (including a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

“Prime Rate” means the rate of interest publicly announced by U.S. Bank from time to time as its Prime Rate.

“Public Reporting Company” means a company subject to the periodic reporting requirements of the Securities and Exchange Act of 1934, as amended.

“Quarterly Date” means the last Business Day of each of March, June, September and December.

“Rating Agency” means S&P or Moody’s, and “Rating Agencies” means both of them.

“Register” has the meaning set forth in Section 9.06(e).

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as amended, or any successor regulation.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System, as amended, or any successor regulation.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Replacement Date” has the meaning set forth in Section 2.08.

“Replacement Lender” has the meaning set forth in Section 2.08.

“Required Lenders” means at any time Non-Defaulting Lenders having at least 51% of the aggregate amount of the Outstandings of the Non-Defaulting Lenders at such time.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Retiring Lender” means a Lender that ceases to be a Lender hereunder pursuant to the operation of Section 2.08.

“S&P” means Standard & Poor’s, a division of S&P Global Inc., and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Administrative Agent may select.

“Sanctioned Country” means a country, region or territory that is, or whose government is, the subject of comprehensive territorial Sanctions (currently, Crimea, Cuba, Iran, North Korea, Sudan, and Syria).

“Sanctioned Person” means a Person that is, or is owned or controlled by Persons that are, (i) the subject of any Sanctions, or (ii) located, organized or resident in a Sanctioned Country.

“Sanctions” means sanctions administered or enforced by OFAC, the U.S. State Department, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom or any other applicable sanctions authority.

“SEC” means the Securities and Exchange Commission.

“Subsidiary” of a Person means any Corporation, a majority of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or one or more Subsidiaries of such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Synthetic Lease” means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP.

“Taxes” has the meaning set forth in Section 2.17(a).

“Type”, when used in respect of any Loan or Borrowing, shall refer to the rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“Unfunded Liabilities” means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

“United States” means the United States of America, including the States and the District of Columbia, but excluding its territories and possessions.

“U.S. Bank” means U.S. Bank National Association, and its successors.

“Voting Stock” means stock (or other interests) of a Corporation having ordinary voting power for the election of directors, managers or trustees thereof, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

“Wholly Owned Subsidiary” means, with respect to any Person at any date, any Subsidiary of such Person all of the Voting Stock of which (except directors' qualifying shares) is at the time directly or indirectly owned by such Person.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised



under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.02 Divisions. For all purposes under the Loan Documents, pursuant to any statutory division or plan of division under Delaware law, including a statutory division pursuant to Section 18-217 of the Delaware Limited Liability Company Act (or any comparable event under a different state's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of one or more different Persons, then such asset, right, obligation or liability shall be deemed to have been transferred from the original Person to the subsequent Person(s) on the date such division becomes effective, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests on the date such division becomes effective.

Section 1.03 LIBOR Notification. The interest rate on Euro-Dollar Borrowings is determined by reference to the Adjusted London Interbank Offered Rate, which is derived from LIBOR. Section 2.14(b) provides a mechanism for (a) determining an alternative rate of interest if LIBOR is no longer available or in the other circumstances set forth in Section 2.14(b) and (b) modifying this Agreement to give effect to such alternative rate of interest. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to LIBOR or other rates in the definition of Adjusted London Interbank Offered Rate or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation whether any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to Section 2.14(b), will have the same value as, or be economically equivalent to, the Adjusted London Interbank Offered Rate.

## ARTICLE II THE CREDITS

Section 2.01 The Loans. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Loans denominated in Dollars to the Borrower pursuant to this Section 2.01 on the Effective Date in an aggregate amount not to exceed such Lender's Commitment. Each Borrowing shall be in an aggregate principal amount of \$10,000,000 or any larger integral multiple of \$1,000,000 and shall be made from the several Lenders ratably in proportion to their respective Commitments. Each Lender's Commitment shall expire upon the making of the Loans on the Effective Date. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed.

Section 2.02 [Reserved].

Section 2.03 Notice of Borrowings. The Borrower shall give the Administrative Agent notice (substantially in the form of Exhibit A-1 hereto (a "Notice of Borrowing")) not later than (a) 11:30 A.M. (New York City time) on the date of each Base Rate Borrowing and (b) 12:00 Noon (New York City time) on the third Business Day before each Euro-Dollar Borrowing, specifying:

- (i) the date of such Borrowing, which shall be a Business Day;
- (ii) the aggregate amount of such Borrowing;
- (iii) the initial Type of the Loans comprising such Borrowing;
- (iv) in the case of a Euro-Dollar Borrowing, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period; and

- (v) the account or accounts into which the proceeds of the Borrowing shall be credited.

Notwithstanding the foregoing, no more than six (6) Groups of Euro-Dollar Loans shall be outstanding at any one time, and any Loans which would exceed such limitation shall be made as Base Rate Loans.

Section 2.04 Notice to Lenders; Funding of Loans.

(a) Notice to Lenders. Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Lender of such Lender's ratable share (if any) of the Borrowing referred to in the Notice of Borrowing, and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(b) Funding of Loans. Not later than (a) 1:00 P.M. (New York City time) on the date of each Base Rate Borrowing and (b) 12:00 Noon (New York City time) on the date of each Euro-Dollar Borrowing, each Lender shall make available its ratable share of such Borrowing, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address referred to in Section 9.01. Unless the Administrative Agent determines that any applicable condition specified in Article IV has not been satisfied, the Administrative Agent shall apply any funds so received in respect of a Borrowing available to the Borrower at the Administrative Agent's address not later than (a) 3:00 P.M. (New York City time) on the date of each Base Rate Borrowing and (b) 2:00 P.M. (New York City time) on the date of each Euro-Dollar Borrowing.

(c) Funding By the Administrative Agent in Anticipation of Amounts Due from the Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing (except in the case of a Base Rate Borrowing, in which case prior to the time of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available to the Administrative Agent on the date of such Borrowing in accordance with subsection (b) of this Section, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such share available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount, together with interest thereon for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable thereto pursuant to Section 2.06, in the case of the Borrower, and (ii) the Federal Funds Rate, in the case of such Lender. Any payment by the Borrower hereunder shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make its share of a Borrowing available to the Administrative Agent. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Loan included in such Borrowing for purposes of this Agreement.

(d) Obligations of Lenders Several. The failure of any Lender to make a Loan required to be made by it as part of any Borrowing hereunder shall not relieve any other Lender of its obligation, if any, hereunder to make any Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on such date of Borrowing.

Section 2.05 Noteless Agreement; Evidence of Indebtedness.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries maintained in the accounts maintained pursuant to subsections (a) and (b) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 9.06(c)) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 9.06(c), except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in subsections (a) and (b) above.

#### Section 2.06 Interest Rates.

(a) Interest Rate Options. The Loans shall, at the option of the Borrower and except as otherwise provided herein, be incurred and maintained as, or converted into, one or more Base Rate Loans or Euro-Dollar Loans.

(b) Base Rate Loans. Each Loan which is made as, or converted into, a Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made as, or converted into, a Base Rate Loan until it becomes due or is converted into a Loan of any other Type, at a rate per annum equal to the sum of the Base Rate for such day plus the Applicable Percentage for Base Rate Loans for such day. Such interest shall, in each case, be payable quarterly in arrears on each Quarterly Date and on the Maturity Date and, with respect to the principal amount of any Base Rate Loan converted to a Euro-Dollar Loan, on the date such Base Rate Loan is so converted. Any overdue principal or interest on any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the rate otherwise applicable to Base Rate Loans for such day.

(c) Euro-Dollar Loans. Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the Adjusted London Interbank Offered Rate for such Interest Period plus the Applicable Percentage for Euro-Dollar Loans for such day. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof. Any overdue principal or interest on any Euro-Dollar Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the sum of (A) the Adjusted London Interbank Offered Rate applicable to such Loan at the date such payment was due plus (B) the Applicable Percentage for Euro-Dollar Loans for such day (or, if the circumstance described in Section 2.14 shall exist, at a rate per annum equal to the sum of 2% plus the rate applicable to Base Rate Loans for such day).

(d) Method of Electing Interest Rates.



(i) Subject to Section 2.06(a), the Loans included in each Borrowing shall bear interest initially at the type of rate specified by the Borrower in the applicable Notice of Borrowing. Thereafter, with respect to each Group of Loans, the Borrower shall have the option (A) to convert all or any part of (y) so long as no Default is in existence on the date of conversion, outstanding Base Rate Loans to Euro-Dollar Loans and (z) outstanding Euro-Dollar Loans to Base Rate Loans; provided, in each case, that the amount so converted shall be equal to \$10,000,000 or any larger integral multiple of \$1,000,000, or (B) upon the expiration of any Interest Period applicable to outstanding Euro-Dollar Loans, so long as no Default is in existence on the date of continuation, to continue all or any portion of such Loans, equal to \$10,000,000 and any larger integral multiple of \$1,000,000 in excess of that amount as Euro-Dollar Loans. The Interest Period of any Base Rate Loan converted to a Euro-Dollar Loan pursuant to clause (A) above shall commence on the date of such conversion. The succeeding Interest Period of any Euro-Dollar Loan continued pursuant to clause (B) above shall commence on the last day of the Interest Period of the Loan so continued. Euro-Dollar Loans may only be converted on the last day of the then current Interest Period applicable thereto or on the date required pursuant to Section 2.18.

(ii) The Borrower shall deliver a written notice of each such conversion or continuation (a “Notice of Conversion/Continuation”) to the Administrative Agent no later than (A) 12:00 Noon (New York City time) at least three (3) Business Days before the effective date of the proposed conversion to, or continuation of, a Euro Dollar Loan and (B) 11:30 A.M. (New York City time) on the day of a conversion to a Base Rate Loan. A written Notice of Conversion/Continuation shall be substantially in the form of Exhibit A-2 attached hereto and shall specify: (A) the Group of Loans (or portion thereof) to which such notice applies, (B) the proposed conversion/continuation date (which shall be a Business Day), (C) the aggregate amount of the Loans being converted/continued, (D) an election between the Base Rate and the Adjusted London Interbank Offered Rate and (E) in the case of a conversion to, or a continuation of, Euro-Dollar Loans, the requested Interest Period. Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall give each Lender prompt notice of the contents thereof and such Lender’s pro rata share of all conversions and continuations requested therein. If no timely Notice of Conversion/Continuation is delivered by the Borrower as to any Euro-Dollar Loan, and such Loan is not repaid by the Borrower at the end of the applicable Interest Period, such Loan shall be converted automatically to a Base Rate Loan on the last day of the then applicable Interest Period.

(e) Determination and Notice of Interest Rates. The Administrative Agent shall determine each interest rate applicable to the Loans hereunder. The Administrative Agent shall give prompt notice to the Borrower and the participating Lenders of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error. Any notice with respect to Euro-Dollar Loans shall, without the necessity of the Administrative Agent so stating in such notice, be subject to adjustments in the Applicable Percentage applicable to such Loans after the beginning of the Interest Period applicable thereto. When during an Interest Period any event occurs that causes an adjustment in the Applicable Percentage applicable to Loans to which such Interest Period is applicable, the Administrative Agent shall give prompt notice to the Borrower and the Lenders of such event and the adjusted rate of interest so determined for such Loans, and its determination thereof shall be conclusive in the absence of manifest error.

Section 2.07 [Reserved].

Section 2.08 Replacement of Lenders. If (i) any Lender has demanded compensation or indemnification pursuant to Sections 2.14, 2.15, 2.16 or 2.17, (ii) the obligation of any Lender to make Euro-Dollar Loans has been suspended pursuant to Section 2.15 or (iii) any Lender is a Defaulting Lender (each such Lender described in clauses (i), (ii) or (iii) being a “Retiring Lender”), the Borrower shall have

the right, if no Default then exists, to replace such Lender with one or more Eligible Assignees (which may be one or more of the Continuing Lenders) (each a “Replacement Lender” and, collectively, the “Replacement Lenders”) reasonably acceptable to the Administrative Agent. The replacement of a Retiring Lender pursuant to this Section 2.08 shall be effective on the tenth Business Day (the “Replacement Date”) following the date of notice given by the Borrower of such replacement to the Retiring Lender and each Continuing Lender through the Administrative Agent, subject to the satisfaction of the following conditions:

(i) the Replacement Lender shall have satisfied the conditions to assignment and assumption set forth in Section 9.06(c) (with all fees payable pursuant to Section 9.06(c) to be paid by the Borrower) and, in connection therewith, the Replacement Lender(s) shall pay to the Retiring Lender an amount equal in the aggregate to the sum of the principal of, and all accrued but unpaid interest on, all outstanding Loans of the Retiring Lender; and

(ii) the Borrower shall have paid to the Administrative Agent for the account of the Retiring Lender an amount equal to all obligations owing to the Retiring Lender by the Borrower pursuant to this Agreement and the other Loan Documents (other than those obligations of the Borrower referred to in clause (i) above).

On the Replacement Date, each Replacement Lender that is a New Lender shall become a Lender hereunder, and the Retiring Lender shall cease to constitute a Lender hereunder; provided, that the provisions of Sections 2.12, 2.16, 2.17 and 9.03 of this Agreement shall continue to inure to the benefit of a Retiring Lender with respect to any Loans made or any other actions taken by such Retiring Lender while it was a Lender.

Upon payment by the Borrower to the Administrative Agent for the account of the Retiring Lender of an amount equal to the sum of (i) the aggregate principal amount of all Loans owed to the Retiring Lender and (ii) all accrued interest, fees and other amounts owing to the Retiring Lender hereunder, including, without limitation, all amounts payable by the Borrower to the Retiring Lender under Sections 2.12, 2.16, 2.17 or 9.03, such Retiring Lender shall cease to constitute a Lender hereunder; provided, that the provisions of Sections 2.12, 2.16, 2.17 and 9.03 of this Agreement shall inure to the benefit of a Retiring Lender with respect to any Loans made or any other actions taken by such Retiring Lender while it was a Lender.

#### Section 2.09 Repayment of Loans.

The Loans shall mature on the Maturity Date and the Borrower shall repay to the Administrative Agent, for the ratable account of the Lenders on the Maturity Date, the aggregate principal amount of all Loans made to the Borrower outstanding on such date (together with accrued interest thereon and fees in respect thereof and all other amounts owed with respect to the Obligations hereunder).

#### Section 2.10 Optional Prepayments and Repayments.

(a) Prepayments of Loans. Subject to Section 2.12, the Borrower may (i) upon at least one (1) Business Day’s notice to the Administrative Agent, prepay any Base Rate Borrowing or (ii) upon at least three (3) Business Days’ notice to the Administrative Agent, prepay any Euro-Dollar Borrowing, in each case in whole at any time, or from time to time in part in amounts aggregating \$10,000,000 or any larger integral multiple of \$1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Lenders included in such Borrowing.

(b) Notice to Lenders. Upon receipt of a notice of prepayment pursuant to Section 2.10(a), the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's ratable share (if any) of such prepayment, and such notice shall not thereafter be revocable by the Borrower.

Section 2.11 General Provisions as to Payments.

(a) Payments by the Borrower. The Borrower shall make each payment of principal of and interest on the Loans and fees hereunder not later than 12:00 Noon (New York City time) on the date when due, without set-off, counterclaim or other deduction, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address referred to in Section 9.01. The Administrative Agent will promptly distribute to each Lender its ratable share of each such payment received by the Administrative Agent for the account of the Lenders. Whenever any payment of principal of or interest on the Base Rate Loans or of fees 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. Whenever any payment of principal of or interest on the Euro-Dollar Loans 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 unless such Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding 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) Distributions by the Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date, and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.12 Funding Losses. If the Borrower makes any payment of principal with respect to any Euro-Dollar Loan pursuant to the terms and provisions of this Agreement (any conversion of a Euro-Dollar Loan to a Base Rate Loan pursuant to Section 2.18 being treated as a payment of such Euro-Dollar Loan on the date of conversion for purposes of this Section 2.12) on any day other than the last day of the Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.06(c), or if the Borrower fails to borrow, convert or prepay any Euro-Dollar Loan after notice has been given in accordance with the provisions of this Agreement, or in the event of payment in respect of any Euro-Dollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.08, the Borrower shall reimburse each Lender within fifteen (15) days after demand for any resulting loss or expense incurred by it (and by an existing Participant in the related Loan), including, without limitation, any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or failure to borrow or prepay; provided, that such Lender shall have delivered to the Borrower a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

Section 2.13 Computation of Interest and Fees. Interest on Loans based on the Prime Rate hereunder 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. All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 2.14 Basis for Determining Interest Rate Inadequate, Unfair or Unavailable.

(a) Notwithstanding anything to the contrary in this Agreement or any other Loan Document, if the Administrative Agent determines (which determination shall be conclusive absent manifest error) that:

(i) deposits of a type and maturity appropriate to match fund Euro-Dollar Borrowings are not available to the Administrative Agent in the relevant market, or

(ii) the interest rate applicable to Euro-Dollar Borrowings for any requested Interest Period is not ascertainable or available (including, without limitation, because the applicable Reuters Screen (or on any successor or substitute page on such screen) is unavailable) or does not adequately and fairly reflect the cost of making or maintaining Euro-Dollar Borrowings,

then the Administrative Agent shall suspend the availability of Euro-Dollar Borrowings and require any affected Euro-Dollar Borrowings to be repaid or converted to Base Rate Borrowings, subject to the payment of any funding indemnification amounts required by Section 2.12.

(b) Notwithstanding the foregoing or anything to the contrary in this Agreement or any other Loan Document, if (A) an Early Opt-in Election has occurred or (B) any one or more of the following (each, a "Benchmark Transition Event") has occurred:

(i) the circumstances set forth in Section 2.14(a)(ii) have arisen (including, without limitation, a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR described in clause (ii) of this Section 2.14(b) announcing that LIBOR is no longer representative) and such circumstances are unlikely to be temporary;

(ii) ICE Benchmark Administration (or any Person that has taken over the administration of LIBOR for deposits in Dollars that is acceptable to the Administrative Agent) discontinues its administration and publication of LIBOR for deposits in Dollars;

(iii) a public statement or publication of information by or on behalf of the administrator of LIBOR described in clause (ii) of this Section 2.14(b) announcing that such administrator has ceased or will cease as of a specific date to provide LIBOR (permanently or indefinitely); provided that, at the time of such statement or publication, there is no successor administrator that is acceptable to the Administrative Agent that will continue to provide LIBOR after such specified date; or

(iv) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR described in clause (ii) of this Section 2.14(b), the U.S. Federal Reserve System, an insolvency official with jurisdiction over such administrator for LIBOR, a resolution authority with jurisdiction over such administrator for LIBOR; or a court or an entity with similar insolvency or resolution authority over such administrator for LIBOR, which states that such administrator of LIBOR has ceased or will cease as of a specific date to provide LIBOR (permanently or indefinitely); provided that, at the time of such statement or publication, there is no successor administrator that is acceptable to the Administrative Agent that will continue to provide LIBOR after such specified date;



then the Administrative Agent and the Borrower may amend this Agreement to replace the Adjusted London Interbank Offered Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective on the date set forth in the applicable amendment. Any such amendment with respect to an Early Opt-in Election will become effective on the date that the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of LIBOR with a Benchmark Replacement pursuant to this Section 2.14(b) will occur prior to the date set forth in the applicable amendment.

In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Borrower .

The Administrative Agent will promptly notify the Borrower of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent pursuant to this Section 2.14(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in the Administrative Agent's sole discretion and without consent from the Borrower, except, in each case, as expressly required pursuant to this Section 2.14(b).

Upon notice to the Borrower by the Administrative Agent in accordance with Section 9.01 of the commencement of a Benchmark Unavailability Period and until a Benchmark Replacement is determined in accordance with this Section 2.14(b), (y) any request pursuant to Section 2.06 that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Euro-Dollar Borrowing may be revoked by the Borrower and if not revoked shall be ineffective and any such Borrowing shall be continued as or converted to, as the case may be, a Base Rate Borrowing, and (z) if any request pursuant to Section 2.01 requests a Euro-Dollar Borrowing, such request may be revoked by the Borrower and if not revoked such Borrowing shall be made as a Base Rate Borrowing. During any Benchmark Unavailability Period, the component of Base Rate based upon LIBOR will not be used in any determination of Base Rate.

**Section 2.15 Illegality.** If, on or after the date of this Agreement, 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 any Lender (or its Euro-Dollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for any Lender (or its Euro-Dollar Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Lender shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Lenders and the Borrower, whereupon until such Lender notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Euro-Dollar Loans, or to convert outstanding Loans into Euro-Dollar Loans, shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section, such Lender shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will

not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. If such notice is given, each Euro-Dollar Loan of such Lender then outstanding shall be converted to a Base Rate Loan either (a) on the last day of the then current Interest Period applicable to such Euro-Dollar Loan if such Lender may lawfully continue to maintain and fund such Loan to such day or (b) immediately if such Lender shall determine that it may not lawfully continue to maintain and fund such Loan to such day.

Section 2.16 Increased Cost and Reduced Return.

(a) Increased Costs. If after the Effective Date, 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 any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall (i) 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 Loans participated in by, assets of, deposits with or for the account of or credit extended by, any Lender (or its Applicable Lending Office), (ii) subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any participation in any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (other than (A) Taxes, (B) Other Taxes, (C) the imposition of, or any change in the rate of, any taxes described in clause (i)(a) and clauses (ii) through (iv) of the definition of Taxes in Section 2.17(a), (D) Connection Income Taxes, and (E) Taxes attributable to a Lender's failure to comply with Section 2.17(e)) or (iii) impose on any Lender (or its Applicable Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting its Euro-Dollar Loans, Notes, obligation to make Euro-Dollar Loans, and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making or maintaining any Euro-Dollar Loan, or to reduce the amount of any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or under its Notes with respect thereto, then, within fifteen (15) days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts, as determined by such Lender in good faith, as will compensate such Lender for such increased cost or reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(b) Capital Adequacy. If any Lender shall have determined that, after the Effective Date, the adoption of any applicable law, rule or regulation regarding capital adequacy or liquidity, 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 such Lender (or any Person controlling such Lender) as a consequence of such Lender's obligations hereunder to a level below that which such Lender (or any Person controlling such Lender) 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 such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender (or any Person controlling such Lender) for such reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(c) Notices. Each Lender will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the Effective Date, that will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such

designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate of any Lender 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, such Lender may use any reasonable averaging and attribution methods.

(d) Notwithstanding anything to the contrary herein, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “change in law” under this Article II regardless of the date enacted, adopted or issued.

#### Section 2.17 Taxes.

(a) Payments Net of Certain Taxes. Any and all payments made by or on account of any Loan Party to or for the account of any Lender or the Administrative Agent hereunder or under any other Loan Document 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, the Administrative Agent or any Lender (a) by the jurisdiction (or subdivision thereof) under the laws of which such Lender or Administrative Agent is organized or in which its principal office is located or, in the case of each Lender, in which its Applicable Lending Office is located or (b) that are Other Connection Taxes, (ii) in the case of each Lender, any United States withholding tax imposed on such payments, but only to the extent that such Lender is subject to United States withholding tax at the time such Lender first becomes a party to this Agreement or changes its Applicable Lending Office (other than pursuant to an assignment request by any Loan Party under Section 2.08), (iii) any backup withholding tax imposed by the United States (or any state or locality thereof) on a Lender or Administrative Agent, 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 any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender or the Administrative Agent, (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 2.17(a)) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions, (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) such Loan Party shall furnish to the Administrative Agent, for delivery to such Lender, the original or a certified copy of a receipt evidencing payment thereof.

(b) Other Taxes. In addition, each Loan Party agrees to pay any and all present or future stamp or court 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, any Note or any other Loan Document or from the execution, delivery, performance, registration or enforcement of, or otherwise with respect to, this Agreement, any Note or any other Loan Document (collectively, “Other Taxes”).

(c) Indemnification. Each Loan Party agrees to jointly and severally indemnify each Lender and the Administrative Agent 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 2.17(c)), whether or not correctly or legally asserted, paid by such Lender or Agent (as the case



may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto as certified in good faith to the Borrower by each Lender or Agent seeking indemnification pursuant to this Section 2.17(c). This indemnification shall be paid within 15 days after such Lender or Agent (as the case may be) makes demand therefor.

(d) Refunds or Credits. If a Lender or the Administrative Agent receives a refund, credit or other reduction from a taxation authority for any Taxes or Other Taxes for which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 2.17, it shall within fifteen (15) days from the date of such receipt pay over the amount of such refund, credit or other reduction to the Borrower (but only to the extent of indemnity payments made or additional amounts paid by the Loan Parties under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund, credit or other reduction), net of all reasonable out-of-pocket expenses of such Lender or the Administrative Agent (as the case may be) and without interest (other than interest paid by the relevant taxation authority with respect to such refund, credit or other reduction); provided, however, that each Loan Party agrees to repay, upon the request of such Lender or the Administrative Agent (as the case may be), the amount paid over to the Borrower (plus penalties, interest or other charges) to such Lender or the Administrative Agent in the event such Lender or the Administrative Agent is required to repay such refund or credit to such taxation authority.

(e) Tax Forms and Certificates. On or before the date it becomes a party to this Agreement, from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent, and at any time it changes its Applicable Lending Office: (i) each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code shall deliver to the Borrower and the Administrative Agent 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 Borrower or the Administrative Agent, as the case may be, certifying that such Lender is a United States person and is entitled to an exemption from United States backup withholding tax or information reporting requirements; and (ii) each Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent: (A) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, or any successor form prescribed by the Internal Revenue Service, (x) certifying that such Non-U.S. Lender is entitled to the benefits under an income tax treaty to which the United States is a party which exempts the Non-U.S. Lender from United States withholding tax or reduces the rate of withholding tax on payments of interest for the account of such Non-U.S. Lender and (y) with respect to any other applicable payments under or entered into in connection with any Loan Document establishing an exemption from, or reduction of, United States withholding tax pursuant to the "business profits" or "other income" article of such tax treaty; (B) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8ECI, or any successor form prescribed by the Internal Revenue Service, certifying that the income receivable pursuant to this Agreement and the other Loan Documents is effectively connected with the conduct of a trade or business in the United States; (C) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or Section 881(c) of the Internal Revenue Code, two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, or any successor form prescribed by the Internal Revenue Service, together with a certificate substantially in the form of Exhibit E-1 to the effect that (x) such Non-U.S. Lender 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 any Loan Party 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 (a "U.S. Tax Compliance Certificate") and is related to any Loan Party 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 such Non-U.S. Lender; or (D) to the extent the Non-



U.S. Lender is not the beneficial owner, two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8IMY, or any successor form prescribed by the Internal Revenue Service, accompanied by an Internal Revenue Service Form W-8ECI, W-8BEN, W-8BEN-E, W-9, and a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or E-3, from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct or indirect partner. If a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding tax imposed by FATCA if such Lender 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), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Loan Parties and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. In addition, each Lender agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Borrower and the Administrative Agent two new accurate and complete signed originals of Internal Revenue Service Form W-9, W-8BEN, W-8BEN-E, W-8ECI or W-8IMY or FATCA-related documentation described above, or successor forms, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Agreement and any other Loan Document, or it shall immediately notify the Borrower and the Administrative Agent of its inability to deliver any such form or certificate.

(f) Exclusions. No Loan Party shall be required to indemnify any Non-U.S. Lender, or to pay any additional amount to any Non-U.S. Lender, pursuant to Section 2.17(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 such Non-U.S. Lender to comply with the provisions of subsection (e) above.

(g) Mitigation. If any Loan Party is required to pay additional amounts to or for the account of any Lender pursuant to this Section 2.17, then such Lender will use reasonable efforts (which shall include efforts to rebook the Loans held by such Lender to a new Applicable Lending Office, or through another branch or affiliate of such Lender) to change the jurisdiction of its Applicable Lending Office if, in the good faith judgment of such Lender, 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 such Lender, to such Lender. Any Lender claiming any indemnity payment or additional amounts payable pursuant to this Section shall use reasonable efforts (consistent with legal and regulatory restrictions) to deliver to Borrower any certificate or document reasonably requested in writing by the Borrower 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 such Lender, be otherwise disadvantageous to such Lender.

(h) Confidentiality. Nothing contained in this Section shall require any Lender or the Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

Section 2.18 Base Rate Loans Substituted for Affected Euro-Dollar Loans. If (a) the obligation of any Lender to make or maintain, or to convert outstanding Loans to, Euro-Dollar Loans has been suspended pursuant to Section 2.15 or (b) any Lender has demanded compensation under Section 2.16(a) with respect to its Euro-Dollar Loans and, in any such case, the Borrower shall, by at least four Business Days' prior notice to such Lender through the Administrative Agent, have elected that the provisions of this Section shall apply to such Lender, then, unless and until such Lender notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(i) all Loans which would otherwise be made by such Lender as (or continued as or converted into) Euro-Dollar Loans shall instead be Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Lenders); and

(ii) after each of its Euro-Dollar Loans has been repaid, all payments of principal that would otherwise be applied to repay such Loans shall instead be applied to repay its Base Rate Loans.

If such Lender notifies the Borrower that the circumstances giving rise to such notice no longer apply, the principal amount of each such Base Rate Loan shall be converted into a Euro-Dollar Loan on the first day of the next succeeding Interest Period applicable to the related Euro-Dollar Loans of the other Lenders.

ARTICLE III  
[RESERVED]

ARTICLE IV  
CONDITIONS

Section 4.01 Conditions to Closing. The obligation of each Lender to make a Loan hereunder is subject to the satisfaction of the following conditions:

(a) This Agreement. The Administrative Agent shall have received counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party) to be held in escrow and to be delivered to the Borrower upon satisfaction of the other conditions set forth in this Section 4.01.

(b) Notes. On or prior to the Effective Date, the Administrative Agent shall have received a duly executed Note for the account of each Lender requesting delivery of a Note pursuant to Section 2.05.

(c) Officers' Certificate. The Administrative Agent shall have received a certificate dated the Effective Date signed on behalf of each Loan Party by any Authorized Officer of such Loan Party stating that (A) on the Effective Date and after giving effect to the Loans being made on the Effective Date, no Default shall have occurred and be continuing, and (B) the representations and warranties of such Loan Party contained in the Loan Documents are true and correct on and as of the Effective 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.

(d) Secretary's Certificates. On the Effective Date, the Administrative Agent shall have received (i) a certificate of the Secretary of State (or equivalent body) of the jurisdiction of incorporation dated as of a recent date, as to the good standing of each Loan Party and (ii) a certificate of the Secretary

or an Assistant Secretary of each Loan Party dated the Effective Date and certifying (A) that attached thereto is a true, correct and complete copy of (x) the articles of incorporation of such Loan Party certified by the Secretary of State (or equivalent body) of the jurisdiction of incorporation of such Loan Party and (y) the bylaws of such Loan Party, (B) as to the absence of dissolution or liquidation proceedings by or against such Loan Party, (C) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such Loan Party is a party 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 such Loan Party executing the Loan Documents to which such Loan Party is a party or any other document delivered in connection herewith or therewith.

(e) Opinions of Counsel. On the Effective Date, the Administrative Agent shall have received from counsel to the Loan Parties, opinions addressed to the Administrative Agent and each Lender, dated the Effective Date, substantially in the form of Exhibit D hereto.

(f) Consents. All necessary governmental (domestic or foreign), regulatory and third party approvals, if any, authorizing borrowings hereunder in connection with the transactions contemplated by this Agreement and the other Loan Documents 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 the Administrative Agent, materially adverse conditions upon the consummation of such transactions.

(g) Payment of Fees. All costs, fees and expenses due to the Administrative Agent and the Lenders accrued through the Effective Date shall have been paid in full.

(h) Counsel Fees. The Administrative Agent shall have received full payment from the Borrower of the fees and expenses of Davis Polk & Wardwell LLP described in Section 9.03 which are billed through the Effective Date and which have been invoiced one Business Day prior to the Effective Date.

(i) Know Your Customer. The Administrative Agent and each Lender shall have received all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including, without limitation, the Patriot Act, as has been reasonably requested in writing.

(j) Notice of Borrowing. The Administrative Agent shall have received a Notice of Borrowing as required by Section 2.03.

(k) No Default. Immediately before and after giving effect to the making of the Loans on the Effective Date, no Default shall have occurred and be continuing.

(l) Representations and Warranties. The representations and warranties of the Loan Parties contained in this Agreement and the other Loan Documents shall be true and correct on and as of the Effective 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.

ARTICLE V  
REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants that, and as to the Borrower, the Borrower represents and warrants that:

Section 5.01 Status. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate authority to execute and deliver this Agreement and each other Loan Document to which it is a party and perform its obligations hereunder and thereunder. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has the corporate authority to execute and deliver this Agreement and each other Loan Document to which it is a party and perform its obligations hereunder and thereunder.

Section 5.02 Authority; No Conflict. The execution, delivery and performance by each Loan Party of this Agreement and each other Loan Document to which it is a party have been duly authorized by all necessary corporate action and do not violate (i) any provision of law or regulation, or any decree, order, writ or judgment, (ii) any provision of its articles of incorporation or bylaws, or (iii) result in the breach of or constitute a default under any indenture or other agreement or instrument to which such Loan Party is a party.

Section 5.03 Legality; Etc. This Agreement and each other Loan Document (other than the Notes) to which such Loan Party is a party constitute the legal, valid and binding obligations of such Loan Party, and the Notes, when executed and delivered in accordance with this Agreement, will constitute legal, valid and binding obligations of the Borrower, in each case enforceable against the Borrower 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 5.04 Financial Condition.

(a) Audited Financial Statements. The consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of December 31, 2019 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 each of the Administrative Agent and the Lenders, fairly present, in conformity with GAAP, the consolidated financial position of the Guarantor and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) [Intentionally Omitted].

(c) Material Adverse Change. Since December 31, 2019 there has been no change in the business, assets, financial condition or operations of the Guarantor and its Consolidated Subsidiaries, considered as a whole that would materially and adversely affect the Guarantor's ability to perform any of its obligations under this Agreement, the Notes or the other Loan Documents. Since December 31, 2019 there has been no change in the business, assets, financial condition or operations of the Borrower that would materially and adversely affect the Borrower's ability to perform any of its obligations under this Agreement, the Notes or the other Loan Documents.



Section 5.05 Litigation. Except as disclosed in or contemplated by the financial statements referenced in Section 5.04(a) above, or any subsequent report of the Guarantor filed with the SEC on a Form 10-K, 10-Q or 8-K Report or otherwise furnished in writing to the Administrative Agent and each Lender, no litigation, arbitration or administrative proceeding against the Guarantor or any of its Subsidiaries is pending or, to the Guarantor's knowledge, threatened, which would reasonably be expected to materially and adversely affect the ability of any Loan Party to perform any of its obligations under this Agreement, the Notes or the other Loan Documents. There is no litigation, arbitration or administrative proceeding pending or, to the knowledge of any Loan Party, threatened which questions the validity of this Agreement or the other Loan Documents to which it is a party.

Section 5.06 No Violation. No part of the proceeds of the borrowings by hereunder will be used, directly or indirectly by the Borrower 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 Borrower 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 5.07 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 5.08 Governmental Approvals. No authorization, consent or approval from any Governmental Authority is required for the execution, delivery and performance by any Loan Party of this Agreement, the Notes and the other Loan Documents to which it is a party and except such authorizations, consents and approvals as shall have been obtained prior to the Effective Date and shall be in full force and effect.

Section 5.09 Investment Company Act. Neither the Borrower nor the Guarantor is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or required to register as an investment company under such Act.

Section 5.10 Tax Returns and Payments. Each Loan Party 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 such Loan Party 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 5.11 Compliance with Laws.

(a) To the knowledge of the Guarantor, the Guarantor and its Material Subsidiaries are in compliance with all applicable laws, regulations and orders of any Governmental Authority, domestic or foreign, in respect of the conduct of their respective businesses and the ownership of their respective 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 (i) such compliance is being contested in good faith by appropriate proceedings or (ii) non-compliance would not reasonably be expected to materially and adversely affect the ability of the Loan Parties to perform any of their respective obligations under this Agreement, the Notes or any other Loan Document to which they are a party.

(b) To the knowledge of the Borrower, the Borrower 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, except to the extent (i) such compliance is being contested in good faith by appropriate proceedings or (ii) non-compliance would not reasonably be expected to materially and adversely affect the ability of the Borrower to perform any of its obligations under this Agreement, the Notes or any other Loan Document to which it is a party.

Section 5.12 No Default. No Default has occurred and is continuing.

Section 5.13 Environmental Matters.

(a) Except (x) as disclosed in or contemplated by the financial statements referenced in Section 5.04(a) above, or in any subsequent report of the Guarantor filed with the SEC on a Form 10-K, 10-Q or 8-K Report, or otherwise furnished in writing to the Administrative Agent and each Lender, or (y) to the extent that the liabilities of the Guarantor 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) below of this Section 5.13(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 Guarantor or any of its Subsidiaries, no penalty has been assessed nor is any investigation or review pending or, to the Guarantor'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 Guarantor or any of its Subsidiaries of or under any Environmental Law, (B) alleged failure by the Guarantor 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 Guarantor'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, in, from, on or under any property now or previously owned, leased or operated by the Guarantor or any of its Subsidiaries; and

(iii) no property now or previously owned, leased or operated by the Guarantor or any of its Subsidiaries or, to the Guarantor's or any of its Subsidiaries' knowledge, any property to which the Guarantor or any of its Subsidiaries has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances, is listed or, to the Guarantor'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 financial statements referenced in Section 5.04(a) above, or in any subsequent report of the Guarantor filed with the SEC on a Form 10-K, 10-Q or 8-K Report, or otherwise furnished in writing to the Administrative Agent and each Lender, to the Guarantor's

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 5.13, the terms “the Guarantor” and “Subsidiary” shall include any business or business entity (including a corporation) which is a predecessor, in whole or in part, of the Guarantor or any of its Subsidiaries from the time such business or business entity became a Subsidiary of the Guarantor.

#### Section 5.14 Material Subsidiaries and Ownership.

(a) As of the Effective Date, (i) Schedule 5.14 states the name of each of the Guarantor’s Material Subsidiaries and its jurisdiction or jurisdictions of organization or incorporation, as applicable, (ii) except as disclosed in Schedule 5.14, each such Subsidiary is a Wholly Owned Subsidiary of the Guarantor, and (iii) each of the Guarantor’s Material Subsidiaries is in good standing in the jurisdiction or jurisdictions of its organization or incorporation, as applicable, and has all corporate or other organizational powers to carry on its businesses except where failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Each of the Guarantor’s Material Subsidiaries is duly organized or incorporated and validly existing under the laws of the jurisdiction or jurisdictions of its organization or incorporation, as applicable.

Section 5.15 OFAC. None of the Borrower, the Guarantor any Subsidiary of the Guarantor, nor, to the knowledge of the Guarantor or the Borrower, any director, officer, or Affiliate of the Borrower, the Guarantor or any of its Subsidiaries: (i) is a Sanctioned Person, (ii) has more than 10% of its assets in Sanctioned Persons or in Sanctioned Countries, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. The proceeds of any Loan will not be used, directly or indirectly, to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country.

Section 5.16 Anti-Corruption. None of the Borrower, the Guarantor or any of its Subsidiaries nor, to the knowledge of the Borrower or the Guarantor, any director, officer, agent, employee or other person acting on behalf of the Borrower or the Guarantor or any of its Subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “FCPA”) or any other applicable anti-corruption law; and the Loan Parties have instituted and maintain policies and procedures designed to ensure continued compliance therewith. No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity in violation of the FCPA or any other applicable anti-corruption law.

## ARTICLE VI COVENANTS

Each Loan Party agrees that so long as any Lender has any Commitment hereunder or any amount payable hereunder or under any Note or other Loan Document remains unpaid:

Section 6.01 Information. The Loan Parties will deliver or cause to be delivered to each of the Lenders (it being understood that the posting of the information required in clauses (a), (b) and (f) of this Section 6.01 on the Borrower’s website or the Guarantor’s website (<http://www.pplweb.com>) or making such information available on IntraLinks, SyndTrak (or similar service) shall be deemed to be effective delivery to the Lenders):

(a) Annual Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Guarantor is not a Public Reporting Company, within one hundred and five (105) days after the end of each fiscal year of the Guarantor), a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated statements of income and cash flows for such fiscal year and accompanied by an opinion thereon by independent public accountants of recognized national standing, which opinion shall state that such consolidated financial statements present fairly the consolidated financial position of the Guarantor and its Consolidated Subsidiaries as of the date of such financial statements and the results of their operations for the period covered by such financial statements in conformity with GAAP applied on a consistent basis.

(b) Quarterly Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Guarantor is not a Public Reporting Company, within sixty (60) days after the end of each quarterly fiscal period in each fiscal year of the Guarantor (other than the last quarterly fiscal period of the Guarantor)), a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for such fiscal quarter, all certified (subject to normal year-end audit adjustments) as to fairness of presentation, GAAP and consistency by any Authorized Officer of the Guarantor.

(c) Officer's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsections (a) and (b) above, a certificate of any Authorized Officer of the Guarantor, (i) setting forth in reasonable detail the calculations required to establish compliance with the requirements of Section 6.09 on the date of such financial statements and (ii) stating whether there exists on the date of such certificate any Default and, if any Default then exists, setting forth the details thereof and the action which the applicable Loan Party is taking or proposes to take with respect thereto.

(d) Default. Forthwith upon acquiring knowledge of the occurrence of any (i) Default or (ii) Event of Default, in either case a certificate of an Authorized Officer of the applicable Loan Party setting forth the details thereof and the action which the applicable Loan Party is taking or proposes to take with respect thereto.

