

a PPL company

Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

RECEIVED

SEP 01 2011

PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

Robert M. Conroy
Director - Rates
T 502-627-3324
F 502-627-3213
robert.conroy@lge-ku.com

September 1, 2011

RE: *The Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge*
Case No. 2011-00161

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and fifteen (15) copies of Kentucky Utilities Company's Motion to Deviate from Requirement Governing Filing of Copies for certain responses to the Attorney General's (AG) Supplemental Data Requests dated August 18, 2011, in the above-referenced matter.

Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the attached additional copies. Please do not hesitate to contact the undersigned should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', with a large, stylized flourish at the end.

Robert M. Conroy

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR CERTIFICATES OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 2011-00161
AND APPROVAL OF ITS 2011 COMPLIANCE)
PLAN FOR RECOVERY BY)
ENVIRONMENTAL SURCHARGE)**

**MOTION OF KENTUCKY UTILITIES COMPANY TO DEVIATE FROM
REQUIREMENT GOVERNING FILING OF COPIES**

Kentucky Utilities Company (“KU”) by counsel, petitions the Kentucky Public Service Commission (“Commission”) to grant KU approval pursuant to 807 KAR 5:001 § 14 to deviate from the requirement that parties file an original and fifteen (15) complete copies of all data responses and attachments. KU requests that it be excused from filing any paper copies of certain attachments to its responses to the Attorney General’s Supplemental Data Requests because such attachments are voluminous. Similarly, KU requests that it be excused from filing all paper copies but one with respect to another response because of the volume of the response. In support of its Motion, KU states as follows:

1. Pursuant to Commission’s June 28, 2011 Order, KU must provide an original and fifteen (15) copies of all data responses and attachments to the Commission, along with a service copy to all parties of record. Certain of KU’s attachments to its responses to the Attorney General’s Supplemental Data Requests are voluminous. KU is therefore requesting permission to file only electronic copies of the attachments on compact disc for KU’s responses to Data Request Nos. 5 and 8, and to provide only one paper copy of the attachments to KU’s response to Data Request Nos. 2, 4, and 6 (the remainder of such copies to be provided electronically on compact disc).

2. KU's response to the Attorney General's Data Request Nos. 5 and 8 are voluminous, each consisting of over 2,100 pages. To produce a paper original and 15 paper copies of each response for the Commission would consume over 32,000 pages, and service copies would consume even more pages. For that reason, KU requests a deviation to produce all copies to the Commission and all service copies in electronic format on compact disc.

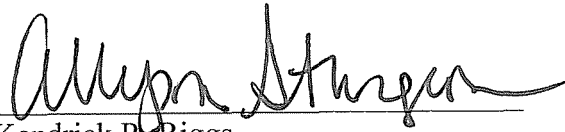
3. Attorney General's Data Request Nos. 2, 4, and 6 are voluminous, consisting of almost 1,000, over 500, and over 140 pages, respectively. To produce a paper original and 15 paper copies for the Commission of the shortest of the three responses would consume over 2,000 pages, and service copies would consume even more pages. For that reason, KU requests a deviation to produce a single paper copy of each response to the Commission, with 15 additional copies and all service copies of each response to be produced in electronic format on compact disc.

4. KU is making all of the above requests to deviate from the paper filing requirement pursuant to 807 KAR 5:001 § 14.

WHEREFORE, KU requests the above-described deviations from the requirement that parties provide an original and fifteen (15) paper copies of discovery responses. KU requests that it be allowed to instead submit the attachments to responses identified above on compact discs in compliance with this requirement.

Dated: September 1, 2011

Respectfully submitted,



Kendrick R. Riggs
W. Duncan Crosby III
Monica H. Braun
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
Telephone: (502) 333-6000

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

Counsel for Kentucky Utilities Company

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Motion to Deviate was served via U.S. mail, first-class, postage prepaid; overnight delivery; or hand-delivery, this 1st day of September 2011 upon the following persons:

Dennis G. Howard II
Lawrence W. Cook
Assistant Attorneys General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Iris G. Skidmore
Bates and Skidmore
415 West Main Street, Suite 2
Frankfort, KY 40601

Michael L. Kurtz
Kurt J. Boehm
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

David J. Barberie, Attorney Senior
Leslye M. Bowman, Director of Litigation
Government Center (LFUCG)
Department of Law
200 East Main Street, Suite 1134
Lexington, KY 40507

David C. Brown
Stites & Harbison PLLC
400 West Market Street, Suite 1800
Louisville, KY 40202-3352

Edward George Zuger III
Zuger Law Office PLLC
P.O. Box 728
Corbin, KY 40702

Kristin Henry
Staff Attorney
Sierra Club
85 Second Street
San Francisco, CA 94105

Shannon Fisk
Senior Attorney
Natural Resources Defense Council
2 N. Riverside Plaza, Suite 2250
Chicago, IL 60660



Counsel for Kentucky Utilities Company

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR CERTIFICATES OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 2011-00161
AND APPROVAL OF ITS 2011 COMPLIANCE)
PLAN FOR RECOVERY BY)
ENVIRONMENTAL SURCHARGE)

PUBLIC SERVICE
COMMISSION

**PETITION OF KENTUCKY UTILITIES COMPANY FOR CONFIDENTIAL
PROTECTION FOR RESPONSES TO CERTAIN DATA REQUESTS OF THE
ATTORNEY GENERAL**

Kentucky Utilities Company (“KU”) hereby petitions the Kentucky Public Service Commission (“Commission”) pursuant to 807 KAR 5:001, Section 7, and KRS 61.878(1)(c) to grant confidential protection for the items described herein, which KU seeks to provide in response to the Attorney General’s Second Information Request to KU Nos. 2 and 4. In support of this Petition, KU states as follows:

Confidential or Proprietary Commercial Information (KRS 61.878(1)(c))

1. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878(1)(c). To qualify for the exemption and, therefore, maintain the confidentiality of the information, a party must establish that the material is of a kind generally recognized to be confidential or proprietary, and the disclosure of which would permit an unfair commercial advantage to competitors of the party seeking confidentiality.

2. AG Request No. 2 asks KU to provide a calculation detailing the Company’s cost of long-term debt. In response to this request, KU is providing as an attachment a spreadsheet that demonstrates KU’s embedded cost of capital. Within the spreadsheet are the annualized costs associated with KU’s revolving credit facility and letter of credit facility. Pursuant to the

terms of the agreements with the facilities, KU is not permitted to publicly disclose the costs and thus public disclosure of the costs would result in KU breaching the agreements. Revealing publicly the costs would significantly compromise KU's ability to obtain a revolving credit facility and letter of credit facility at a competitive interest rate, which would in turn financially harm KU's customers. Moreover, financial institutions do not permit public disclosure of the rates because those rates would be used against them in future negotiations with other customers. They would therefore be more likely to insist on standard provisions and less willing to negotiate favorable rates with KU in the future, thus jeopardizing KU's ability to obtain the lowest possible interest rates, placing it at an additional financial disadvantage.

3. AG Request No. 4 asks KU to provide copies of all presentations made to rating agencies and/or investment firms by PPL and/or KU between January 1, 2011 and the present. Provided in response to this request are three rating agency presentations made during 2011. These presentations and communications are made on a confidential basis and provided in confidence to the credit rating agencies. Such information merits confidential protection because, having provided it to the credit rating agencies on a confidential basis, KU is obligated to protect the public disclosure of the information. In addition, the information contains commercially sensitive information and a candid review of KU's business strategies. Public disclosure of this confidential information would discourage KU from providing such information to the credit rating agencies in the future. A less thorough review by the credit rating agencies could lead to less favorable credit ratings and higher capital costs for KU than their competitors in the wholesale power market.

4. If the Commission disagrees with any of these requests for confidential protection, however, it must hold an evidentiary hearing (a) to protect KU's due process rights

and (b) to supply with the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., 642 S.W.2d 591, 592-94 (Ky. App. 1982).

5. The information for which KU is seeking confidential treatment is not known outside of KU, is not disseminated within KU except to those employees with a legitimate business need to know and act upon the information, and is generally recognized as confidential and proprietary information in the energy industry.

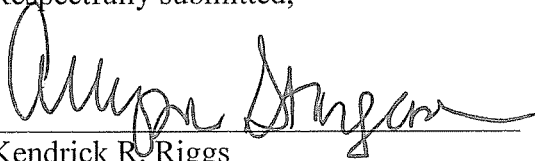
6. KU will disclose the confidential information, pursuant to a confidentiality agreement, to intervenors and others with a legitimate interest in this information and as required by the Commission. In accordance with the provisions of 807 KAR 5:001, Section 7 and the Commission's June 28, 2011 Order in this proceeding, KU herewith files with the Commission one copy of the above-discussed responses with the confidential information highlighted and fifteen (15) copies of its responses without the confidential information.¹

WHEREFORE, Kentucky Utilities Company respectfully requests that the Commission grant confidential protection for the information at issue, or in the alternative, schedule and evidentiary hearing on all factual issues while maintaining the confidentiality of the information pending the outcome of the hearing.

¹ KU, as explained in the Motion to Deviate filed herewith, is requesting a deviation that permits it to only provide an electronic copy of the attachment to AG Request No. 2 and only one print copy of AG Request No. 4.

Dated: September 1, 2011

Respectfully submitted,



Kendrick R. Riggs
W. Duncan Crosby III
Monica H. Braun
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
Telephone: (502) 333-6000

Allyson K. Sturgeon
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LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088

Counsel for Kentucky Utilities Company

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I hereby certify that a true copy of the foregoing Petition was served via U.S. mail, first-class, postage prepaid; overnight delivery; or hand-delivery, this 1st day of September 2011 upon the following persons:

Dennis G. Howard II
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Assistant Attorneys General
Office of the Attorney General
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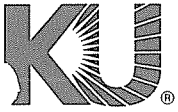
Edward George Zuger III
Zuger Law Office PLLC
P.O. Box 728
Corbin, KY 40702

Kristin Henry
Staff Attorney
Sierra Club
85 Second Street
San Francisco, CA 94105

Shannon Fisk
Senior Attorney
Natural Resources Defense Council
2 N. Riverside Plaza, Suite 2250
Chicago, IL 60660



Counsel for Kentucky Utilities Company



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Jeff DeRouen, Executive Director
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September 1, 2011

RE: *The Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge*
Case No. 2011-00161

Dear Mr. DeRouen:

Enclosed please find an original and fifteen (15) copies of Kentucky Utilities Company's (KU) response to the Attorney General's (AG) Supplemental Data Requests dated August 18, 2011, in the above-referenced matter.

Also enclosed are an original and fifteen (15) copies of a Petition for Confidential Protection regarding certain information contained in response to Question Nos. 2(1-3) and 4.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', with a long, sweeping flourish extending to the right.

Robert M. Conroy

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR CERTIFICATES OF PUBLIC)
CONVENIENCE AND NECESSITY AND)
APPROVAL OF ITS 2011 COMPLIANCE PLAN) CASE NO. 2011-00161
FOR RECOVERY BY ENVIRONMENTAL)
SURCHARGE)

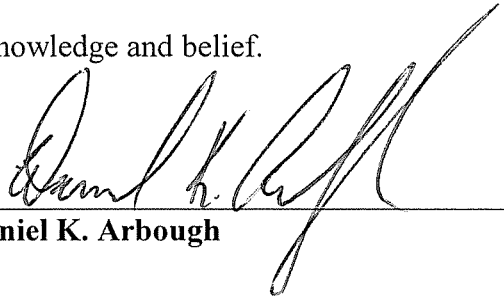
KENTUCKY UTILITIES COMPANY
RESPONSE TO THE
ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS
DATED AUGUST 18, 2011

FILED: SEPTEMBER 1, 2011

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is Treasurer for Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Daniel K. Arbough

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 31st day of August 2011.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2014

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Shannon L. Charnas**, being duly sworn, deposes and says that she is Director – Accounting and Regulatory Reporting for LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.