(e) Change in Borrower's Ratings. Promptly, upon any Authorized Officer obtaining knowledge of any change in a Borrower's Rating, a notice of such Borrower's Rating in effect after giving effect to such change.

(f) Securities Laws Filing. To the extent the Guarantor or the Borrower is a Public Reporting Company, promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC, a copy of any Form 10-K Report to the SEC and a copy of any Form 10-Q Report to the SEC, and promptly upon the filing thereof, any other filings with the SEC.

(g) ERISA Matters. If and when any member of the ERISA Group: (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Material Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Material Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives, with respect to any Material Plan that is a Multiemployer Plan, notice of any complete or partial withdrawal liability under Title IV of ERISA, or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose material liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Material Plan, a copy of



such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code with respect to a Material Plan, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or makes any amendment to any Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a copy of such notice, and in each case a certificate of the chief accounting officer or controller of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take.

(h) Other Information. From time to time such additional financial or other information regarding the financial condition, results of operations, properties, assets or business of the Guarantor or any of its Subsidiaries as any Lender may reasonably request, and to the extent such Loan Party is a “legal entity customer” under the Beneficial Ownership Regulation, such certifications as to its beneficial ownership as any Lender shall reasonably request to enable such Lender to comply with the Beneficial Ownership Regulation.

Each Loan Party hereby acknowledges that (a) the Administrative Agent will make available to the Lenders materials and/or information provided by or on behalf of the Loan Parties hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on IntraLinks, SyndTrak or another similar electronic system (the “Platform”) and (b) certain of the Lenders may be “public-side” Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Loan Parties or their respective securities) (each, a “Public Lender”). Each Loan Party hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to any Loan Party or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information (as defined below), they shall be treated as set forth in Section 9.12); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting (subject to Section 9.12) on a portion of the Platform not designated “Public Investor.” “Information” means all information received from the Guarantor or any of its Subsidiaries relating to the Guarantor or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Guarantor or any of its Subsidiaries; provided that, in the case of information received from the Guarantor or any of its Subsidiaries after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 6.02 Maintenance of Insurance. Each Loan Party will maintain, or cause to be maintained, insurance with financially sound (determined in the reasonable judgment of the Borrower) and responsible companies in such amounts (and with such risk retentions) and against such risks as is usually

carried by owners of similar businesses and properties in the same general areas in which such Loan Party operates.

Section 6.03 Conduct of Business and Maintenance of Existence. Each Loan Party will (a) continue to engage in businesses of the same general type as now conducted by such Loan Party and, in the case of the Guarantor, its Subsidiaries and businesses related thereto or arising out of such businesses, except to the extent that the failure to maintain any existing business would not have a Material Adverse Effect and (b) except as otherwise permitted in Section 6.07, preserve, renew and keep in full force and effect, and will cause each of its Subsidiaries to preserve, renew and keep in full force and effect, their respective corporate (or other entity) existence and their respective rights, privileges and franchises necessary or material to the normal conduct of business, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 6.04 Compliance with Laws, Etc. Each Loan Party will comply 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) noncompliance could not reasonably be expected to have a Material Adverse Effect.

Section 6.05 Books and Records. Each Loan Party (a) will keep, and, in the case of the Guarantor, will cause each of its Subsidiaries to keep, proper books of record and account in conformity with GAAP and (b) will permit representatives of the Administrative Agent and each of the Lenders to visit and inspect any of their respective properties, to examine and make copies from any of their respective books and records and to discuss their respective affairs, finances and accounts with their officers, any employees and independent public accountants, all at such reasonable times and as often as may reasonably be desired; provided, that, the rights created in this Section 6.05 to “visit”, “inspect”, “discuss” and copy shall not extend to any matters which such Loan Party deems, in good faith, to be confidential, unless the Administrative Agent and any such Lender agree in writing to keep such matters confidential.

Section 6.06 Use of Proceeds. The proceeds of the Loans made under this Agreement will be used by the Borrower for general corporate purposes of the Borrower and its Affiliates, including for working capital purposes and for making investments in or loans to the Guarantor and Affiliates of the Loan Parties. No such use of the proceeds for general corporate purposes will be, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any Margin Stock within the meaning of Regulation U. The proceeds of any Loan will not be used, directly or indirectly, to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country.

Section 6.07 Merger or Consolidation. No Loan Party will merge with or into or consolidate with or into any other corporation or entity, unless (a) immediately after giving effect thereto, no event shall occur and be continuing which constitutes a Default, (b) the surviving or resulting Person, as the case may be, assumes and agrees in writing to pay and perform all of the obligations of such Loan Party under this Agreement, (c) in the case of the Guarantor, substantially all of the consolidated assets and consolidated revenues of the surviving or resulting Person, as the case may be, are anticipated to come from the utility or energy businesses and (d) in the case of the Borrower, the senior unsecured long-term debt ratings (without giving effect to any third party credit enhancement except for a guaranty of the Guarantor or a permitted successor) from both Rating Agencies of the surviving or resulting Person, as the case may be, immediately following the merger or consolidation is equal to or greater than the Borrower’s Ratings from both Rating Agencies immediately preceding the announcement of such consolidation or merger.

Section 6.08 Asset Sales. Except for the sale of assets required to be sold to conform with governmental requirements, the Guarantor and its Material Subsidiaries shall not consummate any Asset Sale, if the aggregate net book value of all such Asset Sales consummated during the four calendar quarters immediately preceding any date of determination would exceed 25% of the total assets of the Guarantor and its Consolidated Subsidiaries as of the beginning of the Guarantor's most recently ended full fiscal quarter; provided, however, that any such Asset Sale will be disregarded for purposes of the 25% limitation specified above: (a) if any such Asset Sale is in the ordinary course of business of the Guarantor and its Subsidiaries; (b) if the assets subject to any such Asset Sale are worn out or are no longer useful or necessary in connection with the operation of the businesses of the Guarantor or its Subsidiaries; (c) if the assets subject to any such Asset Sale are being transferred to a Wholly Owned Subsidiary of the Guarantor; (d) if the proceeds from any such Asset Sale (i) are, within twelve (12) months of such Asset Sale, invested or reinvested by the Guarantor or any Subsidiary in a Permitted Business, (ii) are used by the Guarantor or any Subsidiary to repay Debt of the Guarantor or such Subsidiary, or (iii) are retained by the Guarantor or any Subsidiary; or (e) if, prior to any such Asset Sale, both Rating Agencies confirm the then-current Borrower's Ratings after giving effect to any such Asset Sale.

Section 6.09 Consolidated Debt to Consolidated Capitalization Ratio. The ratio of Consolidated Debt of the Guarantor to Consolidated Capitalization of the Guarantor shall not exceed 70%, measured as of the end of each fiscal quarter.

## ARTICLE VII DEFAULTS

Section 7.01 Events of Default. If one or more of the following events (each an "Event of Default") shall have occurred and be continuing:

(a) neither Loan Party shall pay when due any principal on any Loans or Reimbursement Obligations; or

(b) neither Loan Party shall pay when due any interest on the Loans and Reimbursement Obligations, any fee or any other amount payable hereunder or under any other Loan Document for five (5) days following the date such payment becomes due hereunder; or

(c) any Loan Party shall fail to observe or perform any of its covenants or agreements contained in Sections 6.05(b), 6.06, 6.07, 6.08 or 6.09; or

(d) any Loan Party shall fail to observe or perform any of its covenants or agreements contained in Section 6.01(d)(i) for 30 days after any such failure or in Section 6.01(d)(ii) for ten (10) days after any such failure; or

(e) any of the Loan Parties shall fail to observe or perform any covenant or agreement contained in this Agreement or any other Loan Document (other than those covered by clauses (a), (b), (c) or (d) above) for thirty (30) days after written notice thereof has been given to the defaulting party by the Administrative Agent, or at the request of the Required Lenders; or

(f) any representation, warranty or certification made by any Loan Party in this Agreement or any other Loan Document 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

(g) any Loan Party shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Material Debt beyond any period of grace 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 period of grace 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

(h) any Loan Party 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

(i) an involuntary case or other proceeding shall be commenced against any Loan Party 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 any Loan Party under the Bankruptcy Code; or

(j) 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

(k) any Loan Party 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 it that is not stayed on appeal or otherwise being appropriately contested in good faith; or

(l) a Change of Control shall have occurred; or

(m) the Guaranty shall cease to be in full force or effect or shall be found by any judicial proceeding to be unenforceable or invalid; or the Guarantor shall deny or disaffirm in writing the Guarantor's obligations under the Guaranty;

then, and in every such event, while such event is continuing, the Administrative Agent shall if requested by the Lenders holding more than 50% of the sum of the aggregate outstanding principal amount of the Loans at such time, by notice to the Borrower declare the Loans (together with accrued interest and accrued and unpaid fees thereon and all other amounts due hereunder) to be, and the Loans 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; provided, that, in the case of any Default or any Event of Default specified in Section 7.01(h) or 7.01(i) above with respect to the Borrower, without any notice to the Borrower or any other act by the Administrative Agent or any Lender,



the Commitments shall thereupon terminate and the Loans (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 Borrower.

## ARTICLE VIII THE ADMINISTRATIVE AGENT

Section 8.01 Appointment and Authorization. Each Lender hereby irrevocably designates and appoints the Administrative Agent to act as specified herein and in the other Loan Documents and to take such actions on its behalf under the provisions of this Agreement and the other Loan Documents and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Administrative Agent agrees to act as such upon the express conditions contained in this Article VIII. Notwithstanding any provision to the contrary elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent. The provisions of this Article VIII are solely for the benefit of the Administrative Agent and Lenders, and no other Person shall have any rights as a third party beneficiary of any of the provisions hereof. For the sake of clarity, the Lenders hereby agree that no Agent other than the Administrative Agent shall have, in such capacity, any duties or powers with respect to this Agreement or the other Loan Documents.

Section 8.02 Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower, Guarantor and its Affiliates as though the Administrative Agent were not an Agent. With respect to the Loans made by it and all obligations owing to it, the Administrative Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not an Agent, and the terms "Required Lenders", "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section 8.03 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents or attorneys-in-fact. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care except to the extent otherwise required by Section 8.07.

Section 8.04 Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy or other electronic facsimile transmission, telex, telegram, cable, teletype, electronic transmission by modem, computer disk or any other message, statement, order or other writing or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Loan Parties), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders, or all of the Lenders, if applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting,

or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders or all of the Lenders, if applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

Section 8.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default hereunder unless the Administrative Agent has received notice from a Lender or a Loan Party referring to this Agreement, describing such Default and stating that such notice is a "notice of default". If the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default as shall be reasonably directed by the Required Lenders; provided, that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interests of the Lenders.

Section 8.06 Non-Reliance on the Administrative Agent and Other Lenders. Each Lender expressly acknowledges that no Agent or officer, director, employee, agent, attorney-in-fact or affiliate of the Administrative Agent has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Loan Parties, shall be deemed to constitute any representation or warranty by such Agent to any Lender. Each Lender acknowledges to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other condition, prospects and creditworthiness of the Loan Parties and made its own decision to make its Loans hereunder and to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other condition, prospects and creditworthiness of the Loan Parties. No Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial and other condition, prospects or creditworthiness of the Loan Parties which may come into the possession of such Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 8.07 Exculpatory Provisions. The Administrative Agent shall not, and no officers, directors, employees, agents, attorneys-in-fact or affiliates of the Administrative Agent, shall (i) be liable for any action lawfully taken or omitted to be taken by it under or in connection with this Agreement or any other Loan Document (except for its own gross negligence, willful misconduct or bad faith) or (ii) be responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by each Loan Party or any of its officers contained in this Agreement, in any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for any failure of any Loan Party or any of its officers to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Loan Parties. The Administrative Agent shall not be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any other Loan Document or for any representations, warranties, recitals or statements made by any other Person herein or therein or made by any other Person in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Administrative Agent

to the Lenders or by or on behalf of any Loan Party to the Administrative Agent or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default.

Section 8.08 Indemnification. To the extent that the Loan Parties, as applicable, for any reason fails to indefeasibly pay any amount required under Sections 9.03(a), (b) or (c) to be paid by it to the Administrative Agent (or any sub-agent thereof), the Lenders severally agree to indemnify the Administrative Agent, in its capacity as such, and hold the Administrative Agent, in its capacity as such, harmless ratably according to their respective Loans outstanding from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs and reasonable expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the full payment of the obligations of the Borrower hereunder) be imposed on, incurred by or asserted against the Administrative Agent, in its capacity as such, in any way relating to or arising out of this Agreement or any other Loan Document, or any documents contemplated hereby or referred to herein or the transactions contemplated hereby or any action taken or omitted to be taken by the Administrative Agent under or in connection with any of the foregoing, but only to the extent that any of the foregoing is not paid by the Loan Parties; provided, that no Lender shall be liable to the Administrative Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs or expenses or disbursements resulting from the gross negligence, willful misconduct or bad faith of the Administrative Agent. If any indemnity furnished to the Administrative Agent for any purpose shall, in the reasonable opinion of the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreement in this Section 8.08 shall survive the payment of all Loans, fees and other obligations of the Borrower arising hereunder.

Section 8.09 Resignation; Successors. The Administrative Agent may resign as Administrative Agent upon twenty (20) days' notice to the Lenders. Upon the resignation of the Administrative Agent, the Required Lenders shall have the right to appoint from among the Lenders a successor to the Administrative Agent, subject to prior approval by the Borrower (so long as no Event of Default exists) (such approval not to be unreasonably withheld), whereupon such successor Administrative Agent shall succeed to and become vested with all the rights, powers and duties of the retiring Administrative Agent, and the term "Administrative Agent" shall include such successor Administrative Agent effective upon its appointment, and the retiring Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any other Loan Document. If no successor shall have been appointed by the Required Lenders and approved by the Borrower and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may at its election give notice to the Lenders and Loan Parties of the immediate effectiveness of its resignation and such resignation shall thereupon become effective and the Lenders collectively shall perform all of the duties of the Administrative Agent hereunder and under the other Loan Documents until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After the retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement or any other Loan Document.

## ARTICLE IX MISCELLANEOUS

Section 9.01 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 any Lender pursuant to Article II if such Lender has notified the Administrative Agent 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 (provided, however, that if any notice or other communication sent by electronic mail, posting on an internet webpage or telecopy is received by a recipient after such recipient's normal business hours, such notice or other communication shall be deemed received upon the opening of such recipient's next Business Day), (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, in the case of any of the Loan Parties and the Administrative Agent, 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 Loan Parties:

PPL Capital Funding, Inc.  
Two North Ninth Street  
Allentown, Pennsylvania 18101-1179  
Attention: Treasurer or Assistant Treasurer  
Telephone: 610-774-5151  
Facsimile: 610-774-5235

and:

PPL Corporation  
Two North Ninth Street  
Allentown, Pennsylvania 18101-1179  
Attention: Treasurer or Assistant Treasurer  
Telephone: 610-774-5151  
Facsimile: 610-774-5235

with a copy to:

PPL Services Corporation  
Two North Ninth Street (GENTW4)  
Allentown, Pennsylvania 18101-1179  
Attention: Frederick C. Paine, Esq.  
Telephone: 610-774-7445  
Facsimile: 610-774-6726

if to the Administrative Agent:

U.S. Bank National Association  
3 Bryant Park – 1095 Avenue of the Americas – 15th Floor  
New York, NY 10036  
Attention: Johnny Hon



Email: [ncb.utilities.oilgas@usbank.com](mailto:ncb.utilities.oilgas@usbank.com)  
Cc: [CCSSlouis2@usbank.com](mailto:CCSSlouis2@usbank.com)  
[Andy.Taylor@usbank.com](mailto:Andy.Taylor@usbank.com)

with a copy to:

U.S. Bank National Association  
3 Bryant Park - 1095 Avenue of the Americas – 15th Floor  
New York, NY 10036  
Attention: James O'Shaughnessy  
Telephone: 917-326-3924  
Electronic Mail: [james.oshaughnessy@usbank.com](mailto:james.oshaughnessy@usbank.com)

with a copy to:

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017  
Attention: Jason Kyrwood  
Telephone: 212-450-4653  
Facsimile: 212-450-5425

Section 9.02 No Waivers; Non-Exclusive Remedies. No failure by the Administrative Agent or any Lender to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege hereunder or under any Note or other Loan 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 other Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.03 Expenses; Indemnification.

(a) Expenses. The Borrower shall pay (i) all out-of-pocket expenses of the Administrative Agent, including legal fees and disbursements of Davis Polk & Wardwell LLP and any other local counsel retained by the Administrative Agent, in its reasonable discretion, in connection with the preparation, execution, delivery and administration of the Loan Documents, the syndication efforts of the Administrative Agent with respect thereto, 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 the Administrative Agent and each Lender, 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 Borrower shall not be liable for any legal fees or disbursements of any counsel for the Administrative Agent and the Lenders other than Davis Polk & Wardwell LLP associated with the preparation, execution and delivery of this Agreement and the closing documents contemplated hereby.

(b) Indemnity in Respect of Loan Documents. Each of the Loan Parties agrees to jointly and severally indemnify the Administrative Agent and each Lender, their respective Affiliates and the respective directors, officers, trustees, agents, employees 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 Borrower 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 Guarantor, the Borrower or any Subsidiary of the Borrower) in any way relating to or arising out of this Agreement, any other Loan Document or any documents contemplated hereby or thereby or referred to herein or therein 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. Each of the Loan Parties agrees to jointly and severally 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 Borrower hereunder) be imposed on, incurred by or asserted against such Indemnitee in respect of or in connection with (i) any actual or alleged presence or release of Hazardous Substances on or from any property now or previously owned or operated by the Guarantor or any of its Subsidiaries or any predecessor of the Guarantor or any of its Subsidiaries or (ii) any and all Environmental Liabilities. Without limiting the generality of the foregoing, the Borrower hereby waives all rights of contribution or any other rights of recovery with respect to liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, 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, no Loan Party shall 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, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan 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 other Loan Documents or the transactions contemplated hereby or thereby; provided that nothing in this Section 9.03(d) shall relieve any Lender from its obligations under Section 9.12.

Section 9.04 Sharing of Set-Offs. Each Lender agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest due with respect to any Loan made or Note held by it which is greater than the proportion received by any other Lender in respect of the aggregate amount of principal and interest due with respect to any Loan and Note made or held by such other Lender, except as otherwise expressly contemplated by this Agreement, the Lender receiving such proportionately greater payment shall purchase such participations in the Loan made or Notes held by the other Lenders, and such other adjustments shall be made, in each case as may be required so that all such payments of principal and interest with respect to the Loan made or Notes made or held by the Lenders shall be shared by the Lenders pro rata; provided, that nothing in this Section shall impair the right of any Lender to exercise any right of set-off or counterclaim it may have for payment of indebtedness of the Borrower other than its indebtedness hereunder.

Section 9.05 Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Loan Parties and the Required Lenders (and, if the rights or duties of the Administrative Agent are affected thereby, by the Administrative Agent); provided, that no such amendment or waiver shall, (a) unless signed by each Lender adversely affected thereby, (i) extend or increase the Commitment of any Lender or subject any Lender to any additional obligation (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or of mandatory reductions in the Commitments shall not constitute an increase of the Commitment of any Lender, and that an increase in the available portion of any Commitment of any Lender as in effect at any time shall not constitute an increase in such Commitment), (ii) reduce the principal of or rate of interest on any Loan (except in connection with a waiver of applicability of any post-default increase in interest rates), (iii) postpone the date fixed for any payment of interest on any Loan or for any scheduled reduction or termination of any Commitment, (iv) postpone or change the date fixed for any scheduled payment of principal of any Loan, (v) change any provision hereof in a manner that would alter the pro rata funding of Loans required by Section 2.04(b), the pro rata sharing of payments required by Sections 2.11(a) or 9.04 or (vi) change the currency in which Loans are to be made or payment under the Loan Documents is to be made, or add additional borrowers or (b) unless signed by each Lender, (i) change the definition of Required Lender or this Section 9.05 or Section 9.06(a) or (ii) release the Guarantor from its Obligations under the Guaranty. Notwithstanding anything to the contrary herein, the Administrative Agent and the Borrower may, without the consent of any Lender, enter into amendments or modifications to this Agreement or any of the other Loan Documents or to enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to implement any Benchmark Replacement or otherwise effectuate the terms of Section 2.14(b) in accordance with the terms of Section 2.14(b).

Section 9.06 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 no Loan Party may assign or otherwise transfer any of its rights under this Agreement without the prior written consent of all of the Lenders, except to the extent any such assignment results from the consummation of a merger or consolidation permitted pursuant to Section 6.07 of this Agreement.

(b) Participations. Any Lender may at any time grant to one or more banks or other financial institutions or special purpose funding vehicle (each a "Participant") participating interests in its Commitments and/or any or all of its Loans. In the event of any such grant by a Lender of a participating interest to a Participant, whether or not upon notice to the Borrower and the Administrative Agent, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that such Lender shall retain the sole right and responsibility to enforce the obligations of the Loan Parties hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided, that such participation agreement may provide that such Lender will not agree to any modification, amendment or waiver of this Agreement which would (i) extend the Maturity Date, reduce the rate or extend the time of payment of principal, interest or fees on any Loan in which such Participant is participating (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the Participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or of a mandatory reduction in the Commitments shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any Participant if the Participant's participation is not increased as a result thereof) or (ii) allow the assignment or transfer by any Loan Party



of any of its rights and obligations under this Agreement, without the consent of the Participant, except to the extent any such assignment results from the consummation of a merger or consolidation permitted pursuant to Section 6.07 of this Agreement. The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article II with respect to its participating interest to the same extent as if it were a Lender, subject to the same requirements and limitations therein, including the requirements under Section 2.17(e) (it being understood that the documentation required under Section 2.17(e) shall be delivered to the participating Lender) to the same extent as if it were the Lender, and in no case shall any Participant be entitled to receive any amount payable pursuant to Article II that is greater than the amount the Lender granting such Participant's participating interest would have been entitled to receive had such Lender not sold such participating interest. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register (solely for tax purposes) on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided, that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person except to the extent that such disclosure is necessary to establish that such interest in the Loan or other obligation under the Loan Documents is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(c) Assignments Generally. Any Lender may at any time assign to one or more Eligible Assignees (each, an "Assignee") all, or a proportionate part (equivalent to an initial amount of not less than \$5,000,000 or any larger integral multiple of \$1,000,000), of its rights and obligations under this Agreement and the Notes with respect to its Loans and, if still in existence, its Commitment, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit C attached hereto executed by such Assignee and such transferor, with (and subject to) the consent of the Borrower, which shall not be unreasonably withheld or delayed, the Administrative Agent, which consent shall not be unreasonably withheld or delayed; provided, that if an Assignee is an Approved Fund or Affiliate of such transferor Lender or was a Lender immediately prior to such assignment, no such consent of the Borrower or the Administrative Agent shall be required; provided, further, that if at the time of such assignment a Default or an Event of Default has occurred and is continuing, no such consent of the Borrower shall be required; provided, further, that the provisions of Sections 2.12, 2.16, 2.17 and 9.03 of this Agreement shall inure to the benefit of a transferor with respect to any Loans made or any other actions taken by such transferor while it was a Lender. Upon execution and delivery of such instrument and payment by such Assignee to such transferor of an amount equal to the purchase price agreed between such transferor and such Assignee, such Assignee shall be a Lender party to this Agreement and shall have all the rights and obligations of a Lender with a Commitment, if any, as set forth in such instrument of assumption, and the transferor shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment, the transferor shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of \$3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such administrative fee in the case of any assignment. Each Assignee shall be subject to the requirements under Section 2.17 and shall, on or before the effective date of such assignment, deliver to the Borrower and the Administrative Agent certification as to exemption from deduction or withholding of any United States Taxes in accordance with Section 2.17(e).

(d) Assignments to Federal Reserve Banks. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and its Note to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) Register. The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for purposes of this Section 9.06(e), to (i) maintain a register (the "Register") on which the Administrative Agent will record the Commitments from time to time of each Lender, the Loans made by each Lender and each repayment in respect of the principal amount of the Loans of each Lender and to (ii) retain a copy of each Assignment and Assumption Agreement delivered to the Administrative Agent pursuant to this Section. Failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's obligation in respect of such Loans. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan and the Note evidencing the same is registered as the owner thereof for all purposes of this Agreement, notwithstanding notice or any provision herein to the contrary. With respect to any Lender, the assignment or other transfer of the Commitments of such Lender and the rights to the principal of, and interest on, any Loan made and any Note issued pursuant to this Agreement shall not be effective until such assignment or other transfer is recorded on the Register and, except to the extent provided in this Section 9.06(e), otherwise complies with Section 9.06, and prior to such recordation all amounts owing to the transferring Lender with respect to such Commitments, Loans and Notes shall remain owing to the transferring Lender. The registration of assignment or other transfer of all or part of any Commitments, Loans and Notes for a Lender shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Assumption Agreement and payment of the administrative fee referred to in Section 9.06(c). The Register shall be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to the Loan Documents is pending, any Lender wishing to consult with other Lenders in connection therewith may request and receive from the Administrative Agent a copy of the Register. The Borrower may not replace any Lender pursuant to Section 2.08, unless, with respect to any Notes held by such Lender, the requirements of Section 9.06(c) and this Section 9.06(e) have been satisfied.

Section 9.07 Governing Law; Submission to Jurisdiction. This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each Loan Party hereby submits to the exclusive 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, borough of Manhattan, for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Loan Party 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 9.08 Counterparts; Integration; Effectiveness. This Agreement shall become effective on the Effective 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 Effective Date, this Agreement and the other Loan Documents 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 9.09 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 Guarantor's independent public accountants) with the audited consolidated financial statements of the Guarantor and its Consolidated Subsidiaries most recently delivered to the Lenders; provided, that, if the Guarantor notifies the Administrative Agent that the Guarantor wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Guarantor that the Required Lenders wish to amend Article VI for such purpose), then the Guarantor'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 Guarantor and the Required Lenders.

Section 9.10 Usage. The following rules of construction and usage shall be applicable to this Agreement and to any instrument or agreement that is governed by or referred to in this Agreement.

(a) All terms defined in this Agreement shall have the defined meanings when used in any instrument governed hereby or referred to herein and in any certificate or other document made or delivered pursuant hereto or thereto unless otherwise defined therein.

(b) The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement or in any instrument or agreement governed here shall be construed to refer to this Agreement or such instrument or agreement, as applicable, in its entirety and not to any particular provision or subdivision hereof or thereof.

(c) References in this Agreement to "Article", "Section", "Exhibit", "Schedule" or another subdivision or attachment shall be construed to refer to an article, section or other subdivision of, or an exhibit, schedule or other attachment to, this Agreement unless the context otherwise requires; references in any instrument or agreement governed by or referred to in this Agreement to "Article", "Section", "Exhibit", "Schedule" or another subdivision or attachment shall be construed to refer to an article, section or other subdivision of, or an exhibit, schedule or other attachment to, such instrument or agreement unless the context otherwise requires.

(d) The definitions contained in this Agreement shall apply equally to the singular and plural forms of such terms. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word "will" shall be construed to have the same meaning as the word "shall". The term "including" shall be construed to have the same meaning as the phrase "including without limitation".

(e) Unless the context otherwise requires, any definition of or reference to any agreement, instrument, statute or document contained in this Agreement or in any agreement or instrument that is governed by or referred to in this Agreement shall be construed (i) as referring to such agreement, instrument, statute or document as the same may be amended, supplemented or otherwise modified from time to time (subject to any restrictions on such amendments, supplements or modifications set forth in this Agreement or in any agreement or instrument governed by or referred to in this Agreement), including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and (ii) to include (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein. Any reference to any Person shall be construed to include such Person's successors and permitted assigns.

(f) 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.

(g) Unless otherwise specified, all references herein to times of day shall constitute references to New York City time.

Section 9.11 WAIVER OF JURY TRIAL. EACH OF THE LOAN PARTIES 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 9.12 Confidentiality. Each Lender 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 any Lender from disclosing such information (i) to any other Lender or to the Administrative Agent, (ii) to any other Person if reasonably incidental to the administration of the Loans, (iii) upon the order of any court or administrative agency, (iv) 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), (v) which had been publicly disclosed other than as a result of a disclosure by the Administrative Agent or any Lender prohibited by this Agreement, (vi) in connection with any litigation to which the Administrative Agent, any Lender or any of their respective Subsidiaries or Affiliates may be party, (vii) to the extent necessary in connection with the exercise of any remedy hereunder, (viii) to such Lender's or the Administrative Agent's Affiliates and their respective directors, officers, employees, service providers 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), (ix) with the consent of the Borrower, (x) 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 (xi) subject to provisions substantially similar to those contained in this Section, to any actual or proposed Participant or Assignee or to any actual or prospective counterparty (or its advisors) to any securitization, swap or derivative transaction relating to the Loan Parties' Obligations hereunder. Notwithstanding the foregoing, the Administrative Agent, any Lender or Davis Polk & Wardwell 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 Loan Parties or their Affiliates, or any of them, and the amount, type and closing date of such transactions, all at their sole expense.

Section 9.13 USA PATRIOT Act Notice. Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Beneficial Ownership Regulation and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties 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") and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies the Borrower and the Guarantor, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the Patriot Act and, to the extent such Loan Party is a "legal entity customer" under the Beneficial Ownership Regulation, the Beneficial Ownership Regulation.

Section 9.14 No Fiduciary Duty. Each Agent, each Lender and their respective Affiliates (collectively, solely for purposes of this paragraph, the "Lender Parties"), may have economic interests that



conflict with those of the Loan Parties, their respective Affiliates and/or their respective stockholders (collectively, solely for purposes of this paragraph, the “Borrower Parties”). Each Loan Party agrees that nothing in the Loan Documents 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 Lender Party, on the one hand, and any Borrower Party, on the other. The Lender Parties acknowledge and agree that (a) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between the Lender Parties, on the one hand, and the Loan Parties, on the other and (b) in connection therewith and with the process leading thereto, (i) no Lender Party has assumed an advisory or fiduciary responsibility in favor of any Borrower 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 Lender Party has advised, is currently advising or will advise any Borrower Party on other matters) or any other obligation to any Borrower Party except the obligations expressly set forth in the Loan Documents and (ii) each Lender Party is acting solely as principal and not as the agent or fiduciary of any Borrower Party. Each Loan Party acknowledges and agrees that it 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. Each Loan Party agrees that it will not claim that any Lender Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to any Borrower Party, in connection with such transaction or the process leading thereto.

Section 9.15 Acknowledgment and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

Section 9.16 Survival. Sections 2.12, 2.16, 2.17 and 9.03 shall survive the Maturity Date for the benefit of each Agent and Each Lender, as applicable.

Section 9.17 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or

reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

Section 9.18 Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 9.19 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

## ARTICLE X GUARANTY

Section 10.01 Guaranty. The Guarantor unconditionally, absolutely and irrevocably guarantees to the Administrative Agent and each Lender as though it was a primary obligor for, the full and punctual payment of the Obligations when due (whether at stated maturity, upon acceleration or otherwise). If the Borrower fails to pay any Obligation punctually when due, the Guarantor agrees that it will forthwith on demand pay the amount not so paid at the place and in the manner specified in the relevant Loan Document. Notwithstanding the foregoing, the liability of the Guarantor individually with respect to its obligations, including any payment made pursuant to, this Guaranty shall be limited to an aggregate amount equal to the maximum amount that would not render the Guarantor's obligations hereunder subject to avoidance under the Bankruptcy Code or any comparable provisions of any applicable state law. This Guaranty is a Guarantee of payment and not merely of collection.

Section 10.02 Guaranty Unconditional. The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any change in the amount or purpose of or the time, manner, method, or place of payment or performance of any of the Obligations or any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Person under any Loan Document, by operation of law or otherwise;

(b) any modification, extension, renewal or amendment of or supplement to any Loan Document or any of the Obligations or any execution or delivery of any additional Loan Documents;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower or any other Person under any Loan Document;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Person or any of their respective Subsidiaries, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Person or any of their assets or any resulting release or

discharge of any obligation (including any of the Obligations) of the Borrower or any other Person under any Loan Document;

(e) the existence of any claim, set-off, defense, counterclaim, withholding or other right that the Guarantor or the Borrower may have at any time against any Person (including the Administrative Agent and the Lenders), whether in connection with the Loan Documents or any unrelated transactions; provided that nothing herein shall prevent the assertion of any such claim or defense by separate suit or compulsory counterclaim;

(f) any avoidance, subordination, invalidity or unenforceability relating to or against the Borrower or any other Person for any reason of any Obligation or any Loan Document, any provision of applicable law or regulation purporting to prohibit the payment of any Obligation by the Borrower or any other Person, or the Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Obligation or provision of any Loan Document;

(g) any failure of the Administrative Agent or any Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Loan Document or to assert any breach of or default under any Loan Document or any breach of the Obligations; or

(h) any other act or omission to act or delay of any kind by the Borrower, any other party to any Loan Document or any other Person, or any other circumstance whatsoever that might, but for the provisions of this clause (h), constitute a legal or equitable discharge of or defense to any obligation of the Guarantor hereunder.

**Section 10.03 Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances.**

The Guarantor's obligations hereunder shall remain in full force and effect until all Obligations shall have been paid in full and all Commitments have been terminated. If at any time any payment of any Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Guarantor's obligations hereunder shall be reinstated as though such payment had been due but not made at such time.

**Section 10.04 Waiver by Guarantor.** The Guarantor irrevocably waives (a) acceptance hereof, presentment, demand for performance, promptness, diligence, notice of non-performance, default, acceleration, protest or dishonor and any notice not provided for herein, (b) any requirement that at any time any action be taken by any Person against the Borrower or any other Person, (c) any right to revoke this Guaranty, and (d) any defense based on any right of set-off, recoupment, counterclaim, withholding or other deduction of any nature against or in respect of the Obligations.

**Section 10.05 Subrogation.** Upon making payment with respect to any Obligation, the Guarantor shall be subrogated to the rights of the payee against the Borrower with respect to such payment; provided that the Guarantor agrees it will not exercise any rights against the Borrower arising in connection with the Obligations by way of subrogation against the Borrower, or by reason of contribution against any other guarantor of such Obligations until all Obligations shall have been paid in full and all Commitments have been terminated.

**Section 10.06 Stay of Acceleration.** If acceleration of the time for payment of any Obligation by the Borrower is stayed, enjoined or prevented for any reason (including but not limited to by reason of the insolvency or receivership of the Borrower or otherwise), all Obligations otherwise subject to acceleration under the terms of any Loan Document shall nonetheless be payable by the Guarantor forthwith on demand by the Administrative Agent.

Section 10.07 Continuing Guaranty. The Guaranty set forth in this Article X is a continuing guaranty, shall be binding on the Guarantor and its successors and assigns, and shall be enforceable by each holder from time to time of the Obligations (including, without limitation, the Administrative Agent and the Lenders, each, a "Guaranteed Party"). If all or part of any Guaranteed Party's interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall automatically be transferred with such obligation; and without limitation of the foregoing, any of the Obligations shall be and remain Obligations entitled to the benefit of this Guaranty if any Guaranteed Party assigns or otherwise transfers all or part of its interest in any Obligation or any of its rights or obligations under any Loan Document.

Section 10.08 Default Payments by Borrower. Upon the occurrence and during the continuation of any default under any Obligation, if any amount shall be paid to the Guarantor by or for the account of the Borrower with respect to such Obligation, such amount shall be held in trust for the benefit of each Lender and the Administrative Agent and shall forthwith be paid to the Administrative Agent to be credited and applied to the Obligations when due and payable.

Section 10.09 Duty to Stay Advised. The Guarantor agrees that the Lenders shall have no duty to advise the Guarantor of information known to them regarding the financial condition of the Borrower and the Guarantor hereby assumes responsibility for keeping itself advised of the financial condition of the Borrower.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER: PPL CAPITAL FUNDING, INC.

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President and  
Treasurer

GUARANTOR: PPL CORPORATION

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President-Finance  
and Treasurer

U.S. BANK NATIONAL ASSOCIATION, as  
Administrative Agent and Lender

By: /s/ Andrew N Taylor  
Name: Andrew N Taylor  
Title: Senior Vice President

COMMITMENTS

Lender	Commitment
U.S. Bank National Association	\$100,000,000.00
Total	\$100,000,000.00



SCHEDULE 5.14

Material Subsidiaries

<u>Name</u>	<u>Jurisdiction of Organization</u>
LG&E and KU Energy LLC	Kentucky
PPL Electric Utilities Corporation	Pennsylvania
PPL Global, LLC	Delaware

Form of Notice of Borrowing

EXHIBIT A-I

U.S. Bank National Association  
3 Bryant Park – 1095 Avenue of the Americas – 15th Floor  
New York, NY 10036  
Attention: Johnny Hon  
Email: ncb.utilities.oilgas@usbank.com  
Cc: CCSStLouis2@usbank.com  
Andy.Taylor@usbank.com

Ladies and Gentlemen:

This notice shall constitute a “Notice of Borrowing” pursuant to Section 2.03 of the \$100,000,000 Term Loan Credit Agreement dated as of April 1, 2020 (the “Credit Agreement”) among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, the lending institutions party thereto from time to time and U.S. Bank National Association, as Administrative Agent. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

1. The date of the Borrowing will be \_\_\_\_\_, \_\_\_\_\_.<sup>1</sup>
2. The aggregate principal amount of the Borrowing will be \_\_\_\_\_.<sup>2</sup>
3. The Borrowing will consist of [Base Rate] [Euro-Dollar] Loans.
4. The initial Interest Period for the Loans comprising such Borrowing shall be \_\_\_\_\_.<sup>3</sup>

[Insert appropriate delivery instructions, which shall include bank and account number].

<sup>1</sup> Must be a Business Day.

<sup>2</sup> Borrowings must be an aggregate principal amount of \$10,000,000 or any larger integral multiple of \$1,000,000.

<sup>3</sup> Applicable for Euro-Dollar Loans only. Insert “one month”, “two months”, “three months” or “six months” (subject to the provisions of the definition of “Interest Period”).

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_  
Name:  
Title:

## Form of Notice of Conversion/Continuation

U.S. Bank National Association  
 3 Bryant Park – 1095 Avenue of the Americas – 15th Floor  
 New York, NY 10036  
 Attention: Johnny Hon  
 Email: ncb.utilities.oilgas@usbank.com  
 Cc: CCSStLouis2@usbank.com  
 Andy.Taylor@usbank.com

Ladies and Gentlemen:

This notice shall constitute a “Notice of Conversion/Continuation” pursuant to Section 2.06(d)(ii) of the \$100,000,000 Term Loan Credit Agreement dated as of April 1, 2020 (the “Credit Agreement”) among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, the lending institutions party thereto from time to time and U.S. Bank National Association, as Administrative Agent. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

1. The Group of Loans (or portion thereof) to which this notice applies is [all or a portion of all Base Rate Loans currently outstanding] [all or a portion of all Euro-Dollar Loans currently outstanding having an Interest Period of \_\_\_ months and ending on the Election Date specified below].

2. The date on which the conversion/continuation selected hereby is to be effective is \_\_\_\_\_, \_\_\_\_\_ (the “Election Date”).<sup>4</sup>

3. The principal amount of the Group of Loans (or portion thereof) to which this notice applies is \$\_\_\_\_\_.<sup>5</sup>

4. [The Group of Loans (or portion thereof) which are to be converted will bear interest based upon the [Base Rate] [Adjusted London Interbank Offered Rate].] [The Group of Loans (or portion thereof) which are to be continued will bear interest based upon the [Base Rate][Adjusted London Interbank Offered Rate].]

5. The Interest Period for such Loans will be \_\_\_\_\_.<sup>6</sup>

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_  
 Name:

<sup>4</sup> Must be a Business Day.

<sup>5</sup> May apply to a portion of the aggregate principal amount of the relevant Group of Loans; provided that (i) such portion is allocated ratably among the Loans comprising such Group and (ii) the portion to which such notice applies, and the remaining portion to which it does not apply, are each \$10,000,000 or any larger integral multiple of \$1,000,000.

<sup>6</sup> Applicable only in the case of a conversion to, or a continuation of, Euro-Dollar Loans. Insert “one month”, “two months”, “three months” or “six months” (subject to the provisions of the definition of Interest Period).

Title:

## Form of Note

FOR VALUE RECEIVED, the undersigned, PPL CAPITAL FUNDING, INC., a Delaware corporation (the “Borrower”), promises to pay to \_\_\_\_\_ (the “Lender”) or its permitted successors and its registered assigns, in accordance with the Credit Agreement (as hereinafter defined), the principal sum of \_\_\_\_\_ AND \_\_\_\_\_/100s DOLLARS (\$\_\_\_\_\_), or, if less, the principal amount of all Loans advanced by the Lender to the Borrower pursuant to the Credit Agreement (as defined below), plus interest as hereinafter provided.

All capitalized terms used herein shall have the meanings ascribed to them in that certain \$100,000,000 Term Loan Credit Agreement dated as of April 1, 2020 (as the same may be amended, modified or supplemented from time to time, the “Credit Agreement”) by and among the Borrower, PPL Corporation, as Guarantor, the lenders party thereto (collectively, the “Lenders”) and U.S. Bank National Association, as administrative agent (the “Administrative Agent”) for itself and on behalf of the Lenders, except to the extent such capitalized terms are otherwise defined or limited herein.

The Borrower shall repay principal outstanding hereunder from time to time, as necessary, in order to comply with the Credit Agreement. All amounts paid by the Borrower shall be applied to the Obligations in such order of application as provided in the Credit Agreement.