Shannon L. Charnas
Shannon L. Charnas

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 31st day of August 2011.

Jammy J. Elzy (SEAL)
Notary Public

My Commission Expires:

November 9, 2014

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Charles R. Schram**, being duly sworn, deposes and says that he is Director – Energy Planning, Analysis and Forecasting for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Charles R. Schram
Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 31st day of August 2011.

Jammy J. Elzy (SEAL)
Notary Public

My Commission Expires:

November 9, 2014

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 1

Witness: Daniel K. Arbough

- Q-1. For the four quarters ending June 30, 2011, please provide the Company's capital structure amounts and ratios, including and excluding short-term debt. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-1. Please refer to the Company's response to KIUC-2 Question No. 12.

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 2

Witness: Daniel K. Arbough

Q-2. For the four quarters ending June 30, 2011, please provide:

- (1) a calculation detailing the Company's cost of long-term debt;
- (2) all data, work papers, and source documents, and calculations used in computing the long-term cost rate;
- (3) all details, including calculations, amortization tables, and work sheets, related to the amounts for unamortized debt issuance balance and unamortized premium/discount and issuance expenses;
- (4) copies, details, and documentation of all debt issues as well as private placement, and/or loan agreements (issue date, debt amounts, private placement agreements, lending agreements, underwriter, underwriting spread, SEC filings, etc.) associated all financings used in determining the Company's long-term debt cost rate; and
- (5) copies of all debt cost documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).

- A-2. (1) Please see the attachment on CD in the folder titled Question No. 2 being filed pursuant to a Petition for Confidential Protection.
- (2) Please see the attachment on CD in the folder titled Question No. 2 being filed pursuant to a Petition for Confidential Protection.
- (3) Please see the attachment on CD in the folder titled Question No. 2 being filed pursuant to a Petition for Confidential Protection. Amortization tables for Purchase Accounting Adjustments (PAA) are not included because PAA is not used for ratemaking purposes.

(4) Copies of all debt documents are on CD in folder titled Question No. 2. The underwriter spread provided below for the KU First Mortgage bond issuances was calculated by taking the difference between the offering price within the Term Sheet and the purchase price stated in Section 3 of the Bond Purchase Agreement. The Term Sheet and Bond Purchase Agreement are also attached as support to this response.

Kentucky Utilities First Mortgage Bonds

<u>Maturity</u>	<u>Principal</u>	<u>Term Sheet</u>	<u>Bond Purchase Agreement</u>	<u>Underwriter Spread</u>
2015	\$ 250,000,000	99.650%	99.050%	0.600%
2020	\$ 500,000,000	99.622%	98.972%	0.650%
2040	\$ 750,000,000	98.915%	98.040%	0.875%

(5) See responses to items 1-4 above.

KENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
September 30, 2010
FOR ECR FILING SUPPORT