A final payment of all principal amounts and other Obligations then outstanding hereunder shall be due and payable on the maturity date provided in the Credit Agreement, or such earlier date as payment of the Loans shall be due, whether by acceleration or otherwise.

The Borrower shall be entitled to borrow, repay, continue and convert the Lender’s Loans (or portions thereof) hereunder pursuant to the terms and conditions of the Credit Agreement. Prepayment of the principal amount of any Loan may be made as provided in the Credit Agreement.

The Borrower hereby promises to pay interest on the unpaid principal amount hereof as provided in Article II of the Credit Agreement. Interest under this Note shall also be due and payable when this Note shall become due (whether at maturity, by reason of acceleration or otherwise). Overdue principal and, to the extent permitted by law, overdue interest, shall bear interest payable on DEMAND at the default rate as provided in the Credit Agreement.

In no event shall the amount of interest due or payable hereunder exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently made by the Borrower or inadvertently received by the Lender, then such excess sum shall be credited as a payment of principal, unless the Borrower shall notify the Lender in writing that it elects to have such excess sum returned forthwith. It is the express intent hereof that the Borrower not pay and the Lender not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrower under applicable law.

All parties now or hereafter liable with respect to this Note, whether the Borrower, any guarantor, endorser or any other Person or entity hereby waive presentment for payment, demand, notice of non-payment or dishonor, protest and notice of protest of this Note.

No delay or omission on the part of the Lender or its permitted successors and its registered assigns in exercising its rights under this Note, or delay or omission on the part of the Lender or its permitted successors and its registered assigns, the Administrative Agent or the Lenders collectively, or

any of them, in exercising its or their rights under the Credit Agreement or under any other Loan Document, or course of conduct relating thereto, shall operate as a waiver of such rights or any other right of the Lender or its permitted successors and its registered assigns, nor shall any waiver by the Lender or its permitted successors and its registered assigns, the Administrative Agent, the Required Lenders or the Lenders collectively, or any of them, of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion.

This Note is one of the Notes referred to in, and evidences the Lender's Loans (or portion thereof) under, and is entitled to the benefits and subject to the terms of, the Credit Agreement, which contains provisions with respect to the acceleration of the maturity of this Note upon the happening of certain stated events, and provisions for prepayment.

This Note is entitled to the benefit of the Guaranty of the Guarantor, as set forth in the Credit Agreement. Reference is made to the Credit Agreement for a description of the terms and conditions of such Guaranty, and the respective rights and limitations of the Lender, the Borrower and the Guarantor thereunder.

Unless and until an Assignment and Acceptance effecting the assignment or transfer of the obligations evidenced hereby shall have been accepted by the Administrative Agent and recorded in the Register as provided in the Credit Agreement, the Borrower and the Administrative Agent shall be entitled to deem and treat the Lender as the owner and holder of this Note and the Loan evidenced hereby.

This Note shall be governed by and construed in accordance with the internal laws of the State of New York.

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IN WITNESS WHEREOF, the undersigned has caused this Note to be executed by its duly authorized representative as of the day and year first above written.

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_  
Name:  
Title:

## Form of Assignment and Assumption Agreement

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [the] [each]<sup>7</sup> Assignor identified on the Schedules hereto as “Assignor” [or “Assignors” (collectively, the “Assignors” and each an “Assignor”) and [the] [each]<sup>8</sup> Assignee identified on the Schedules hereto as “Assignee” or “Assignees” (collectively, the “Assignees” and each an “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors] [the Assignees]<sup>9</sup> hereunder are several and not joint.]<sup>10</sup> Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by [the] [each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the] [each] Assignor hereby irrevocably sells and assigns to [the Assignee] [the respective Assignees], and [the] [each] Assignee hereby irrevocably purchases and assumes from [the Assignor] [the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (a) all of [the Assignor’s] [the respective Assignors’] rights and obligations in [its capacity as a Lender] [their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor] [the respective Assignors] under the respective facilities identified below (including without limitation any guarantees included in such facilities) and (b) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)] [the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned by [the] [any] Assignor to [the] [any] Assignee pursuant to clauses (a) and (b) above being referred to herein collectively as, the “Assigned Interest”). Each such sale and assignment is without recourse to [the] [any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the] [any] Assignor.

1. Assignor: See Schedule attached hereto
2. Assignee: See Schedule attached hereto

<sup>7</sup> For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

<sup>8</sup> For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

<sup>9</sup> Select as appropriate.

<sup>10</sup> Include bracketed language if there are either multiple Assignors or multiple Assignees.

3. Borrower: PPL Capital Funding, Inc.
4. Administrative Agent: U.S. Bank National Association, as the administrative agent under the Credit Agreement
5. Credit Agreement: The \$100,000,000 Term Loan Credit Agreement dated as of April 1, 2020 by and among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor, the Lenders party thereto and U.S. Bank National Association, as Administrative Agent (as amended, restated, supplemented or otherwise modified)
6. Assigned Interest: See Schedule attached hereto
- [7. Trade Date: \_\_\_\_\_]<sup>11</sup>

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<sup>11</sup> To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: \_\_\_\_\_, 20\_\_\_\_

[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: \_\_\_\_\_

Title:

ASSIGNEE

See Schedule attached hereto

[Consented to and]<sup>12</sup> Accepted:

U.S. BANK NATIONAL ASSOCIATION,  
as Administrative Agent

By \_\_\_\_\_  
Title:

[Consented to:]<sup>13</sup>

PPL CAPITAL FUNDING, INC.

By \_\_\_\_\_  
Title:

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<sup>12</sup> To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

<sup>13</sup> To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

SCHEDULE

To Assignment and Assumption

By its execution of this Schedule, the Assignee(s) agree(s) to the terms set forth in the attached Assignment and Assumption.

Assigned Interests:

Aggregate Amount of Commitment/ Loans for all Lenders <sup>14</sup>	Amount of Commitment/ Loans Assigned <sup>15</sup>	Percentage Assigned of Commitment/ Loans <sup>16</sup>	CUSIP Number
\$	\$	%	

[NAME OF ASSIGNEE]<sup>17</sup>

[and is an Affiliate of [identify Lender]]<sup>18</sup>

<sup>14</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>15</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>16</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

<sup>17</sup> Add additional signature blocks, as needed.

<sup>18</sup> Select as applicable.

ANNEX 1 to Assignment and Assumption

TERM LOAN CREDIT AGREEMENT DATED AS OF  
APRIL 1, 2020  
BY AND AMONG

PPL CAPITAL FUNDING, INC., AS BORROWER,  
PPL CORPORATION, AS GUARANTOR  
THE LENDERS PARTY THERETO  
AND U.S. BANK NATIONAL ASSOCIATION,  
AS ADMINISTRATIVE AGENT

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. [The] [Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the] [the relevant] Assigned Interest, (ii) [the] [such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. [The] [Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the] [the relevant] Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (vi) based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the] [any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations that by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other



amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to [the][the relevant] Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by and construed in accordance with the internal laws of the State of New York.

EXHIBIT D

Forms of Opinion of Counsel for the Loan Parties

[see attached]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 1, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and U.S. Bank National Association, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 1, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and U.S. Bank National Association, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 1, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and U.S. Bank National Association, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of April 1, 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and U.S. Bank National Association, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]





\$200,000,000

CREDIT AGREEMENT

dated as of March 27, 2020

among

PPL CAPITAL FUNDING, INC.,  
as the Borrower,

PPL CORPORATION,  
as the Guarantor,

THE LENDERS FROM TIME TO TIME  
PARTY HERETO,

THE BANK OF NOVA SCOTIA,  
as the Administrative Agent,

and

THE BANK OF NOVA SCOTIA,  
as Sole Lead Arranger and Sole Bookrunner

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Annex:

Annex I - Lender Information

CREDIT AGREEMENT (this "Agreement") dated as of March 27, 2020 is entered into among PPL CAPITAL FUNDING, INC., a Delaware corporation (the "Borrower"), PPL CORPORATION, a Pennsylvania corporation (the "Guarantor"), the LENDERS party hereto from time to time and THE BANK OF NOVA SCOTIA, as the Administrative Agent. The parties hereto agree as follows:

## RECITALS

The Loan Parties (as hereinafter defined) have requested that the Lenders provide a term loan credit facility in an aggregate principal amount not to exceed \$200,000,000. In consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

## ARTICLE I DEFINITIONS

Section 1.01 Definitions. All capitalized terms used in this Agreement or in any Appendix, Schedule or Exhibit hereto which are not otherwise defined herein or therein shall have the respective meanings set forth below.

"Adjusted London Interbank Offered Rate" means, for any Interest Period, a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the nearest 1/100th of 1%) by dividing (i) the London Interbank Offered Rate for such Interest Period by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

"Administrative Agent" means The Bank of Nova Scotia, in its capacity as administrative agent for the Lenders hereunder and under the other Loan Documents, and its successor or successors in such capacity.

"Administrative Questionnaire" means, with respect to each Lender, an administrative questionnaire in the form provided by the Administrative Agent and submitted to the Administrative Agent (with a copy to the Borrower) duly completed by such Lender.

"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.

"Agreement" has the meaning set forth in the introductory paragraph hereto, as this Agreement may be amended, restated, supplemented or modified from time to time.

"Applicable Lending Office" means, with respect to any Lender, its office located at its address set forth in its Administrative Questionnaire, or such other office as such Lender may hereafter designate by notice to the Borrower and the Administrative Agent.

"Applicable Percentage" means, for purposes of calculating (i) the applicable interest rate margin for any day for any Base Rate Loans, 0.00% per annum or (ii) the applicable interest rate margin for any day for Euro-Dollar Loans, 1.00% per annum.

"Arranger" means The Bank of Nova Scotia in its capacity as sole lead arranger and sole bookrunner.

“Asset Sale” means any sale of any assets, including by way of the sale by the Guarantor or any of its Subsidiaries of equity interests in such Subsidiaries.

“Assignee” has the meaning set forth in Section 8.06(c).

“Assignment and Assumption Agreement” means an Assignment and Assumption Agreement, substantially in the form of attached Exhibit E, under which an interest of a Lender hereunder is transferred to an Eligible Assignee pursuant to Section 8.06(c).

“Authorized Officer” means the president, the chief operating officer, the chief financial officer, the chief accounting officer, any vice president, the treasurer, the assistant treasurer or the controller of the applicable Loan Party or such other individuals reasonably acceptable to the Administrative Agent as may be designated in writing by the Borrower from time to time.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended, or any successor statute.

“Base Rate” means for any day, a fluctuating per annum rate of interest equal to the highest of (i) the Federal Funds Rate plus 0.5%, (ii) the Prime Rate, and (iii) the Adjusted London Interbank Offered Rate for a Euro-Dollar Loan with an Interest Period of one month commencing on such day plus 100 basis points (1.00%). Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs.

“Base Rate Borrowing” means a Borrowing comprised of Base Rate Loans.

“Base Rate Loan” means a Loan in respect of which interest is computed on the basis of the Base Rate.

“Borrower” has the meaning set forth in the introductory paragraph hereto.

“Borrower’s Rating” means the senior unsecured long-term debt rating of the Borrower from S&P or Moody’s without giving effect to any third party credit enhancement except for a guaranty of the Guarantor (it being understood that all of the Borrower’s long term debt is Guaranteed by the Guarantor).

“Borrowing” means a group of Loans of a single Type made by the Lenders on a single date and, in the case of a Euro-Dollar Borrowing, having a single Interest Period.

“Business Day” means any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in New York, New York and if the applicable Business Day relates to any Euro-Dollar Loan, such day must also be a day on which dealings are carried on in the London interbank market.

“Capital Lease” means any lease of property which, in accordance with GAAP, should be capitalized on the lessee’s balance sheet.

“Capital Lease Obligations” means, with respect to any Person, all obligations of such Person as lessee under Capital Leases, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

“Change of Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange



Commission under the Securities Exchange Act of 1934, as amended) of 25% or more of the outstanding shares of Voting Stock of the Guarantor or its successors or (ii) the failure at any time of the Guarantor or its successors to own 80% or more of the outstanding shares of the Voting Stock in the Borrower.

“Commitment” means, with respect to any Lender, the commitment of such Lender to make a Loan in Dollars to the Borrower on the Effective Date hereunder in an aggregate amount no greater than the amount set forth on Schedule I hereto or, if a Lender has entered into any Assignment and Assumption, set forth for such Lender in the Register pursuant to Section 8.06.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Capitalization” means the sum of, without duplication, (A) the Consolidated Debt (without giving effect to clause (b) of the definition of “Consolidated Debt”) and (B) the consolidated shareowners’ equity (determined in accordance with GAAP) of the common, preference and preferred shareowners of the Guarantor and minority interests recorded on the Guarantor’s consolidated financial statements (excluding from shareowners’ equity (i) the effect of all unrealized gains and losses reported under Financial Accounting Standards Board Accounting Standards Codification Topic 815 in connection with (x) forward contracts, futures contracts, options contracts or other derivatives or hedging agreements for the future delivery of electricity, capacity, fuel or other commodities and (y) Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (ii) the balance of accumulated other comprehensive income/loss of the Guarantor on any date of determination solely with respect to the effect of any pension and other post-retirement benefit liability adjustment recorded in accordance with GAAP), except that for purposes of calculating Consolidated Capitalization of the Guarantor, Consolidated Debt of the Guarantor shall exclude Non Recourse Debt and Consolidated Capitalization of the Guarantor shall exclude that portion of shareowners’ equity attributable to assets securing Non Recourse Debt.

“Consolidated Debt” means the consolidated Debt of the Guarantor and its Consolidated Subsidiaries (determined in accordance with GAAP), except that for purposes of this definition (a) Consolidated Debt shall exclude Non Recourse Debt of the Guarantor and its Consolidated Subsidiaries, and (b) Consolidated Debt shall exclude (i) Hybrid Securities of the Guarantor and its Consolidated Subsidiaries in an aggregate amount as shall not exceed 15% of Consolidated Capitalization and (ii) Equity-Linked Securities in an aggregate amount as shall not exceed 15% of Consolidated Capitalization.

“Consolidated Subsidiary” means with respect to any Person at any date any Subsidiary of such Person or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

“Continuing Lender” means with respect to any event described in Section 2.06(b), a Lender which is not a Retiring Lender, and “Continuing Lenders” means any two or more of such Continuing Lenders.

“Corporation” means a corporation, association, company, joint stock company, limited liability company, partnership or business trust.

“Credit Event” means a Borrowing.

“Debt” of any Person means, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all Guarantees by such Person of Debt of others, (iv) all Capital Lease Obligations and Synthetic

Leases of such Person, (v) all obligations of such Person in respect of Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements (the amount of any such obligation to be the net amount that would be payable upon the acceleration, termination or liquidation thereof), but only to the extent that such net obligations exceed \$150,000,000 in the aggregate and (vi) all obligations of such Person as an account party in respect of letters of credit and bankers' acceptances; provided, however, that "Debt" of such Person does not include (a) obligations of such Person under any installment sale, conditional sale or title retention agreement or any other agreement relating to obligations for the deferred purchase price of property or services, (b) obligations under agreements relating to the purchase and sale of any commodity, including any power sale or purchase agreements, any commodity hedge or derivative (regardless of whether any such transaction is a "financial" or physical transaction), (c) any trade obligations or other obligations of such Person incurred in the ordinary course of business or (d) obligations of such Person under any lease agreement (including any lease intended as security) that is not a Capital Lease or a Synthetic Lease.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

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

"Dollars" and the sign "\$" means lawful money of the United States of America.

"Effective Date" means the date on which the Administrative Agent determines that the conditions specified in or pursuant to Section 3.01 have been satisfied.

"Eligible Assignee" means (i) a Lender; (ii) a commercial bank organized under the laws of the United States; (iii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country; provided, that such bank is acting through a branch or agency located and licensed in the United States; or (iv) an Affiliate of a Lender that is an "accredited investor" (as defined in Regulation D under the Securities Act of 1933, as amended); provided, that, in each case (a) upon and following the occurrence of an Event of Default, an Eligible Assignee shall mean any Person other than a Loan Party or any of its Affiliates and (b) notwithstanding the foregoing, "Eligible Assignee" shall not include any Loan Party or any of its Subsidiaries or Affiliates.

"Environmental Laws" means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses or other written governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes.

"Environmental Liabilities" means all liabilities (including anticipated compliance costs) in connection with or relating to the business, assets, presently or previously owned, leased or operated property, activities (including, without limitation, off-site disposal) or operations of the Guarantor or any of its Subsidiaries which arise under Environmental Laws.

"Equity-Linked Securities" means any securities of the Guarantor or any of its Subsidiaries

which are convertible into, or exchangeable for, equity securities of the Guarantor or such Subsidiary, including any securities issued by any of such Persons which are pledged to secure any obligation of any holder to purchase equity securities of the Guarantor or any of its Subsidiaries.

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

“ERISA Group” means each of the Loan Parties and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with each of the Loan Parties, are treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code.

“Euro-Dollar Borrowing” means a Borrowing comprised of Euro-Dollar Loans.

“Euro-Dollar Loan” means a Loan in respect of which interest is computed on the basis of the Adjusted London Interbank Offered Rate pursuant to the applicable Notice of Borrowing or Notice of Conversion/Continuation.

“Euro-Dollar Reserve Percentage” of any Lender for the Interest Period of any Euro-Dollar Loan means the maximum percentage in effect on such day, (i) as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency Liabilities”); and (ii) to be maintained by a Lender as required for reserve liquidity, special deposit, or similar purpose by any governmental or monetary authority of any country or political subdivision thereof (including any central bank), against (A) any category of liabilities that includes deposits by reference to which a London Interbank Offered Rate is to be determined, or (B) any category of extension of credit or other assets that includes Loans or Groups of Loans to which a London Interbank Offered Rate applies. The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

“Event of Default” has the meaning set forth in Section 6.01.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official government interpretations thereof and any agreements entered into pursuant to Section 1471(b) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among governmental authorities and implementing such Sections of the Code.

“Federal Funds Rate” means for any day the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward, if necessary, to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the “Federal Funds Effective Rate” as of the Effective Date; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the “Federal Funds Rate” for such day shall be the Federal Funds Rate for the last day on which such rate was announced.

“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.

“Group of Loans” means at any time a group of Loans consisting of (i) all Loans which are Base Rate Loans at such time or (ii) all Loans which are Euro-Dollar Loans of the same Type having the same Interest Period at such time; provided that if a Loan of any particular Lender is converted to or made as a Base Rate Loan pursuant to Sections 2.12 or 2.16, such Loan shall be included in the same Group or Groups of Loans from time to time as it would have been in if it had not been so converted or made.

“Guarantee” of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for payment of such Debt, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt or (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt; provided, however, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

“Guarantor” has the meaning set forth in the introductory paragraph hereto.

“Guaranty” means the guaranty of the Guarantor set forth in Article IX.

“Hazardous Substances” means any toxic, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics.

“Hybrid Securities” means any trust preferred securities, or deferrable interest subordinated debt with a maturity of at least 20 years issued by any of the Loan Parties, or any business trusts, limited liability companies, limited partnerships (or similar entities) (i) all of the common equity, general partner or similar interests of which are owned (either directly or indirectly through one or more Wholly Owned Subsidiaries) at all times by the Guarantor or any of its Subsidiaries, (ii) that have been formed for the purpose of issuing hybrid preferred securities and (iii) substantially all the assets of which consist of (A) subordinated debt of the Guarantor or a Subsidiary of the Guarantor, as the case may be, and (B) payments made from time to time on the subordinated debt.

“Indemnitee” has the meaning set forth in Section 8.03(b).

“Interest Period” means with respect to each Euro-Dollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion/Continuation and ending one, two, three or six months thereafter, as the Borrower may elect in the applicable notice; provided, that:

- (i) any Interest Period which would otherwise end on a day which is not a Business Day shall, subject to clause (iii) below, be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;
- (ii) any Interest Period which begins on the last Business Day of a calendar month



(or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iii) below, end on the last Business Day of a calendar month; and

(iii) no Interest Period shall end after the Termination Date.

“Interest Rate Protection Agreements” means any agreement providing for an interest rate swap, cap or collar, or any other financial agreement designed to protect against fluctuations in interest rates.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.

“Lender” means each bank or other lending institution listed in Appendix A as having a Commitment, each Eligible Assignee that becomes a Lender pursuant to Section 8.06(c) and their respective successors.

“LIBOR Successor Rate” shall have the meaning specified in Section 2.12.

“LIBOR Successor Rate Conforming Changes” shall have the meaning specified in Section 2.12.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance intended to confer or having the effect of conferring upon a creditor a preferential interest.

“Loan” means a Base Rate Loan or a Euro-Dollar Loan, and “Loans” means any combination of the foregoing.

“Loan Documents” means this Agreement and the Notes.

“Loan Parties” means the Borrower and the Guarantor.

“London Interbank Offered Rate” means for any Euro-Dollar Loan for any Interest Period, the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Administrative Agent which has been approved by the British Bankers’ Association as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (for purposes of this definition, an “Alternate Source”), at approximately 11:00 a.m., Londontime, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for Dollars for an amount comparable to such Euro-Dollar Loan and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error)).

“Margin Stock” means “margin stock” as such term is defined in Regulation U.

“Material Adverse Effect” means (i) any material adverse effect upon the business, assets, financial condition or operations of the Guarantor or the Guarantor and its Subsidiaries, taken as a whole; (ii) a material adverse effect on the ability of the Loan Parties taken as a whole to perform their obligations under this Agreement, the Notes or the other Loan Documents or (iii) a material adverse effect on the validity or enforceability of this Agreement, the Notes or any of the other Loan Documents.

“Material Debt” means Debt (other than the Notes) of any Loan Party in a principal or face

amount exceeding \$50,000,000.

“Material Plan” means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of \$50,000,000. For the avoidance of doubt, where any two or more Plans, which individually do not have Unfunded Liabilities in excess of \$50,000,000, but collectively have aggregate Unfunded Liabilities in excess of \$50,000,000, all references to Material Plan shall be deemed to apply to such Plans as a group.

“Material Subsidiary” means each Subsidiary of the Guarantor listed on Schedule 5.14 and each other Subsidiary of the Guarantor designated by the Guarantor as a “Material Subsidiary” in writing to the Administrative Agent, in either case, for so long as such Material Subsidiary shall be a Wholly Owned Subsidiary of the Guarantor.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Administrative Agent may select.

“Multiemployer Plan” means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“New Lender” means with respect to any event described in Section 2.06(b), an Eligible Assignee which becomes a Lender hereunder as a result of such event, and “New Lenders” means any two or more of such New Lenders.

“Non-Consenting Lender” has the meaning set forth in Section 8.05.

“Non-Recourse Debt” means Debt that is nonrecourse to any Loan Party or any asset of any Loan Party.

“Non-U.S. Lender” has the meaning set forth in Section 2.15(e).

“Note” means a promissory note, substantially in the form of Exhibit B hereto, issued at the request of a Lender evidencing the obligation of the Borrower to repay outstanding Loans.

“Notice of Borrowing” has the meaning set forth in Section 2.02.

“Notice of Conversion/Continuation” has the meaning set forth in Section 2.05(d)(ii).

“Obligations” means:

(i) all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on any Loan, fees payable or Reimbursement Obligation under, or any Note issued pursuant to, this Agreement or any other Loan Document;

(ii) all other amounts now or hereafter payable by the Borrower and all other obligations or liabilities now existing or hereafter arising or incurred (including, without limitation, any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to

this Agreement or any other Loan Document;

(iii) all expenses of the Administrative Agent as to which the Administrative Agent has a right to reimbursement under Section 8.03(a) hereof or under any other similar provision of any other Loan Document;

(iv) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 8.03 hereof or under any other similar provision of any other Loan Document; and

(v) in the case of each of clauses (i) through (iv) above, together with all renewals, modifications, consolidations or extensions thereof.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Other Connection Taxes” means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising solely from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” has the meaning set forth in Section 2.15(b).

“Participant” has the meaning set forth in Section 8.06(b).

“Participant Register” has the meaning set forth in Section 8.06(b).

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Business” with respect to any Person means a business that is the same or similar to the business of the Guarantor or any Subsidiary of the Guarantor as of the Effective Date, or any business reasonably related thereto.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a trust or an unincorporated association or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Plan” means at any time an employee pension benefit plan (including a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

“Prime Rate” means the interest rate per annum announced from time to time by the Administrative Agent at the main banking office of the Administrative Agent in New York, New York as its then prime rate, which rate may not be the lowest or most favorable rate then being charged commercial borrowers or others by the Administrative Agent. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.



“Public Reporting Company” means a company subject to the periodic reporting requirements of the Securities and Exchange Act of 1934.

“Quarterly Date” means the last Business Day of each of March, June, September and December.

“Rating Agency” means S&P or Moody’s, and “Rating Agencies” means both of them.

“Register” has the meaning set forth in Section 8.06(e).

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as amended, or any successor regulation.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System, as amended, or any successor regulation.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, trustees, administrators, managers, agents, representatives and advisors of such Person and of such Person’s Affiliates.

“Replacement Date” has the meaning set forth in Section 2.06(b).

“Replacement Lender” has the meaning set forth in Section 2.06(b).

“Required Lenders” means at any time Lenders having greater than 50% of the aggregate amount of the Commitments of all Lenders or, if the Commitments shall have been terminated, having greater than 50% of the aggregate amount of the sum of the aggregate principal amount of the outstanding Loans of the Lenders at such time.

“Retiring Lender” means a Lender that ceases to be a Lender hereunder pursuant to the operation of Section 2.06(b).

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill, Inc., a New York corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Administrative Agent may select.

“Sanctioned Country” means a country or territory that is, or whose government is, the subject of comprehensive territorial Sanctions (currently, Cuba, Iran, North Korea, Sudan, and Syria).

“Sanctioned Person” means a Person that is, or is owned or controlled by Persons that are, (i) the subject of any Sanctions, or (ii) located, organized or resident in a Sanctioned Country.

“Sanctions” means sanctions administered or enforced by OFAC, the U.S. State Department, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom or any other applicable sanctions authority.

“Scheduled Unavailability Date” shall have the meaning specified in Section 2.12.

“SEC” means the Securities and Exchange Commission.

“Subsidiary” of a Person means any Corporation, a majority of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or one or more Subsidiaries of such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary

or Subsidiaries of the Borrower.

“Synthetic Lease” means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP.

“Taxes” has the meaning set forth in Section 2.15(a).

“Termination Date” means March 26, 2021.

“Type”, when used in respect of any Loan or Borrowing, shall refer to the rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined.

“Unfunded Liabilities” means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

“United States” means the United States of America, including the States and the District of Columbia, but excluding its territories and possessions.

“Voting Stock” means stock (or other interests) of a Corporation having ordinary voting power for the election of directors, managers or trustees thereof, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

“Wholly Owned Subsidiary” means, with respect to any Person at any date, any Subsidiary of such Person all of the Voting Stock of which (except directors’ qualifying shares) is at the time directly or indirectly owned by such Person.

Section 1.02 Divisions. For all purposes under the Loan Documents, pursuant to any statutory division or plan of division under Delaware law, including a statutory division pursuant to Section 18-217 of the Delaware Limited Liability Company Act (or any comparable event under a different state’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of one or more different Persons, then such asset, right, obligation or liability shall be deemed to have been transferred from the original Person to the subsequent Person(s) on the date such division becomes effective, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests on the date such division becomes effective.

## ARTICLE II AMOUNTS AND TERMS OF THE LOANS

Section 2.01 Commitments to Lend. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Loans to the Borrower pursuant to this Section 2.01 on the Effective Date in an amount not to exceed its Commitment; provided, that, immediately after giving effect to each such Loan, the aggregate principal amount of all outstanding Loans (after giving effect to any amount requested) shall not exceed the aggregate Commitments. Each Borrowing shall be in an aggregate principal amount of \$5,000,000 or any larger integral multiple of \$1,000,000 (except that any such Borrowing may be in the aggregate amount of the unused Commitments) and shall be made from the

several Lenders ratably in proportion to their respective Commitments. The Borrower may make only one Borrowing hereunder and immediately following the making of the initial Loan on the Effective Date, the Commitments shall terminate. Any amounts borrowed under this Section 2.01 and subsequently repaid or prepaid may not be reborrowed.

Section 2.02 Notice of Borrowing. The Borrower shall give the Administrative Agent notice which notice may be in writing or by telephone immediately confirmed in writing substantially in the form of Exhibit A-1 hereto (a “Notice of Borrowing”, it being understood that the Administrative Agent may rely on the authority of any individual making any such a telephonic request without the necessity of receipt of such written confirmation) not later than (a) 11:30 A.M. (New York time) on the date of each Base Rate Borrowing and (b) 12:00 Noon (New York, New York time) on the third Business Day before each Euro-Dollar Borrowing, specifying:

- (i) the date of such Borrowing, which shall be a Business Day;
- (ii) the aggregate amount of such Borrowing;
- (iii) the initial Type of the Loans comprising such Borrowing; and
- (iv) in the case of a Euro-Dollar Borrowing, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

Section 2.03 Notice to Lenders; Funding of Loans.

(a) Notice to Lenders. Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Lender of such Lender’s ratable share of the Borrowing referred to in the Notice of Borrowing, and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(b) Funding of Loans. Not later than (a) 1:00 P.M. (New York, New York time) on the Effective Date in respect of any Base Rate Borrowing to be made on the Effective Date and (b) 12:00 Noon (New York, New York time) on the Effective Date in respect of any Euro- Dollar Borrowing to be made on the Effective Date, each Lender shall make available its ratable share of such Borrowing, in Federal or other funds immediately available in New York, New York to the Administrative Agent at its address referred to in Section 8.01. Unless the Administrative Agent determines that any applicable condition specified in Article III has not been satisfied, the Administrative Agent shall apply any funds so received in respect of a Borrowing available to the Borrower at the Administrative Agent’s address not later than (a) 3:00 P.M. (New York, New York time) on the date of each Base Rate Borrowing and (b) 2:00 P.M. (New York, New York time) on the date of each Euro-Dollar Borrowing.

(c) Funding By the Administrative Agent in Anticipation of Amounts Due from the Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing (except in the case of a Base Rate Borrowing, in which case prior to the time of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender’s share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available to the Administrative Agent on the date of such Borrowing in accordance with subsection (b) of this Section, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such share available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount, together with interest thereon for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable thereto pursuant to Section 2.05, in the case of the

Borrower, and (ii) the Federal Funds Rate, in the case of such Lender. Any payment by the Borrower hereunder shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make its share of a Borrowing available to the Administrative Agent. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Loan included in such Borrowing for purposes of this Agreement.

(d) Obligations of Lenders Several. The failure of any Lender to make a Loan required to be made by it as part of any Borrowing hereunder shall not relieve any other Lender of its obligation, if any, hereunder to make any Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on such date of Borrowing.

#### Section 2.04 Notelless Agreement; Evidence of Indebtedness.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries maintained in the accounts maintained pursuant to subsections (a) and (b) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 8.06(c)) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 8.06(c), except to the extent that any Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in subsections (a) and (b) above.

#### Section 2.05 Interest Rates.

(a) Interest Rate Options. The Loans shall, at the option of the Borrower and except as otherwise provided herein, be incurred and maintained as, or converted into, one or more Base Rate Loans or Euro-Dollar Loans.

(b) Base Rate Loans. Each Loan which is made as, or converted into, a Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made as, or converted into, a Base Rate Loan until it becomes due or is converted into a Loan of any other Type, at a rate per annum equal to the sum of the Base Rate for such day plus the Applicable Percentage for Base Rate Loans for such day. Such interest shall, in each case, be payable quarterly in arrears on each Quarterly Date and, with respect to the principal amount of any Base Rate Loan

converted to a Euro- Dollar Loan, on the date such Base Rate Loan is so converted. Any overdue principal of or interest beyond any period of grace contemplated in Section 6.01(b) on any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the rate otherwise applicable to Base Rate Loans for such day.

(c) Euro-Dollar Loans. Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the Adjusted London Interbank Offered Rate for such Interest Period plus the Applicable Percentage for Euro-Dollar Loans for such day. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof. Any overdue principal of or interest beyond any period of grace contemplated in Section 6.01(b) on any Euro-Dollar Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the sum of (A) the Adjusted London Interbank Offered Rate applicable to such Loan at the date such payment was due plus (B) the Applicable Percentage for Euro-Dollar Loans for such day (or, if the circumstance described in Section 2.12 shall exist, at a rate per annum equal to the sum of 2% plus the rate applicable to Base Rate Loans for such day).

(d) Method of Electing Interest Rates.

(i) Subject to Section 2.05(a), the Loans included in each Borrowing shall bear interest initially at the type of rate specified by the Borrower in the applicable Notice of Borrowing. Thereafter, with respect to each Group of Loans, the Borrower shall have the option (A) to convert all or any part of (y) so long as no Default is in existence on the date of conversion, outstanding Base Rate Loans to Euro-Dollar Loans and (z) outstanding Euro-Dollar Loans to Base Rate Loans; provided, in each case, that the amount so converted shall be equal to \$5,000,000 or any larger integral multiple of \$1,000,000, or (B) upon the expiration of any Interest Period applicable to outstanding Euro-Dollar Loans, so long as no Default is in existence on the date of continuation, to continue all or any portion of such Loans, equal to \$5,000,000 and any larger integral multiple of \$1,000,000 in excess of that amount as Euro-Dollar Loans. The Interest Period of any Base Rate Loan converted to a Euro-Dollar Loan pursuant to clause (A) above shall commence on the date of such conversion. The succeeding Interest Period of any Euro-Dollar Loan continued pursuant to clause (B) above shall commence on the last day of the Interest Period of the Loan so continued. Euro-Dollar Loans may only be converted on the last day of the then current Interest Period applicable thereto or on the date required pursuant to Section 2.16.

(ii) The Borrower shall deliver a written notice of each such conversion or continuation (a "Notice of Conversion/Continuation") to the Administrative Agent no later than (A) 12:00 Noon (New York, New York time) at least three (3) Business Days before the effective date of the proposed conversion to, or continuation of, a Euro Dollar Loan and (B) 11:30 A.M. (New York, New York time) on the day of a conversion to a Base Rate Loan. A written Notice of Conversion/Continuation shall be substantially in the form of Exhibit A-2 attached hereto and shall specify: (A) the Group of Loans (or portion thereof) to which such notice applies, (B) the proposed conversion/continuation date (which shall be a Business Day), (C) the aggregate amount of the Loans being converted/continued, (D) an election between the Base Rate and the Adjusted London Interbank Offered Rate and (E) in the case of a conversion to, or a continuation of, Euro-Dollar Loans, the requested Interest Period. Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall give each Lender prompt notice of the contents thereof and such Lender's pro rata share of all conversions and continuations requested therein. If no timely Notice of Conversion/Continuation is delivered by



the Borrower as to any Euro-Dollar Loan, and such Loan is not repaid by the Borrower at the end of the applicable Interest Period, such Loan shall be converted automatically to a Base Rate Loan on the last day of the then applicable Interest Period.

(e) Determination and Notice of Interest Rates. The Administrative Agent shall determine each interest rate applicable to the Loans hereunder. The Administrative Agent shall give prompt notice to the Borrower and the participating Lenders of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error. Any notice with respect to Euro-Dollar Loans shall, without the necessity of the Administrative Agent so stating in such notice, be subject to adjustments in the Applicable Percentage applicable to such Loans after the beginning of the Interest Period applicable thereto. When during an Interest Period any event occurs that causes an adjustment in the Applicable Percentage applicable to Loans to which such Interest Period is applicable, the Administrative Agent shall give prompt notice to the Borrower and the Lenders of such event and the adjusted rate of interest so determined for such Loans, and its determination thereof shall be conclusive in the absence of manifest error.

#### Section 2.06 Replacement of Lenders.

(a) If (A) any Lender has demanded compensation or indemnification pursuant to Sections 2.12, 2.13, 2.14 or 2.15, (B) the obligation of any Lender to make Euro-Dollar Loans has been suspended pursuant to Section 2.13, (C) any Lender is a Non-Consenting Lender referred to in Section 8.05 (each such Lender described in clauses (A), (B), or (C) being a “Retiring Lender”), the Borrower shall have the right, if no Default then exists, to replace such Lender with one or more Eligible Assignees (which may be one or more of the Continuing Lenders) (each a “Replacement Lender” and, collectively, the “Replacement Lenders”) reasonably acceptable to the Administrative Agent. The replacement of a Retiring Lender pursuant to this Section 2.06(a) shall be effective on the tenth Business Day (the “Replacement Date”) following the date of notice given by the Borrower of such replacement to the Retiring Lender and each Continuing Lender through the Administrative Agent, subject to the satisfaction by the Replacement Lender of the conditions to assignment and assumption set forth in Section 8.06(c) (with all fees payable pursuant to Section 8.06(c) to be paid by the Borrower) and, in connection therewith, the Replacement Lender(s) shall pay to the Retiring Lender an amount equal to the principal of, and all accrued but unpaid interest on, all outstanding Loans of the Retiring Lender; and

(b) the Borrower shall have paid to the Administrative Agent for the account of the Retiring Lender an amount equal to all obligations owing to the Retiring Lender by the Borrower pursuant to this Agreement and the other Loan Documents (other than those obligations of the Borrower referred to in the last sentence of clause (a) above).

On the Replacement Date, each Replacement Lender that is a New Lender shall become a Lender hereunder to the extent of the Commitment of the Retiring Lender assumed by such Replacement Lender, and the Retiring Lender shall cease to constitute a Lender hereunder; provided, that the provisions of Sections 2.10, 2.14, 2.15 and 8.03 of this Agreement shall continue to inure to the benefit of a Retiring Lender with respect to any Loans made or any other actions taken by such Retiring Lender while it was a Lender.

#### Section 2.07 Maturity of Loans; Mandatory Prepayments.

(a) Scheduled Repayments and Prepayments of Loans.

The Loans shall mature on the Termination Date, and any Loans then outstanding (together with accrued interest thereon and fees in respect thereof) shall be due and payable on such date.

(b) Applications of Prepayments and Reductions.

(i) Each payment or prepayment of Loans pursuant to this Section 2.07 shall be applied ratably to the respective Loans of all of the Lenders.

(ii) Each payment of principal of the Loans shall be made together with interest accrued on the amount repaid to the date of payment.

(iii) Each payment of the Loans shall be applied to such Groups of Loans as the Borrower may designate (or, failing such designation, as determined by the Administrative Agent).

Section 2.08 Optional Prepayments.

(a) Subject to Section 2.09, the Borrower may (i) upon at least one Business Days' notice to the Administrative Agent, prepay any Base Rate Borrowing or (ii) upon at least three (3) Business Days' notice to the Administrative Agent, prepay any Euro-Dollar Borrowing, in each case in whole at any time, or from time to time in part in amounts aggregating \$5,000,000 or any larger integral multiple of \$1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Lenders included in such Borrowing.

(b) Notice to Lenders. Upon receipt of a notice of prepayment pursuant to Section 2.08(a), the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's ratable share of such prepayment, and such notice shall not thereafter be revocable by the Borrower.

Section 2.09 General Provisions as to Payments.

(a) Payments by the Borrower. The Borrower shall make each payment of principal of and interest on the Loans and fees hereunder (other than fees payable directly to the Lender) not later than 12:00 Noon (New York, New York time) on the date when due, without set-off, counterclaim or other deduction, in Federal or other funds immediately available in New York, New York, to the Administrative Agent at its address referred to in Section 8.01. The Administrative Agent will promptly distribute to each Lender its ratable share of each such payment received by the Administrative Agent for the account of the Lenders. Whenever any payment of principal of or interest on the Base Rate Loans 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. Whenever any payment of principal of or interest on the Euro-Dollar Loans 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 unless such Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding 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) Distributions by the Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date, and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.10 Funding Losses. If the Borrower makes any payment of principal with respect to



any Euro-Dollar Loan pursuant to the terms and provisions of this Agreement (any conversion of a Euro-Dollar Loan to a Base Rate Loan pursuant to Section 2.12 being treated as a payment of such Euro-Dollar Loan on the date of conversion for purposes of this Section 2.10) on any day other than the last day of the Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.05(c), or if the Borrower fails to borrow, convert or prepay any Euro-Dollar Loan after notice has been given in accordance with the provisions of this Agreement, or in the event of payment in respect of any Euro-Dollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.04(b), the Borrower shall reimburse each Lender within fifteen (15) days after demand for any resulting loss or expense incurred by it (and by an existing Participant in the related Loan), including, without limitation, any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or failure to borrow or prepay; provided, that such Lender shall have delivered to the Borrower a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

Section 2.11 Computation of Interest and Fees. Interest on Loans based on the Base Rate hereunder (other than pursuant to clause (iii) of the definition of "Base Rate") 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. All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 2.12 Basis for Determining Interest Rate Inadequate, Unfair or Unavailable. If on or prior to the first day of any Interest Period for any Euro-Dollar Loan (a) Lenders having 50% or more of the aggregate amount of the Commitments advise the Administrative Agent that the Adjusted London Interbank Offered Rate as determined by the Administrative Agent, will not adequately and fairly reflect the cost to such Lenders of funding their Euro-Dollar Loans for such Interest Period; or (b) the Administrative Agent shall determine that no reasonable means exists for determining the Adjusted London Interbank Offered Rate, the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, whereupon, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such suspension no longer exist, (i) the obligations of the Lenders to make Euro-Dollar Loans, or to convert outstanding Loans into Euro-Dollar Loans shall be suspended; and (ii) each outstanding Euro-Dollar Loan shall be converted into a Base Rate Loan on the last day of the current Interest Period applicable thereto. Unless the Borrower notifies the Administrative Agent at least two (2) Business Days before the date of (or, if at the time the Borrower receives such notice the day is the date of, or the date immediately preceding, the date of such Euro-Dollar Borrowing, by 10:00 A.M. (New York, New York time) on the date of) any Euro-Dollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, such Borrowing shall instead be made as a Base Rate Borrowing.