LONG-TERM DEBT

	Due	Rate	Principal	Interest	Annualized Cost			Letter of Credit and other fees	Total	Embedded Cost
					Amortized Debt Issuance Expense	Amortized Loss-Reacquired Debt				
Pollution Control Bonds										
Mercer Co. 2000 Series A	05/01/23	0.35000% *	\$ 12,900,000	\$ 45,150	\$ -	\$ 46,743	\$ 94,413 a	\$ 186,306	1.444%	
Carroll Co. 2002 Series A	02/01/32	0.75000% *	20,930,000	156,975	4,104	36,300	20,930 b	218,309	1.043%	
Carroll Co. 2002 Series B	02/01/32	0.76000% *	2,400,000	18,000	2,856	4,164	2,400 b	27,420	1.143%	
Mullenberg Co. 2002 Series A	02/01/32	0.75000% *	2,400,000	18,000	1,140	12,744	2,400 b	34,284	1.429%	
Mercer Co. 2002 Series A	02/01/32	0.75000% *	7,400,000	55,500	3,180	12,900	7,400 b	78,980	1.067%	
Carroll Co. 2002 Series C	10/01/32	0.67800% *	96,000,000	554,880	73,658	186,036	240,000 c	1,054,674	1.099%	
Carroll Co. 2004 Series A	10/01/34	0.31000% *	50,000,000	155,000	-	105,023	409,041 d	669,084	1.338%	
Carroll Co. 2006 Series B	10/01/34	0.35000% *	54,000,000	189,000	47,920	-	441,990 d	678,910	1.267%	
Carroll Co. 2007 Series A	02/01/26	5.75000% *	17,875,000	1,027,813	33,342	-	-	1,061,155	5.937%	
Trimble Co. 2007 Series A	03/01/37	6.00000% *	8,927,000	535,620	16,072	-	-	551,692	6.180%	
Carroll Co. 2008 Series A	02/01/32	0.31000% *	77,947,405	241,637	34,400	-	636,669 d	912,706	1.171%	
Called Bonds						201,063 1		201,063	0.000%	
Total External Debt			\$ 350,779,405	\$ 2,997,575	\$ 216,672	\$ 604,973	\$ 1,855,243	\$ 5,674,463	0.337%	
Notes Payable to Fidelity Corp.	11/24/10	4.240%	33,000,000 2	1,399,200	-	-	-	1,399,200	4.240%	
Notes Payable to Fidelity Corp.	01/16/12	4.390%	\$ 50,000,000	\$ 2,195,000	\$ -	\$ -	\$ -	\$ 2,195,000	4.390%	
Notes Payable to Fidelity Corp.	04/30/13	4.550%	100,000,000	4,550,000	-	-	-	4,550,000	4.550%	
Notes Payable to Fidelity Corp.	08/15/13	5.310%	75,000,000	3,982,500	-	-	-	3,982,500	5.310%	
Notes Payable to Fidelity Corp.	12/19/14	6.450%	100,000,000	5,450,000	-	-	-	5,450,000	5.450%	
Notes Payable to Fidelity Corp.	07/08/16	4.735%	50,000,000	2,367,500	-	-	-	2,367,500	4.735%	
Notes Payable to Fidelity Corp.	12/21/15	5.360%	75,000,000	4,020,000	-	-	-	4,020,000	5.360%	
Notes Payable to Fidelity Corp.	10/25/16	5.675%	50,000,000	2,837,500	-	-	-	2,837,500	5.675%	
Notes Payable to Fidelity Corp.	06/20/17	5.980%	50,000,000	2,990,000	-	-	-	2,990,000	5.980%	
Notes Payable to Fidelity Corp.	07/25/18	6.160%	50,000,000	3,080,000	-	-	-	3,080,000	6.160%	
Notes Payable to Fidelity Corp.	08/27/18	5.645%	50,000,000	2,822,500	-	-	-	2,822,500	5.645%	
Notes Payable to Fidelity Corp.	12/17/18	7.035%	75,000,000	5,276,250	-	-	-	5,276,250	7.035%	
Notes Payable to Fidelity Corp.	10/25/19	5.710%	70,000,000	3,997,000	-	-	-	3,997,000	5.710%	
Notes Payable to Fidelity Corp.	02/07/22	5.690%	53,000,000	3,015,700	-	-	-	3,015,700	5.690%	
Notes Payable to Fidelity Corp.	05/22/23	5.850%	75,000,000	4,387,500	-	-	-	4,387,500	5.850%	
Notes Payable to Fidelity Corp.	09/14/28	5.960%	100,000,000	5,960,000	-	-	-	5,960,000	5.960%	
Notes Payable to Fidelity Corp.	06/23/36	6.330%	50,000,000	3,165,000	-	-	-	3,165,000	6.330%	
Notes Payable to Fidelity Corp.	03/30/37	5.860%	75,000,000	4,395,000	-	-	-	4,395,000	5.860%	
Notes Payable to Fidelity Corp.	04/24/17	5.280%	50,000,000	2,640,000	-	-	-	2,640,000	5.280%	
Notes Payable to Fidelity Corp.	07/29/19	4.810%	50,000,000	2,405,000	-	-	-	2,405,000	4.810%	
Notes Payable to Fidelity Corp.	11/25/19	4.445%	50,000,000	2,222,500	-	-	-	2,222,500	4.445%	
Total Internal Debt			\$ 1,331,000,000	\$ 73,158,150	\$ -	\$ -	\$ -	\$ 73,158,150	4.350%	
Total			\$ 1,661,779,405	\$ 76,155,725	\$ 216,672	\$ 604,973	\$ 1,855,243	\$ 78,832,613	4.687%	

SHORT TERM DEBT

	Rate	Principal	Interest	Annualized Cost			Total	Embedded Cost
				Expense	Loss	Premium		
Notes Payable to Associated Company	0.280% *	\$ 61,183,954	\$ 171,315	\$ -	\$ -	\$ -	\$ 171,315	0.280%
Total		\$ 61,183,954	\$ 171,315	\$ -	\$ -	\$ -	\$ 171,315	0.280%

Embedded Cost of Total Debt **\$ 1,742,663,359** **\$ 76,327,040** **\$ 216,672** **\$ 604,973** **\$ 1,855,243** **\$ 79,003,928** **4.533%**

* Composite rate at end of current month

1 Series P and R bonds were redeemed in 2003, and 2005, respectively. They were not replaced with other bond series. The remaining unamortized expense is being amortized over the remainder of the original lives (due 5/15/07, 6/1/25, 6/1/35, and 6/1/36 respectively) of the bonds as loss on reacquired debt.

2 Current Portion of Long-Term Debt

a - Letter of credit fee = (principal bal + 45 days interest) * .70%. Rate based on company credit rating. Additional fee of \$250/month for drawdown.

b - Remarketing fee = 10 basis points

c - Remarketing fee = 25 basis points

d - Is a and b combined.

KENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
December 31, 2010
Restated to reflect debt discounts on FMBs
CONFIDENTIAL INFORMATION REDACTED

LONG-TERM DEBT

	Due	Rate	Principal	Interest	Annualized Cost			Letter of Credit and other fees	Total	Embedded Cost
					Amortized Debt Issuance Exp/Discount	Amortized Loss- Reacquired Debt				
Pollution Control Bonds -										
Mercer Co. 2000 Series A	05/01/23	0.350% *	\$ 12,800,000	\$ 45,150	\$ -	\$ 46,743	\$ 308,728	\$ 398,621	3.090%	
Carroll Co. 2002 Series A	02/01/32	0.750% *	20,930,000	156,975	4,104	36,300	20,930	218,309	1.043%	
Carroll Co. 2002 Series B	02/01/32	0.750% *	2,400,000	18,000	2,856	4,164	2,400	27,420	1.143%	
Muhlenberg Co. 2002 Series A	02/01/32	0.750% *	2,400,000	18,000	1,140	12,744	2,400	34,284	1.428%	
Mercer Co. 2002 Series C	02/01/32	0.750% *	7,400,000	55,500	3,180	12,900	7,400	78,980	1.067%	
Carroll Co. 2002 Series C	10/01/32	0.342% *	96,000,000	328,320	73,658	189,036	240,000	828,014	0.863%	
Carroll Co. 2004 Series A	10/01/34	0.330% *	50,000,000	165,000	-	105,023	1,194,418	1,464,441	2.929%	
Carroll Co. 2006 Series B	10/01/34	0.340% *	54,000,000	183,600	47,920	-	1,291,469	1,622,989	2.820%	
Carroll Co. 2007 Series A	02/01/26	5.750%	17,875,000	1,027,813	33,342	-	-	1,061,155	5.937%	
Trimble Co. 2007 Series A	03/01/37	6.000%	8,927,000	535,620	16,072	-	-	551,692	6.180%	
Carroll Co. 2008 Series A	02/01/32	0.330% *	77,947,405	257,226	34,400	-	1,864,197	2,155,823	2.766%	
Called Bonds						201,063		201,063		
First Mortgage Bonds -										
2010 due 2015	11/01/15	1.625%	250,000,000	4,062,500	388,281 **	-	-	4,450,781	1.780%	
Debt discount on FMB	11/01/16	1.62500%	(853,125)	-	175,000	-	-	175,000	-20.513%	
2010 due 2020	11/01/20	3.250%	500,000,000	16,250,000	368,860 **	-	-	16,618,860	3.324%	
Debt discount on FMB	11/01/20	3.25000%	(1,866,375)	-	189,000	-	-	189,000	-10.127%	
2010 due 2040	11/01/40	5.125%	750,000,000	38,437,500	233,309 **	-	-	38,670,809	5.156%	
Debt discount on FMB	11/01/40	5.12500%	(8,103,594)	-	271,250	-	-	271,250	-3.347%	
Total External Debt			\$ 1,839,956,311	\$ 61,541,204	\$ 2,863,964	\$ 604,973	\$ 4,973,361	\$ 69,983,502	3.804%	
Notes Payable to PPL			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Internal Debt			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%	
Total			\$ 1,839,956,311	\$ 61,541,204	\$ 2,863,964	\$ 604,973	\$ 4,973,361	\$ 69,983,502	3.804%	

SHORT-TERM DEBT

	Rate	Principal	Interest	Annualized Cost			Total	Embedded Cost
				Expense	Loss	Premium		
Notes Payable to Associated Company	0.250% *	\$ 10,434,000	\$ 26,085	\$ -	\$ -	\$ -	\$ 26,085	0.250%
Revolving Credit Facility Payable								
Total		\$ 10,434,000	\$ 26,085	\$ -	\$ -	\$ -	\$ 26,085	0.250%
Embedded Cost of Total Debt		\$ 1,850,390,311	\$ 61,567,289	\$ 2,863,964	\$ 604,973	\$ 4,973,361	\$ 70,009,587	3.784%

* Composite rate at end of current month.
** Debt discount shown on separate line.

1 Series P and R bonds were redeemed in 2003, and 2005, respectively. They were not replaced with other bond series. The remaining unamortized expense is being amortized over the remainder of the original lives (due 5/15/07, 6/1/25, 6/1/35, and 6/1/36 respectively) of the bonds as loss on reacquired debt.

2 Fidelity Notes Payable were paid off on 11/1/2010 with PPL Notes Payable that were paid off with the new FMB issues on 11/16/2010.

3 Included setup fees for the Wachovia Credit Facility in Long-term Debt due to 4 year credit arrangement

a - Letter of credit fee = (principal bal + 45 days interest)*2% L/C Fee and .25% L/C Fronting Fee Rate based on company credit rating Remarketing Fee = 10 basis points.
b - Remarketing fee = 10 basis points
c - Remarketing fee = 25 basis points

KENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
March 31, 2011
Restated to reflect debt discounts on FMBs
CONFIDENTIAL INFORMATION REDACTED
LONG-TERM DEBT

	Due	Rate	Principal	Interest	Annualized Cost			Letter of Credit and other fees	Total	Embedded Cost
					Amortized Debt Issuance Exp/Discount	Amortized Loss	Reacquired Debt			
Pollution Control Bonds -										
Mercer Co. 2000 Series A	05/01/23	0.250% *	\$ 12,900,000	\$ 32,250	\$ -	\$ 46,743	\$ 306,728 a	\$ 385,721	2.990%	
Carroll Co. 2002 Series A	02/01/32	2.250% *	20,930,000	470,925	4,104	36,300	20,930 b	532,259	2.543%	
Carroll Co. 2002 Series B	02/01/32	2.250% *	2,400,000	54,000	2,856	4,164	2,400 b	63,420	2.643%	
Muhlenberg Co. 2002 Series A	02/01/32	2.250% *	2,400,000	54,000	1,140	12,744	2,400 b	70,284	2.929%	
Mercer Co. 2002 Series A	02/01/32	2.250% *	7,400,000	168,500	3,160	12,900	7,400 b	189,980	2.567%	
Carroll Co. 2002 Series C	10/01/32	0.362% *	96,000,000	347,520	73,658	168,036	406,138 c	1,013,352	1.056%	
Carroll Co. 2004 Series A	10/01/34	0.260% *	50,000,000	130,000	-	105,023	1,184,418 a	1,429,441	2.859%	
Carroll Co. 2006 Series B	10/01/34	0.270% *	54,000,000	145,800	47,020	-	1,291,469 a	1,465,169	2.750%	
Carroll Co. 2007 Series A	02/01/26	5.750%	17,875,000	1,027,813	33,342	-	-	1,061,155	5.937%	
Trimble Co. 2007 Series A	03/01/37	6.000%	8,927,000	535,620	16,072	-	-	551,692	6.160%	
Carroll Co. 2008 Series A	02/01/32	0.260% *	77,947,405	202,663	34,400	-	1,864,197 a	2,101,250	2.696%	
Called Bonds			-	-	-	201,063	-	201,063	-	
First Mortgage Bonds -										
2010 due 2015	11/01/15	1.625%	250,000,000	4,052,500	402,362 **	-	-	4,464,662	1.786%	
Debt discount on FMB	11/01/15	1.62500%	(809,375)	-	175,000	-	-	175,000	-21.622%	
2010 due 2020	11/01/20	3.250%	500,000,000	18,250,000	379,095 **	-	-	16,629,095	3.326%	
Debt discount on FMB	11/01/20	3.25000%	(1,819,125)	-	189,000	-	-	189,000	-10.390%	
2010 due 2040	11/01/40	5.125%	750,000,000	38,437,500	237,770 **	-	-	38,675,270	5.157%	
Debt discount on FMB	11/01/40	5.12500%	(8,035,781)	-	271,250	-	-	271,250	-3.376%	
Total External Debt			\$ 1,840,115,124	\$ 61,917,091	\$ 2,892,740	\$ 604,973	\$ 5,139,499	\$ 70,554,303	3.834%	
Notes Payable to PPL			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	
Total Internal Debt			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%	
Total			\$ 1,840,115,124	\$ 61,917,091	\$ 2,892,740	\$ 604,973	\$ 5,139,499	\$ 70,554,303	3.834%	