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or Required Lenders have determined, that: (i) the circumstances set forth in Section 2.13 have occurred and such circumstances are unlikely to be temporary; (ii) the administrator of the London Interbank Offered Rate or a Governmental Authority having jurisdiction over such Lender has made a public statement identifying a specific date after which the London Interbank Offered Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the "Scheduled Unavailability Date"), or (iii) any applicable interest rate specified herein (other than the Prime Rate or the Federal Funds Rate) is no longer a widely recognized benchmark rate for newly originated loans in the U.S. syndicated loan market in the applicable currency, then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and such Borrower shall negotiate in good faith to amend this Agreement to replace the London Interbank Offered Rate with an

alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) (any such proposed rate, a “LIBOR Successor Rate”), together with any proposed LIBOR Successor Rate Conforming Changes (as defined below) and any such amendment shall become effective at 5:00 P.M. (New York, New York time) on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders do not accept such amendment. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify each Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Euro-Dollar Loans shall be suspended (to the extent of the affected Euro-Dollar Loans or Interest Periods only), and (y) the London Interbank Offered Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, any Borrower may revoke any pending request for a Borrowing of, conversion to, or continuation of Euro-Dollar Loans (to the extent of the affected Euro-Dollar Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a Base Rate Borrowing (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than 0% for purposes of this Agreement.

For purposes hereof, “LIBOR Successor Rate Conforming Changes” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, determined by the Administrative Agent with the consent of the Borrower, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement.

Section 2.13 Illegality. If, on or after the Effective Date, 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 any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for any Lender (or its Applicable Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Lender shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Lenders and the Borrower, whereupon until such Lender notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Euro-Dollar Loans, or to convert outstanding Loans into Euro-Dollar Loans, shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section, such Lender shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. If such notice is given, each Euro-Dollar Loan of such Lender then outstanding shall be converted to a Base Rate Loan either (a) on the last day of the then current Interest Period applicable to such Euro-Dollar Loan if such Lender may lawfully continue to maintain and fund such Loan to such day or (b) immediately if such

Lender shall determine that it may not lawfully continue to maintain and fund such Loan to such day.

Section 2.14. Increased Cost and Reduced Return.

(a) Increased Costs. If after the Effective Date, 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 any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall (i) 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 assets of, deposits with or for the account of or credit extended by, any Lender (or its Applicable Lending Office), (ii) subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any participation in any Euro-Dollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (other than (A) Taxes, (B) Other Taxes and (C) the imposition of, or any change in the rate of, any taxes described in clauses (i) through (iv) of the definition of Taxes in Section 2.15(a), (D) Connection Income Taxes, and (E) Taxes attributable to a Lender's failure to comply with Section 2.15(e) and or (iii) impose on such Lender (or its Applicable Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting its Euro-Dollar Loans, Notes, obligation to make Euro-Dollar Loans, and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making or maintaining any Euro-Dollar Loan, or to reduce the amount of any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or under its Notes with respect thereto, then, within fifteen (15) days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts, as determined by such Lender in good faith, as will compensate such Lender for such increased cost or reduction, solely to the extent that any such additional amounts were incurred by such Lender within ninety (90) days of such demand.

(b) Capital Adequacy. If any Lender shall have determined that, after the Effective Date, the adoption of any applicable law, rule or regulation regarding capital adequacy or liquidity, 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 such Lender (or any Person controlling such Lender) as a consequence of such Lender's obligations hereunder to a level below that which such Lender (or any Person controlling such Lender) 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 such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender (or any Person controlling such Lender) for such reduction, solely to the extent that any such additional amounts were incurred by such Lender within ninety (90) days of such demand.

(c) Notices. Each Lender will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the Effective Date, that will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate of any Lender 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, such Lender may use any reasonable averaging and attribution methods.



(d) Notwithstanding anything to the contrary herein, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “change in law” under this Article II regardless of the date enacted, adopted or issued and (z) except as may be provided in Section 2.15(a), the Lenders shall not be entitled to assert any claim under this Section 2.14 in respect of or attributable to taxes.

Section 2.15 Taxes.

(a) Payments Net of Certain Taxes. Any and all payments made by or on account of any Loan Party to or for the account of any Lender or the Administrative Agent hereunder or under any other Loan Document 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, the Administrative Agent or any Lender (A) by the jurisdiction (or subdivision thereof) under the laws of which such Lender or the Administrative Agent is organized or in which its principal executive office is located or, in the case of each Lender, in which its Applicable Lending Office is located, or (B) that are Other Connection Taxes, (ii) in the case of each Lender, any United States withholding tax imposed on such payments, but only to the extent that such Lender is subject to United States withholding tax at the time such Lender 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 a Lender or the Administrative Agent, 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 any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender or the Administrative Agent, (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 2.15(a)) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions, (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) such Loan Party shall deliver to the Administrative Agent, for delivery to such Lender, the original or a certified copy of a receipt evidencing payment thereof.

(b) Other Taxes. In addition, each Loan Party agrees to pay any and all present or future stamp or court 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, any Note or any other Loan Document or from the execution, delivery, performance, registration or enforcement of, or otherwise with respect to, this Agreement, any Note or any other Loan Document (collectively, “Other Taxes”).

(c) Indemnification. Each Loan Party agrees to jointly and severally indemnify each Lender and the Administrative Agent 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 2.15(c)), whether or not correctly or legally asserted, paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto as certified in good faith to the Borrower by each Lender or the Administrative Agent seeking indemnification pursuant to this Section 2.15(c). This indemnification shall be paid within 15 days after such Lender or the Administrative Agent (as the case may be) makes demand therefor.

(d) Refunds or Credits. If a Lender or the Administrative Agent receives a refund, credit or other reduction from a taxation authority for any Taxes or Other Taxes for which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 2.15, it shall within fifteen (15) days from the date of such receipt pay over the amount of such refund, credit or other reduction to the Borrower (but only to the extent of indemnity payments made or additional amounts paid by the Loan Parties under this Section 2.15 with respect to the Taxes or Other Taxes giving rise to such refund, credit or other reduction), net of all reasonable out-of-pocket expenses of such Lender or the Administrative Agent (as the case may be) and without interest (other than interest paid by the relevant taxation authority with respect to such refund, credit or other reduction); provided, however, that each Loan Party agrees to repay, upon the request of such Lender or the Administrative Agent (as the case may be), the amount paid over to the Borrower (plus penalties, interest or other charges) to such Lender or the Administrative Agent in the event such Lender or the Administrative Agent is required to repay such refund or credit to such taxation authority.

(e) Tax Forms and Certificates. (i) Any Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Code shall deliver to the Borrower on or about the date on which such Lender becomes a Lender under this Agreement, at any time such Lender changes its Applicable Lending Office and from time to time thereafter upon the reasonable request of the Borrower, executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax; (ii) any Lender that is not a “United States person” within the meaning of Section 7701(a)(3) of the Code (a “Non-U.S. Lender”) shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by the recipient) on or about the date on which such Non-U.S. Lender becomes a Lender under this Agreement, at any time such Lender changes its Applicable Lending Office and from time to time thereafter upon the reasonable request of the Borrower, whichever of the following is applicable: (A) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty; (B) executed copies of IRS Form W-8ECI; (C) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit D-1 to the effect that such Non-U.S. Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or (D) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-2 or D-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-4 on behalf of each such direct and indirect partner; (iii) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower (in such number of copies as shall be requested by the recipient) on or about the date which such Non-U.S. Lender becomes a Lender under this Agreement, at any time such Lender changes its Applicable Lending Office and from time to time thereafter upon the reasonable request of the Borrower), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to

determine the withholding or deduction required to be made; and (iv) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower at the time or times prescribed by law and at such time or times reasonably requested by the Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(f) Exclusions. No Loan Party shall be required to indemnify any Non-U.S. Lender, or to pay any additional amount to any Non-U.S. Lender, pursuant to Sections 2.15(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 such Non-U.S. Lender to comply with the provisions of Section 2.15(e).

(g) Mitigation. If any Loan Party is required to pay additional amounts to or for the account of any Lender pursuant to this Section 2.15, then such Lender will use reasonable efforts (which shall include efforts to rebook the Loans held by such Lender to a new Applicable Lending Office, or through another branch or affiliate of such Lender) to change the jurisdiction of its Applicable Lending Office if, in the good faith judgment of such Lender, 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 such Lender, to such Lender. Any Lender claiming any indemnity payment or additional amounts payable pursuant to this Section shall use reasonable efforts (consistent with legal and regulatory restrictions) to deliver to Borrower any certificate or document reasonably requested in writing by the Borrower 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 such Lender, be otherwise disadvantageous to such Lender.

(h) Confidentiality. Nothing contained in this Section shall require any Lender or the Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

Section 2.16 Base Rate Loans Substituted for Affected Euro-Dollar Loans. If (a) the obligation of any Lender to make or maintain, or to convert outstanding Loans to, Euro-Dollar Loans has been suspended pursuant to Section 2.13 or (b) any Lender has demanded compensation under Section 2.14(a) with respect to its Euro-Dollar Loans and, in any such case, the Borrower shall, by at least four (4) Business Days' prior notice to such Lender through the Administrative Agent, have elected that the provisions of this Section shall apply to such Lender, then, unless and until such Lender notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(i) all Loans which would otherwise be made by such Lender as (or continued as or converted into) Euro-Dollar Loans shall instead be Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Euro Dollar Loans of the other Lenders); and

(ii) after each of its Euro-Dollar Loans has been repaid, all payments of principal

that would otherwise be applied to repay such Loans shall instead be applied to repay its Base Rate Loans.

If such Lender notifies the Borrower that the circumstances giving rise to such notice no longer apply, the principal amount of each such Base Rate Loan shall be converted into a Euro-Dollar Loan on the first day of the next succeeding Interest Period applicable to the related Euro-Dollar Loans of the other Lenders.

### ARTICLE III CONDITIONS

Section 3.01 Conditions to Closing. The effectiveness of this Agreement and the obligation of each Lender to make a Loan on the Effective Date hereunder is subject to the satisfaction of the following conditions:

(a) This Agreement. The Administrative Agent shall have received counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party).

(b) Notes. On or prior to the Effective Date, the Administrative Agent shall have received a duly executed Note for the account of each Lender requesting delivery of a Note pursuant to Section 2.04.

(c) Officers' Certificate. The Administrative Agent shall have received a certificate dated the Effective Date signed on behalf of each Loan Party by any Authorized Officer of such Loan Party stating that (A) on the Effective Date and after giving effect to the Loans being made or issued on the Effective Date, no Default shall have occurred and be continuing, and (B) the representations and warranties of such Loan Party contained in the Loan Documents are true and correct on and as of the Effective 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.

(d) Secretary's Certificates. On the Effective Date, the Administrative Agent shall have received (i) a certificate of the Secretary of State (or equivalent body) of the jurisdiction of incorporation dated as of a recent date, as to the good standing of each Loan Party and (ii) a certificate of the Secretary or an Assistant Secretary of each Loan Party dated the Effective Date and certifying (A) that attached thereto is a true, correct and complete copy of (x) the articles of incorporation of such Loan Party certified by the Secretary of State (or equivalent body) of the jurisdiction of incorporation of such Loan Party and (y) the bylaws of such Loan Party, (B) as to the absence of dissolution or liquidation proceedings by or against such Loan Party, (C) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such Loan Party is a party 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 such Loan Party executing the Loan Documents to which such Loan Party is a party or any other document delivered in connection herewith or therewith.

(e) Opinions of Counsel. On the Effective Date, the Administrative Agent shall have received from counsel to the Loan Parties, opinions addressed to the Administrative Agent and each Lender, dated the Effective Date, substantially in the form of Exhibit C hereto.



(f) Consents. All necessary governmental (domestic or foreign), regulatory and third party approvals, if any, authorizing borrowings hereunder in connection with the transactions contemplated by this Agreement and the other Loan Documents 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 the Administrative Agent, materially adverse conditions upon the consummation of such transactions.

(g) Payment of Fees. All costs, fees and expenses due to the Administrative Agent, the Arranger and the Lenders accrued through the Effective Date shall have been paid in full.

(h) Counsel Fees. The Administrative Agent shall have received full payment from the Borrower of the fees and expenses of Winston & Strawn LLP described in Section 8.03 which are billed through the Effective Date and which have been invoiced one Business Day prior to the Effective Date.

Section 3.02 Conditions to All Credit Events. The obligation of any Lender to make any Loan hereunder is subject to the satisfaction of the following conditions:

(a) receipt by the Administrative Agent of a Notice of Borrowing as required by Section 2.02;

(b) the fact that, immediately before and after giving effect to such Credit Event, no Default shall have occurred and be continuing; and

(c) the fact that the representations and warranties of the Loan Parties contained in this Agreement and the other Loan Documents shall be true and correct on and as of the date of such Credit Event, 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 4.04(c), Section 4.05, Section 4.13 and Section 4.14(a), which shall be deemed only to relate to the matters referred to therein on and as of the Effective Date.

Each Credit Event under this Agreement shall be deemed to be a representation and warranty by the Loan Parties on the date of such Credit Event as to the facts specified in clauses (b) and (c) of this Section.

#### ARTICLE IV REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants that, and as to the Borrower, the Borrower represents and warrants that:

Section 4.01 Status. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate authority to execute and deliver this Agreement and each other Loan Document to which it is a party and perform its obligations hereunder and thereunder. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has the corporate authority to execute and deliver this Agreement and each other Loan Document to which it is a party and perform its obligations hereunder and thereunder.

Section 4.02 Authority; No Conflict. The execution, delivery and performance by each Loan Party of this Agreement and each other Loan Document to which it is a party have been duly authorized by all necessary corporate action and do not violate (i) any provision of law or regulation, or any decree, order, writ or judgment, (ii) any provision of its articles of incorporation or bylaws, or (iii) result in the breach of or constitute a default under any indenture or other agreement or instrument to which such Loan Party

is a party.

Section 4.03 Legality; Etc. This Agreement and each other Loan Document (other than the Notes) to which such Loan Party is a party constitute the legal, valid and binding obligations of such Loan Party, and the Notes, when executed and delivered in accordance with this Agreement, will constitute legal, valid and binding obligations of the Borrower, in each case enforceable against the Borrower 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 4.04 Financial Condition.

(a) Audited Financial Statements. The consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of December 31, 2019 and the related consolidated statements of income and cash flows for the fiscal year then ended, reported on by Deloitte & Touche LLP, copies of which have been delivered to each of the Administrative Agent and the Lenders, fairly present, in conformity with GAAP, the consolidated financial position of the Guarantor and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) [Intentionally Omitted].

(c) Material Adverse Change. Since December 31, 2019 there has been no change in the business, assets, financial condition or operations of the Guarantor and its Consolidated Subsidiaries, considered as a whole that would materially and adversely affect the Guarantor's ability to perform any of its obligations under this Agreement, the Notes or the other Loan Documents. Since December 31, 2019 there has been no change in the business, assets, financial condition or operations of the Borrower that would materially and adversely affect the Borrower's ability to perform any of its obligations under this Agreement, the Notes or the other Loan Documents.

Section 4.05 Litigation. Except as disclosed in or contemplated by the Guarantor's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019 or any subsequent report of the Guarantor filed with the SEC on Form 10-K, 10-Q or 8-K, or as otherwise disclosed in writing to the Administrative Agent and each Lender prior to the Effective Date, no litigation, arbitration or administrative proceeding against the Guarantor or any of its Subsidiaries is pending or, to the Guarantor's knowledge, threatened, which would reasonably be expected to materially and adversely affect the ability of any Loan Party to perform any of its obligations under this Agreement, the Notes or the other Loan Documents. There is no litigation, arbitration or administrative proceeding pending or, to the knowledge of any Loan Party, threatened which questions the validity of this Agreement or the other Loan Documents to which it is a party.

Section 4.06 No Violation. No part of the proceeds of the borrowings by hereunder will be used, directly or indirectly by the Borrower 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 Borrower 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 4.07 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 4.08 Governmental Approvals. No authorization, consent or approval from any Governmental Authority is required for the execution, delivery and performance by any Loan Party of this Agreement, the Notes and the other Loan Documents to which it is a party and except such authorizations, consents and approvals as shall have been obtained prior to the Effective Date and shall be in full force and effect.

Section 4.09 Investment Company Act. Neither the Borrower nor the Guarantor is an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

Section 4.10 Tax Returns and Payments. Each Loan Party 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 such Loan Party 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 4.11 Compliance with Laws. (a) To the knowledge of the Guarantor, the Guarantor and its Material Subsidiaries are in compliance with all applicable laws, regulations and orders of any Governmental Authority, domestic or foreign, in respect of the conduct of their respective businesses and the ownership of their respective 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 (i) any alleged non-compliance is being contested in good faith by appropriate proceedings or (ii) such non-compliance would not reasonably be expected to materially and adversely affect the ability of the Loan Parties to perform any of their respective obligations under this Agreement, the Notes or any other Loan Document to which they are a party; and (b) To the knowledge of the Borrower, the Borrower 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, except to the extent (i) any alleged non-compliance is being contested in good faith by appropriate proceedings or (ii) such non-compliance would not reasonably be expected to materially and adversely affect the ability of the Borrower to perform any of its obligations under this Agreement, the Notes or any other Loan Document to which it is a party.

Section 4.12 No Default. No Default has occurred and is continuing.

Section 4.13 Environmental Matters.

(a) Except (x) as disclosed in or contemplated by the Guarantor’s Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019, or in any subsequent report of the Guarantor filed with the SEC on Form 10-K, 10-Q or 8-K or as otherwise disclosed in writing to the Administrative Agent and each Lender, or (y) to the extent that the liabilities of the Guarantor 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) below of this Section 4.13(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 Guarantor or any of its Subsidiaries, no penalty has been assessed nor is any investigation or review pending or, to the Guarantor'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 Guarantor or any of its Subsidiaries of or under any Environmental Law, (B) alleged failure by the Guarantor 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 Guarantor'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 Guarantor or any of its Subsidiaries; and

(iii) no property now or previously owned, leased or operated by the Guarantor or any of its Subsidiaries or, to the Guarantor's or any of its Subsidiaries' knowledge, any property to which the Guarantor or any of its Subsidiaries has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances, is listed or, to the Guarantor'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 Guarantor's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019, or in any subsequent report of the Guarantor filed with the SEC on Form 10-K, 10-Q or 8-K or otherwise disclosed in writing to the Administrative Agent and each Lender, to the Guarantor's 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 4.13, the terms "the Guarantor" and "Subsidiary" shall include any business or business entity (including a corporation) which is a predecessor, in whole or in part, of the Guarantor or any of its Subsidiaries from the time such business or business entity became a Subsidiary of the Guarantor.

#### Section 4.14 Material Subsidiaries and Ownership.

(a) As of the Effective Date, (i) Schedule 4.14 states the name of each of the Guarantor's Material Subsidiaries and its jurisdiction or jurisdictions of organization or incorporation, as applicable, (ii) except as disclosed in Schedule 4.14, each such Subsidiary is a Wholly Owned Subsidiary of the Guarantor, and (iii) each of the Guarantor's Material Subsidiaries is in good standing in the jurisdiction or jurisdictions of its organization or incorporation, as applicable, and has all corporate or other organizational powers to carry on its businesses except where failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Each of the Guarantor's Material Subsidiaries is duly organized or incorporated and validly existing under the laws of the jurisdiction or jurisdictions of its organization or incorporation, as applicable.

Section 4.15 OFAC. None of the Borrower, the Guarantor any Subsidiary of the Guarantor, nor, to the knowledge of the Guarantor or the Borrower, any director, officer, or Affiliate of the Borrower, the Guarantor or any of its Subsidiaries: (i) is a Sanctioned Person, (ii) has more than 10% of its assets in



Sanctioned Persons or in Sanctioned Countries, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. The proceeds of any Loan will not be used, directly or indirectly, to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country.

## ARTICLE V COVENANTS

Each Loan Party agrees that from and after the Effective Date:

Section 5.01 Information. The Loan Parties will deliver or cause to be delivered to the Lenders (it being understood that the posting of the information required in clauses (a), (b) and (f) of this Section 5.01 on the Borrower's website or the Guarantor's website (<http://www.pplweb.com>) or making such information available on IntraLinks, SyndTrak (or similar service) shall be deemed to be effective delivery to the Lenders):

(a) Annual Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Guarantor is not a Public Reporting Company, within one hundred and five (105) days after the end of each fiscal year of the Guarantor), a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated statements of income and cash flows for such fiscal year and accompanied by an opinion thereon by independent public accountants of recognized national standing, which opinion shall state that such consolidated financial statements present fairly the consolidated financial position of the Guarantor and its Consolidated Subsidiaries as of the date of such financial statements and the results of their operations for the period covered by such financial statements in conformity with GAAP applied on a consistent basis.

(b) Quarterly Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Guarantor is not a Public Reporting Company, within sixty (60) days after the end of each quarterly fiscal period in each fiscal year of the Guarantor (other than the last quarterly fiscal period of the Guarantor)), a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for such fiscal quarter, all certified (subject to normal year-end audit adjustments) as to fairness of presentation, GAAP and consistency by any Authorized Officer of the Guarantor.

(c) Officer's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsections (a) and (b) above, a certificate of any Authorized Officer of the Guarantor, (i) setting forth in reasonable detail the calculations required to establish compliance with the requirements of Section 5.09 on the date of such financial statements and (ii) stating whether there exists on the date of such certificate any Default and, if any Default then exists, setting forth the details thereof and the action which the applicable Loan Party is taking or proposes to take with respect thereto.

(d) Default. Forthwith upon acquiring knowledge of the occurrence of any (i) Default or (ii) Event of Default, in either case a certificate of an Authorized Officer of the applicable Loan Party setting forth the details thereof and the action which the applicable Loan Party is taking or proposes to take with respect thereto.

(e) Change in Borrower's Ratings. Promptly, upon any Authorized Officer obtaining knowledge of any change in a Borrower's Rating, a notice of such Borrower's Rating in effect after giving effect to such change.

(f) Securities Laws Filing. To the extent the Guarantor or the Borrower is a Public Reporting Company, promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC, a copy of any Form 10-K Report to the SEC and a copy of any Form 10-Q Report to the SEC, and promptly upon the filing thereof, any other filings with the SEC.

(g) ERISA Matters. If and when any member of the ERISA Group: (i) gives or is required to give notice to the PBGC of any “reportable event” (as defined in Section 4043 of ERISA) with respect to any Material Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Material Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives, with respect to any Material Plan that is a Multiemployer Plan, notice of any complete or partial withdrawal liability under Title IV of ERISA, or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose material liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Material Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code with respect to a Material Plan, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA; or (vii) fails to make any payment or contribution to any Plan or makes any amendment to any Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a copy of such notice, a certificate of the chief accounting officer or controller of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take.

(h) Other Information. From time to time such additional financial or other information regarding the financial condition, results of operations, properties, assets or business of the Guarantor or any of its Subsidiaries as any Lender may reasonably request.

Each Loan Party hereby acknowledges that (a) the Administrative Agent will make available to the Lenders materials and/or information provided by or on behalf of the Loan Parties hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on IntraLinks, SyndTrak or another similar electronic system (the “Platform”) and (b) certain of the Lenders may be “public-side” Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Loan Parties or their respective securities) (each, a “Public Lender”). Each Loan Party hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to any Loan Party or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information (as defined below), they shall be treated as set forth in Section 8.12); (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting (subject to Section 8.12) on a portion of the Platform not designated “Public Investor.” “Information” means all information received from the Guarantor or any of its Subsidiaries relating to the Guarantor or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative

Agent or any Lender on a nonconfidential basis prior to disclosure by the Guarantor or any of its Subsidiaries; provided that, in the case of information received from the Guarantor or any of its Subsidiaries after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 5.02 Maintenance of Insurance. Each Loan Party will maintain, or cause to be maintained, insurance with financially sound (determined in the reasonable judgment of the Borrower) and responsible companies in such amounts (and with such risk retentions) and against such risks as is usually carried by owners of similar businesses and properties in the same general areas in which such Loan Party operates.

Section 5.03 Conduct of Business and Maintenance of Existence. Each Loan Party will (a) continue to engage in businesses of the same general type as now conducted by such Loan Party and, in the case of the Guarantor, its Subsidiaries and businesses related thereto or arising out of such businesses, except to the extent that the failure to maintain any existing business would not have a Material Adverse Effect and (b) except as otherwise permitted in Section 5.07, preserve, renew and keep in full force and effect, and will cause each of its Subsidiaries to preserve, renew and keep in full force and effect, their respective corporate (or other entity) existence and their respective rights, privileges and franchises necessary or material to the normal conduct of business, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.04 Compliance with Laws, Etc. Each Loan Party will comply 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) noncompliance could not reasonably be expected to have a Material Adverse Effect.

Section 5.05 Books and Records. Each Loan Party (a) will keep, and, in the case of the Guarantor, will cause each of its Subsidiaries to keep, proper books of record and account in conformity with GAAP and (b) will permit representatives of the Administrative Agent and each of the Lenders to visit and inspect any of their respective properties, to examine and make copies from any of their respective books and records and to discuss their respective affairs, finances and accounts with their officers, any employees and independent public accountants, all at such reasonable times and as often as may reasonably be desired; provided, that, the rights created in this Section 5.05 to “visit”, “inspect”, “discuss” and copy shall not extend to any matters which such Loan Party deems, in good faith, to be confidential, unless the Administrative Agent and any such Lender agree in writing to keep such matters confidential.

Section 5.06 Use of Proceeds. The proceeds of the Loans made under this Agreement will be used by the Borrower for general corporate purposes of the Borrower and its Affiliates, including for working capital purposes and for making investments in or loans to the Guarantor and Affiliates of the Loan Parties. No such use of the proceeds for general corporate purposes will be, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any Margin Stock within the meaning of Regulation U.

Section 5.07 Merger or Consolidation. No Loan Party will merge with or into or consolidate with or into any other corporation or entity, unless (a) immediately after giving effect thereto, no event shall occur and be continuing which constitutes a Default, (b) the surviving or resulting Person, as the case may be, assumes and agrees in writing to pay and perform all of the obligations of such Loan Party under this



Agreement, (c) in the case of the Guarantor, substantially all of the consolidated assets and consolidated revenues of the surviving or resulting Person, as the case may be, are anticipated to come from the utility or energy businesses and (d) in the case of the Borrower, the senior unsecured long-term debt ratings (without giving effect to any third party credit enhancement except for a guaranty of the Guarantor or a permitted successor) from both Rating Agencies of the surviving or resulting Person, as the case may be, immediately following the merger or consolidation is equal to or greater than the Borrower's Ratings from both Rating Agencies immediately preceding the announcement of such consolidation or merger.

Section 5.08 Asset Sales. Except for the sale of assets required to be sold to conform with governmental requirements, the Guarantor and its Material Subsidiaries shall not consummate any Asset Sale, if the aggregate net book value of all such Asset Sales consummated during the four calendar quarters immediately preceding any date of determination would exceed 25% of the total assets of the Guarantor and its Consolidated Subsidiaries as of the beginning of the Guarantor's most recently ended full fiscal quarter; provided, however, that any such Asset Sale will be disregarded for purposes of the 25% limitation specified above: (a) if any such Asset Sale is in the ordinary course of business of the Guarantor and its Subsidiaries; (b) if the assets subject to any such Asset Sale are worn out or are no longer useful or necessary in connection with the operation of the businesses of the Guarantor or its Subsidiaries; (c) if the assets subject to any such Asset Sale are being transferred to a Wholly Owned Subsidiary of the Guarantor; (d) if the proceeds from any such Asset Sale (i) are, within twelve (12) months of such Asset Sale, invested or reinvested by the Guarantor or any Subsidiary in a Permitted Business, (ii) are used by the Guarantor or any Subsidiary to repay Debt of the Guarantor or such Subsidiary, or (iii) are retained by the Guarantor or any Subsidiary; or (e) if, prior to any such Asset Sale, both Rating Agencies confirm the then-current Borrower's Ratings after giving effect to any such Asset Sale.

Section 5.09 Consolidated Debt to Consolidated Capitalization Ratio. The ratio of Consolidated Debt of the Guarantor to Consolidated Capitalization of the Guarantor shall not exceed 70%, measured as of the end of each fiscal quarter.

## ARTICLE VI DEFAULTS

Section 6.01 Events of Default. If one or more of the following events (each an "Event of Default") shall have occurred and be continuing:

- (a) neither Loan Party shall pay when due any principal on any Loans; or
- (b) neither Loan Party shall pay when due any interest on the Loans, any fee or any other amount payable hereunder or under any other Loan Document for five (5) days following the date such payment becomes due hereunder; or
- (c) any Loan Party shall fail to observe or perform any of its covenants or agreements contained in Sections 5.05(b), 5.06, 5.07, 5.08 or 5.09; or
- (d) any Loan Party shall fail to observe or perform any of its covenants or agreements contained in Section 5.01(d)(i) for 30 days after any such failure or in Section 5.01(d)(ii) for ten (10) days after any such failure; or
- (e) any of the Loan Parties shall fail to observe or perform any covenant or agreement contained in this Agreement or any other Loan Document (other than those covered by clauses (a), (b), (c) or (d) above) for thirty (30) days after written notice thereof has been given to the defaulting party by the Administrative Agent or at the request of the Required Lenders; or

(f) any representation, warranty or certification made by any Loan Party in this Agreement or any other Loan Document 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

(g) any Loan Party shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Material Debt beyond any period of grace 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 period of grace 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

(h) any Loan Party 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

(i) an involuntary case or other proceeding shall be commenced against any Loan Party 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 any Loan Party under the Bankruptcy Code; or

(j) 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

(k) any Loan Party 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 it that is not stayed on appeal or otherwise being appropriately contested in good faith; or

(l) a Change of Control shall have occurred; or

(m) the Guaranty shall cease to be in full force or effect or shall be found by any judicial proceeding to be unenforceable or invalid; or the Guarantor shall deny or disaffirm in writing the Guarantor's obligations under the Guaranty; then, and in every such event, while such event is continuing, the Administrative Agent may, or if requested in writing by the Required Lenders, shall by notice to the Borrower declare the Loans (together with accrued interest and accrued and unpaid fees thereon and all

other amounts due hereunder) to be, and the Loans shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind (except as set forth above).

## ARTICLE VII THE ADMINISTRATIVE AGENT

Section 7.01 Appointment and Authority. Each of the Lenders hereby irrevocably appoints The Bank of Nova Scotia to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 7.01 are solely for the benefit of the Administrative Agent and the Lenders, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

Section 7.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Guarantor or any of its Subsidiaries or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 7.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

- (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;
- (b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and
- (c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any of the Loan Parties or any of their respective Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Article VI and Section 8.06) or (ii) in the absence of its own gross negligence

or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (a) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (b) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (c) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (d) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (e) the satisfaction of any condition set forth in Section 3.01 or 3.02 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 7.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 7.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section 7.05 shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 7.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with approval from the Borrower (so long as no Event of Default has occurred and is continuing), to appoint a successor, such approval not to be unreasonably withheld or delayed. If no such successor shall have been so appointed by the Required Lenders and approved by the Borrower and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (b) all payments, communications and determinations provided



to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section 7.06. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Section 7.06 and Section 8.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Section 7.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 7.08 No Other Duties, etc. Anything herein to the contrary notwithstanding, no joint lead arranger and bookrunner, syndication agent, documentation agent or any other agent listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents.

Section 7.09 No Reliance on Administrative Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Governmental Authority, foreign or domestic (collectively, "Laws") relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, all as amended, supplemented or replaced from time to time (collectively, "Anti-Terrorism Laws"), including any programs involving any of the following items relating to or in connection with any of the Loan Parties, their Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such other Anti-Terrorism Laws.

## ARTICLE VIII MISCELLANEOUS

Section 8.01 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 any Lender pursuant to Article II if such Lender has notified the Administrative Agent 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, teletype, 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 teletype, (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 teletype numbers, in the case of any of the Loan Parties and the Administrative Agent, 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 Loan Parties:

PPL Capital Funding,  
Inc. PPL Corporation  
Two North Ninth Street  
Allentown, Pennsylvania 18101-1179  
Attention: Treasurer or Assistant Treasurer  
Telephone: 610-774-5151  
Facsimile: 610-774-5235

with a copy to:

PPL Services Corporation  
Two North Ninth Street (GENTW4)  
Allentown, Pennsylvania 18101-1179  
Attention: Frederick C. Paine, Esq.  
Telephone: 610-774-7445  
Facsimile: 610-774-6726

if to the Administrative Agent:

The Bank of Nova Scotia  
720 King Street West, 4<sup>th</sup> Floor  
Toronto, Ontario Canada M5V 2T3  
Attention: Nazmul Arefin  
Telephone: 416-933-5267  
Facsimile: 212-225-5709  
Email: Nazmul.Arefin@scotiabank.com  
with copies to GWSLoanOps.USCorp@scotiabank.com

**Section 8.02 No Waivers; Non-Exclusive Remedies.** No failure by the Administrative Agent or any Lender to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege hereunder or under any Note or other Loan 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 other Loan

Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 8.03 Expenses; Indemnification.

(a) Expenses. The Borrower shall pay (i) all out-of-pocket expenses of the Administrative Agent, including legal fees and disbursements of one primary counsel and any other local counsel retained by the Administrative Agent and the Arranger, in its reasonable discretion, in connection with the preparation, execution, delivery and administration of the Loan Documents, 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 the Arranger, the Administrative Agent and each Lender, 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 Borrower shall not be liable for any legal fees or disbursements of any counsel for the Administrative Agent, the Arranger and the Lenders incurred prior to the Effective Date other than Winston & Strawn LLP associated with the preparation, execution and delivery of this Agreement and the closing documents contemplated hereby.

(b) Indemnity in Respect of Loan Documents. Each of the Loan Parties agrees to jointly and severally indemnify the Arranger, the Administrative Agent and each Lender, their respective Affiliates and the respective directors, officers, trustees, agents, employees 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 Borrower 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 (whether by the Guarantor, the Borrower, any Subsidiary or Affiliate of the Borrower or any other Person) in any way relating to or arising out of this Agreement, any other Loan Document or any documents contemplated hereby or thereby or referred to herein or therein 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. Each of the Loan Parties agrees to jointly and severally 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 Borrower 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 Guarantor or any of its Subsidiaries or any predecessor of the Guarantor or any of its Subsidiaries, or any and all Environmental Liabilities. Without limiting the generality of the foregoing, the Borrower 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, no Loan Party shall 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, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan 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 other Loan Documents or the transactions contemplated hereby or thereby; provided that nothing in this Section 8.03(d) shall relieve any Lender from its obligations under Section 8.12.

Section 8.04 Sharing of Set-Offs. Each Lender agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest due with respect to any Loan made or Note held by it which is greater than the proportion received by any other Lender in respect of the aggregate amount of principal and interest due with respect to any Loan or Note made or held by such other Lender, the Lender receiving such proportionately greater payment shall purchase such participations in the Loan made or Notes held by the other Lenders, and such other adjustments shall be made, in each case as may be required so that all such payments of principal and interest with respect to the Loan made or Note held by the Lenders shall be shared by the Lenders pro rata; provided, that nothing in this Section shall impair the right of any Lender to exercise any right of set-off or counterclaim it may have for payment of indebtedness of the Borrower other than its indebtedness hereunder.

Section 8.05 Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if such amendment or waiver is in writing and is signed by the Loan Parties and the Required Lenders (and, if the rights or duties of the Administrative Agent are affected thereby, by the Administrative Agent); provided, that no such amendment or waiver shall, (a) unless signed by each Lender adversely affected thereby, (i) increase the Commitment of any Lender or subject any Lender to any additional obligation (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or of mandatory reductions in the Commitments shall not constitute an increase of the Commitment of any Lender, and that an increase in the available portion of any Commitment of any Lender as in effect at any time shall not constitute an increase in such Commitment), (ii) reduce the principal of or rate of interest on any Loan (except in connection with a waiver of applicability of any post-default increase in interest rates, which waiver may be made with the approval of the Required Lenders) or any fees hereunder, (iii) postpone the date fixed for any payment of interest on any Loan or any fees hereunder or for any scheduled termination of any Commitment, (iv) postpone or change the date fixed for any scheduled payment of principal of any Loan, (v) change any provision hereof in a manner that would alter the pro rata funding of Loans required by Section 2.03(b), the pro rata sharing of payments required by Sections 2.06(b) or 2.08(a) or (vi) change the currency in which Loans are to be made or payment under the Loan Documents is to be made, or add additional borrowers or (b) unless signed by each Lender, (i) change the definition of Required Lender or this Section 8.05 or Section 8.06(a) or (ii) release the Guarantor from its Obligations under the Guaranty; provided, further, that if, in connection with any proposed amendment or waiver referred to above, the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained (each a "Non-Consenting Lender"), then the Borrower shall have the right to replace any such Non-Consenting Lender with one or more replacement Lenders pursuant to Section 2.06(b).

Section 8.06 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 no Loan

Party may assign or otherwise transfer any of its rights under this Agreement without the prior written consent of all of the Lenders and the Administrative Agent, except to the extent any such assignment results from the consummation of a merger or consolidation permitted pursuant to this Agreement.

(b) Participations. Any Lender may at any time grant to one or more banks or other financial institutions or special purpose funding vehicle (each a "Participant") participating interests in any or all of its Loans. In the event of any such grant by a Lender of a participating interest to a Participant, whether or not upon notice to the Borrower and the Administrative Agent, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that such Lender shall retain the sole right and responsibility to enforce the obligations of the Loan Parties hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided, that such participation agreement may provide that such Lender will not agree to any modification, amendment or waiver of this Agreement which would (i) extend the Termination Date, reduce the rate or extend the time of payment of principal, interest or fees on any Loan in which such Participant is participating (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the Participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default shall not constitute a change in the terms of such participation, and that an increase in any Loan shall be permitted without the consent of any Participant if the Participant's participation is not increased as a result thereof) or (ii) allow the assignment or transfer by any Loan Party of any of its rights and obligations under this Agreement, without the consent of the Participant, except to the extent any such assignment results from the consummation of a merger or consolidation permitted pursuant to this Agreement. The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article II with respect to its participating interest to the same extent as if it were a Lender, subject to the same requirements and limitations therein, including the requirements under Section 2.15(e) (it being understood that the documentation required under Section 2.15(e) shall be delivered to the participating Lender) to the same extent as if it were a Lender and in no case shall any Participant be entitled to receive any amount payable pursuant to Article II that is greater than the amount such Lender granting such Participant's participating interest would have been entitled to receive had such Lender not sold such participating interest. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register (solely for tax purposes) on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(c) Assignments Generally. Any Lender may at any time assign to one or more Eligible Assignees (each, an "Assignee") all, or a proportionate part (equivalent to an initial amount of not less than \$2,000,000 or any larger integral multiple of \$1,000,000), of its rights and obligations under this Agreement and the Notes with respect to its Loans and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit E attached hereto executed by such Assignee and such transferor, with (and subject to) the consent of the Borrower and the Administrative Agent, which consents of the Borrower and the Administrative Agent shall not be unreasonably withheld or delayed; provided, that if an Assignee is an Affiliate of such transferor Lender or was a Lender immediately prior to such assignment, no such consent of the

Borrower or the Administrative Agent shall be required; provided, further, that if at the time of such assignment a Default or an Event of Default has occurred and is continuing, no such consent of the Borrower shall be required; provided, further, that no such assignment may be made prior to the Effective Date without the prior written consent of the Administrative Agent; provided, further, that the provisions of Sections 2.10, 2.14, 2.15 and 8.03 of this Agreement shall inure to the benefit of a transferor with respect to any Loans made or any other actions taken by such transferor while it was a Lender. Upon execution and delivery of such instrument and payment by such Assignee to such transferor of an amount equal to the purchase price agreed between such transferor and such Assignee, such Assignee shall be a Lender party to this Agreement and shall have all the rights and obligations of a Lender, as set forth in such instrument of assumption, and the transferor shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment, the transferor shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of \$3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such administrative fee in the case of any assignment. Each Assignee shall, on or before the effective date of such assignment, deliver to the Borrower and the Administrative Agent certification as to exemption from deduction or withholding of any United States Taxes in accordance with Section 2.14(e).

(d) Assignments to Federal Reserve Banks. Any Lender may at any time assign all or any portion of its rights under this Agreement and its Note to a Federal Reserve Bank. No such assignment shall release the transferor Lender from its obligations hereunder.

(e) Register. The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for purposes of this Section 8.06(e), to (i) maintain a register (the "Register") on which the Administrative Agent will record the Loans made by each Lender and each repayment in respect of the principal amount of the Loans of each Lender and to (ii) retain a copy of each Assignment and Assumption Agreement delivered to the Administrative Agent pursuant to this Section. Failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's obligation in respect of such Loans. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower and the Administrative Agent and the other Lenders shall treat each Person in whose name a Loan and the Note evidencing the same is registered as the owner thereof for all purposes of this Agreement, notwithstanding notice or any provision herein to the contrary. With respect to any Lender, the assignment or other transfer of the rights to the principal of, and interest on, any Loan made and any Note issued pursuant to this Agreement shall not be effective until such assignment or other transfer is recorded on the Register and, except to the extent provided in this Section 8.06(e), otherwise complies with Section 8.06, and prior to such recordation all amounts owing to the transferring Lender with respect to such Loans and Notes shall remain owing to the transferring Lender. The registration of assignment or other transfer of all or part of any Loans and Notes for such Lender shall be recorded by the Administrative Agent on the Register, only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Assumption Agreement and payment of the administrative fee referred to in Section 8.06(c). The Register shall be available for inspection by each of the Borrower at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to the Loan Documents is pending, any Lender wishing to consult with other Lenders in connection therewith may request and receive from the Administrative Agent a copy of the Register. The Borrower may not replace any Lender unless, with respect to any Notes held by such Lender, the requirements of Section 8.65(c) and this Section 8.06(e) have been satisfied.

Section 8.07 Governing Law; Submission to Jurisdiction. This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each Loan



Party 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. Each Loan Party 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 8.08 Counterparts; Integration; Effectiveness. This Agreement shall become effective on the Effective 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 Effective Date, this Agreement and the other Loan Documents 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 8.09 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 Guarantor's independent public accountants) with the audited consolidated financial statements of the Guarantor and its Consolidated Subsidiaries most recently delivered to the Lenders; provided, that, if the Guarantor notifies the Administrative Agent that the Guarantor wishes to amend any covenant in Article V to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Guarantor that a Lender wishes to amend Article V for such purpose), then the Guarantor'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 Guarantor and such Required Lenders.

Section 8.10 Usage. The following rules of construction and usage shall be applicable to this Agreement and to any instrument or agreement that is governed by or referred to in this Agreement.

(a) All terms defined in this Agreement shall have the defined meanings when used in any instrument governed hereby or referred to herein and in any certificate or other document made or delivered pursuant hereto or thereto unless otherwise defined therein.

(b) The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement or in any instrument or agreement governed here shall be construed to refer to this Agreement or such instrument or agreement, as applicable, in its entirety and not to any particular provision or subdivision hereof or thereof.

(c) References in this Agreement to "Article", "Section", "Exhibit", "Schedule" or another subdivision or attachment shall be construed to refer to an article, section or other subdivision of, or an exhibit, schedule or other attachment to, this Agreement unless the context otherwise requires; references in any instrument or agreement governed by or referred to in this Agreement to "Article", "Section", "Exhibit", "Schedule" or another subdivision or attachment shall be construed to refer to an article, section or other subdivision of, or an exhibit, schedule or other attachment to, such instrument or agreement unless the context otherwise requires.

(d) The definitions contained in this Agreement shall apply equally to the singular and plural forms of such terms. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word "will" shall be construed to have the same meaning as the word "shall". The term "including" shall be construed to have the same meaning as the phrase "including without limitation".

(e) Unless the context otherwise requires, any definition of or reference to any agreement, instrument, statute or document contained in this Agreement or in any agreement or instrument that is governed by or referred to in this Agreement shall be construed (i) as referring to such agreement, instrument, statute or document as the same may be amended, supplemented or otherwise modified from time to time (subject to any restrictions on such amendments, supplements or modifications set forth in this Agreement or in any agreement or instrument governed by or referred to in this Agreement), including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and (ii) to include (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein. Any reference to any Person shall be construed to include such Person's successors and permitted assigns.

(f) 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.

(g) Unless otherwise specified, all references herein to times of day shall constitute references to Eastern Time.

**Section 8.11 WAIVER OF JURY TRIAL.** EACH OF THE LOAN PARTIES 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 8.12 Confidentiality.** Each Lender 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 any Lender from disclosing such information (i) to any other Lender or to the Administrative Agent, (ii) to any other Person if reasonably incidental to the administration of the Loans, (iii) upon the order of any court or administrative agency, (iv) 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), (v) which had been publicly disclosed other than as a result of a disclosure by the Administrative Agent or any Lender prohibited by this Agreement, (vi) in connection with any litigation to which the Administrative Agent, any Lender or any of their respective Subsidiaries or Affiliates may be party, (vii) to the extent necessary in connection with the exercise of any remedy hereunder, (viii) to such Lender's or the Administrative Agent'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), (ix) with the consent of the Borrower, (x) 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 (xi) subject to provisions substantially similar to those contained in this Section, to any actual or proposed Participant or Assignee or to any actual or prospective counterparty (or its advisors) to any securitization, swap or derivative transaction relating to the Loan Parties' Obligations hereunder. Notwithstanding the foregoing, the Administrative Agent, any Lender or Winston & Strawn 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 Loan Parties or their

Affiliates, or any of them, and the amount, type and closing date of such transactions, all at their sole expense.

Section 8.13 USA PATRIOT Act Notice. Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties 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 Borrower and the Guarantor, which information includes the name and address of each Loan Party and other information that will allow such Lender, or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the Patriot Act.

Section 8.14 No Fiduciary Duty. The Administrative Agent, each Lender and their respective Affiliates (collectively, solely for purposes of this paragraph, the "Lender Parties"), may have economic interests that conflict with those of the Loan Parties, their respective Affiliates and/or their respective stockholders (collectively, solely for purposes of this paragraph, the "Borrower Parties"). Each Loan Party agrees that nothing in the Loan Documents 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 Lender Party, on the one hand, and any Borrower Party, on the other. The Lender Parties acknowledge and agree that (a) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lender Parties, on the one hand, and the Loan Parties, on the other and (b) in connection therewith and with the process leading thereto, (i) no Lender Party has assumed an advisory or fiduciary responsibility in favor of any Borrower 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 Lender Party has advised, is currently advising or will advise any Borrower Party on other matters) or any other obligation to any Borrower Party except the obligations expressly set forth in the Loan Documents and (ii) each Lender Party is acting solely as principal and not as the agent or fiduciary of any Borrower Party. Each Loan Party acknowledges and agrees that it 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. Each Loan Party agrees that it will not claim that any Lender Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to any Borrower Party, in connection with such transaction or the process leading thereto.

Section 8.15. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to a Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

Section 8.16. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 8.17. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

## ARTICLE IX GUARANTY

Section 9.01 Guaranty. The Guarantor unconditionally, absolutely and irrevocably guarantees to the Administrative Agent and each Lender, as though it was a primary obligor for, the full and punctual payment of the Obligations when due (whether at stated maturity, upon acceleration or otherwise). If the Borrower fails to pay any Obligation punctually when due, the Guarantor agrees that it will forthwith on demand pay the amount not so paid at the place and in the manner specified in the relevant Loan Document. Notwithstanding the foregoing, the liability of the Guarantor individually with respect to its obligations, including any payment made pursuant to, this Guaranty shall be limited to an aggregate amount equal to the maximum amount that would not render the Guarantor's obligations hereunder subject to avoidance under the Bankruptcy Code or any comparable provisions of any applicable state law. This Guaranty is a Guarantee of payment and not merely of collection.

Section 9.02 Guaranty Unconditional. The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any change in the amount or purpose of or the time, manner, method, or place of payment or performance of any of the Obligations or any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Person under any Loan Document, by operation of law or otherwise;

(b) any modification, extension, renewal or amendment of or supplement to any Loan Document or any of the Obligations or any execution or delivery of any additional Loan Documents;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower or any other Person under any Loan Document;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Person or any of their respective Subsidiaries, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Person or any of their assets or any resulting release or discharge of any obligation (including any of the Obligations) of the Borrower or any other Person under any Loan Document;

(e) the existence of any claim, set-off, defense, counterclaim, withholding or other right that the Guarantor or the Borrower may have at any time against any Person (including the Administrative Agent and the Lenders), whether in connection with the Loan Documents or any unrelated transactions; provided that nothing herein shall prevent the assertion of any such claim or defense by separate suit or compulsory counterclaim;

(f) any avoidance, subordination, invalidity or unenforceability relating to or against the Borrower or any other Person for any reason of any Obligation or any Loan Document, any provision of applicable law or regulation purporting to prohibit the payment of any Obligation by the Borrower or any other Person, or the Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Obligation or provision of any Loan Document;



(g) any failure of the Administrative Agent or any Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Loan Document or to assert any breach of or default under any Loan Document or any breach of the Obligations; or

(h) any other act or omission to act or delay of any kind by the Borrower, any other party to any Loan Document or any other Person, or any other circumstance whatsoever that might, but for the provisions of this clause (h), constitute a legal or equitable discharge of or defense to any obligation of the Guarantor hereunder.

Section 9.03 Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. The Guarantor's obligations hereunder shall remain in full force and effect until all Obligations shall have been paid in full. If at any time any payment of any Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Guarantor's obligations hereunder shall be reinstated as though such payment had been due but not made at such time.

Section 9.04 Waiver by Guarantor. The Guarantor irrevocably waives (a) acceptance hereof, presentment, demand for performance, promptness, diligence, notice of non-performance, default, acceleration, protest or dishonor and any notice not provided for herein, (b) any requirement that at any time any action be taken by any Person against the Borrower or any other Person, (c) any right to revoke this Guaranty, and (d) any defense based on any right of set-off, recoupment, counterclaim, withholding or other deduction of any nature against or in respect of the Obligations.

Section 9.05 Subrogation. Upon making payment with respect to any Obligation, the Guarantor shall be subrogated to the rights of the payee against the Borrower with respect to such payment; provided that the Guarantor agrees it will not exercise any rights against the Borrower arising in connection with the Obligations by way of subrogation against the Borrower, or by reason of contribution against any other guarantor of such Obligations until all Obligations shall have been paid in full.

Section 9.06 Stay of Acceleration. If acceleration of the time for payment of any Obligation by the Borrower is stayed, enjoined or prevented for any reason (including but not limited to by reason of the insolvency or receivership of the Borrower or otherwise), all Obligations otherwise subject to acceleration under the terms of any Loan Document shall nonetheless be payable by the Guarantor forthwith on demand by the Administrative Agent.

Section 9.07 Continuing Guaranty. The Guaranty set forth in this Article IX is a continuing guaranty, shall be binding on the Guarantor and its successors and assigns, and shall be enforceable by each holder from time to time of the Obligations (including, without limitation, the Administrative Agent, the Lenders and each Indemnitee, each, a "Guaranteed Party"). If all or part of any Guaranteed Party's interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall automatically be transferred with such obligation; and without limitation of the foregoing, any of the Obligations shall be and remain Obligations entitled to the benefit of this Guaranty if any Guaranteed Party assigns or otherwise transfers all or part of its interest in any Obligation or any of its rights or obligations under any Loan Document.

Section 9.08 Default Payments by Borrower. Upon the occurrence and during the continuation of any default under any Obligation, if any amount shall be paid to the Guarantor by or for the account of the Borrower with respect to such Obligation, such amount shall be held in trust for the benefit of each Lender and the Administrative Agent and shall forthwith be paid to the Administrative Agent to be credited and applied to the Obligations when due and payable.

[Signature Pages to Follow]



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER: PPL CAPITAL FUNDING, INC.

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President and  
Treasurer

GUARANTOR: PPL CORPORATION

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President-Finance  
and Treasurer

THE BANK OF NOVA SCOTIA,  
as the Administrative Agent and a Lender

By: /s/ David Dewar  
Name: David Dewar  
Title: Director

COMMITMENTS

<u>Lender</u>	<u>Commitment</u>	<u>Applicable Percentage</u>
The Bank of Nova Scotia	\$ 200,000,000.00	100.000000000%
Total	\$ 200,000,000.00	100.000000000%

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SCHEDULE 5.14

Material Subsidiaries

<u>Name</u>	<u>Jurisdiction of Organization</u>
LG&E and KU Energy LLC	Kentucky
PPL Electric Utilities Corporation	Pennsylvania
PPL Global, LLC	Delaware

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## Form of Notice of Borrowing

The Bank of Nova Scotia, as Administrative Agent  
 720 King Street West, 4<sup>th</sup> Floor  
 Toronto, Ontario Canada M5V 2T3  
 Attention: Nazmul Arefin  
 Telephone: 416-933-5267  
 Facsimile: 212-225-5709

Ladies and Gentlemen:

This notice shall constitute a "Notice of Borrowing" pursuant to Section 2.02 of the Credit Agreement dated as of March 27, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, the lending institutions party thereto from time to time and The Bank of Nova Scotia, as Administrative Agent. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

1. The date of the Borrowing will be \_\_\_\_\_, \_\_\_\_\_.<sup>1</sup>
2. The aggregate principal amount of the Borrowing will be \_\_\_\_\_.<sup>2</sup>
3. The Borrowing will consist of [Base Rate] [Euro-Dollar] Loans.
4. The initial Interest Period for the Loans comprising such Borrowing shall be \_\_\_\_\_.<sup>3</sup>

Pursuant to Section 3.02 of the Credit Agreement, each of the delivery of this request and the acceptance by the Borrower of the proceeds of the requested Borrowing constitutes a representation and warranty by the Borrower that, on the date of extending the requested Borrowing (and immediately before and after giving effect to it and to the application of the proceeds of it) all of the statements in Section 3.02 of the Credit Agreement are true and correct.

The Borrower agrees that, if before the time of the requested Borrowing any matter certified to in this request by it will not be true and correct at that time as if then made, then it will immediately so notify you. Except to the extent, if any, that before the time of the requested Borrowing you shall receive written notice to the contrary from the Borrower, each matter certified to in this request shall be deemed once again to be certified as true and correct at the date of the requested Borrowings as if then made.

Please wire transfer the proceeds of the requested Borrowing to the accounts of the following Persons at the banks indicated respectively:

[Insert appropriate delivery instructions, which shall include bank and account number].

<sup>1</sup> Must be a Business Day.

<sup>2</sup> Borrowings must be an aggregate principal amount of \$5,000,000 or any larger integral multiple of \$1,000,000.

<sup>3</sup> Applicable for Euro-Dollar Loans only. Insert "one month", "two months", "three months" or "six months" (subject to the provisions of the definition of "Interest Period").



PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_

Name:

Title:

---

## Form of Notice of Conversion/Continuation

\_\_\_\_\_

The Bank of Nova Scotia, as Administrative Agent  
 720 King Street West, 4<sup>th</sup> Floor  
 Toronto, Ontario Canada M5V 2T3  
 Attention: Nazmul Arefin  
 Telephone: 416-933-5267  
 Facsimile: 212-225-5709

Ladies and Gentlemen:

This notice shall constitute a "Notice of Conversion/Continuation" pursuant to Section 2.05(d)(ii) of the Credit Agreement dated as of March 27, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor the lending institutions party thereto from time to time and The Bank of Nova Scotia, as Administrative Agent. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

1. The Group of Loans (or portion thereof) to which this notice applies is [all or a portion of all Base Rate Loans currently outstanding] [all or a portion of all Euro-Dollar Loans currently outstanding having an Interest Period of months and ending on the Election Date specified below].

2. The date on which the conversion/continuation selected hereby is to be effective is \_\_\_\_\_, \_\_\_\_\_ (the "Election Date").<sup>1</sup>

3. The principal amount of the Group of Loans (or portion thereof) to which this notice applies is \$\_\_\_\_\_.<sup>2</sup>

4. [The Group of Loans (or portion thereof) which are to be converted will bear interest based upon the [Base Rate] [Adjusted London Interbank Offered Rate].] [The Group of Loans (or portion thereof) which are to be continued will bear interest based upon the [Base Rate][Adjusted London Interbank Offered Rate].]

5. The Interest Period for such Loans will be \_\_\_\_\_.<sup>3</sup>

[Signature Page Follows]

<sup>1</sup> Must be a Business Day.

<sup>2</sup> May apply to a portion of the aggregate principal amount of the relevant Group of Loans; provided that the portion to which such notice applies, and the remaining portion to which it does not apply, are each \$5,000,000 or any larger integral multiple of \$1,000,000.

<sup>3</sup> Applicable only in the case of a conversion to, or a continuation of, Euro-Dollar Loans. Insert "one month", "two months", "three months" or "six months" (subject to the provisions of the definition of "Interest Period").

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_

Name:

Title:

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## Form of Note

\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, PPL CAPITAL FUNDING, INC., a Delaware corporation (the “Borrower”), promises to pay to the order of \_\_\_\_\_ (hereinafter, together with its successors and assigns, called the “Holder”), at the place and times provided in the Credit Agreement (as defined below), the principal sum of \_\_\_\_\_ AND \_\_\_\_\_/100s DOLLARS (\$ \_\_\_\_\_), or, if less, the principal amount of all Loans advanced by the Holder to the Borrower pursuant to the Credit Agreement, plus interest as hereinafter provided. Such Loans may be endorsed from time to time on the grid attached hereto, but the failure to make such notations shall not affect the validity of the Borrower’s obligation to repay unpaid principal and interest hereunder.

All capitalized terms used herein shall have the meanings ascribed to them in that certain Credit Agreement dated as of March 27, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) among the Borrower, PPL Corporation, as the Guarantor the lending institutions party thereto from time to time and The Bank of Nova Scotia, as Administrative Agent for itself and on behalf of the Lenders, except to the extent such capitalized terms are otherwise defined or limited herein.

The Borrower shall repay principal outstanding hereunder from time to time, as necessary, in order to comply with the Credit Agreement. All amounts paid by the Borrower shall be applied to the Obligations in such order of application as provided in the Credit Agreement.

A final payment of all principal amounts and other Obligations then outstanding hereunder shall be due and payable on the maturity date provided in the Credit Agreement, or such earlier date as payment of the Loans shall be due, whether by acceleration or otherwise.

The Borrower shall be entitled to borrow, repay, reborrow, continue and convert the Holder’s Loans (or portions thereof) hereunder pursuant to the terms and conditions of the Credit Agreement. Prepayment of the principal amount of any Loan may be made as provided in the Credit Agreement.

The Borrower hereby promises to pay interest on the unpaid principal amount hereof as provided in Article II of the Credit Agreement. Interest under this Note shall also be due and payable when this Note shall become due (whether at maturity, by reason of acceleration or otherwise). Overdue principal and, to the extent permitted by law, overdue interest, shall bear interest payable on DEMAND at the default rate as provided in the Credit Agreement.

In no event shall the amount of interest due or payable hereunder exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently made by the Borrower or inadvertently received by the Holder, then such excess sum shall be credited as a payment of principal, unless the Borrower shall notify the Holder in writing that it elects to have such excess sum returned forthwith. It is the express intent hereof that the Borrower not pay and the Holder not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrower under applicable law.

All parties now or hereafter liable with respect to this Note, whether the Borrower, any guarantor, endorser or any other Person or entity, hereby waive presentment for payment, demand, notice of non-payment or dishonor, protest and notice of protest.

No delay or omission on the part of the Holder or any holder hereof in exercising its rights under this Note, or delay or omission on the part of the Holder, the Administrative Agent or the Lenders collectively, or any of them, in exercising its or their rights under the Credit Agreement or under any other Loan Document, or course of conduct relating thereto, shall operate as a waiver of such rights or any other right of the Holder or any holder hereof, nor shall any waiver by the Holder, the Administrative Agent, the Required Lenders, or the Lenders collectively, or any of them, or any holder hereof, of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion.

The Borrower promises to pay all reasonable costs of collection, including reasonable attorneys' fees, should this Note be collected by or through an attorney-at-law or under advice therefrom.

This Note evidences the Holder's Loans (or portion thereof) under, and is entitled to the benefits and subject to the terms of, the Credit Agreement, which contains provisions with respect to the acceleration of the maturity of this Note upon the happening of certain stated events, and provisions for prepayment.

This Note is entitled to the benefit of the Guaranty of the Guarantor, as set forth in the Credit Agreement. Reference is made to the Credit Agreement for a description of the terms and conditions of such Guaranty, and the respective rights and limitations of the Holder, the Borrower and the Guarantor thereunder.

This Note shall be governed by and construed in accordance with the internal laws of the State of New York.

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IN WITNESS WHEREOF, the undersigned has caused this Note to be executed by its duly authorized representative as of the day and year first above written.

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_

Name:

Title:

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LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Type	Amount of Principal Repaid	Notation Made By



EXHIBIT C

(to the Credit Agreement)

**Form of Borrower's Opinion**

[To Follow]

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FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of March, [●], 2020 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and the Bank of Nova Scotia, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a “ten percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of March, [●], 2020 (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and the Bank of Nova Scotia, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a “ten percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of March, [●], 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and the Bank of Nova Scotia, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

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FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of March, [●], 2020 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and the Bank of Nova Scotia, as the Administrative Agent, and the Lenders from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

## Form of Assignment and Assumption Agreement

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [the] [each]<sup>13</sup> Assignor identified on the Schedules hereto as "Assignor" [or "Assignors"] ([collectively, the "Assignors" and each] an "Assignor") and [the] [each]<sup>14</sup> Assignee identified on the Schedules hereto as "Assignee" [or "Assignees"] ([collectively, the "Assignees" and each] an "Assignee"). [It is understood and agreed that the rights and obligations of [the] Assignors] [the Assignees]<sup>15</sup> hereunder are several and not joint.]<sup>16</sup> Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by [the] [each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the] [each] Assignor hereby irrevocably sells and assigns to [the] Assignee] [the respective Assignees], and [the] [each] Assignee hereby irrevocably purchases and assumes from [the Assignor] [the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (a) all of [the Assignor's] [the respective Assignors'] rights and obligations in [its capacity as a Lender] [their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor] [the respective Assignors] under the respective facilities identified below (including without limitation any letters of credit and guarantees included in such facilities) and (b) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)] [the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned by [the] [any] Assignor to [the] [any] Assignee pursuant to clauses (a) and (b) above being referred to herein collectively as, the "Assigned Interest"). Each such sale and assignment is without recourse to [the] [any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the] [any] Assignor.

1. Assignor: See Schedule attached hereto
2. Assignee: See Schedule attached hereto
3. Borrower: PPL Capital Funding, Inc.

<sup>13</sup> For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

<sup>14</sup> For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

<sup>15</sup> Select as appropriate.

<sup>16</sup> Include bracketed language if there are either multiple Assignors or multiple Assignees.

4. Administrative Agent: The Bank of Nova Scotia, as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of March 27, 2020 (as amended, restated, supplemented or otherwise modified from time to time) among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, the lending institutions party thereto from time to time and The Bank of Nova Scotia, as Administrative Agent

6. Assigned Interest: See Schedule attached hereto

[7. Trade Date: ]<sup>17</sup>

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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<sup>17</sup> To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

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Effective Date: \_\_\_\_\_, 20\_\_

[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S]

[NAME(S) OF ASSIGNOR(S)]

By: \_\_\_\_\_

Title:

ASSIGNEE[S]

See Schedule attached hereto

---

Consented to and Accepted:

THE BANK OF NOVA SCOTIA,  
as Administrative Agent

By \_\_\_\_\_  
Title:

[Consented to:]<sup>18</sup>

PPL CAPITAL FUNDING, INC.

By \_\_\_\_\_  
Title:

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<sup>18</sup>To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

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SCHEDULE

To Assignment and Assumption

By its execution of this Schedule, the Assignee(s) agree(s) to the terms set forth in the attached Assignment and Assumption.

Assigned Interests:

Aggregate Amount of Commitment/Loans for all Lenders <sup>21</sup>	Amount of Commitment/Loans Assigned <sup>22</sup>	Percentage Assigned of Commitment/Loans <sup>23</sup>	CUSIP Number
\$	\$	%	

[NAME OF ASSIGNEE]<sup>24</sup>

[and is an Affiliate of [identify Lender]]<sup>25</sup>

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<sup>21</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>22</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>23</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

<sup>24</sup> Add additional signature blocks, as needed.

<sup>25</sup> Select as applicable.

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ANNEX 1 to Assignment and Assumption

CREDIT AGREEMENT DATED AS OF MARCH 27, 2020  
BY AND AMONG

PPL CAPITAL FUNDING, INC., AS BORROWER,  
PPL CORPORATION, AS GUARANTOR,  
THE LENDERS PARTY THERETO AND  
THE BANK OF NOVA SCOTIA, AS ADMINISTRATIVE AGENT

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. [The] [Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the] [the relevant] Assigned Interest, (ii) [the] [such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. [The] [Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the] [the relevant] Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the] [any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations that by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date.

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3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by and construed in accordance with the internal laws of the State of New York.

[Signature page follows]

---

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_ Name:  
Title:

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Annex I

Lender Information

Name	Lending Office
The Bank of Nova Scotia	250 Vesey Street, 23-24 FL New York, NY 10281





\$50,000,000

REVOLVING CREDIT AGREEMENT

dated as of March 12, 2020

among

PPL CAPITAL FUNDING, INC.,  
as the Borrower,

PPL CORPORATION,  
as the Guarantor,

THE BANK OF NOVA SCOTIA,  
as the Lender,

and

THE BANK OF NOVA SCOTIA,  
as Sole Lead Arranger and Sole Bookrunner

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Annex:

Annex I - Lender Information

REVOLVING CREDIT AGREEMENT (this "Agreement") dated as of March 12, 2020 is entered into among PPL CAPITAL FUNDING, INC., a Delaware corporation (the "Borrower"), PPL CORPORATION, a Pennsylvania corporation (the "Guarantor") and THE BANK OF NOVA SCOTIA, as the Lender. The parties hereto agree as follows:

## RECITALS

The Loan Parties (as hereinafter defined) have requested that the Lender provides a revolving credit facility in an aggregate principal amount not to exceed \$50,000,000. In consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

## ARTICLE I DEFINITIONS

Section 1.01 Definitions. All capitalized terms used in this Agreement or in any Appendix, Schedule or Exhibit hereto which are not otherwise defined herein or therein shall have the respective meanings set forth below.

"Adjusted London Interbank Offered Rate" means, for any Interest Period, a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the nearest 1/100th of 1%) by dividing (i) the London Interbank Offered Rate for such Interest Period by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

"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.

"Agreement" has the meaning set forth in the introductory paragraph hereto, as this Agreement may be amended, restated, supplemented or modified from time to time.

"Applicable Lending Office" means the Lender's office located at its address set forth on Annex I, or such other office as the Lender may hereafter designate by notice to the Borrower.

"Applicable Percentage" means, for purposes of calculating (i) the applicable interest rate margin for any day for any Base Rate Loans, 0.00% per annum, (ii) the applicable interest rate margin for any day for Euro-Dollar Loans, 0.65% per annum, or (iii) the applicable rate for the Letter of Credit Fee for any day for purposes of Section 2.07(a), 0.65% per annum.

"Arranger" means The Bank of Nova Scotia in its capacity as sole lead arranger and sole bookrunner.

"Asset Sale" means any sale of any assets, including by way of the sale by the Guarantor or any of its Subsidiaries of equity interests in such Subsidiaries.

"Authorized Officer" means the president, the chief operating officer, the chief financial officer, the chief accounting officer, any vice president, the treasurer, the assistant treasurer or the controller of the applicable Loan Party or such other individuals reasonably acceptable to the Lender as may be designated in writing by the Borrower from time to time.



“Available Loan Amount” means the Maximum Facility Amount minus the aggregate Principal Obligations for all Loans.

“Availability Period” means the period from and including the Effective Date to but excluding the Termination Date.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended, or any successor statute.

“Base Rate” means for any day, a fluctuating per annum rate of interest equal to the highest of (i) the Federal Funds Rate plus 0.5%, (ii) the Prime Rate, and (iii) the Adjusted London Interbank Offered Rate for a Euro-Dollar Loan with an Interest Period of one month commencing on such day plus 100 basis points (1.00%). Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs.

“Base Rate Borrowing” means a Borrowing comprised of Base Rate Loans.

“Base Rate Loan” means a Loan in respect of which interest is computed on the basis of the Base Rate.

“Borrower” has the meaning set forth in the introductory paragraph hereto.

“Borrower’s Rating” means the senior unsecured long-term debt rating of the Borrower from S&P or Moody’s without giving effect to any third party credit enhancement except for a guaranty of the Guarantor (it being understood that all of the Borrower’s long term debt is Guaranteed by the Guarantor).

“Borrowing” means a group of Loans of a single Type made by the Lender on a single date and, in the case of a Euro-Dollar Borrowing, having a single Interest Period.

“Borrowing Request” has the meaning set forth in Section 2.03.

“Business Day” means any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in New York, New York and if the applicable Business Day relates to any Euro-Dollar Loan, such day must also be a day on which dealings are carried on in the London interbank market.

“Capital Lease” means any lease of property which, in accordance with GAAP, should be capitalized on the lessee’s balance sheet.

“Capital Lease Obligations” means, with respect to any Person, all obligations of such Person as lessee under Capital Leases, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

“Change of Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of 25% or more of the outstanding shares of Voting Stock of the Guarantor or its successors or (ii) the failure at any time of the Guarantor or its successors to own 80% or more of the outstanding shares of the Voting Stock in the Borrower.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by

net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Capitalization” means the sum of, without duplication, (A) the Consolidated Debt (without giving effect to clause (b) of the definition of “Consolidated Debt”) and (B) the consolidated shareowners’ equity (determined in accordance with GAAP) of the common, preference and preferred shareowners of the Guarantor and minority interests recorded on the Guarantor’s consolidated financial statements (excluding from shareowners’ equity (i) the effect of all unrealized gains and losses reported under Financial Accounting Standards Board Accounting Standards Codification Topic 815 in connection with (x) forward contracts, futures contracts, options contracts or other derivatives or hedging agreements for the future delivery of electricity, capacity, fuel or other commodities and (y) Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (ii) the balance of accumulated other comprehensive income/loss of the Guarantor on any date of determination solely with respect to the effect of any pension and other post-retirement benefit liability adjustment recorded in accordance with GAAP), except that for purposes of calculating Consolidated Capitalization of the Guarantor, Consolidated Debt of the Guarantor shall exclude Non Recourse Debt and Consolidated Capitalization of the Guarantor shall exclude that portion of shareowners’ equity attributable to assets securing Non Recourse Debt.

“Consolidated Debt” means the consolidated Debt of the Guarantor and its Consolidated Subsidiaries (determined in accordance with GAAP), except that for purposes of this definition (a) Consolidated Debt shall exclude Non Recourse Debt of the Guarantor and its Consolidated Subsidiaries, and (b) Consolidated Debt shall exclude (i) Hybrid Securities of the Guarantor and its Consolidated Subsidiaries in an aggregate amount as shall not exceed 15% of Consolidated Capitalization and (ii) Equity-Linked Securities in an aggregate amount as shall not exceed 15% of Consolidated Capitalization.

“Consolidated Subsidiary” means with respect to any Person at any date any Subsidiary of such Person or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

“Corporation” means a corporation, association, company, joint stock company, limited liability company, partnership or business trust.

“Credit Event” means a Borrowing or the issuance, renewal or extension of a Letter of Credit.

“Debt” of any Person means, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all Guarantees by such Person of Debt of others, (iv) all Capital Lease Obligations and Synthetic Leases of such Person, (v) all obligations of such Person in respect of Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements (the amount of any such obligation to be the net amount that would be payable upon the acceleration, termination or liquidation thereof), but only to the extent that such net obligations exceed \$50,000,000 in the aggregate and (vi) all obligations of such Person as an account party in respect of letters of credit and bankers’ acceptances; provided, however, that “Debt” of such Person does not include (a) obligations of such Person under any installment sale, conditional sale or title retention agreement or any other agreement relating to obligations for the deferred purchase price of property or services, (b) obligations under agreements relating to the purchase and sale of any commodity, including any power sale or purchase agreements, any commodity hedge or derivative (regardless of whether any such transaction is a “financial” or physical transaction), (c) any trade obligations or other obligations of such Person incurred in the ordinary course of business or (d) obligations of such Person under any lease agreement (including any lease intended as security) that is not a Capital Lease or a Synthetic Lease.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

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

“Dollars” and the sign “\$” means lawful money of the United States of America.

“Effective Date” means the date on which the Lender determines that the conditions specified in or pursuant to Section 4.01 have been satisfied.

“Environmental Laws” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses or other written governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes.

“Environmental Liabilities” means all liabilities (including anticipated compliance costs) in connection with or relating to the business, assets, presently or previously owned, leased or operated property, activities (including, without limitation, off-site disposal) or operations of the Guarantor or any of its Subsidiaries which arise under Environmental Laws.

“Equity-Linked Securities” means any securities of the Guarantor or any of its Subsidiaries which are convertible into, or exchangeable for, equity securities of the Guarantor or such Subsidiary, including any securities issued by any of such Persons which are pledged to secure any obligation of any holder to purchase equity securities of the Guarantor or any of its Subsidiaries.

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

“ERISA Group” means each of the Loan Parties and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with each of the Loan Parties, are treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code.

“Euro-Dollar Borrowing” means a Borrowing comprised of Euro-Dollar Loans.

“Euro-Dollar Loan” means a Loan in respect of which interest is computed on the basis of the Adjusted London Interbank Offered Rate pursuant to the applicable Borrowing Request or Notice of Conversion/Continuation.

“Euro-Dollar Reserve Percentage” of the Lender for the Interest Period of any Euro-Dollar Loan means the maximum percentage in effect on such day, (i) as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency Liabilities”); and (ii) to be maintained by the Lender as required

for reserve liquidity, special deposit, or similar purpose by any governmental or monetary authority of any country or political subdivision thereof (including any central bank), against (A) any category of liabilities that includes deposits by reference to which a London Interbank Offered Rate is to be determined, or (B) any category of extension of credit or other assets that includes Loans or Groups of Loans to which a London Interbank Offered Rate applies. The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

“Event of Default” has the meaning set forth in Section 7.01.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official government interpretations thereof and any agreements entered into pursuant to Section 1471(b) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among governmental authorities and implementing such Sections of the Code.

“Federal Funds Rate” means for any day the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward, if necessary, to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the “Federal Funds Effective Rate” as of the Effective Date; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the “Federal Funds Rate” for such day shall be the Federal Funds Rate for the last day on which such rate was announced.

“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.

“Group of Loans” means at any time a group of Revolving Loans consisting of (i) all Revolving Loans which are Base Rate Loans at such time or (ii) all Revolving Loans which are Euro-Dollar Loans of the same Type having the same Interest Period at such time; provided, that, if a Loan of any particular Lender is converted to or made as a Base Rate Loan pursuant to Sections 2.13 or 2.17, such Loan shall be included in the same Group or Groups of Loans from time to time as it would have been in if it had not been so converted or made.

“Guarantee” of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for payment of such Debt, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt or (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt; provided, however, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

“Guarantor” has the meaning set forth in the introductory paragraph hereto.

“Guaranty” means the guaranty of the Guarantor set forth in Article IX.

“Hazardous Substances” means any toxic, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics.

“Hybrid Securities” means any trust preferred securities, or deferrable interest subordinated debt with a maturity of at least 20 years issued by any of the Loan Parties, or any business trusts, limited liability companies, limited partnerships (or similar entities) (i) all of the common equity, general partner or similar interests of which are owned (either directly or indirectly through one or more Wholly Owned Subsidiaries) at all times by the Guarantor or any of its Subsidiaries, (ii) that have been formed for the purpose of issuing hybrid preferred securities and (iii) substantially all the assets of which consist of (A) subordinated debt of the Guarantor or a Subsidiary of the Guarantor, as the case may be, and (B) payments made from time to time on the subordinated debt.

“Indemnitee” has the meaning set forth in Section 8.03(b).

“Interest Period” means with respect to each Euro-Dollar Loan, a period commencing on the date of borrowing specified in the applicable Borrowing Request or on the date specified in the applicable Notice of Conversion/Continuation and ending one, two, three or six months thereafter, as the Borrower may elect in the applicable notice; provided, that:

(i) any Interest Period which would otherwise end on a day which is not a Business Day shall, subject to clause (iii) below, be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iii) below, end on the last Business Day of a calendar month; and

(iii) no Interest Period shall end after the Termination Date.

“Interest Rate Protection Agreements” means any agreement providing for an interest rate swap, cap or collar, or any other financial agreement designed to protect against fluctuations in interest rates.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.

“Lender” means The Bank of Nova Scotia.

“Letter of Credit” means any letter of credit issued under this Agreement by the Lender on or after the Effective Date.

“Letter of Credit Fee” has the meaning set forth in Section 2.07(a).

“Letter of Credit Liabilities” means the sum of (A) the aggregate amount that is (or may thereafter become) available for drawing under all Letters of Credit outstanding at such time plus (B) the aggregate unpaid amount of all Reimbursement Obligations outstanding at such time.



“Letter of Credit Request” has the meaning set forth in Section 3.02.

“LIBOR Successor Rate” shall have the meaning specified in Section 2.13.

“LIBOR Successor Rate Conforming Changes” shall have the meaning specified in Section 2.13.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance intended to confer or having the effect of conferring upon a creditor a preferential interest.

“Loan” means a Base Rate Loan or a Euro-Dollar Loan, and “Loans” means any combination of the foregoing.

“Loan Documents” means this Agreement and the Notes.

“Loan Parties” means the Borrower and the Guarantor.

“London Interbank Offered Rate” means for any Euro-Dollar Loan for any Interest Period, the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Lender which has been approved by the British Bankers’ Association as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (for purposes of this definition, an “Alternate Source”), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for Dollars for an amount comparable to such Euro-Dollar Loan and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate determined by the Lender at such time (which determination shall be conclusive absent manifest error)).

“Margin Stock” means “margin stock” as such term is defined in Regulation U.

“Material Adverse Effect” means (i) any material adverse effect upon the business, assets, financial condition or operations of the Guarantor or the Guarantor and its Subsidiaries, taken as a whole; (ii) a material adverse effect on the ability of the Loan Parties taken as a whole to perform their obligations under this Agreement, the Notes or the other Loan Documents or (iii) a material adverse effect on the validity or enforceability of this Agreement, the Notes or any of the other Loan Documents.

“Material Debt” means Debt (other than the Notes) of any Loan Party in a principal or face amount exceeding \$50,000,000.

“Material Plan” means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of \$50,000,000. For the avoidance of doubt, where any two or more Plans, which individually do not have Unfunded Liabilities in excess of \$50,000,000, but collectively have aggregate Unfunded Liabilities in excess of \$50,000,000, all references to Material Plan shall be deemed to apply to such Plans as a group.

“Material Subsidiary” means each Subsidiary of the Guarantor listed on Schedule 5.14 and each other Subsidiary of the Guarantor designated by the Guarantor as a “Material Subsidiary” in writing to the Lender, in either case, for so long as such Material Subsidiary shall be a Wholly Owned Subsidiary of the Guarantor.

“Maximum Facility Amount” means \$50,000,000.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Lender may select.

“Multiemployer Plan” means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Note” means a promissory note, substantially in the form of Exhibit B hereto, issued at the request of the Lender evidencing the obligation of the Borrower to repay outstanding Revolving Loans.

“Notice of Conversion/Continuation” has the meaning set forth in Section 2.06(d)(ii).

“Obligations” means:

(i) all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on any Loan, fees payable or Reimbursement Obligation under, or any Note issued pursuant to, this Agreement or any other Loan Document;

(ii) all other amounts now or hereafter payable by the Borrower and all other obligations or liabilities now existing or hereafter arising or incurred (including, without limitation, any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to this Agreement or any other Loan Document;

(iii) all expenses of the Lender as to which the Lender has a right to reimbursement under Section 8.03(a) hereof or under any other similar provision of any other Loan Document;

(iv) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 8.03 hereof or under any other similar provision of any other Loan Document; and

(v) in the case of each of clauses (i) through (iv) above, together with all renewals, modifications, consolidations or extensions thereof.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Optional Adjustment” shall have the meaning set forth in Section 2.18.

“Other Connection Taxes” means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising solely from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan document).



“Other Taxes” has the meaning set forth in Section 2.16(b).

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Business” with respect to any Person means a business that is the same or similar to the business of the Guarantor or any Subsidiary of the Guarantor as of the Effective Date, or any business reasonably related thereto.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a trust or an unincorporated association or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Plan” means at any time an employee pension benefit plan (including a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

“Prime Rate” means the interest rate per annum announced from time to time by the Lender at the main banking office of the Lender in New York, New York as its then prime rate, which rate may not be the lowest or most favorable rate then being charged commercial borrowers or others by the Lender. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

“Public Reporting Company” means a company subject to the periodic reporting requirements of the Securities and Exchange Act of 1934.

“Principal Obligations” means the sum of the aggregate outstanding principal amount of the Loans.

“Quarterly Date” means the last Business Day of each of March, June, September and December.

“Rating Agency” means S&P or Moody’s, and “Rating Agencies” means both of them.

“Register” has the meaning set forth in Section 8.05(b).

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as amended, or any successor regulation.

“Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System, as amended, or any successor regulation.

“Reimbursement Obligations” means at any time all obligations of the Borrower to reimburse the Lender pursuant to Section 3.05 for amounts paid by the Lender in respect of drawings under Letters of Credit.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, trustees, administrators, managers, agents, representatives and advisors of such Person and of such Person’s Affiliates.

“Revolving” means, when used with respect to (i) a Borrowing, a Borrowing made by the Borrower under Section 2.02, as identified in the Borrowing Request with respect thereto, and (ii) a Loan, a Loan made under Section 3.01; provided, that, if any such loan or loans (or portions thereof) are combined or subdivided pursuant to a Notice of Conversion/Continuation, the term “Revolving Loan” shall refer to the combined principal amount resulting from such combination or to each of the separate principal amounts resulting from such subdivision, as the case may be.

“Revolving Outstandings” means at any time, with respect to the Lender, the sum of (i) the aggregate principal amount of the Lender’s outstanding Revolving Loans plus (ii) the aggregate amount of the Lender’s Letter of Credit Liabilities.

“Revolving Outstandings Excess” has the meaning set forth in Section 2.08.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill, Inc., a New York corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Lender may select.

“Sanctioned Country” means a country or territory that is, or whose government is, the subject of comprehensive territorial Sanctions (currently, Cuba, Iran, North Korea, Sudan, and Syria).