SHORT-TERM DEBT									
	Rate	Principal	Interest	Annualized Cost			Premium	Total	Embedded Cost
				Expense	Loss	Loss			
Notes Payable to Associated Company	0.250% *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%
Revolving Credit Facility Payable		-	-	-	-	-	-	-	-
Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%

Embedded Cost of Total Debt **\$ 1,840,115,124** **\$ 61,917,091** **\$ 2,892,740** **\$ 604,973** **\$ 5,139,499** **\$ 70,554,303** **3.834%**

* Composite rate at end of current month
** Debt discount shown on separate line.

1 Series P and R bonds were redeemed in 2003, and 2005, respectively. They were not replaced with other bond series. The remaining unamortized expense is being amortized over the remainder of the original lives (due 5/15/07, 6/1/25, 6/1/35, and 6/1/36 respectively) of the bonds as loss on reacquired debt.

2 Fidelity Notes Payable were paid off on 11/1/2010 with PPL Notes Payable that were paid off with the new FMB issues on 11/16/2010.

3 Included setup fees for the Wachovia Credit Facility in Long-term Debt due to 4 year credit arrangement

a - Letter of credit fee = (principal bal + 45 days interest) * 2% L/C Fee and 25% L/C Fronting Fee. Rate based on company credit rating. Remarketing Fee = 10 basis points.
b - Remarketing fee = 10 basis points
c - Remarketing fee = 25 basis points

KENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
June 30, 2011

CONFIDENTIAL INFORMATION REDACTED
LONG-TERM DEBT

	Due	Rate	Principal	Interest	Annualized Cost			Letter of Credit and other fees	Total	Embedded Cost
					Amortized Debt Issuance Exp/Discount	Amortized Loss- Reacquired Debt				
Pollution Control Bonds -										
Mercer Co. 2000 Series A	05/01/23	0.090% *	\$ 12,900,000	\$ 11,610	\$ -	\$ 46,743	\$ 156,549 a	\$ 214,902	1.666%	
Carroll Co. 2002 Series A	02/01/32	0.650% *	20,830,000	136,045	4,104	36,300	20,930 b	197,379	0.943%	
Carroll Co. 2002 Series B	02/01/32	0.600% *	2,400,000	14,400	2,856	4,164	2,400 b	23,820	0.993%	
Muhtenberg Co. 2002 Series A	02/01/32	0.600% *	2,400,000	14,400	1,140	12,744	2,400 b	30,664	1.276%	
Mercer Co. 2002 Series A	02/01/32	0.600% *	7,400,000	44,400	3,180	12,900	7,400 b	67,880	0.917%	
Carroll Co. 2002 Series C	10/01/32	0.180% *	96,000,000	172,800	73,658	186,036	406,138 c	838,632	0.874%	
Carroll Co. 2004 Series A	10/01/34	0.100% *	50,000,000	50,000	-	105,023	609,493 a	764,616	1.529%	
Carroll Co. 2008 Series B	10/01/34	0.140% *	54,000,000	76,800	47,020	-	658,885 a	782,505	1.449%	
Carroll Co. 2007 Series A	02/01/26	5.750%	17,875,000	1,027,813	33,342	-	-	1,061,155	5.937%	
Trimble Co. 2007 Series A	03/01/37	6.000%	8,927,000	535,620	10,072	-	-	651,692	6.180%	
Carroll Co. 2008 Series A Called Bonds	02/01/32	0.100% *	77,947,405	77,947	34,400	-	951,225 a	1,063,572	1.364%	
First Mortgage Bonds -										
2010 due 2015	11/01/15	1.625%	250,000,000	4,062,500	430,307 **	-	-	4,498,807	1.800%	
Debt discount on FMB	11/01/15	1.625%	(765,625)	-	175,000 **	-	-	176,000	-22.857%	
2010 due 2020	11/01/20	3.250%	500,000,000	16,250,000	406,956 **	-	-	16,656,956	3.331%	
Debt discount on FMB	11/01/15	3.250%	(1,771,875)	-	189,000 **	-	-	189,000	-10.667%	
2010 due 2040	11/01/40	5.125%	750,000,000	38,437,500	246,034 **	-	-	38,683,534	5.158%	
Debt discount on FMB	11/01/40	5.125%	(7,987,969)	-	271,250 **	-	-	271,250	-3.404%	
Total External Debt			\$ 1,840,273,936	\$ 60,910,635	\$ 3,237,365	\$ 604,973	\$ 2,882,486	\$ 67,635,459	3.675%	
Notes Payable to PPL			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Internal Debt			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%	
Total			\$ 1,840,273,936	\$ 60,910,635	\$ 3,237,365	\$ 604,973	\$ 2,882,486	\$ 67,635,459	3.675%	

SHORT-TERM DEBT

	Rate	Principal	Interest	Annualized Cost			Total	Embedded Cost
				Expense	Loss	Premium		
Notes Payable to Associated Company	0.160% *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%
Revolving Credit Facility Payable		-	-	-	-	-	-	
Total			\$ -	\$ -	\$ -	\$ -	\$ -	0.000%

Embedded Cost of Total Debt			\$ 1,840,273,936	\$ 60,910,635	\$ 3,237,365	\$ 604,973	\$ 2,882,486	\$ 67,635,459	3.675%
								Prior Month	3.690%

* Composite rate at end of current month.