“Sanctioned Person” means a Person that is, or is owned or controlled by Persons that are, (i) the subject of any Sanctions, or (ii) located, organized or resident in a Sanctioned Country.

“Sanctions” means sanctions administered or enforced by OFAC, the U.S. State Department, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom or any other applicable sanctions authority.

“Scheduled Unavailability Date” shall have the meaning specified in Section 2.13.

“SEC” means the Securities and Exchange Commission.

“Subsidiary” of a Person means any Corporation, a majority of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or one or more Subsidiaries of such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Synthetic Lease” means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP.

“Taxes” has the meaning set forth in Section 2.16(a).

“Termination Date” means March 10, 2021.

“Type”, when used in respect of any Loan or Borrowing, shall refer to the rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined.

“Unfunded Liabilities” means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to

the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

“United States” means the United States of America, including the States and the District of Columbia, but excluding its territories and possessions.

“Voting Stock” means stock (or other interests) of a Corporation having ordinary voting power for the election of directors, managers or trustees thereof, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

“Wholly Owned Subsidiary” means, with respect to any Person at any date, any Subsidiary of such Person all of the Voting Stock of which (except directors’ qualifying shares) is at the time directly or indirectly owned by such Person.

Section 1.02 Divisions. For all purposes under the Loan Documents, pursuant to any statutory division or plan of division under Delaware law, including a statutory division pursuant to Section 18-217 of the Delaware Limited Liability Company Act (or any comparable event under a different state’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of one or more different Persons, then such asset, right, obligation or liability shall be deemed to have been transferred from the original Person to the subsequent Person(s) on the date such division becomes effective, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests on the date such division becomes effective.

## ARTICLE II THE CREDITS

Section 2.01 Reserved.

Section 2.02 Revolving Loans. Subject to the terms and conditions herein set forth, on any Business Day during the Availability Period, the Lender may, in its sole discretion, make Loans to the Borrower in an aggregate principal amount at any one time outstanding up to the Maximum Facility Amount less the sum of all outstanding Letter of Credit Liabilities; provided that, after making any such Loans the Principal Obligations shall not exceed the Available Loan Amount. Subject to the foregoing limitation and the other terms and conditions hereof, the Borrower may borrow, repay without penalty or premium, and re-borrow hereunder, during the Availability Period.

Section 2.03 Borrowing Requests. The Lender agrees, on the terms and conditions set forth in this Agreement, to consider requests for Borrowings from the Borrower. The Borrower shall give the Lender notice which notice may be in writing or by telephone immediately confirmed in writing substantially in the form of Exhibit A-1 hereto (a “Borrowing Request”, it being understood that the Lender may rely on the authority of any individual making any such a telephonic request without the necessity of receipt of such written confirmation) not later than (a) 11:30 A.M. (New York time) on the date of each Base Rate Borrowing and (b) 12:00 Noon (New York, New York time) on the third Business Day (or, solely with respect to any Euro-Dollar Borrowing to be made on the first Business Day after the Effective Date, one Business Day) before each Euro-Dollar Borrowing, specifying:

- (i) the date of such Borrowing, which shall be a Business Day;
- (ii) the aggregate amount of such Borrowing;

- (iii) the initial Type of the Loans comprising such Borrowing; and
- (iv) in the case of a Euro-Dollar Borrowing, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

Notwithstanding the foregoing, no more than six (6) Groups of Euro-Dollar Loans shall be outstanding at any one time, and any Loans which would exceed such limitation shall be made as Base Rate Loans.

Section 2.04 Funding of Revolving Loans. Not later than (a) 1:00 P.M. (New York, New York time) on the date of each Base Rate Borrowing and (b) 12:00 Noon (New York, New York time) on the date of each Euro- Dollar Borrowing, the Lender shall make available such Borrowing, in Federal or other funds immediately available in New York, New York to the Borrower.

Section 2.05 Noteless Agreement; Evidence of Indebtedness.

(a) The Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the Lender resulting from each Loan made by the Lender from time to time, including the amounts of principal and interest payable and paid to the Lender from time to time hereunder.

(b) The Lender shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to the Lender hereunder and (iii) the amount of any sum received by the Lender hereunder from the Borrower.

(c) The entries maintained in the accounts maintained pursuant to subsections (a) and (b) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) The Lender may request that its Loans be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to the Lender a Note payable to the order of the Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times be represented by one or more Notes payable to the order of the payee named therein, except to the extent that any the Lender subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in subsections (a) and (b) above.

Section 2.06 Interest Rates.

(a) Interest Rate Options. The Loans shall, at the option of the Borrower and except as otherwise provided herein, be incurred and maintained as, or converted into, one or more Base Rate Loans or Euro-Dollar Loans.

(b) Base Rate Loans. Each Loan which is made as, or converted into, a Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made as, or converted into, a Base Rate Loan until it becomes due or is converted into a Loan of any other Type, at a rate per annum equal to the sum of the Base Rate for such day plus the Applicable Percentage for Base Rate Loans for such day. Such interest shall, in each case, be payable quarterly in arrears on each Quarterly Date and, with respect to the principal amount of any Base Rate Loan converted to a Euro-Dollar Loan, on the date such Base Rate Loan is so converted. Any overdue principal of or interest beyond

any period of grace contemplated in Section 7.01(b) on any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the rate otherwise applicable to Base Rate Loans for such day.

(c) Euro-Dollar Loans. Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the Adjusted London Interbank Offered Rate for such Interest Period plus the Applicable Percentage for Euro-Dollar Loans for such day. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof. Any overdue principal of or interest beyond any period of grace contemplated in Section 7.01(b) on any Euro-Dollar Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the sum of (A) the Adjusted London Interbank Offered Rate applicable to such Loan at the date such payment was due plus (B) the Applicable Percentage for Euro-Dollar Loans for such day (or, if the circumstance described in Section 2.13 shall exist, at a rate per annum equal to the sum of 2% plus the rate applicable to Base Rate Loans for such day).

(d) Method of Electing Interest Rates.

(i) Subject to Section 2.06(a), the Loans included in each Revolving Borrowing shall bear interest initially at the type of rate specified by the Borrower in the applicable Borrowing Request. Thereafter, with respect to each Group of Loans, the Borrower shall have the option (A) to convert all or any part of (y) so long as no Default is in existence on the date of conversion, outstanding Base Rate Loans to Euro-Dollar Loans and (z) outstanding Euro-Dollar Loans to Base Rate Loans; provided, in each case, that the amount so converted shall be equal to \$5,000,000 or any larger integral multiple of \$1,000,000, or (B) upon the expiration of any Interest Period applicable to outstanding Euro-Dollar Loans, so long as no Default is in existence on the date of continuation, to continue all or any portion of such Loans, equal to \$5,000,000 and any larger integral multiple of \$1,000,000 in excess of that amount as Euro-Dollar Loans. The Interest Period of any Base Rate Loan converted to a Euro-Dollar Loan pursuant to clause (A) above shall commence on the date of such conversion. The succeeding Interest Period of any Euro-Dollar Loan continued pursuant to clause (B) above shall commence on the last day of the Interest Period of the Loan so continued. Euro-Dollar Loans may only be converted on the last day of the then current Interest Period applicable thereto or on the date required pursuant to Section 2.17.

(ii) The Borrower shall deliver a written notice of each such conversion or continuation (a "Notice of Conversion/Continuation") to the Lender no later than (A) 12:00 Noon (New York, New York time) at least three (3) Business Days before the effective date of the proposed conversion to, or continuation of, a Euro Dollar Loan and (B) 11:30 A.M. (New York, New York time) on the day of a conversion to a Base Rate Loan. A written Notice of Conversion/Continuation shall be substantially in the form of Exhibit A-2 attached hereto and shall specify: (A) the Group of Loans (or portion thereof) to which such notice applies, (B) the proposed conversion/continuation date (which shall be a Business Day), (C) the aggregate amount of the Loans being converted/continued, (D) an election between the Base Rate and the Adjusted London Interbank Offered Rate and (E) in the case of a conversion to, or a continuation of, Euro-Dollar Loans, the requested Interest Period. .

(e) Determination and Notice of Interest Rates. The Lender shall determine each interest rate applicable to the Loans hereunder. The Lender shall give prompt notice to the Borrower of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.



Any notice with respect to Euro-Dollar Loans shall, without the necessity of the Lender so stating in such notice, be subject to adjustments in the Applicable Percentage applicable to such Loans after the beginning of the Interest Period applicable thereto. When during an Interest Period any event occurs that causes an adjustment in the Applicable Percentage applicable to Loans to which such Interest Period is applicable, the Lender shall give prompt notice to the Borrower of such event and the adjusted rate of interest so determined for such Loans, and its determination thereof shall be conclusive in the absence of manifest error.

Section 2.07 Fees.

(a) Letter of Credit Fees. The Borrower shall pay to the Lender a fee (the “Letter of Credit Fee”) for each day at a rate per annum equal to the Applicable Percentage for the Letter of Credit Fee for such day. The Letter of Credit Fee shall accrue from and including the Effective Date to but excluding the last day of the Availability Period on the aggregate amount available for drawing under any Letters of Credit outstanding on such day and shall be payable for the account of the Lender. Any overdue Letter of Credit Fees beyond any period of grace contemplated in Section 7.01(b) shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the rate otherwise applicable to the Letter of Credit Fees for such day. In addition, the Borrower agrees to pay to the Lender, 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 the Lender is customarily charging for issuances of, payments under, or amendments to letters of credit issued by it.

(b) Payments. Except as otherwise provided in this Section 2.07, accrued fees under this Section 2.07 in respect of Loans and Letter of Credit Liabilities shall be payable quarterly in arrears on each Quarterly Date, on the last day of the Availability Period and, if later, on the date the Loans and Letter of Credit Liabilities shall be repaid in their entirety. Fees paid hereunder shall not be refundable under any circumstances.

Section 2.08 Maturity of Loans; Mandatory Prepayments.

(a) Scheduled Repayments and Prepayments of Loans; Overline Repayments.

(i) The Revolving Loans shall mature on the Termination Date, and any Revolving Loans and Letter of Credit Liabilities then outstanding (together with accrued interest thereon and fees in respect thereof) shall be due and payable or, in the case of Letters of Credit, cash collateralized pursuant to Section 2.08(a)(ii), on such date.

(ii) If on any date the aggregate Revolving Outstandings exceed the aggregate amount of the Commitments (such excess, a “Revolving Outstandings Excess”), the Borrower shall prepay, and there shall become due and payable (together with accrued interest thereon) on such date, an aggregate principal amount of Revolving Loans equal to such Revolving Outstandings Excess. If, at a time when a Revolving Outstandings Excess exists and (x) no Revolving Loans are outstanding or (y) the Commitment has been terminated pursuant to this Agreement and, in either case, any Letter of Credit Liabilities remain outstanding, then, in either case, the Borrower shall cash collateralize any Letter of Credit Liabilities by depositing into a cash collateral account established and maintained (including the investments made pursuant thereto) by the Lender pursuant to a cash collateral agreement in form and substance satisfactory to the Lender an amount in cash equal to the then outstanding Letter of Credit Liabilities. In determining Revolving Outstandings for purposes of this clause (ii), Letter of Credit Liabilities shall be reduced to the extent that they are cash collateralized as contemplated by this Section 2.08(a)(ii).

(b) Applications of Prepayments and Reductions.

(i) Each payment or prepayment of Loans pursuant to this Section 2.08 shall be applied to the respective Loans of the Lender.

(ii) Each payment of principal of the Loans shall be made together with interest accrued on the amount repaid to the date of payment.

(iii) Each payment of the Loans shall be applied to such Groups of Loans as the Borrower may designate (or, failing such designation, as determined by the Lender).

Section 2.09 Optional Prepayments and Repayments.

(a) Prepayments of Loans. Subject to Section 2.13, the Borrower may (i) upon at least one (1) Business Days' notice to the Lender, prepay any Base Rate Borrowing or (ii) upon at least three (3) Business Days' notice to the Lender, prepay any Euro-Dollar Borrowing, in each case in whole at any time, or from time to time in part in amounts aggregating \$5,000,000 or any larger integral multiple of \$1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay the Loans of the Lender included in such Borrowing.

Section 2.10 Payments by the Borrower. The Borrower shall make each payment of principal of and interest on the Loans and Letter of Credit Liabilities and fees hereunder (other than fees payable directly to the Lender) not later than 12:00 Noon (New York, New York time) on the date when due, without set-off, counterclaim or other deduction, in Federal or other funds immediately available in New York, New York, to the Lender at its address referred to in Section 8.01. Whenever any payment of principal of or interest on the Base Rate Loans or Letter of Credit Liabilities or of fees 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. Whenever any payment of principal of or interest on the Euro-Dollar Loans 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 unless such Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding 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.

Section 2.11 Funding Losses. If the Borrower makes any payment of principal with respect to any Euro-Dollar Loan pursuant to the terms and provisions of this Agreement (any conversion of a Euro-Dollar Loan to a Base Rate Loan pursuant to Section 2.17 being treated as a payment of such Euro-Dollar Loan on the date of conversion for purposes of this Section 2.11) on any day other than the last day of the Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.06(c); provided, that the Lender shall have delivered to the Borrower a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

Section 2.12 Computation of Interest and Fees. Interest on Loans based on the Base Rate hereunder (other than pursuant to clause (iii) of the definition of "Base Rate") and Letter of Credit Fees 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. All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 2.13 Basis for Determining Interest Rate Inadequate, Unfair or Unavailable. If on or prior to the first day of any Interest Period for any Euro-Dollar Loan the Lender shall determine that no reasonable means exists for determining the Adjusted London Interbank Offered Rate, the Lender shall



forthwith give notice thereof to the Borrower, whereupon, until the Lender notifies the Borrower that the circumstances giving rise to such suspension no longer exist, (i) the obligations of the Lender to make Euro-Dollar Loans, or to convert outstanding Loans into Euro-Dollar Loans shall be suspended; and (ii) each outstanding Euro-Dollar Loan shall be converted into a Base Rate Loan on the last day of the current Interest Period applicable thereto. Unless the Borrower notifies the Lender at least two (2) Business Days before the date of (or, if at the time the Borrower receives such notice the day is the date of, or the date immediately preceding, the date of such Euro-Dollar Borrowing, by 10:00 A.M. (New York, New York time) on the date of) any Euro-Dollar Borrowing for which a Borrowing Request has previously been given that it elects not to borrow on such date, such Borrowing shall instead be made as a Base Rate Borrowing.

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, if the Lender determines (which determination shall be conclusive absent manifest error), or the Borrower notifies the Lender that the Borrower has determined, that: (i) the circumstances set forth in Section 2.13 have occurred and such circumstances are unlikely to be temporary; (ii) the administrator of the London Interbank Offered Rate or a Governmental Authority having jurisdiction over the Lender has made a public statement identifying a specific date after which the London Interbank Offered Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the "Scheduled Unavailability Date"), or (iii) any applicable interest rate specified herein (other than the Prime Rate or the Federal Funds Rate) is no longer a widely recognized benchmark rate for newly originated loans in the U.S. syndicated loan market in the applicable currency, then, reasonably promptly after such determination by the Lender or receipt by the Lender of such notice, as applicable, the Lender and such Borrower shall negotiate in good faith to amend this Agreement to replace the London Interbank Offered Rate with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) (any such proposed rate, a "LIBOR Successor Rate"), together with any proposed LIBOR Successor Rate Conforming Changes (as defined below) and any such amendment shall become effective at 5:00 P.M. (New York, New York time) on the fifth Business Day after the Lender shall have posted such proposed amendment to the Borrower. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Lender, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Lender.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Lender will promptly so notify each Borrower. Thereafter, (x) the obligation of the Lender to make or maintain Euro-Dollar Loans shall be suspended (to the extent of the affected Euro-Dollar Loans or Interest Periods only), and (y) the London Interbank Offered Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, any Borrower may revoke any pending request for a Borrowing of, conversion to, or continuation of Euro-Dollar Loans (to the extent of the affected Euro-Dollar Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a Base Rate Borrowing (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than 0% for purposes of this Agreement.

For purposes hereof, "LIBOR Successor Rate Conforming Changes" means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, determined by the Lender with the consent of the Borrower, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender determines that adoption of any

portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Lender.

Section 2.14 Illegality. If, on or after the Effective Date, 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 the Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Lender (or its Applicable Lending Office) to make, maintain or fund its Euro-Dollar Loans and the Lender shall give notice thereof to the Borrower, whereupon until the Lender notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of the Lender to make Euro-Dollar Loans, or to convert outstanding Loans into Euro-Dollar Loans, shall be suspended. Before giving any notice to the Lender pursuant to this Section, the Lender shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of the Lender, be otherwise disadvantageous to the Lender. If such notice is given, each Euro-Dollar Loan of the Lender then outstanding shall be converted to a Base Rate Loan either (a) on the last day of the then current Interest Period applicable to such Euro-Dollar Loan if the Lender may lawfully continue to maintain and fund such Loan to such day or (b) immediately if the Lender shall determine that it may not lawfully continue to maintain and fund such Loan to such day.

Section 2.15 Increased Cost and Reduced Return.

(a) Increased Costs. If after the Effective Date, 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 the Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall (i) 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 or participated in by, assets of, deposits with or for the account of or credit extended by, the Lender (or its Applicable Lending Office), (ii) subject the Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Euro-Dollar Loan made by it, or change the basis of taxation of payments to the Lender in respect thereof (other than (A) Taxes, (B) Other Taxes and (C) the imposition of, or any change in the rate of, any taxes described in clauses (i) through (iv) of the definition of Taxes in Section 2.16(a), (D) Connection Income Taxes, and (E) Taxes attributable to a Lender's failure to comply with Section 2.16(e) and or (iii) impose on the Lender (or its Applicable Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting its Euro-Dollar Loans, Notes, obligation to make Euro-Dollar Loans or obligations hereunder in respect of Letters of Credit, and the result of any of the foregoing is to increase the cost to the Lender (or its Applicable Lending Office) of making or maintaining any Euro-Dollar Loan, or of issuing or participating in any Letter of Credit, or to reduce the amount of any sum received or receivable by the Lender (or its Applicable Lending Office) under this Agreement or under its Notes with respect thereto, then, within fifteen (15) days after demand by the Lender, the Borrower shall pay to the Lender such additional amount or amounts, as determined by the Lender in good faith, as will compensate the Lender for such increased cost or reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(b) Capital Adequacy. If the Lender shall have determined that, after the Effective Date, the

adoption of any applicable law, rule or regulation regarding capital adequacy or liquidity, 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 the Lender (or any Person controlling the Lender) as a consequence of the Lender's obligations hereunder to a level below that which the Lender (or any Person controlling the Lender) 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 the Lender, the Borrower shall pay to the Lender such additional amount or amounts as will compensate the Lender (or any Person controlling the Lender) for such reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(c) Notices. The Lender will promptly notify the Borrower of any event of which it has knowledge, occurring after the Effective Date, that will entitle the Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of the Lender, be otherwise disadvantageous to the Lender. A certificate of the Lender 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, the Lender may use any reasonable averaging and attribution methods.

(d) Notwithstanding anything to the contrary herein, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in law" under this Article II regardless of the date enacted, adopted or issued and (z) except as may be provided in Section 2.15(a), the Lender shall not be entitled to assert any claim under this Section 2.15 in respect of or attributable to taxes.

#### Section 2.16 Taxes.

(a) Payments Net of Certain Taxes. Any and all payments made by or on account of any Loan Party to or for the account of the Lender hereunder or under any other Loan Document 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, the Lender (A) by the jurisdiction (or subdivision thereof) under the laws of which the Lender is organized or in which its principal executive office is located or, in the case of the Lender, in which its Applicable Lending Office is located, or (B) that are Other Connection Taxes, (ii) in the case of the Lender, any United States withholding tax imposed on such payments, but only to the extent that the Lender is subject to United States withholding tax at the time the Lender 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 the Lender, 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 any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to the Lender, (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 2.16(a)) the Lender receives an amount equal to the sum it would have received had no such deductions

been made, (ii) such Loan Party shall make such deductions, (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) such Loan Party shall deliver to the Lender the original or a certified copy of a receipt evidencing payment thereof.

(b) Other Taxes. In addition, each Loan Party agrees to pay any and all present or future stamp or court 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, any Note or any other Loan Document or from the execution, delivery, performance, registration or enforcement of, or otherwise with respect to, this Agreement, any Note or any other Loan Document (collectively, "Other Taxes").

(c) Indemnification. Each Loan Party agrees to jointly and severally indemnify the Lender 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 2.16(c)), whether or not correctly or legally asserted, paid by the Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto as certified in good faith to the Borrower by the Lender seeking indemnification pursuant to this Section 2.16(c). This indemnification shall be paid within 15 days after the Lender makes demand therefor.

(d) Refunds or Credits. If the Lender receives a refund, credit or other reduction from a taxation authority for any Taxes or Other Taxes for which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 2.16, it shall within fifteen (15) days from the date of such receipt pay over the amount of such refund, credit or other reduction to the Borrower (but only to the extent of indemnity payments made or additional amounts paid by the Loan Parties under this Section 2.16 with respect to the Taxes or Other Taxes giving rise to such refund, credit or other reduction), net of all reasonable out-of-pocket expenses of the Lender and without interest (other than interest paid by the relevant taxation authority with respect to such refund, credit or other reduction); provided, however, that each Loan Party agrees to repay, upon the request of the Lender, the amount paid over to the Borrower (plus penalties, interest or other charges) to the Lender in the event the Lender is required to repay such refund or credit to such taxation authority.

(e) Tax Forms and Certificates. (i) Any Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to the Borrower on or about the date on which such Lender becomes a Lender under this Agreement, at any time such Lender changes its Applicable Lending Office and from time to time thereafter upon the reasonable request of the Borrower, executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax; (ii) any Lender that is not a "United States person" within the meaning of Section 7701(a)(3) of the Code (a "Non-U.S. Lender") shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by the recipient) on or about the date on which such Non- U.S. Lender becomes a Lender under this Agreement, at any time such Lender changes its Applicable Lending Office and from time to time thereafter upon the reasonable request of the Borrower, whichever of the following is applicable: (A) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty; (B) executed copies of IRS Form W-8ECI; (C) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit D-1 to the effect that such Non-U.S. Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a



“controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or (D) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-1 or D-2, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-2 on behalf of each such direct and indirect partner; (iii) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower (in such number of copies as shall be requested by the recipient) on or about the date which such Non-U.S. Lender becomes a Lender under this Agreement, at any time such Lender changes its Applicable Lending Office and from time to time thereafter upon the reasonable request of the Borrower), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made; and (iv) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower at the time or times prescribed by law and at such time or times reasonably requested by the Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of clause (iv), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(f) Exclusions. No Loan Party shall be required to indemnify any Non-U.S. Lender, or to pay any additional amount to any Non-U.S. Lender, pursuant to Sections 2.16(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 such Non-U.S. Lender to comply with the provisions of Section 2.16(e).

(g) Mitigation. If any Loan Party is required to pay additional amounts to or for the account of the Lender pursuant to this Section 2.16, then the Lender will use reasonable efforts (which shall include efforts to rebook the Revolving Loans held by the Lender to a new Applicable Lending Office, or through another branch or affiliate of the Lender) to change the jurisdiction of its Applicable Lending Office if, in the good faith judgment of the Lender, 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 the Lender, to the Lender. The Lender claiming any indemnity payment or additional amounts payable pursuant to this Section shall use reasonable efforts (consistent with legal and regulatory restrictions) to deliver to Borrower any certificate or document reasonably requested in writing by the Borrower 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 the Lender, be otherwise disadvantageous to the Lender.

(h) Confidentiality. Nothing contained in this Section shall require the Lender to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

Section 2.17 Base Rate Loans Substituted for Affected Euro-Dollar Loans. If (a) the obligation of the Lender to make or maintain, or to convert outstanding Loans to, Euro-Dollar Loans has been suspended pursuant to Section 2.13 or (b) the Lender has demanded compensation under Section 2.15(a) with respect to its Euro-Dollar Loans and, in any such case, the Borrower shall, by at least four Business Days' prior notice to the Lender, have elected that the provisions of this Section shall apply to the Lender, then, unless and until the Lender notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(i) all Loans which would otherwise be made by the Lender as (or continued as or converted into) Euro-Dollar Loans shall instead be Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Euro Dollar Loans of the Lender;) and

(ii) after each of its Euro-Dollar Loans has been repaid, all payments of principal that would otherwise be applied to repay such Loans shall instead be applied to repay its Base Rate Loans.

If the Lender notifies the Borrower that the circumstances giving rise to such notice no longer apply, the principal amount of each such Base Rate Loan shall be converted into a Euro-Dollar Loan on the first day of the next succeeding Interest Period applicable.

Section 2.18 Adjustments to the Maximum Facility Amount.

(a) Subject to the terms and conditions of this Agreement, the Borrower may, during the Availability Period by delivering to the Lender a Request for an Adjustment in the form of Exhibit E, request an increase or decrease to the Maximum Facility Amount (each an "Optional Adjustment"); provided that the Borrower may not request any adjustment after the occurrence and during the continuance of a Default.

(b) As a condition precedent to an Optional Adjustment, the Loan Parties shall deliver to the Lender a certificate of the Loan Parties dated the effective date of the Optional Adjustment, signed by Authorized Officers of each Loan Party, certifying that: (i) the resolutions adopted by each Loan Party approving or consenting to such Optional Adjustment are attached thereto and such resolutions are true and correct and have not been altered, amended or repealed and are in full force and effect, (ii) before and after giving effect to the Optional Adjustment, (A) the representations and warranties contained in Article V and the other Loan Documents are true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects) on and as of the effective date of the Optional Adjustment, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects (except to the extent any such representation and warranty was qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty was true and correct in all respects) as of such earlier date, and (B) that no Default exists, is continuing, or would result from the Optional Adjustment and (iii) any necessary governmental, regulatory and third party approvals required to approve the Optional Increase, are attached thereto 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 the Lender, materially adverse conditions upon the consummation of the Optional Adjustment. Upon the request of the Lender, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender in accordance with Section 2.05(d).

Section 2.19 Termination of the Facility. Notwithstanding anything herein to the contrary, the Lender may elect at any time, in its sole discretion, to terminate this Agreement (regardless of whether

any Event of Default has occurred or is continuing at the time the Lender elects to exercise such right). Upon such termination, at the demand of the Lender, the Borrower will (i) pay in full all outstanding loans, all interest accrued and unpaid thereon and all other amounts payable under this Agreement and (ii) deposit in an account designated by and with the Lender, in the name of the Lender, in same day funds, an amount equal to 103% of the aggregate undrawn stated amounts of all Letters of Credit that are outstanding on such date.

### ARTICLE III LETTERS OF CREDIT

#### Section 3.01 Letters of Credit.

(a) The Lender agrees, on the terms and conditions set forth in this Agreement, to consider requests from the Borrower or any of its Subsidiaries that the Lender (i) make Revolving Loans from time to time on any business Day during the Availability Period or (ii) issue Letters of Credit from time to time on any Business Day during the Availability Period for the account, and upon the request, of the Borrower and in support of such obligations of the Borrower or any Affiliate of the Borrower that are reasonably acceptable to the Lender.

(b) Notwithstanding anything to the contrary set forth herein, this Agreement is not a commitment on the part of the Lender to make any Revolving Loan or issue any Letter of Credit but rather sets forth the procedures to be used in connection with requests from the Borrower or any of its Subsidiaries for the Lender to issue Letters of Credit from time to time during the period from the Closing Date until the Termination Date and, if the Lender issues any Letters of Credit hereunder, the Borrower's obligations to the Lender with respect thereto.

Section 3.02 Method of Issuance of Letters of Credit. The Borrower shall give the Lender notice substantially in the form of Exhibit A-3 to this Agreement (a "Letter of Credit Request") of the requested issuance or extension of an Letter of Credit prior to 1:00 P.M. (New York, New York time) three Business Days prior to the proposed date of the issuance or extension of Letters of Credit (which shall be a Business Day) (or such shorter period as may be agreed by the Lender 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 if any Letter of Credit contains a provision pursuant to which it is deemed to be extended unless notice of termination is given by the Lender, the Lender 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. No Letter of Credit shall have a term of more than one year, provided, that no Letter of Credit shall have a term extending or be so extendible beyond the fifth Business Day before the Termination Date; provided, further, that a Letter of Credit may have a term extending or be so extendible (whether by extension or at the time of issuance) beyond the fifth Business Day before the Termination Date, so long as (A) such Letter of Credit is Cash Collateralized on the Termination Date and (B) the stated expiry date is no more than one year from the date of issuance or extension thereof.. Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the Lender will deliver to the Borrower a true and complete copy of



such Letter of Credit or amendment.

Section 3.03 Conditions to Issuance of Letters of Credit. The issuance by the Lender of each Letter of Credit shall, in addition to the conditions precedent set forth in Article IV, be subject to the conditions precedent that (a) such Letter of Credit shall be satisfactory in form and substance to the Lender, and (b) the Borrower and, if applicable, any such Affiliate of the Borrower, shall have executed and delivered such other instruments and agreements relating to such Letter of Credit as the Lender shall have reasonably requested.

Section 3.04 Drawings under Letters of Credit. Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Lender shall determine in accordance with the terms of such Letter of Credit whether such drawing should be honored. If the Lender determines that any such drawing shall be honored, the Lender 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 Borrower as to the amount to be paid as a result of such drawing and the payment date.

Section 3.05 Reimbursement Obligations. The Borrower shall be irrevocably and unconditionally obligated forthwith to reimburse the Lender for any amounts paid by the Lender upon any drawing under any Letter of Credit, together with any and all reasonable charges and expenses which the Lender may pay or incur relative to such drawing and interest on the amount drawn at the rate applicable to Base Rate Loans 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 (a) at or before 1:00 P.M. (New York, New York time) on the date the Lender notifies the Borrower of such drawing, if such day is a Business Day and such notice is given at or before 10:00 A.M. (New York, New York time) on such date or (b) at or before 10:00 A.M. (New York, New York time) on the next succeeding Business Day, if such notice is given after 10:00 A.M. (New York, New York time) on a Business Day or at any time on a day that is not a Business Day; provided, that no payment otherwise required by this sentence to be made by the Borrower 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 Lender, in its reasonable discretion, shall have been made by the Borrower 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. In addition, the Borrower agrees to pay to the Lender interest, payable on demand, on any and all amounts not paid by the Borrower to the Lender when due under this Section 3.05, 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 a rate per annum equal to the sum of 2% plus the rate applicable to Base Rate Loans for such day. Each payment to be made by the Borrower pursuant to this Section 3.05 shall be made to the Lender in Federal or other funds immediately available to it at its address referred to Section 8.01.

Section 3.06 Reliance. Any action taken or omitted to be taken by the Lender under or in connection with any Letter of Credit shall not create for the Lender any resulting liability if taken or omitted in the absence of gross negligence or willful misconduct. Lender shall be entitled (but not obligated) to rely, and shall be fully protected in relying, on the representation and warranty by the Borrower set forth in the last sentence of Section 4.02 to establish whether the conditions specified in clauses (b) and (c) of Section 4.02 are met in connection with any issuance or extension of a Letter of Credit. Lender shall be entitled to rely, and shall be fully protected in relying, upon advice and statements of legal counsel, independent accountants and other experts selected by the Lender and upon any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopier, telex or teletype message, statement, order or other document believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary unless the beneficiary and the Borrower shall have

notified the Lender that such documents do not comply with the terms and conditions of the Letter of Credit. The Lender shall be fully justified in refusing to take any action requested of it under this Section in respect of any Letter of Credit. Notwithstanding any other provision of this Section, the Lender shall in all cases be fully protected in acting, or in refraining from acting, under this Section in respect of any Letter of Credit in accordance with a request of the Lender, and such request and any action taken or failure to act pursuant hereto shall be binding upon the Lender and all future holders of participations in such Letter of Credit; provided, that this sentence shall not affect any rights the Borrower may have against the Lender that make such request.

Section 3.07 Obligations in Respect of Letters of Credit Unconditional. The obligations of the Borrower under Section 3.05 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 Borrower may have at any time against a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting), the Lender 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 the Lender of a draft or certificate that does not comply with the terms of such Letter of Credit; provided, that the Lender'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 the Lender; or

(g) any other act or omission to act or delay of any kind by the Lender 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 Borrower's obligations hereunder.

Nothing in this Section 3.07 is intended to limit the right of the Borrower to make a claim against the Lender for damages as contemplated by the proviso to the first sentence of Section 3.09.

Section 3.08 Indemnification in Respect of Letters of Credit. Neither the Lender nor its affiliates nor any of their respective officers, directors, employees or agents shall be liable or responsible, 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 3.07, 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 Borrower shall not be required to indemnify the Lender for any claims, damages, losses, liabilities, costs or expenses, and the Borrower shall have a claim against the Lender 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 (i) the willful misconduct or gross negligence of the Lender in determining whether a request presented under any Letter of Credit issued by it complied with the terms of such Letter of Credit or (ii) the Lender'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 3.08 is intended to limit the obligations of the Borrower under any other provision of this Agreement.

Section 3.09 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.

#### ARTICLE IV CONDITIONS

Section 4.01 Conditions to Closing. The obligation of the Lender to make a Loan or issue a Letter of Credit on the occasion of the first Credit Event hereunder is subject to the satisfaction of the following conditions:

(a) This Agreement. The Lender shall have received counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Lender in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party).

(b) Notes. On or prior to the Effective Date, the Lender shall have received a duly executed Note for the account of the Lender requesting delivery of a Note pursuant to Section 2.05.

(c) Officers' Certificate. The Lender shall have received a certificate dated the Effective Date signed on behalf of each Loan Party by any Authorized Officer of such Loan Party stating that (A) on the Effective Date and after giving effect to the Loans and Letters of Credit being made or issued on the Effective Date, no Default shall have occurred and be continuing, and (B) the representations and warranties of such Loan Party contained in the Loan Documents are true and correct on and as of the Effective 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.

(d) Secretary's Certificates. On the Effective Date, the Lender shall have received (i) a certificate of the Secretary of State (or equivalent body) of the jurisdiction of incorporation dated as of a recent date, as to the good standing of each Loan Party and (ii) a certificate of the Secretary or an Assistant Secretary of each Loan Party dated the Effective Date and certifying (A) that attached thereto is a true, correct and complete copy of (x) the articles of incorporation of such Loan Party certified by the Secretary of State (or equivalent body) of the jurisdiction of incorporation of such Loan Party and (y) the bylaws of such Loan Party, (B) as to the absence of dissolution or liquidation proceedings by or against such Loan Party, (C) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such Loan Party is a party 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 such Loan Party executing the Loan Documents to which such Loan Party is a party or any other document delivered

in connection herewith or therewith.

(e) Opinions of Counsel. On the Effective Date, the Lender shall have received from counsel to the Loan Parties, opinions addressed to the Lender, dated the Effective Date, substantially in the form of Exhibit C hereto.

(f) Consents. All necessary governmental (domestic or foreign), regulatory and third party approvals, if any, authorizing borrowings hereunder in connection with the transactions contemplated by this Agreement and the other Loan Documents 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 the Lender, materially adverse conditions upon the consummation of such transactions; provided that any such approvals with respect to increases in the Maximum Facility Amount as contemplated by Section 2.18 need not be obtained or provided until Borrower makes any such election.

(g) Payment of Fees. All costs, fees and expenses due to the Arranger and the Lender accrued through the Effective Date shall have been paid in full.

(h) Counsel Fees. The Lender shall have received full payment from the Borrower of the fees and expenses of Winston & Strawn LLP described in Section 8.03 which are billed through the Effective Date and which have been invoiced one Business Day prior to the Effective Date.

Section 4.02 Conditions to All Credit Events. The obligation of the Lender to consider any Credit Event hereunder is subject to the satisfaction of the following conditions:

(a) receipt by the Lender of a Borrowing Request as required by Section 2.03, or receipt by the Lender of a Letter of Credit Request as required by Section 3.02;

(b) the fact that, immediately before and after giving effect to such Credit Event, no Default shall have occurred and be continuing; and

(c) the fact that the representations and warranties of the Loan Parties contained in this Agreement and the other Loan Documents shall be true and correct on and as of the date of such Credit Event, 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 5.05, Section 5.13 and Section 5.14(a), which shall be deemed only to relate to the matters referred to therein on and as of the Effective Date.

Each Credit Event under this Agreement shall be deemed to be a representation and warranty by the Loan Parties on the date of such Credit Event as to the facts specified in clauses (b) and (c) of this Section.

## ARTICLE V REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants that, and as to the Borrower, the Borrower represents and warrants that:

Section 5.01 Status. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate authority to execute and deliver this Agreement and each other Loan Document to which it is a party and perform its obligations hereunder and thereunder. The Guarantor is a corporation duly organized, validly existing and in good standing



under the laws of the Commonwealth of Pennsylvania and has the corporate authority to execute and deliver this Agreement and each other Loan Document to which it is a party and perform its obligations hereunder and thereunder.

Section 5.02 Authority; No Conflict. The execution, delivery and performance by each Loan Party of this Agreement and each other Loan Document to which it is a party have been duly authorized by all necessary corporate action and do not violate (i) any provision of law or regulation, or any decree, order, writ or judgment, (ii) any provision of its articles of incorporation or bylaws, or (iii) result in the breach of or constitute a default under any indenture or other agreement or instrument to which such Loan Party is a party; provided that any election to increase the Maximum Facility Amount as contemplated in Section 2.18 shall require further authorization of each Loan Party's governing body and may require additional authorizations, consents or approvals from a Governmental Authority.

Section 5.03 Legality; Etc. This Agreement and each other Loan Document (other than the Notes) to which such Loan Party is a party constitute the legal, valid and binding obligations of such Loan Party, and the Notes, when executed and delivered in accordance with this Agreement, will constitute legal, valid and binding obligations of the Borrower, in each case enforceable against the Borrower 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 5.04 Financial Condition.

(a) Audited Financial Statements. The consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of December 31, 2019 and the related consolidated statements of income and cash flows for the fiscal year then ended, reported on by Deloitte & Touche LLP, copies of which have been delivered to the Lender, fairly present, in conformity with GAAP, the consolidated financial position of the Guarantor and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) [Intentionally Omitted].

(c) Material Adverse Change. Since December 31, 2019 there has been no change in the business, assets, financial condition or operations of the Guarantor and its Consolidated Subsidiaries, considered as a whole that would materially and adversely affect the Guarantor's ability to perform any of its obligations under this Agreement, the Notes or the other Loan Documents. Since December 31, 2019 there has been no change in the business, assets, financial condition or operations of the Borrower that would materially and adversely affect the Borrower's ability to perform any of its obligations under this Agreement, the Notes or the other Loan Documents.

Section 5.05 Litigation. Except as disclosed in or contemplated by the Guarantor's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019 or any subsequent report of the Guarantor filed with the SEC on Form 10-K, 10-Q or 8-K, or as otherwise disclosed in writing to the Lender prior to the Effective Date, no litigation, arbitration or administrative proceeding against the Guarantor or any of its Subsidiaries is pending or, to the Guarantor's knowledge, threatened, which would reasonably be expected to materially and adversely affect the ability of any Loan Party to perform any of its obligations under this Agreement, the Notes or the other Loan Documents. There is no litigation, arbitration or administrative proceeding pending or, to the knowledge of any Loan Party, threatened which questions the validity of this Agreement or the other Loan Documents to which it is a party.

Section 5.06 No Violation. No part of the proceeds of the borrowings by hereunder will be used, directly or indirectly by the Borrower 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 Borrower 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 5.07 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 5.08 Governmental Approvals. No authorization, consent or approval from any Governmental Authority is required for the execution, delivery and performance by any Loan Party of this Agreement, the Notes and the other Loan Documents to which it is a party and except such authorizations, consents and approvals as shall have been obtained prior to the Effective Date and shall be in full force and effect; provided that any election to increase the Maximum Facility Amount as contemplated in Section 2.18 shall require further authorization of each Loan Party’s governing body and may require additional authorizations, consents or approvals from a Governmental Authority.

Section 5.09 Investment Company Act. Neither the Borrower nor the Guarantor is an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

Section 5.10 Tax Returns and Payments. Each Loan Party 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 such Loan Party 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 5.11 Compliance with Laws. (a) To the knowledge of the Guarantor, the Guarantor and its Material Subsidiaries are in compliance with all applicable laws, regulations and orders of any Governmental Authority, domestic or foreign, in respect of the conduct of their respective businesses and the ownership of their respective 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 (i) any alleged non-compliance is being contested in good faith by appropriate proceedings or (ii) such non-compliance would not reasonably be expected to materially and adversely affect the ability of the Loan Parties to perform any of their respective obligations under this Agreement, the Notes or any other Loan Document to which they are a party; and (b) To the knowledge of the Borrower, the Borrower 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, except to the extent (i) any alleged non-compliance is being contested in good faith by appropriate proceedings or (ii) such non-compliance would not reasonably be expected to materially and adversely affect the ability of the Borrower to perform any of its obligations under this Agreement, the Notes or any other Loan Document to which it is a party.

Section 5.12 No Default. No Default has occurred and is continuing.

Section 5.13 Environmental Matters.

(a) Except (x) as disclosed in or contemplated by the Guarantor's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019, or in any subsequent report of the Guarantor filed with the SEC on Form 10-K, 10-Q or 8-K or as otherwise disclosed in writing to the Lender, or (y) to the extent that the liabilities of the Guarantor 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) below of this Section 5.13(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 Guarantor or any of its Subsidiaries, no penalty has been assessed nor is any investigation or review pending or, to the Guarantor'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 Guarantor or any of its Subsidiaries of or under any Environmental Law, (B) alleged failure by the Guarantor 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 Guarantor'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 Guarantor or any of its Subsidiaries; and

(iii) no property now or previously owned, leased or operated by the Guarantor or any of its Subsidiaries or, to the Guarantor's or any of its Subsidiaries' knowledge, any property to which the Guarantor or any of its Subsidiaries has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances, is listed or, to the Guarantor'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 Guarantor's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2019, or in any subsequent report of the Guarantor filed with the SEC on Form 10-K, 10-Q or 8-K or otherwise disclosed in writing to the Lender, to the Guarantor's 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 5.13, the terms "the Guarantor" and "Subsidiary" shall include any business or business entity (including a corporation) which is a predecessor, in whole or in part, of the Guarantor or any of its Subsidiaries from the time such business or business entity became a Subsidiary of the Guarantor.

Section 5.14 Material Subsidiaries and Ownership.

(a) As of the Effective Date, (i) Schedule 5.14 states the name of each of the Guarantor's Material Subsidiaries and its jurisdiction or jurisdictions of organization or incorporation, as applicable, (ii) except as disclosed in Schedule 5.14, each such Subsidiary is a Wholly Owned Subsidiary of the



Guarantor, and (iii) each of the Guarantor's Material Subsidiaries is in good standing in the jurisdiction or jurisdictions of its organization or incorporation, as applicable, and has all corporate or other organizational powers to carry on its businesses except where failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Each of the Guarantor's Material Subsidiaries is duly organized or incorporated and validly existing under the laws of the jurisdiction or jurisdictions of its organization or incorporation, as applicable.

Section 5.15 OFAC. None of the Borrower, the Guarantor any Subsidiary of the Guarantor, nor, to the knowledge of the Guarantor or the Borrower, any director, officer, or Affiliate of the Borrower, the Guarantor or any of its Subsidiaries: (i) is a Sanctioned Person, (ii) has more than 10% of its assets in Sanctioned Persons or in Sanctioned Countries, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. The proceeds of any Loan will not be used, directly or indirectly, to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country.

## ARTICLE VI COVENANTS

Each Loan Party agrees that from and after the Closing Date:

Section 6.01 Information. The Loan Parties will deliver or cause to be delivered to the Lender (it being understood that the posting of the information required in clauses (a), (b) and (f) of this Section 6.01 on the Borrower's website or the Guarantor's website (<http://www.pplweb.com>) or making such information available on IntraLinks, SyndTrak (or similar service) shall be deemed to be effective delivery to the Lender):

(a) Annual Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Guarantor is not a Public Reporting Company, within one hundred and five (105) days after the end of each fiscal year of the Guarantor), a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated statements of income and cash flows for such fiscal year and accompanied by an opinion thereon by independent public accountants of recognized national standing, which opinion shall state that such consolidated financial statements present fairly the consolidated financial position of the Guarantor and its Consolidated Subsidiaries as of the date of such financial statements and the results of their operations for the period covered by such financial statements in conformity with GAAP applied on a consistent basis.

(b) Quarterly Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Guarantor is not a Public Reporting Company, within sixty (60) days after the end of each quarterly fiscal period in each fiscal year of the Guarantor (other than the last quarterly fiscal period of the Guarantor)), a consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for such fiscal quarter, all certified (subject to normal year-end audit adjustments) as to fairness of presentation, GAAP and consistency by any Authorized Officer of the Guarantor.

(c) Officer's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsections (a) and (b) above, a certificate of any Authorized Officer of the Guarantor, (i) setting forth in reasonable detail the calculations required to establish compliance with the requirements of Section 6.09 on the date of such financial statements and (ii) stating whether there exists on the date of

such certificate any Default and, if any Default then exists, setting forth the details thereof and the action which the applicable Loan Party is taking or proposes to take with respect thereto.

(d) Default. Forthwith upon acquiring knowledge of the occurrence of any (i) Default or (ii) Event of Default, in either case a certificate of an Authorized Officer of the applicable Loan Party setting forth the details thereof and the action which the applicable Loan Party is taking or proposes to take with respect thereto.

(e) Change in Borrower's Ratings. Promptly, upon any Authorized Officer obtaining knowledge of any change in a Borrower's Rating, a notice of such Borrower's Rating in effect after giving effect to such change.

(f) Securities Laws Filing. To the extent the Guarantor or the Borrower is a Public Reporting Company, promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC, a copy of any Form 10-K Report to the SEC and a copy of any Form 10-Q Report to the SEC, and promptly upon the filing thereof, any other filings with the SEC.

(g) ERISA Matters. If and when any member of the ERISA Group: (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Material Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Material Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives, with respect to any Material Plan that is a Multiemployer Plan, notice of any complete or partial withdrawal liability under Title IV of ERISA, or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose material liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Material Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code with respect to a Material Plan, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA; or (vii) fails to make any payment or contribution to any Plan or makes any amendment to any Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a copy of such notice, a certificate of the chief accounting officer or controller of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take.

(h) Other Information. From time to time such additional financial or other information regarding the financial condition, results of operations, properties, assets or business of the Guarantor or any of its Subsidiaries as the Lender may reasonably request.

Section 6.02 Maintenance of Insurance. Each Loan Party will maintain, or cause to be maintained, insurance with financially sound (determined in the reasonable judgment of the Borrower) and responsible companies in such amounts (and with such risk retentions) and against such risks as is usually carried by owners of similar businesses and properties in the same general areas in which such Loan Party operates.

Section 6.03 Conduct of Business and Maintenance of Existence. Each Loan Party will (a) continue to engage in businesses of the same general type as now conducted by such Loan Party and, in the case of the Guarantor, its Subsidiaries and businesses related thereto or arising out of such businesses, except to the extent that the failure to maintain any existing business would not have a Material Adverse Effect and (b) except as otherwise permitted in Section 6.07, preserve, renew and keep in full force and

effect, and will cause each of its Subsidiaries to preserve, renew and keep in full force and effect, their respective corporate (or other entity) existence and their respective rights, privileges and franchises necessary or material to the normal conduct of business, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 6.04 Compliance with Laws, Etc. Each Loan Party will comply 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) noncompliance could not reasonably be expected to have a Material Adverse Effect.

Section 6.05 Books and Records. Each Loan Party (a) will keep, and, in the case of the Guarantor, will cause each of its Subsidiaries to keep, proper books of record and account in conformity with GAAP and (b) will permit representatives of the Lender to visit and inspect any of their respective properties, to examine and make copies from any of their respective books and records and to discuss their respective affairs, finances and accounts with their officers, any employees and independent public accountants, all at such reasonable times and as often as may reasonably be desired; provided, that, the rights created in this Section 6.05 to “visit”, “inspect”, “discuss” and copy shall not extend to any matters which such Loan Party deems, in good faith, to be confidential, unless the Lender agrees in writing to keep such matters confidential.

Section 6.06 Use of Proceeds. The proceeds of the Loans made under this Agreement will be used by the Borrower for general corporate purposes of the Borrower and its Affiliates, including for working capital purposes and for making investments in or loans to the Guarantor and Affiliates of the Loan Parties. The Borrower will request the issuance of Letters of Credit solely for general corporate purposes of the Borrower and its Affiliates. No such use of the proceeds for general corporate purposes will be, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any Margin Stock within the meaning of Regulation U.

Section 6.07 Merger or Consolidation. No Loan Party will merge with or into or consolidate with or into any other corporation or entity, unless (a) immediately after giving effect thereto, no event shall occur and be continuing which constitutes a Default, (b) the surviving or resulting Person, as the case may be, assumes and agrees in writing to pay and perform all of the obligations of such Loan Party under this Agreement, (c) in the case of the Guarantor, substantially all of the consolidated assets and consolidated revenues of the surviving or resulting Person, as the case may be, are anticipated to come from the utility or energy businesses and (d) in the case of the Borrower, the senior unsecured long-term debt ratings (without giving effect to any third party credit enhancement except for a guaranty of the Guarantor or a permitted successor) from both Rating Agencies of the surviving or resulting Person, as the case may be, immediately following the merger or consolidation is equal to or greater than the Borrower’s Ratings from both Rating Agencies immediately preceding the announcement of such consolidation or merger.

Section 6.08 Asset Sales. Except for the sale of assets required to be sold to conform with governmental requirements, the Guarantor and its Material Subsidiaries shall not consummate any Asset Sale, if the aggregate net book value of all such Asset Sales consummated during the four calendar quarters immediately preceding any date of determination would exceed 25% of the total assets of the Guarantor and its Consolidated Subsidiaries as of the beginning of the Guarantor’s most recently ended full fiscal quarter; provided, however, that any such Asset Sale will be disregarded for purposes of the 25% limitation specified above: (a) if any such Asset Sale is in the ordinary course of business of the Guarantor and its Subsidiaries; (b) if the assets subject to any such Asset Sale are worn out or are no

longer useful or necessary in connection with the operation of the businesses of the Guarantor or its Subsidiaries; (c) if the assets subject to any such Asset Sale are being transferred to a Wholly Owned Subsidiary of the Guarantor; (d) if the proceeds from any such Asset Sale (i) are, within twelve (12) months of such Asset Sale, invested or reinvested by the Guarantor or any Subsidiary in a Permitted Business, (ii) are used by the Guarantor or any Subsidiary to repay Debt of the Guarantor or such Subsidiary, or (iii) are retained by the Guarantor or any Subsidiary; or (e) if, prior to any such Asset Sale, both Rating Agencies confirm the then-current Borrower's Ratings after giving effect to any such Asset Sale.

Section 6.09 Consolidated Debt to Consolidated Capitalization Ratio. The ratio of Consolidated Debt of the Guarantor to Consolidated Capitalization of the Guarantor shall not exceed 70%, measured as of the end of each fiscal quarter.

## ARTICLE VII DEFAULTS

Section 7.01 Events of Default. If one or more of the following events (each an "Event of Default") shall have occurred and be continuing:

(a) neither Loan Party shall pay when due any principal on any Loans or Reimbursement Obligations; or

(b) neither Loan Party shall pay when due any interest on the Loans and Reimbursement Obligations, any fee or any other amount payable hereunder or under any other Loan Document for five (5) days following the date such payment becomes due hereunder; or

(c) any Loan Party shall fail to observe or perform any of its covenants or agreements contained in Sections 6.05(b), 6.06, 6.07, 6.08 or 6.09; or

(d) any Loan Party shall fail to observe or perform any of its covenants or agreements contained in Section 6.01(d)(i) for 30 days after any such failure or in Section 6.01(d)(ii) for ten (10) days after any such failure; or

(e) any of the Loan Parties shall fail to observe or perform any covenant or agreement contained in this Agreement or any other Loan Document (other than those covered by clauses (a), (b), (c) or (d) above) for thirty (30) days after written notice thereof has been given to the defaulting party by the or at the request of the Lender; or

(f) any representation, warranty or certification made by any Loan Party in this Agreement or any other Loan Document 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

(g) any Loan Party shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Material Debt beyond any period of grace 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 period of grace 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

(h) any Loan Party 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

(i) an involuntary case or other proceeding shall be commenced against any Loan Party 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 any Loan Party under the Bankruptcy Code; or

(j) 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

(k) any Loan Party 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 it that is not stayed on appeal or otherwise being appropriately contested in good faith; or

(l) a Change of Control shall have occurred; or

(m) the Guaranty shall cease to be in full force or effect or shall be found by any judicial proceeding to be unenforceable or invalid; or the Guarantor shall deny or disaffirm in writing the Guarantor's obligations under the Guaranty; then, and in every such event, while such event is continuing, the Lender may by notice to the Borrower declare the Loans and Letter of Credit Liabilities (together with accrued interest and accrued and unpaid fees thereon and all other amounts due hereunder) to be, and the Loans and Letter of Credit Liabilities shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind (except as set forth above), all of which are hereby waived by the Borrower and require the Borrower to, and the Borrower shall, cash collateralize (in accordance with Section 2.08(a)(ii)) all Letter of Credit Liabilities then outstanding; provided, that, in the case of any Default or any Event of Default specified in Section 7.01(h) or 7.01(i) above, without any notice to the Borrower or any other act by the Lender, the Loans and Reimbursement 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 Borrower, and the Borrower shall cash collateralize (in accordance with Section 2.08(a)(ii)) all Letter of Credit Liabilities then outstanding.

#### ARTICLE VIII MISCELLANEOUS

Section 8.01 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. 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, in the case of any of the Loan Parties and the Lender, set forth below, and, in the case of the Lender, 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 Loan Parties:

PPL Capital Funding,  
Inc. PPL Corporation  
Two North Ninth Street  
Allentown, Pennsylvania 18101-1179  
Attention: Treasurer or Assistant Treasurer  
Telephone: 610-774-5151  
Facsimile: 610-774-5235

with a copy to:

PPL Services Corporation  
Two North Ninth Street (GENTW4)  
Allentown, Pennsylvania 18101-1179  
Attention: Frederick C. Paine, Esq.  
Telephone: 610-774-7445  
Facsimile: 610-774-6726

if to the Lender:

The Bank of Nova Scotia  
720 King Street West, 4<sup>th</sup> Floor  
Toronto, Ontario Canada M5V 2T3  
Attention: Nazmul Arefin  
Telephone: 416-933-5267  
Facsimile: 212-225-5709  
Email: Nazmul.Arefin@scotiabank.com  
with copies to GWSLoanOps.USCorp@scotiabank.com

Section 8.02 No Waivers; Non-Exclusive Remedies. No failure by the Lender to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege hereunder or under any Note or other Loan 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 other Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 8.03 Expenses; Indemnification.

(a) Expenses. The Borrower shall pay (i) all out-of-pocket expenses of the Lender, including legal fees and disbursements of one primary counsel and any other local counsel retained by the Lender and the Arranger, in its reasonable discretion, in connection with the preparation, execution, delivery and administration of the Loan Documents, 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 the Arranger and the Lender, 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 Borrower shall not be liable for any legal fees or disbursements of any counsel for the Arranger and the Lender incurred prior to the Effective Date other than Winston & Strawn LLP associated with the preparation, execution and delivery of this Agreement and the closing documents contemplated hereby.

(b) Indemnity in Respect of Loan Documents. Each of the Loan Parties agrees to jointly and severally indemnify the Arranger and the Lender, their respective Affiliates and the respective directors, officers, trustees, agents, employees 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 Borrower 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 (whether by the Guarantor, the Borrower, any Subsidiary or Affiliate of the Borrower or any other Person) in any way relating to or arising out of this Agreement, any other Loan Document or any documents contemplated hereby or thereby or referred to herein or therein 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. Each of the Loan Parties agrees to jointly and severally 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 Borrower 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 Guarantor or any of its Subsidiaries or any predecessor of the Guarantor or any of its Subsidiaries, or any and all Environmental Liabilities. Without limiting the generality of the foregoing, the Borrower 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, no Loan Party shall 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, any other Loan Document or any agreement or



instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan or 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 other Loan Documents or the transactions contemplated hereby or thereby; provided that nothing in this Section 8.03(d) shall relieve the Lender from its obligations under Section 8.12.

Section 8.04 Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if such amendment or waiver is in writing and is signed by the Loan Parties and the Lender.

Section 8.05 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 no Loan Party may assign or otherwise transfer any of its rights under this Agreement without the prior written consent of the Lender, except to the extent any such assignment results from the consummation of a merger or consolidation permitted pursuant to this Agreement.

(b) Register. The Borrower hereby designates the Lender to serve as the Borrower's agent, solely for purposes of this Section 8.05(b), to (i) maintain a register (the "Register") on which the Lender will record the Loans made by the Lender and each repayment in respect of the principal amount of the Loans of the Lender and to (ii) retain a copy of each Assignment and Assumption Agreement delivered to the Lender pursuant to this Section. Failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's obligation in respect of such Loans. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower and the Lender shall treat each Person in whose name a Loan and the Note evidencing the same is registered as the owner thereof for all purposes of this Agreement, notwithstanding notice or any provision herein to the contrary.

Section 8.06 Governing Law; Submission to Jurisdiction. This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each Loan Party 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. Each Loan Party 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 8.07 Counterparts; Integration; Effectiveness. This Agreement shall become effective on the Effective 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 Effective Date, this Agreement and the other Loan Documents 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 8.08 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 Guarantor's independent public accountants) with the audited consolidated financial statements of the

Guarantor and its Consolidated Subsidiaries most recently delivered to the Lender; provided, that, if the Guarantor notifies the Lender that the Guarantor wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP the operation of such covenant (or if the Lender notifies the Guarantor that the Lender wish to amend Article VI for such purpose), then the Guarantor'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 Guarantor and the Lender.

Section 8.09 Usage. The following rules of construction and usage shall be applicable to this Agreement and to any instrument or agreement that is governed by or referred to in this Agreement.

(a) All terms defined in this Agreement shall have the defined meanings when used in any instrument governed hereby or referred to herein and in any certificate or other document made or delivered pursuant hereto or thereto unless otherwise defined therein.

(b) The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement or in any instrument or agreement governed here shall be construed to refer to this Agreement or such instrument or agreement, as applicable, in its entirety and not to any particular provision or subdivision hereof or thereof.

(c) References in this Agreement to "Article", "Section", "Exhibit", "Schedule" or another subdivision or attachment shall be construed to refer to an article, section or other subdivision of, or an exhibit, schedule or other attachment to, this Agreement unless the context otherwise requires; references in any instrument or agreement governed by or referred to in this Agreement to "Article", "Section", "Exhibit", "Schedule" or another subdivision or attachment shall be construed to refer to an article, section or other subdivision of, or an exhibit, schedule or other attachment to, such instrument or agreement unless the context otherwise requires.

(d) The definitions contained in this Agreement shall apply equally to the singular and plural forms of such terms. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word "will" shall be construed to have the same meaning as the word "shall". The term "including" shall be construed to have the same meaning as the phrase "including without limitation".

(e) Unless the context otherwise requires, any definition of or reference to any agreement, instrument, statute or document contained in this Agreement or in any agreement or instrument that is governed by or referred to in this Agreement shall be construed (i) as referring to such agreement, instrument, statute or document as the same may be amended, supplemented or otherwise modified from time to time (subject to any restrictions on such amendments, supplements or modifications set forth in this Agreement or in any agreement or instrument governed by or referred to in this Agreement), including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and (ii) to include (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein. Any reference to any Person shall be construed to include such Person's successors and permitted assigns.

(f) 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.

(g) Unless otherwise specified, all references herein to times of day shall constitute references to Eastern Time.

Section 8.10 WAIVER OF JURY TRIAL. EACH OF THE LOAN PARTIES 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 8.11 Confidentiality. The Lender 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 the Lender from disclosing such information (i) to any other Person if reasonably incidental to the administration of the Loans and Letter of Credit Liabilities, (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 the Lender prohibited by this Agreement, (v) in connection with any litigation to which the Lender 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 the Lender'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 Borrower, (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 actual or proposed participant or assignee or to any actual or prospective counterparty (or its advisors) to any securitization, swap or derivative transaction relating to the Loan Parties' Obligations hereunder. Notwithstanding the foregoing, the Lender or Winston & Strawn 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 Loan Parties or their Affiliates, or any of them, and the amount, type and closing date of such transactions, all at their sole expense.

Section 8.12 USA PATRIOT Act Notice. If the Lender is subject to the Patriot Act (as hereinafter defined) it hereby notifies the Loan Parties 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 Borrower and the Guarantor, which information includes the name and address of each Loan Party and other information that will allow the Lender to identify each Loan Party in accordance with the Patriot Act.

Section 8.13 No Fiduciary Duty. The Lender and its Affiliates (collectively, solely for purposes of this paragraph, the "Lender Parties"), may have economic interests that conflict with those of the Loan Parties, their respective Affiliates and/or their respective stockholders (collectively, solely for purposes of this paragraph, the "Borrower Parties"). Each Loan Party agrees that nothing in the Loan Documents 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 the Lender Party, on the one hand, and any Borrower Party, on the other. The Lender Parties acknowledge and agree that (a) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lender Parties, on the one hand, and the Loan Parties, on the other and (b) in connection therewith and with the process leading thereto, (i) no Lender Party has assumed an advisory or fiduciary responsibility in favor of any Borrower 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 the Lender Party has advised, is currently advising or will advise any Borrower Party on other matters) or any other obligation to any Borrower Party except the obligations expressly set forth in the Loan Documents and (ii) the Lender is acting solely as principal and not as the agent or fiduciary of any Borrower Party. Each Loan Party acknowledges and agrees that it 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. Each Loan Party agrees that it will not claim that the Lender Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to any Borrower Party, in connection with such transaction or the process leading thereto.

Section 8.14. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to the Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by the Lender.

Section 8.15. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 8.16. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

## ARTICLE IX GUARANTY

Section 9.01 Guaranty. The Guarantor unconditionally, absolutely and irrevocably guarantees to the Lender, as though it was a primary obligor for, the full and punctual payment of the Obligations when due (whether at stated maturity, upon acceleration or otherwise). If the Borrower fails to pay any Obligation punctually when due, the Guarantor agrees that it will forthwith on demand pay the amount not so paid at the place and in the manner specified in the relevant Loan Document. Notwithstanding the foregoing, the liability of the Guarantor individually with respect to its obligations, including any payment made pursuant to, this Guaranty shall be limited to an aggregate amount equal to the maximum amount that would not render the Guarantor's obligations hereunder subject to avoidance under the Bankruptcy Code or any comparable provisions of any applicable state law. This Guaranty is a Guarantee of payment and not merely of collection.

Section 9.02 Guaranty Unconditional. The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (a) any change in the amount or purpose of or the time, manner, method, or place of payment



or performance of any of the Obligations or any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower or any other Person under any Loan Document, by operation of law or otherwise;

(b) any modification, extension, renewal or amendment of or supplement to any Loan Document or any of the Obligations or any execution or delivery of any additional Loan Documents;

(c) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower or any other Person under any Loan Document;

(d) any change in the corporate existence, structure or ownership of the Borrower or any other Person or any of their respective Subsidiaries, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other Person or any of their assets or any resulting release or discharge of any obligation (including any of the Obligations) of the Borrower or any other Person under any Loan Document;

(e) the existence of any claim, set-off, defense, counterclaim, withholding or other right that the Guarantor or the Borrower may have at any time against any Person (including the Lender), whether in connection with the Loan Documents or any unrelated transactions; provided that nothing herein shall prevent the assertion of any such claim or defense by separate suit or compulsory counterclaim;

(f) any avoidance, subordination, invalidity or unenforceability relating to or against the Borrower or any other Person for any reason of any Obligation or any Loan Document, any provision of applicable law or regulation purporting to prohibit the payment of any Obligation by the Borrower or any other Person, or the Borrower denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Obligation or provision of any Loan Document;

(g) any failure of the Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Loan Document or to assert any breach of or default under any Loan Document or any breach of the Obligations; or

(h) any other act or omission to act or delay of any kind by the Borrower, any other party to any Loan Document or any other Person, or any other circumstance whatsoever that might, but for the provisions of this clause (h), constitute a legal or equitable discharge of or defense to any obligation of the Guarantor hereunder.

Section 9.03 Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. The Guarantor's obligations hereunder shall remain in full force and effect until all Obligations shall have been paid in full and all Letters of Credit have either expired, been repaid in full or been cash collateralized. If at any time any payment of any Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Guarantor's obligations hereunder shall be reinstated as though such payment had been due but not made at such time.

Section 9.04 Waiver by Guarantor. The Guarantor irrevocably waives (a) acceptance hereof, presentment, demand for performance, promptness, diligence, notice of non-performance, default, acceleration, protest or dishonor and any notice not provided for herein, (b) any requirement that at any time any action be taken by any Person against the Borrower or any other Person, (c) any right to revoke this Guaranty, and (d) any defense based on any right of set-off, recoupment, counterclaim, withholding or other deduction of any nature against or in respect of the Obligations.

Section 9.05 Subrogation. Upon making payment with respect to any Obligation, the Guarantor shall be subrogated to the rights of the payee against the Borrower with respect to such payment; provided

that the Guarantor agrees it will not exercise any rights against the Borrower arising in connection with the Obligations by way of subrogation against the Borrower, or by reason of contribution against any other guarantor of such Obligations until all Obligations shall have been paid in full, and all Letters of Credit have either expired, been repaid in full or been cash collateralized.

Section 9.06 Stay of Acceleration. If acceleration of the time for payment of any Obligation by the Borrower is stayed, enjoined or prevented for any reason (including but not limited to by reason of the insolvency or receivership of the Borrower or otherwise), all Obligations otherwise subject to acceleration under the terms of any Loan Document shall nonetheless be payable by the Guarantor forthwith on demand by the Lender.

Section 9.07 Continuing Guaranty. The Guaranty set forth in this Article IX is a continuing guaranty, shall be binding on the Guarantor and its successors and assigns, and shall be enforceable by each holder from time to time of the Obligations (including, without limitation, the Lender and each Indemnitee, each, a “Guaranteed Party”). If all or part of any Guaranteed Party’s interest in any Obligation is assigned or otherwise transferred, the transferor’s rights hereunder, to the extent applicable to the obligation so transferred, shall automatically be transferred with such obligation; and without limitation of the foregoing, any of the Obligations shall be and remain Obligations entitled to the benefit of this Guaranty if any Guaranteed Party assigns or otherwise transfers all or part of its interest in any Obligation or any of its rights or obligations under any Loan Document.

Section 9.08 Default Payments by Borrower. Upon the occurrence and during the continuation of any default under any Obligation, if any amount shall be paid to the Guarantor by or for the account of the Borrower with respect to such Obligation, such amount shall be held in trust for the benefit of the Lender to be credited and applied to the Obligations when due and payable.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER: PPL CAPITAL FUNDING, INC.

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President and Treasurer

GUARANTOR: PPL CORPORATION

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President-Finance and Treasurer



THE BANK OF NOVA SCOTIA,  
as the Lender

By:  /s/ David Dewar  
Name: David Dewar  
Title: Director

---

SCHEDULE 5.14

Material Subsidiaries

<u>Name</u>	<u>Jurisdiction of Organization</u>
LG&E and KU Energy LLC	Kentucky
PPL Electric Utilities Corporation	Pennsylvania
PPL Energy Supply, LLC	Delaware
PPL Global, LLC	Delaware

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## Form of Borrowing Request

\_\_\_\_\_

The Bank of Nova Scotia  
 720 King Street West, 4<sup>th</sup> Floor  
 Toronto, Ontario Canada M5V 2T3  
 Attention: Nazmul Arefin  
 Telephone: 416-933-5267  
 Facsimile: 212-225-5709

Ladies and Gentlemen:

This request shall constitute a "Borrowing Request" pursuant to Section 2.03 of the Revolving Credit Agreement dated as of March 12, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor and The Bank of Nova Scotia, as Lender. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

1. The date of the Borrowing will be \_\_\_\_\_, \_\_\_\_\_.<sup>1</sup>
2. The aggregate principal amount of the Borrowing will be \_\_\_\_\_.
3. The Borrowing will consist of [Base Rate] [Euro-Dollar] Loans.
4. The initial Interest Period for the Loans comprising such Borrowing shall be \_\_\_\_\_.<sup>2</sup>

Pursuant to Section 4.02 of the Credit Agreement, each of the delivery of this request and the acceptance by the Borrower of the proceeds of the requested Borrowing constitutes a representation and warranty by the Borrower that, on the date of extending the requested Borrowing (and immediately before and after giving effect to it and to the application of the proceeds of it) all of the statements in Section 4.02 of the Credit Agreement are true and correct.

The Borrower agrees that, if before the time of the requested Borrowing any matter certified to in this request by it will not be true and correct at that time as if then made, then it will immediately so notify you. Except to the extent, if any, that before the time of the requested Borrowing you shall receive written notice to the contrary from the Borrower, each matter certified to in this request shall be deemed once again to be certified as true and correct at the date of the requested Borrowings as if then made.

Please wire transfer the proceeds of the requested Borrowing to the accounts of the following Persons at the banks indicated respectively:

[Insert appropriate delivery instructions, which shall include bank and account number].

<sup>1</sup> Must be a Business Day.

<sup>1</sup> Revolving Borrowings must be an aggregate principal amount of \$5,000,000 or any larger integral multiple of \$1,000,000.

<sup>2</sup> Applicable for Euro-Dollar Loans only. Insert "one month", "two months", "three months" or "six months" (subject to the provisions of the definition of "Interest Period").

---

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_

Name:

Title:

---

## Form of Notice of Conversion/Continuation

\_\_\_\_\_

The Bank of Nova Scotia  
 720 King Street West, 4<sup>th</sup> Floor  
 Toronto, Ontario Canada M5V 2T3  
 Attention: Nazmul Arefin  
 Telephone: 416-933-5267  
 Facsimile: 212-225-5709

Ladies and Gentlemen:

This notice shall constitute a "Notice of Conversion/Continuation" pursuant to Section 2.06(d)(ii) of the Revolving Credit Agreement dated as of March 12, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor and The Bank of Nova Scotia, as Lender. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

1. The Group of Loans (or portion thereof) to which this notice applies is [all or a portion of all Base Rate Loans currently outstanding] [all or a portion of all Euro-Dollar Loans currently outstanding having an Interest Period of months and ending on the Election Date specified below].

2. The date on which the conversion/continuation selected hereby is to be effective is \_\_\_\_\_, \_\_\_\_\_ (the "Election Date").<sup>1</sup>

3. The principal amount of the Group of Loans (or portion thereof) to which this notice applies is \$\_\_\_\_\_.<sup>2</sup>

4. [The Group of Loans (or portion thereof) which are to be converted will bear interest based upon the [Base Rate] [Adjusted London Interbank Offered Rate].] [The Group of Loans (or portion thereof) which are to be continued will bear interest based upon the [Base Rate][Adjusted London Interbank Offered Rate].]

5. The Interest Period for such Loans will be \_\_\_\_\_.<sup>3</sup>

[Signature Page Follows]

<sup>1</sup> Must be a Business Day.

<sup>2</sup> May apply to a portion of the aggregate principal amount of the relevant Group of Loans; provided that the portion to which such notice applies, and the remaining portion to which it does not apply, are each \$5,000,000 or any larger integral multiple of \$1,000,000.

<sup>3</sup> Applicable only in the case of a conversion to, or a continuation of, Euro-Dollar Loans. Insert "one month", "two months", "three months" or "six months" (subject to the provisions of the definition of "Interest Period").

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PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_

Name:

Title:

Form of Letter of Credit Request

\_\_\_\_\_ , \_\_\_\_\_  
The Bank of Nova Scotia  
720 King Street West, 4<sup>th</sup> Floor  
Toronto, Ontario Canada M5V 2T3  
Attention: Nazmul Arefin  
Telephone: 416-933-5267  
Facsimile: 212-225-5709

Ladies and Gentlemen:

This notice shall constitute a "Letter of Credit Request" pursuant to Section 3.02 of the Revolving Credit Agreement dated as of March 12, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor and The Bank of Nova Scotia, as Lender. Terms defined in the Credit Agreement and not otherwise defined herein have the respective meanings provided for in the Credit Agreement.

[The undersigned hereby requests that \_\_\_\_\_<sup>1</sup> issue a Letter of Credit on \_\_\_\_\_,  
\_\_\_\_\_<sup>2</sup> in the aggregate amount of \$ \_\_\_\_\_.] [This request is to extend a Letter of Credit  
previously issued under the Credit Agreement; Letter of Credit No. \_\_\_\_\_.]

The beneficiary of the requested Letter of Credit will be \_\_\_\_\_<sup>3</sup>, and such Letter of Credit  
will be in support of \_\_\_\_\_<sup>4</sup> and will have a stated termination date of  
\_\_\_\_\_<sup>5</sup>.

Copies of all documentation with respect to the supported transaction are attached hereto.

[Signature Page Follows]

\_\_\_\_\_  
<sup>1</sup> Insert name of Lender.

<sup>2</sup> Must be a Business Day.

<sup>3</sup> Insert name and address of beneficiary.

<sup>4</sup> Insert a description of the obligations, the name of each agreement and/or a description of the commercial transaction to which this Letter of Credit Request relates.

<sup>5</sup> Insert the last date upon which drafts may be presented (which may not be later than one year after the date of issuance specified above or beyond the fifth Business Day prior to the Termination Date).



PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_  
Name:  
Title:

APPROVED:

THE BANK OF NOVA SCOTIA, as the Lender

By: \_\_\_\_\_  
Name:  
Title:

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## Form of Note

FOR VALUE RECEIVED, the undersigned, PPL CAPITAL FUNDING, INC., a Delaware corporation (the "Borrower"), promises to pay to the order of \_\_\_\_\_ (hereinafter, together with its successors and assigns, called the "Holder"), at the place and times provided in the Credit Agreement (as defined below), the principal sum of \_\_\_\_\_ AND \_\_\_\_\_/100s DOLLARS (\$ \_\_\_\_\_), or, if less, the principal amount of all Loans advanced by the Holder to the Borrower pursuant to the Credit Agreement, plus interest as hereinafter provided. Such Loans may be endorsed from time to time on the grid attached hereto, but the failure to make such notations shall not affect the validity of the Borrower's obligation to repay unpaid principal and interest hereunder.

All capitalized terms used herein shall have the meanings ascribed to them in that certain Revolving Credit Agreement dated as of March 12,, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among the Borrower, PPL Corporation, as the Guarantor and The Bank of Nova Scotia, as Lender, except to the extent such capitalized terms are otherwise defined or limited herein.

The Borrower shall repay principal outstanding hereunder from time to time, as necessary, in order to comply with the Credit Agreement. All amounts paid by the Borrower shall be applied to the Obligations in such order of application as provided in the Credit Agreement.

A final payment of all principal amounts and other Obligations then outstanding hereunder shall be due and payable on the maturity date provided in the Credit Agreement, or such earlier date as payment of the Loans shall be due, whether by acceleration or otherwise.

The Borrower shall be entitled to borrow, repay, reborrow, continue and convert the Holder's Loans (or portions thereof) hereunder pursuant to the terms and conditions of the Credit Agreement. Prepayment of the principal amount of any Loan may be made as provided in the Credit Agreement.

The Borrower hereby promises to pay interest on the unpaid principal amount hereof as provided in Article II of the Credit Agreement. Interest under this Note shall also be due and payable when this Note shall become due (whether at maturity, by reason of acceleration or otherwise). Overdue principal and, to the extent permitted by law, overdue interest, shall bear interest payable on DEMAND at the default rate as provided in the Credit Agreement.

In no event shall the amount of interest due or payable hereunder exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently made by the Borrower or inadvertently received by the Holder, then such excess sum shall be credited as a payment of principal, unless the Borrower shall notify the Holder in writing that it elects to have such excess sum returned forthwith. It is the express intent hereof that the Borrower not pay and the Holder not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrower under applicable law.

All parties now or hereafter liable with respect to this Note, whether the Borrower, any guarantor, endorser or any other Person or entity, hereby waive presentment for payment, demand, notice of non-payment or dishonor, protest and notice of protest.

No delay or omission on the part of the Holder or any holder hereof in exercising its rights under this Note, or delay or omission on the part of the Holder, the Lender, or any of them, in exercising its or their rights under the Credit Agreement or under any other Loan Document, or course of conduct relating thereto, shall operate as a waiver of such rights or any other right of the Holder or any holder hereof, nor shall any waiver by the Holder, the Lender, or any holder hereof, of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion.

The Borrower promises to pay all reasonable costs of collection, including reasonable attorneys' fees, should this Note be collected by or through an attorney-at-law or under advice therefrom.

This Note evidences the Holder's Loans (or portion thereof) under, and is entitled to the benefits and subject to the terms of, the Credit Agreement, which contains provisions with respect to the acceleration of the maturity of this Note upon the happening of certain stated events, and provisions for prepayment.

This Note is entitled to the benefit of the Guaranty of the Guarantor, as set forth in the Credit Agreement. Reference is made to the Credit Agreement for a description of the terms and conditions of such Guaranty, and the respective rights and limitations of the Holder, the Borrower and the Guarantor thereunder.

This Note shall be governed by and construed in accordance with the internal laws of the State of New York.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed by its duly authorized representative as of the day and year first above written.

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_

Name:

Title:

LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Type	Amount of Principal Repaid	Notation Made By

EXHIBIT C  
(to the Revolving Credit Agreement)

**Form of Borrower's Opinion**

March 12, 2020

To The Bank of Nova Scotia, as  
Lender under the Credit Agreement  
referred to below

Re: Revolving Credit Agreement

Ladies and Gentlemen:

I am Senior Counsel of PPL Services Corporation, an affiliate of PPL Corporation, a Pennsylvania corporation (the "Guarantor"), and PPL Capital Funding, Inc., a Delaware corporation (the "Borrower"), and have acted as counsel to the Guarantor and the Borrower in connection with the \$50,000,000 Revolving Credit Agreement, dated as of March 12, 2020 (the "Agreement"), among the Borrower, the Guarantor and The Bank of Nova Scotia, as Lender (the "Lender"). Capitalized terms used but not defined herein have the meaning assigned to such terms in the Agreement.

I am familiar with the Agreement and the other documents executed and delivered by the Borrower and the Guarantor in connection with the Agreement. I have also examined such other documents and satisfied myself as to such other matters as I have deemed necessary in order to render this opinion. I have assumed that the Agreement and instruments referred to in this opinion have been duly authorized, executed and delivered by all parties thereto other than the Borrower and the Guarantor.

Based on the foregoing, I am of the opinion that:

1. The Guarantor is duly organized, validly existing as a corporation in good standing under the laws of the Commonwealth of Pennsylvania, with corporate power to execute and deliver the Agreement, and to perform its obligations under the Agreement.
2. The execution and delivery of the Agreement by the Borrower and the Guarantor have been duly authorized by each of the Borrower and Guarantor and do not violate any provision of law or regulation or any decree, order, writ or judgment applicable to the Borrower or the Guarantor, as the case may be, or any provision of their respective certificate of incorporation or articles of incorporation, or result in the breach of or constitute a default under any indenture or other agreement or instrument known to me to which either is a party.
3. The Agreement has been duly executed and delivered by the Borrower and the Guarantor.
4. The Agreement constitutes the legal, valid and binding agreement of each of the Borrower and the Guarantor, enforceable against the Borrower and the Guarantor in accordance with its terms, except to the extent limited by (a) bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforceability of creditors' rights generally and by general equitable principles that 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 indemnification, contribution, waivers and exculpatory provisions (the “Enforceability Exceptions”).

5. Except as disclosed in or contemplated by the Guarantor’s Annual Report on Form 10-K for the year ended December 31, 2019, or in other reports filed under the Securities Exchange Act of 1934 from January 1, 2020 to the date hereof, or otherwise furnished in writing to the Lender, no litigation, arbitration or administrative proceeding or inquiry is pending or, to my knowledge, threatened which would reasonably be expected to materially and adversely affect the ability of the Guarantor or the Borrower to perform any of their respective obligations under the Agreement. To my knowledge, there is no litigation, arbitration or administrative proceeding pending or threatened that questions the validity of the Agreement.

6. Neither the Guarantor nor the Borrower is engaged principally, or as one of its important activities, in the business of extending credit 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.

7. There have not been any “reportable events,” as that term is defined in Section 4043 of the Employee Retirement Income Security Act of 1974, as amended, which would result in a material liability of the Guarantor.

8. No authorization, consent or approval of any Governmental Authority of the United States of America, the Commonwealth of Pennsylvania or the State of New York is required for the execution and delivery of the Agreement, except such authorizations, consents and approvals as have been obtained prior to the date hereof, which authorizations, consents and approvals are in full force and effect.

In rendering the opinions set forth above, I note that any exercise by the Borrower of the option to increase the Maximum Facility Amount as contemplated in Section 2.18 of the Agreement will require additional authorization by the Boards of Directors of the Borrower and the Guarantor.

I am a member of the Pennsylvania Bar and the New York Bar and I express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania, the State of New York, the Delaware General Corporation Law and the federal law of the United States of America. In rendering its opinion to the addressee hereof, Bracewell LLP may rely as to matters of Pennsylvania law addressed herein upon this letter as if it were addressed directly to them. Without my prior written consent, this opinion may not be furnished or quoted to, or relied upon by, any other person or entity for any purpose.

Very truly yours,

Frederick C. Paine



[BW Letterhead]

March \_\_, 2020

To: The Bank of Nova Scotia, as Administrative Agent, Lender and Issuing Lender under the Revolving Credit Agreement referred to below

RE: PPL Capital Funding, Inc. – Sixth Amendment to Revolving Credit Agreement

Ladies and Gentlemen:

We have acted as special counsel to PPL Capital Funding, Inc., a Delaware corporation (the "Borrower"), and PPL Corporation, a Pennsylvania Corporation (the "Guarantor," and collectively with the Borrower, the "Opinion Parties"), in connection with the Sixth Amendment to the Revolving Credit Agreement, dated as of March \_\_, 2020 (the "Amendment"), among the Borrower, the Guarantor and The Bank of Nova Scotia, as Administrative Agent, Lender and Issuing Lender (the "Bank"), which amends the Revolving Credit Agreement, dated as of March 26, 2014 (as such Agreement has been amended by the First through Fifth Amendments thereto, the "Existing Credit Agreement," and, as amended by the Amendment, the "Credit Agreement"), among the Borrower, the Guarantor and the Bank. This opinion letter is delivered to you pursuant to Section 3.4 of the Amendment.