** Debt discount shown on separate line.

1 Series P and R bonds were redeemed in 2003, and 2005, respectively. They were not replaced with other bond series. The remaining unamortized expense is being amortized over the remainder of the original lives (due 5/15/07, 6/1/25, 6/1/35, and 6/1/36 respectively) of the bonds as loss on reacquired debt.

2 Fidelity Notes Payable were paid off on 11/1/2010 with PPL Notes Payable that were paid off with the new FMB issues on 11/16/2010.

3 Included setup fees for the Wachovia Credit Facility in Long-term Debt due to 4 year credit arrangement

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b - Remarketing fee = 10 basis points

c - Remarketing fee = 25 basis points

GL Account	Account Description	Issued	Series	Maturity	Ending Balance - 12/31/2009	Debit	Credit	Ending Balance - 03/31/2010	Debit	Credit	Ending Balance - 06/30/2010
221004	Revolution Control Bonds	5/24/2007	CC2007A	2/1/2026	(\$17,875,000.00)	\$0.00	\$0.00	(\$17,875,000.00)	\$0.00	\$0.00	(\$17,875,000.00)
221005	TC 2007A SERIES \$17.8M	5/24/2007	TC2007A	5/1/2037	(8,927,000.00)			(8,927,000.00)			(8,927,000.00)
221046	TC 2007A SERIES \$8.9M	5/19/2000	Merco 2007A	5/1/2033	(12,900,000.00)			(12,900,000.00)			(12,900,000.00)
221092	PCB CC2004A \$50M DUE 10/24 VAR	10/20/2004	CC2004A	10/1/2031	(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
221184	PCB CC2002C \$95M DUE 10/23 VAR	10/29/2002	CC2002C	10/1/2032	(95,000,000.00)			(95,000,000.00)			(95,000,000.00)
221188	PCB CC2002A \$10.93M DUE 2/22 VAR	5/23/2002	CC2002A	2/1/2032	(2,400,000.00)			(2,400,000.00)			(2,400,000.00)
221284	PCB CC2003B \$2.4M DUE 2/23 VAR	5/23/2002	Merco 2002A	2/1/2032	(2,400,000.00)			(2,400,000.00)			(2,400,000.00)
221286	PCB CC2002A \$7.4M DUE 2/23 VAR	5/23/2002	Muhlenberg 2002A	2/1/2032	(4,600,000.00)			(4,600,000.00)			(4,600,000.00)
221287	PCB CC2002A \$7.3M DUE 2/23 VAR	2/23/2007	CC2006B	10/1/2034	(77,947,405.00)			(77,947,405.00)			(77,947,405.00)
221299	PCS22 \$5.8M DUE 10/24 VAR	10/17/2008	CC2008A	2/1/2032	(\$330,779,405.00)	\$0.00	\$0.00	(\$330,779,405.00)	\$0.00	\$0.00	(\$330,779,405.00)
221303	PCB CC2008A \$77.9M DUE 2/23 VAR										
221009	First Mortgage Bonds	11/16/2010	FMB KU2010	11/15/2015	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
221010	FMB KU2010 \$590M 11/15 1.625%	11/16/2010		11/15/2030							
221011	FMB KU2010 \$750M 11/40 5.125%	11/16/2010		11/15/2040							
226009	First Mortgage Bonds Debt Discount	11/16/2010		11/15/2015	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
226010	DEBT DISC-FMB KU2010 \$250M 11/15	11/16/2010		11/15/2030							
226011	DEBT DISC-FMB KU2010 \$500M 11/20	11/16/2010		11/15/2040							
226011	DEBT DISC-FMB KU2010 \$750M 11/40	11/16/2010		11/15/2040							
226009	First Mortgage Bonds Net of Debt Discount	11/16/2010		11/15/2015	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
226010	FMB KU2010 \$250M 11/15 1.625%	11/16/2010		11/15/2030							
226011	FMB KU2010 \$500M 11/20 3.250%	11/16/2010		11/15/2040							
226011	FMB KU2010 \$750M 11/40 5.125%	11/16/2010		11/15/2040							
223002	Intercompany Notes Payable										
	ADVANCES PAYABLE FROM FID										
	Detail of FidelityPPL Notes										
	4.55% Issued 4/20/2003, Due 4/20/2013				(\$100,000,000.00)			(\$100,000,000.00)			(\$100,000,000.00)
	5.31% Issued 8/15/2003, Due 8/15/2013				(75,000,000.00)			(75,000,000.00)			(75,000,000.00)
	4.39% Issued 1/15/2004, Due 1/16/2012				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
	3.735% Issued 7/8/2005, Due 7/8/2015				(75,000,000.00)			(75,000,000.00)			(75,000,000.00)
	5.368% Issued 12/19/2005, Due 12/21/2015				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
	6.23% Issued 6/23/2006, Due 6/23/2036				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
	5.075% Issued 3/7/2007, Due 2/7/2022				(53,000,000.00)			(53,000,000.00)			(53,000,000.00)
	5.690% Issued 3/6/2007, Due 3/6/2037				(75,000,000.00)			(75,000,000.00)			(75,000,000.00)
	5.980% Issued 6/20/2007, Due 6/20/2017				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
	5.960% Issued 9/14/2007, Due 9/14/2038				(70,000,000.00)			(70,000,000.00)			(70,000,000.00)
	5.440% Issued 10/25/2007, Due 10/25/2019				(100,000,000.00)			(100,000,000.00)			(100,000,000.00)
	5.450% Issued 12/20/2007, Due 12/19/2014				(100,000,000.00)			(100,000,000.00)			(100,000,000.00)
	5.850% Issued 5/20/2008, Due 5/22/2023				(75,000,000.00)			(75,000,000.00)			(75,000,000.00)
	6.160% Issued 7/25/2008, Due 7/25/2018				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
	5.645% Issued 8/26/2008, Due 8/27/2018				(75,000,000.00)			(75,000,000.00)			(75,000,000.00)
	7.035% Issued 12/15/2008, Due 12/17/2018				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
	5.280% Issued 04/24/2009, Due 04/24/2017				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
	4.810% Issued 07/27/2009, Due 07/29/2019				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
	4.810% Issued 07/27/2009, Due 07/29/2019				(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
					(\$1,298,000,000.00)	\$0.00	\$0.00	(\$1,298,000,000.00)	\$0.00	\$0.00	(\$1,298,000,000.00)
223010	Intercompany Notes Payable - Current Portion										
	ADVANCES PAYABLE FROM FID										
	Detail of Fidelity Notes										
	4.24% Issued 11/24/2003, Due 11/24/2010				(\$53,000,000.00)	\$0.00	\$0.00	(\$53,000,000.00)	\$0.00	\$0.00	(\$53,000,000.00)
					(\$53,000,000.00)	\$0.00	\$0.00	(\$53,000,000.00)	\$0.00	\$0.00	(\$53,000,000.00)
					(\$53,000,000.00)	\$0.00	\$0.00	(\$53,000,000.00)	\$0.00	\$0.00	(\$53,000,000.00)