As used herein, (i) "New York UCC" means the Uniform Commercial Code, as amended and in effect in the State of New York on the date hereof; and (ii) "Applicable Law" means the General Corporation Law of the State of Delaware, in effect on the date hereof, and those laws, rules, and regulations of the State of New York and of the United States of America as in effect on the date hereof which in our experience are normally applicable to such Opinion Party and to transactions of the type provided for in the Opinion Documents to which such Opinion Party is a party; provided, however, that Applicable Law does not include any law described in qualification paragraph (O) below.

In connection with the opinions expressed herein, we have examined such documents, records and matters of law as we have deemed necessary for the purposes of such opinions. We have examined each of the following agreements, instruments and documents:

- (a) an executed copy of the Amendment;
- (b) an executed copy of the Existing Credit Agreement; and
- (c) [executed copies of Revolving Credit Notes delivered to the Bank on the date hereof.]

The Amendment [and the Revolving Credit Notes] are referred to collectively herein as the "Execution Documents". The [Execution Documents and the Credit Agreement] are referred to collectively herein as the "Opinion Documents". We have also examined records of the Company's proceedings relating to the authorization of the Credit Agreement [and the Notes], as well as the following organizational documents, and certificates in connection with the opinions expressed herein (collectively, the "Reliance Documents"):

- (a) a copy of the Certificate of Incorporation of the Borrower, certified to us by the Secretary of the Borrower as being complete and correct and in full force and effect as of the date hereof and a copy of the by-laws of the Borrower, certified by the Secretary of the Borrower as being complete and correct and in full force and effect on the date hereof;
  - (b) a copy of a certificate, dated March \_\_, 2020, of the Secretary of State of the State of Delaware as to the existence and good standing of the Borrower in the State of Delaware as of such date; and
-

- (d) the Officer's Certificate of the Guarantor, delivered to us in connection with this opinion letter (the "Officer's Certificate").

The Reliance Documents specified in clause (a) above are referred to herein collectively as the "Certified Organizational Documents". The Reliance Documents specified in clause (b) above are referred to herein collectively as the "Good Standing Certificates". In all such examinations, we have assumed the legal capacity of all natural persons executing documents, the genuineness of all signatures, the authenticity of all original and certified documents, and the conformity to original or certified copies of all copies submitted to us as conformed or reproduction copies. As to various questions of fact relevant to the opinions expressed herein, we have relied upon, and we assume the accuracy of, the representations and warranties of the Opinion Parties contained in the Opinion Documents, the Officer's Certificate and other certificates and oral or written statements and other information of or from representatives of the Opinion Parties and others and we assume compliance on the part of the Opinion Parties with their covenants and agreements contained therein. In connection with the opinions expressed in the first sentence of opinion paragraph 1 below, we have relied upon and such opinions are limited solely to the Certified Organizational Documents and Good Standing Certificates. With respect to the opinions expressed in the second sentence of opinion paragraph 1 below and the opinions expressed in opinion paragraphs 2, 3 and 4 below, we have assumed that the Guarantor and the Borrower are engaged only in the businesses described in the Guarantor's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission, and that except as so described, such Opinion Parties do not engage or propose to engage in any industry, business or activity, or own or propose to own any properties or assets, that causes or would cause any such Opinion Party to be subject to any special federal, state or local laws or regulations that are not applicable to business organizations generally and we have with your permission relied upon the foregoing without any independent investigation or verification on our part. With respect to the opinion expressed in opinion paragraph 7 below, such opinion is provided and based solely upon facts set forth in the certificate of the Guarantor with respect to the businesses and activities of the respective Opinion Parties and other matters relating to such laws with respect to the respective Opinion Parties, and we have with your permission relied on such certification without any independent investigation or verification on our part.

Based upon the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, we are of the opinion that:

1. Existence and Good Standing. The Borrower is validly existing and in good standing as a corporation under the laws of the State of Delaware. The Borrower has the corporate power and authority to execute and deliver the [Execution Documents to which it is a party] and to perform its obligations under the [Opinion Documents to which it is a party].
2. Authorization. The execution and delivery to the Bank by the Borrower of the [Execution Documents to which it is a party], and the performance by the Borrower of its obligations under the [Opinion Documents to which it is a party], have been authorized by all necessary corporate action by the Borrower.
3. Approvals; Other Required Actions. Under Applicable Law no filing or registration by the Borrower or the Guarantor with, or approval or consent of, any governmental agency or authority of the State of New York, or the United States of America ("Governmental Approval") is required to have been obtained by the Borrower or the Guarantor for the valid execution and delivery by it of the Credit Agreement [or the Notes].
4. Execution, Delivery, and Enforceability. Each Execution Document has been duly executed on behalf of the Borrower under Applicable Law of the State of Delaware. Each Execution Document has been delivered on behalf of each Opinion Party signatory thereto under Applicable Law of the State of New York. Each Opinion Document constitutes, with respect to each Opinion Party that is a

party thereto, a valid and binding obligation of such Opinion Party, enforceable against such Opinion Party in accordance with its terms.

5. "No Violation". The execution and delivery to the Bank by each Opinion Party of the Execution Documents to which it is a party do not violate (a) in the case of the Borrower, any provision of the Certified Organizational Documents of the Borrower, or (b) any Applicable Law.

6. Margin Regulations. The borrowings by the Borrower under the Credit Agreement and the application of the proceeds thereof as provided in the Credit Agreement will not violate Regulations U or X of the Board of Governors of the Federal Reserve System (the "Margin Regulations").

7. Investment Company Act. The Guarantor is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act"). The Borrower is not an "investment company" within the meaning of the 1940 act pursuant to Rule 3a-5 under the 1940 Act.

In rendering the opinions above, we note that any exercise by the Borrower of the option to increase the Commitments as contemplated in Section 2.19 of the agreement will require additional authorization by the Boards of Directors of the Borrower and the Guarantor and may require Governmental Approvals.

The opinions set forth above are subject to the following assumptions, qualifications and limitations:

(A) With your permission, all of the following assumptions, qualifications, limitations and statements of reliance have been made without any independent investigation or verification on our part except to the extent, if any, otherwise expressly stated in this opinion letter, and we express no opinion with respect to the subject matter or accuracy of any of the assumptions or items upon which we have relied. We have not made any independent or other investigation or inquiry as to any such circumstances, matters or facts.

(B) We have assumed that no fraud, duress, undue influence, mutual mistake of fact, dishonesty, forgery, coercion, unconscionability or breach of fiduciary duty exists or will exist with respect to any of the Opinion Documents or any other matter relevant to this opinion letter.

(C) Our opinions are subject to (i) applicable bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, voidable preference, equitable subordination, moratorium, receivership, conservatorship, arrangement or similar laws, and related regulations and judicial doctrines, affecting or relating to creditors' rights and remedies generally, and (ii) general principles of equity (including, without limitation, standards of materiality, good faith and fair dealing, reasonableness, impracticability or impossibility of performance, equitable defenses, the exercise of judicial discretion and limits on the availability of equitable remedies), whether such principles are considered in a proceeding at law or in equity. We express no opinion as to the enforceability or effect of any agreement, instrument or undertaking (including, without limitation, any statutory undertaking) that is not itself an Opinion Document but that is the subject of any provision in any Opinion Document requiring an Opinion Party to perform or to cause any other Person to perform its obligations under, or stating that any action will be taken as provided in or in accordance with, or otherwise incorporating by reference, such agreement, instrument or undertaking.

(D) We express no opinion as to the validity or enforceability of any provision in the Opinion Documents:

(i) providing that any person or entity may sell or otherwise dispose of, or purchase, any collateral subject thereto, or exercise or enforce any other right or remedy (including, without limitation, any self-help or taking possession remedy), except in compliance with applicable laws;

(ii) establishing standards for the performance of the obligations of good faith, diligence, reasonableness and care prescribed by the New York UCC or of any of the rights or duties referred to in Section 9-603 of the New York UCC or providing for specific performance;

(iii) relating to indemnification, contribution, exculpation or release of liability to the extent limited by applicable law and equitable principles in connection with violations of any securities laws or other laws or statutory duties or public policy, or in connection with willful, reckless or unlawful acts or gross negligence or negligence, strict liability or bad faith or misconduct of the indemnified, released or exculpated party or the party receiving contribution;

(iv) providing that any person or entity may exercise set-off or similar rights other than in accordance with and pursuant to applicable law;

(v) relating to choice of governing law, to the extent that the enforceability of any such provision (A) is to be determined by any court other than a court of the State of New York or (B) may be subject to constitutional limitations or considerations of comity;

(vi) waiving any rights to trial by jury that is not both mutual and conspicuous;

(vii) relating to venue of any court, or purporting to confer, or constituting an agreement to submit to or with respect to, subject matter jurisdiction of any court to adjudicate any matter;

(viii) specifying that provisions may be amended or waived only in writing, to the extent that an oral agreement or an implied agreement by trade practice, course of dealing or course of conduct has been created that modifies or waives any provision of such Opinion Documents;

(ix) giving any person or entity the power to terminate, liquidate or accelerate obligations without any notice to the Opinion Parties;

(x) purporting to restrict, vary or waive applicable laws, access to legal or equitable remedies or defenses, rights of a debtor or other obligor or rights to recover damages (including, without limitation, actual, consequential, incidental, special, indirect, exemplary or punitive damages);

(xi) providing that decisions by a party are conclusive or binding or may be made in its sole or absolute discretion;

(xii) providing that a guarantee will not be affected by a modification of the obligation guaranteed in cases where the modification increases or changes such obligation;

(xiii) purporting to create any power of attorney, proxy or similar power or right;

(xiv) providing for punitive damages;

(xv) providing for liquidated damages, interest on interest, prepayment penalties or premiums, late fees or default rates of interest to the extent that any of the foregoing may be deemed a penalty;

(xvi) providing for restraints on alienation of property and purporting to render transfers of such property void and of no effect or prohibiting or restricting the assignment or transfer of

property or rights to the extent that any such prohibition or restriction is ineffective pursuant to Sections 9-406 through 9-409 of the New York UCC;

(xvii) that is a fraudulent transfer or conveyance savings clause;

(xviii) purporting to establish evidentiary standards;

(xix) providing that remedies are cumulative or nonexclusive or permitting a party to pursue multiple remedies;

(xx) imposing any obligation to take any action, the taking of which is (a) by its terms discretionary, (b) subject to the approval of a third party, or (c) otherwise subject to a contingency which is not within the ability of a party to satisfy;

(xxi) relating to the effect of any delay or failure of any party to exercise or enforce any rights or remedies;

(xxii) relating to letters of credit to the extent that such provision would be subject to the limitations set forth in Section 5-103(c) of the New York UCC; and

(xxiii) relating to any "swap" (as such term is defined in Section 1a(47) of the Commodity Exchange Act), including any guarantee thereof, or the grant of any lien or security interest to secure any such swap, to the extent such swap, or such guaranty or such lien or security interest is provided by, or creates joint and several liability imposed upon, any person or entity that is not an "eligible contract participant" within the meaning of Section 1a(18) of the Commodity Exchange Act.

(E) Our opinions as to enforceability are subject to the effect of generally applicable rules of law that:

(i) provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected; and

(ii) may, where less than all of a contract may be unenforceable, limit the enforceability of the balance of the contract to circumstances in which the unenforceable portion is not an essential part of the agreed exchange, or that permit a court to reserve to itself a decision as to whether any provision of any agreement is severable.

(F) We express no opinion as to the enforceability of any purported waiver, release, variation, disclaimer, consent or other agreement to similar effect (all of the foregoing, collectively, a "Waiver") by any Opinion Party under any of the Opinion Documents to the extent limited by Sections 9-602 or 9-624 of the New York UCC or other provisions of applicable law (including judicial decisions), or to the extent that such a Waiver applies to a right, claim, duty or defense or a ground for, or a circumstance that would operate as, a discharge or release otherwise existing or occurring as a matter of law (including judicial decisions).

(G) To the extent it may be relevant to the opinions expressed herein, we have assumed that (i) each party to the Opinion Documents (other than the Borrower) is validly existing in good standing in its jurisdiction of organization, has all requisite power and authority, and, other than in the case of the Opinion Parties, has obtained all relevant authorizations, consents and approvals, and made all filings and



registrations, necessary to execute, deliver and perform the Opinion Documents to which it is a party and to consummate the transactions contemplated thereby and that each such Opinion Document constitutes legal, valid and binding obligations of, and is enforceable against, such party, and (ii) the execution and delivery of the Opinion Documents by each of the parties thereto (other than, with respect to the Opinion Parties, to the extent set forth herein), and the performance by such party of its obligations under the Opinion Documents to which it is a party, will not violate or conflict with any law, rule, regulation, order, decree, judgment, instrument or agreement binding upon or applicable to it or its properties.

(H) For purposes of the opinions set forth in opinion paragraph 6 above, we have assumed that (i) the Bank does not and will not have the benefit of any agreement or arrangement (excluding the Opinion Documents) pursuant to which any extensions of credit to any Opinion Party are directly or indirectly secured by "margin stock" (as defined under the Margin Regulations), (ii) neither the Bank nor any of its affiliates has extended or will extend any other credit to any Opinion Party directly or indirectly secured by margin stock, and (iii) the Bank has not relied and will not rely upon any margin stock as collateral in extending or maintaining any extensions of credit pursuant to the Credit Agreement, as to which we express no opinion.

(I) Our opinions are limited solely to those expressly set forth herein, and we express no opinions by implication.

(J) We express no opinion as to the compliance or noncompliance, or the effect of the compliance or noncompliance, of each of the addressees or any other person or entity with any state or federal laws or regulations (including, without limitation, the policies, procedures, guidelines, and practices of any regulatory authority with respect thereto) applicable to each of them by reason of their status as or affiliation with a federally insured depository institution, a financial holding company, a bank holding company, a thrift holding company, a non-federally insured depository institution, a securities broker or dealer, an investment company, an investment adviser, a futures commission merchant, a commodity trading advisor, a commodity pool operator, an insurance company, any other non-bank financial institution, or any other regulated financial institution, except as expressly set forth in opinion paragraph 6 and opinion paragraph 7 above.

(K) Our opinions as to any matters governed by (i) the Delaware Corporation Law are based solely upon our review of the Delaware General Corporation Law as published in Delaware Corporation Laws Annotated, 2019-2020 Edition, LexisNexis, without any review or consideration of any decisions or opinions of courts or other adjudicative bodies or governmental authorities of the State of Delaware, whether or not reported or summarized in the foregoing publications.

(L) Insofar as our opinions in opinion paragraph 4 above relate to the enforceability under New York law of the choice of law provisions contained in the Opinion Documents selecting New York law as the governing law thereof or provisions relating to the submission to jurisdiction of the courts of the State of New York, such opinions are rendered solely in reliance upon the Act of July 19, 1984, ch.421, 1984 McKinney's Sess. Law of N.Y. 1406 (codified as N.Y. Gen. Oblig. Law Sections 5-1401 and 5-1402 (McKinney 2001) and N.Y. C.P.L.R. 327(b) (McKinney 2001)). We call to your attention that such Section 5-1401 of the NYGOL refers to Section 1-105 of the New York UCC; however, effective December 17, 2014, Article 1 of the New York UCC was amended such that the substance of what was covered by Section 1-105 thereof is now covered by Section 1-301 of the New York UCC but conforming changes to Section 5-1401 were not made at that time to refer to Section 1-301. Accordingly, we do not express any opinion as to the effect of such amendment to Article 1 of the New York UCC on such Section 5-1401 or on any opinion stated herein that relates to the enforceability of the choice of New York law contained in any Opinion Document. In addition, we note that the application of such New York laws to a transaction where

the State of New York has no contact or only insignificant contact with the parties and the transaction may raise constitutional and comity issues. We direct your attention to *Lehman Brothers Commercial Corporation v. Minmetals International Non-Ferrous Metals Trading Company*, 2000 U.S. Dist. LEXIS 16445 (S.D.N.Y. 2000), in which the court analyzed such New York laws and noted that "[i]t remains to be seen, however, whether a state with no connection to either of the parties or the transactions could apply its own law, consonant with the Full Faith and Credit Clause [of the U.S. Constitution], when doing so would violate an important public policy of a more-interested state."

(M) We express no opinion as to (i) the financial condition or solvency of any Opinion Party; (ii) the ability (financial or otherwise) of any Opinion Party to meet its respective obligations under any Opinion Documents to which it is a party; or (iii) the compliance of the Opinion Documents or the transactions contemplated thereby with, or the effect of any of the foregoing with respect to, any antifraud or other applicable legal disclosure requirements.

(N) We express no opinion as to any accounting, financial or economic matters or the accuracy as to factual matters of any representation, warranty, data or other information, whether oral or written, that may have been made by any legal entity involved in any transaction described in any Opinion Document.

(O) As used in this opinion "Applicable Law" does not include, and we express no opinion about, any of the following: (a) except as expressly set forth in opinion paragraph 6 and opinion paragraph 7 above, any federal or state banking, thrift, credit union, bank holding company, thrift holding company, financial holding company, securities, commodities, insurance, investment company, investment adviser, premium finance or life settlement laws, rules and regulations; (b) any federal or state labor, pension, or other employee benefit laws, rules and regulations; (c) any federal or state antitrust, trade or unfair competition laws, rules and regulations; (d) any federal or state laws, rules and regulations relating to the environment, safety, health, or other similar matters; (e) any laws, rules, regulations, ordinances, orders, or decisions of any county, municipality, town, subdivision or similar local authority of any jurisdiction or any agency, district or instrumentality thereof, including any zoning or land use laws or regulations; (f) any federal or state tax laws, rules and regulations or any accounting matters; (g) any federal or state laws, rules or regulations relating to copyrights, patents, trademarks, or other intellectual property; (h) any federal or state laws relating to racketeering, civil forfeiture or other criminal acts; (i) any federal or state laws, rules and regulations relating to emergencies, national security, money laundering or privacy rights; (j) the Dodd-Frank Wall Street Reform and Consumer Protection Act and rules and regulations related thereto; (l) except with respect to our opinions in paragraph 3 and paragraph 5 above, any federal or state laws, rules or regulations relating to the regulation of utilities; or (m) judicial and administrative decisions, orders, rulings and other interpretations addressing any laws or regulations described in this proviso as being excluded from Applicable Law.

We have been engaged by the Opinion Parties to represent them solely for purposes of rendering the opinions expressed in this letter, but we caution you that we are not the sole outside counsel to the Opinion Parties or their respective affiliates. Our representation of the Opinion Parties is limited to certain specified discrete matters selected by them. The Opinion Parties and their respective affiliates have in the past used, and to our knowledge continue to use, other law firms to represent them in connection with other matters, including without limitation, litigation, corporate, securities and regulatory matters. Accordingly, the scope of this opinion is limited to the matters addressed herein. No inference with regard to other matters should be drawn from our representation of the Opinion Parties or their respective affiliates for purposes of rendering the opinions expressed in this letter.

This opinion letter shall be interpreted in accordance with the customary practice of United States lawyers who regularly give opinions in transactions of this type, and United States lawyers who regularly



advise opinion recipients regarding such opinions.

The opinions expressed herein are solely for the benefit of the addressees hereof in connection with the transaction referred to herein and may not be relied on by such addressees for any other purpose or in any manner, or furnished to or relied on for any purpose by any other person or entity, in each case without our prior written consent. [Notwithstanding the foregoing, at your request, we hereby consent to (i) this opinion letter being furnished to your agents and representatives, and (ii) reliance hereon by any future assignee of the Bank's interests in the Loans under the Credit Agreement pursuant to an assignment that is made and consented to in accordance with the express provisions of Section 9.06 of the Credit Agreement, on the condition and understanding that (a) this letter speaks only as of the date hereof, (b) we have no responsibility or obligation to update this letter, to consider its applicability or correctness to any Person other than its addressee(s), or to take into account changes in law, facts or any other developments of which we may later become aware, and (c) any such reliance by a future assignee must be actual and reasonable under the circumstances existing at the time of assignment, including any changes in law, facts or any other developments known to or reasonably knowable by the assignee at such time.] This opinion letter is rendered as of the date set forth above. We expressly disclaim any obligation to update this opinion letter in any respect after such date.

Very truly yours,

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Revolving Credit Agreement dated as of [ ] (as amended, supplemented or otherwise modified from time to time, the “Revolving Credit Agreement”), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and the Bank of Nova Scotia, as the Lender, and other each lender from time to time party thereto.

Pursuant to the provisions of Section 2.16 of the Revolving Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a “ten percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower, and (2) the undersigned shall have at all times furnished the Borrower with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Revolving Credit Agreement and used herein shall have the meanings given to them in the Revolving Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Revolving Credit Agreement dated as of [ ] (as amended, supplemented or otherwise modified from time to time, the "Revolving Credit Agreement"), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and the Bank of Nova Scotia, as the Lender, and other each lender from time to time party thereto.

Pursuant to the provisions of Section 2.16 of the Revolving Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Revolving Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "ten percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower, and (2) the undersigned shall have at all times furnished the Borrower with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Revolving Credit Agreement and used herein shall have the meanings given to them in the Revolving Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]

Form of Request for an Adjustment

Dated as of: \_\_\_\_\_

PPL CAPITAL FUNDING, INC. (the “Borrower”) and PPL CORPORATION (the “Guarantor”), in connection with the Revolving Credit Agreement dated as of [\_\_\_\_], 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) among the Borrower, the Guarantor, and The Bank of Nova Scotia, as Lender, hereby certifies that:

1. The Borrower requests an [increase/decrease] to the Maximum Facility Amount in the amount of \_\_\_\_\_ (\$\_\_\_\_\_ ) (the “Optional Adjustment”).

2. All of the representations and warranties of the Loan Parties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true and correct in all respects) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects (except to the extent any such representation and warranty was qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty was true and correct in all respects) as of such earlier date and except for the representations in Section 5.04(c), Section 5.05, Section 5.13 and Section 5.14(a) of the Credit Agreement, which shall be deemed only to relate to the matters referred to therein on and as of the Effective Date.

3. There does not exist, as of this date, and there will not exist after giving effect to the Optional Increase, any Default or Event of Default under the Credit Agreement.

4. All necessary governmental, regulatory and third party approvals, if required, have been obtained or made, are in full force and effect and are not subject to any pending or, to the knowledge of the Borrower, threatened reversal or cancellation.

5. Attached hereto as Annex A are resolutions adopted by the Guarantor and the Borrower authorizing such Optional Increase, and such resolutions are true and correct and have not been altered, amended or repealed and are in full force and effect.

Capitalized terms used in this Notice of Revolving Increase and not otherwise defined herein are used as defined in the Credit Agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[Signature page follows]

IN WITNESS WHEREOF, each of the Borrower and the Guarantor, acting through an authorized signatory, has signed this Notice of Revolving Increase as of the day and year first above written.

PPL CAPITAL FUNDING, INC.

By: \_\_\_\_\_ Name:  
Title:

PPL CORPORATION

By: \_\_\_\_\_ Name:  
Title:

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Annex I

Lender Information

Name	Lending Office
The Bank of Nova Scotia	250 Vesey Street, 23-24 FL New York, NY 10281





SIXTH AMENDMENT TO REVOLVING CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO REVOLVING CREDIT AGREEMENT, dated as of March 12, 2020 (this "Amendment"), to the Existing Credit Agreement (as defined below) is made by PPL CAPITAL FUNDING, INC., a Delaware corporation (the "Borrower"), PPL CORPORATION, a Pennsylvania corporation (the "Guarantor") and each Lender (such capitalized term and other capitalized terms used in this preamble and the recitals below to have the meanings set forth in, or are defined by reference in, Article I below).

WITNESSETH:

WHEREAS, the Borrower, the Guarantor, the Lenders and The Bank of Nova Scotia, as the Administrative Agent, Sole Lead Arranger and Sole Bookrunner, are all parties to the Revolving Credit Agreement, dated as of March 26, 2014 (as amended or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), and as amended by this Amendment and as the same may be further amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"; and

WHEREAS, the Borrower has requested that the Lenders amend the Existing Credit Agreement in order to extend the maturity date therein and the Lenders are willing to modify the Existing Credit Agreement on the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto hereby covenant and agree as follows:

ARTICLE I  
DEFINITIONS

SECTION 1.1. Certain Definitions. The following terms when used in this Amendment shall have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amendment" is defined in the preamble.

"Borrower" is defined in the preamble.

"Credit Agreement" is defined in the first recital.

"Existing Credit Agreement" is defined in the first recital.

"Guarantor" is defined in the preamble.

SECTION 1.2. Other Definitions. Terms for which meanings are provided in the Existing Revolving Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used in this Amendment with such meanings.

ARTICLE II  
AMENDMENTS TO THE EXISTING CREDIT AGREEMENT

Effective as of the date hereof, but subject to the satisfaction of the conditions in Article III,

(a) The Existing Credit Agreement is hereby amended to add “Exhibit D – U.S. Tax Compliance Certificate” attached hereto.

(b) The Recitals of the Existing Credit Agreement are hereby amended and restated in their entirety as follows:

“The Loan Parties (as hereinafter defined) have requested that the Lenders provide a revolving credit facility in an aggregate principal amount, subject to Section 2.19, not to exceed \$50,000,000. In consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto covenant and agree as follows:”.

(c) Section 1.01 of the Existing Credit Agreement is hereby amended by amending and restating the following definition in its entirety as follows:

“Termination Date” means the earliest to occur of (i) March [10], 2021 and (ii) such earlier date upon which all Commitments shall have been terminated in their entirety in accordance with this Agreement.”.

(d) Section 1.01 of the Existing Credit Agreement is hereby amended by amending and restating the following definition in its entirety as follows:

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official government interpretations thereof, any agreements entered into pursuant to Section 1471(b) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among governmental authorities and implementing such Sections of the Code.

(e) Section 1.01 of the Existing Credit Agreement is amended by inserting the following definitions in their correct alphabetical order:

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“LIBOR Successor Rate” shall have the meaning specified in Section 2.14(b).

“LIBOR Successor Rate Conforming Changes” shall have the meaning specified in Section 2.14(b).

“Other Connection Taxes” means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising solely from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan document).

“Scheduled Unavailability Date” shall have the meaning specified in Section 2.14(b).

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which writedown and conversion powers are described in the EU Bail-In Legislation Schedule.

(f) Section 1.01 of the Existing Credit Agreement is hereby amended by amending and restating the following definition in its entirety as follows:

“Defaulting Lender” means, subject to Section 2.20(c), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Issuing Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent or any Issuing Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), (d) has, or has a direct or

indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender, or (e) has become the subject of a Bail-In Action. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (e) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.20(c)) upon delivery of written notice of such determination to the Borrower, each Issuing Lender and each Lender.”.

(g) Article I of the Existing Credit Agreement is amended by inserting a new Section 1.02 immediately after Section 1.01 as follows:

“Section 1.02 Divisions. For all purposes under the Loan Documents, pursuant to any statutory division or plan of division under Delaware law, including a statutory division pursuant to Section 18-217 of the Delaware Limited Liability Company Act (or any comparable event under a different state’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of one or more different Persons, then such asset, right, obligation or liability shall be deemed to have been transferred from the original Person to the subsequent Person(s) on the date such division becomes effective, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests on the date such division becomes effective.”

(h) Section 2.14 of the Existing Credit Agreement is hereby amended by adding the following to the end of the Section:

“(b) Notwithstanding anything to the contrary in this Agreement or any other Loan Document, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or Required Lenders (as applicable) have determined, that:

(i) the circumstances set forth in Section 2.14(b) have occurred and such circumstances are unlikely to be temporary; or

(ii) the administrator of the London Interbank Offered Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the London Interbank Offered Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the “Scheduled Unavailability Date”), or

(iii) any applicable interest rate specified herein (other than the Prime Rate or the Federal Funds Rate) is no longer a widely recognized benchmark rate for

newly originated loans in the U.S. syndicated loan market in the applicable currency,

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and such Borrower shall negotiate in good faith to amend this Agreement to replace the London Interbank Offered Rate with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) (any such proposed rate, a "LIBOR Successor Rate"), together with any proposed LIBOR Successor Rate Conforming Changes (as defined below) and any such amendment shall become effective at 5:00 P.M. (New York, New York time) on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders do not accept such amendment. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify each Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Euro-Dollar Loans shall be suspended (to the extent of the affected Euro-Dollar Loans or Interest Periods only), and (y) the London Interbank Offered Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, any Borrower may revoke any pending request for a Borrowing of, conversion to, or continuation of Euro-Dollar Loans (to the extent of the affected Euro-Dollar Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a Base Rate Borrowing (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than 0% for purposes of this Agreement.

For purposes hereof, "LIBOR Successor Rate Conforming Changes" means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, determined by the Administrative Agent with the consent of the Borrower, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement."

(i) Section 2.16 of the Existing Credit Agreement is hereby amended by replacing Section 2.16(a)(ii)(C) in its entirety with:



“(C) the imposition of, or any change in the rate of, any taxes described in clauses (i) through (iv) of the definition of Taxes in Section 2.17(a), (D) Connection Income Taxes, and (E) Taxes attributable to a Lender’s failure to comply with Section 2.16(e)”

(j) Section 2.17 of the Existing Credit Agreement is hereby amended by replacing Section 2.17(a)(i) with:

“(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, the Lender (A) by the jurisdiction (or subdivision thereof) under the laws of which the Lender is organized or in which its principal executive office is located or, in the case of the Lender, in which its Applicable Lending Office is located, or (B) that are Other Connection Taxes,”

(k) Section 2.17 of the Existing Credit Agreement is hereby amended adding subsections (e) and (f):

“(e) Tax Forms and Certificates. (i) Any Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Code shall deliver to the Borrower on or about the date on which such Lender becomes a Lender under this Agreement (at any time such Lender changes its Applicable Lending Office and from time to time thereafter upon the reasonable request of the Borrower), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax; (ii) any Lender that is not a “United States person” within the meaning of Section 7701(a)(3) of the Code (a “Non-U.S. Lender”) shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by the recipient) on or about the date on which such Non-U.S. Lender becomes a Lender under this Agreement (any time such Lender changes its Applicable Lending Office and from time to time thereafter upon the reasonable request of the Borrower), whichever of the following is applicable: (A) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty; (B) executed copies of IRS Form W-8ECI; (C) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit D-1 to the effect that such Non-U.S. Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or (D) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-1 or D-2, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-2 on behalf of each such direct and indirect partner; (iii) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower (in such number of copies as shall be requested by the recipient) on or about the date which such Non-U.S. Lender becomes a Lender under this Agreement, at any time such lender changes its Applicable

Lending Office and from time to time thereafter upon the reasonable request of the Borrower, executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made; and (iv) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower at the time or times prescribed by law and at such time or times reasonably requested by the Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement."

"(f) Exclusions. No Loan Party shall be required to indemnify any Non-U.S. Lender, or to pay any additional amount to any Non-U.S. Lender, pursuant to Sections 2.16(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 such Non-U.S. Lender to comply with the provisions of Section 2.17(e)."

(l) Sections 5.04(a), 5.04(c), 5.05 and 5.13 of the Existing Credit Agreement are hereby amended by replacing references to "December 31, 2018" with "December 31, 2019".

(m) Section 9.05 of the Existing Credit Agreement is hereby amended by adding the following sentence to the end of the Section:

"Notwithstanding anything to the contrary herein, the Administrative Agent and the Borrower may, without the consent of any Lender, enter into amendments or modifications to this Agreement or any of the other Loan Documents or to enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to implement any LIBOR Successor Rate or otherwise effectuate the terms of Section 2.14(b) in accordance with the terms of Section 2.14(b)."

(n) Acknowledgment and Consent to Bail-in of EEA Financial Institutions. The Existing Credit Agreement is amended by inserting the following new Section 9.15 immediately following Section 9.14 of the Existing Credit Agreement:

"Section 9.15. Acknowledgment and Consent to Bail-in of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the writedown and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and



(b) the effects of any Bail-in Action on any such liability, including, if applicable: (i) a reduction in full or in part or cancellation of any such liability; (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.”

(o) Article IX of the Existing Credit Agreement is amended by inserting the following sections at the end thereof:

“Section 9.16. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

Section 9.17. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 9.18. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.”

(p) Appendix A to the Existing Credit Agreement is amended and replaced in its entirety with Appendix A attached hereto.

### ARTICLE III CONDITIONS TO EFFECTIVENESS

This Amendment and the amendments contained herein shall become effective as of the date hereof when each of the conditions set forth in this Article III shall have been fulfilled to the satisfaction of the Administrative Agent.

SECTION 3.1. Counterparts. The Administrative Agent shall have received counterparts hereof executed on behalf of the Borrower, the Guarantor and the each of the Lenders.

SECTION 3.2. Costs and Expenses, etc. The Administrative Agent shall have received for the account of each Lender, all fees, costs and expenses due and payable pursuant to Section 9.03 of the Credit Agreement, if then invoiced.

SECTION 3.3. Resolutions, etc. The Administrative Agent shall have received from the Borrower and the Guarantor (i) a copy of a good standing certificate for such Loan Party, dated a date reasonably close to the date hereof and (ii) a certificate, dated as of the date hereof, of a Secretary or an Assistant Secretary of each Loan Party certifying (a) that attached thereto is a true, correct and complete copy of (x) the articles or certificate of incorporation of such Loan Party certified by the Secretary of State (or equivalent body) of the jurisdiction of incorporation of such Loan Party and (y) the bylaws of such Loan Party, and (b) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of such Loan Party authorizing the execution, delivery and performance of this Amendment and each other document delivered in connection herewith and that such resolutions have not been amended and are in full force.

SECTION 3.4. Opinion of Counsel. The Administrative Agent shall have received an opinion, dated the date hereof and addressed to the Administrative Agent and all Lenders, from counsel to the Borrower, in form and substance satisfactory to the Administrative Agent.

SECTION 3.5. Satisfactory Legal Form. The Administrative Agent and its counsel shall have received all information, and such counterpart originals or such certified or other copies of such materials, as the Administrative Agent or its counsel may reasonably request, and all legal matters incident to the effectiveness of this Amendment shall be satisfactory to the Administrative Agent and its counsel. All documents executed or submitted pursuant hereto or in connection herewith shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

#### ARTICLE IV MISCELLANEOUS

SECTION 4.1. Cross-References. References in this Amendment to any Article or Section are, unless otherwise specified, to such Article or Section of this Amendment.

SECTION 4.2. Loan Document Pursuant to Existing Credit Agreement. This Amendment is a Loan Document executed pursuant to the Existing Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with all of the terms and provisions of the Existing Credit Agreement, as amended hereby, including Article IX thereof.

SECTION 4.3. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 4.4. Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which when executed and delivered shall be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 4.5. Governing Law. THIS AMENDMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 4.6. Full Force and Effect; Limited Amendment. Except as expressly amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Existing Credit Agreement and the Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The amendments set forth herein shall be limited precisely as provided for herein to the provisions expressly amended herein and shall not be deemed to be an amendment to, waiver of, consent to or modification of any other term or provision of the Existing Credit Agreement or any other Loan Document or of any transaction or further or future action on the part of any Obligor which would require the consent of the Lenders under the Existing Credit Agreement or any of the Loan Documents.

SECTION 4.7. Representations and Warranties. In order to induce the Lenders to execute and deliver this Amendment, the Borrower and Guarantor each hereby represents and warrants to the Lenders, on the date this Amendment becomes effective pursuant to Article III, that both before and after giving effect to this Amendment, all representations and warranties set forth in Article V of the Credit Agreement are true and correct as of such date, except to the extent that any such statement expressly relates to an earlier date (in which case such statement was true and correct on and as of such earlier date).

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

PPL CAPITAL FUNDING, INC., as the Borrower

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President and Treasurer

PPL CORPORATION, as the Guarantor

By: /s/ Tadd J. Henninger  
Name: Tadd J. Henninger  
Title: Vice President-Finance and Treasurer

THE BANK OF NOVA SCOTIA, as the Administrative  
Agent and as a Lender

By: /s/ David Dewar  
Name: David Dewar  
Title: Director

COMMITMENTS

Lender	Commitment	Applicable Percentage
The Bank of Nova Scotia	\$ 50,000,000.00	100.000000000%
Total	\$ 50,000,000.00	100.000000000%

FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Revolving Credit Agreement dated as of [ ] (as amended, supplemented or otherwise modified from time to time, the “Revolving Credit Agreement”), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and the Bank of Nova Scotia, as the Lender, and other each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Revolving Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a “ten percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower, and (2) the undersigned shall have at all times furnished the Borrower with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Revolving Credit Agreement and used herein shall have the meanings given to them in the Revolving Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

Date: \_\_\_\_\_, 20[ ]



FORM OF  
U.S. TAX COMPLIANCE CERTIFICATE  
(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Revolving Credit Agreement dated as of [ ] (as amended, supplemented or otherwise modified from time to time, the “Revolving Credit Agreement”), among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, and the Bank of Nova Scotia, as the Lender, and other each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Revolving Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Revolving Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a “bank” extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a “ten percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a “controlled foreign corporation” related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower, and (2) the undersigned shall have at all times furnished the Borrower with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Revolving Credit Agreement and used herein shall have the meanings given to them in the Revolving Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_, 20[ ]

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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: May 8, 2020

/s/ William H. Spence

\_\_\_\_\_  
William H. Spence  
Chairman and Chief Executive Officer  
(Principal Executive Officer)  
PPL Corporation

CERTIFICATION

I, JOSEPH P. BERGSTEIN, JR., 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: May 8, 2020

/s/ Joseph P. Bergstein, Jr.

\_\_\_\_\_  
Joseph P. Bergstein, Jr.

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

PPL Corporation

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: May 8, 2020

/s/ Gregory N. Dudkin

\_\_\_\_\_  
Gregory N. Dudkin

President

(Principal Executive Officer)

PPL Electric Utilities Corporation

CERTIFICATION

I, STEPHEN K. BREININGER, 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: May 8, 2020

/s/ Stephen K. Breininger

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Stephen K. Breininger  
Vice President-Finance and Regulatory Affairs and Controller  
(Principal Financial Officer)  
PPL Electric Utilities Corporation

CERTIFICATION

I, PAUL W. THOMPSON, 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: May 8, 2020

/s/ Paul W. Thompson

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Paul W. Thompson  
Chairman of the Board, Chief Executive Officer and President  
(Principal Executive Officer)  
LG&E and KU Energy LLC



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: May 8, 2020

/s/ Kent W. Blake

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Kent W. Blake  
Chief Financial Officer  
(Principal Financial Officer)  
LG&E and KU Energy LLC

CERTIFICATION

I, PAUL W. THOMPSON, 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: May 8, 2020

/s/ Paul W. Thompson

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Paul W. Thompson  
Chairman of the Board, Chief Executive Officer and President  
(Principal 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: May 8, 2020

/s/ Kent W. Blake

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Kent W. Blake  
Chief Financial Officer  
(Principal Financial Officer)  
Louisville Gas and Electric Company

CERTIFICATION

I, PAUL W. THOMPSON, 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: May 8, 2020

/s/ Paul W. Thompson

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Paul W. Thompson  
Chairman of the Board, Chief Executive Officer and President  
(Principal 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: May 8, 2020

/s/ Kent W. Blake

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Kent W. Blake  
Chief Financial Officer  
(Principal 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 MARCH 31, 2020

In connection with the quarterly report on Form 10-Q of PPL Corporation (the "Company") for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, William H. Spence, the Principal Executive Officer of the Company, and Joseph P. Bergstein, Jr., 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: May 8, 2020

/s/ William H. Spence

William H. Spence  
Chairman and Chief Executive Officer  
(Principal Executive Officer)  
PPL Corporation

/s/ Joseph P. Bergstein, Jr.

Joseph P. Bergstein, Jr.  
Senior Vice President and Chief Financial Officer  
(Principal 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 ELECTRIC UTILITIES CORPORATION'S FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2020

In connection with the quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "Company") for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Gregory N. Dudkin, the Principal Executive Officer of the Company, and Stephen K. Breininger, 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: May 8, 2020

/s/ Gregory N. Dudkin

Gregory N. Dudkin

President

(Principal Executive Officer)

PPL Electric Utilities Corporation

/s/ Stephen K. Breininger

Stephen K. Breininger

Vice President-Finance and Regulatory Affairs and Controller

(Principal Financial 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.



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 MARCH 31, 2020

In connection with the quarterly report on Form 10-Q of LG&E and KU Energy LLC (the "Company") for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Paul W. Thompson, the Principal Executive Officer of the Company, and Kent W. Blake, 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: May 8, 2020

/s/ Paul W. Thompson

Paul W. Thompson

Chairman of the Board, Chief Executive Officer and President

(Principal Executive Officer)

LG&E and KU Energy LLC

/s/ Kent W. Blake

Kent W. Blake

Chief Financial Officer

(Principal 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.

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 MARCH 31, 2020

In connection with the quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "Company") for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Paul W. Thompson, the Principal Executive Officer of the Company, and Kent W. Blake, 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: May 8, 2020

/s/ Paul W. Thompson  
Paul W. Thompson  
Chairman of the Board, Chief Executive Officer and President  
(Principal Executive Officer)  
Louisville Gas and Electric Company

/s/ Kent W. Blake  
Kent W. Blake  
Chief Financial Officer  
(Principal 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.

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 MARCH 31, 2020

In connection with the quarterly report on Form 10-Q of Kentucky Utilities Company (the "Company") for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Paul W. Thompson, the Principal Executive Officer of the Company, and Kent W. Blake, 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: May 8, 2020

/s/ Paul W. Thompson  
Paul W. Thompson  
Chairman of the Board, Chief Executive Officer and President  
(Principal Executive Officer)  
Kentucky Utilities Company

/s/ Kent W. Blake  
Kent W. Blake  
Chief Financial Officer  
(Principal 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.