GL Account	Account Description	09/30/2010		10/31/2010		12/31/2010	
		Debits	Credits	Debits	Credits	Debits	Credits
221004	CC 2007A SERIES \$17.8M						
221005	TC 2007A SERIES \$8.9M						
221006	PCB SERIES A DUE 01/01/23 VAR						
221092	PCB CC1004A \$50M DUE 10/24 VAR						
221188	PCB CC1002C \$96M DUE 10/23 VAR						
221284	PCB CC1002A \$50.25M DUE 2/21 VAR						
221285	PCB CC1002B \$7.4M DUE 2/22 VAR						
221286	PCB MC2002A \$7.3M DUE 2/22 VAR						
221287	PCB MC2002A \$7.3M DUE 2/22 VAR						
221289	PCS2 \$44M DUE 10/24 VAR						
221303	PCB CC2008A \$77.9M DUE 2/22 VAR						

GL Account	Account Description	09/30/2010		10/31/2010		12/31/2010	
		Debits	Credits	Debits	Credits	Debits	Credits
221009	First Mortgage Bonds						
221010	FMB KU2010 \$250M 11/15 1.625%						
221011	FMB KU2010 \$500M 11/20 3.250%						
226009	FMB KU2010 \$750M 11/40 5.125%						
226011	FMB KU2010 \$750M 11/40 5.125%						

GL Account	Account Description	09/30/2010		10/31/2010		12/31/2010	
		Debits	Credits	Debits	Credits	Debits	Credits
226009	First Mortgage Bonds Debt Discount						
226010	DEBT DISC-FMB KU2010 \$250M 11/15						
226011	DEBT DISC-FMB KU2010 \$500M 11/20						
226012	DEBT DISC-FMB KU2010 \$750M 11/40						

GL Account	Account Description	09/30/2010		10/31/2010		12/31/2010	
		Debits	Credits	Debits	Credits	Debits	Credits
223002	Intercompany Notes Payable						
	ADVANCES PAYABLE FROM FID						
	Detail of Fidelity Notes						
	4.35%, Issued 4/30/2001, Due 4/30/2013						
	5.31%, Issued 8/15/2003, Due 8/15/2013						
	4.39%, Issued 1/15/2004, Due 1/16/2012						
	4.735%, Issued 7/8/2005, Due 7/8/2015						
	5.360%, Issued 12/19/2005, Due 12/21/2015						
	6.33%, Issued 6/23/2006, Due 6/23/2016						
	5.675%, Issued 10/25/2006, Due 10/25/2016						
	5.690%, Issued 2/7/2007, Due 2/7/2022						
	5.860%, Issued 3/30/2007, Due 3/30/2017						
	5.980%, Issued 6/20/2007, Due 6/20/2017						
	5.960%, Issued 9/14/2007, Due 9/14/2023						
	5.710%, Issued 10/25/2007, Due 10/25/2014						
	5.450%, Issued 12/22/2007, Due 12/19/2014						
	5.850%, Issued 5/20/2008, Due 5/22/2023						
	6.160%, Issued 7/25/2008, Due 7/5/2018						
	5.645%, Issued 8/26/2008, Due 8/27/2018						
	7.035%, Issued 12/15/2008, Due 12/17/2018						
	5.280%, Issued 04/24/2009, Due 04/24/2019						
	4.810%, Issued 07/27/2009, Due 07/29/2019						
	4.810%, Issued 07/27/2009, Due 07/29/2019						

GL Account	Account Description	09/30/2010	10/31/2010	12/31/2010
223010	Intercompany Notes Payable - Current Portion	\$0.00	\$0.00	\$0.00
	ADVANCES PAYABLE FROM FID	\$0.00	\$0.00	\$0.00
	Detail of Fidelity Notes			
	1.24%, Issued 11/24/2003, Due 11/24/2010			

Kentucky Utilities - Rollforward of Long Term Debt

G/L Account	Account Description	Issued	Maturity	Ending Balance - 12/31/2010		Ending Balance - 01/31/2011		Ending Balance - 07/31/2011	
				Debits	Credits	Debits	Credits	Debits	Credits
221004	Population Control Bonds	5/24/2007	2/1/2036	(17,875,000.00)	(17,875,000.00)	(17,875,000.00)	(17,875,000.00)	(17,875,000.00)	(17,875,000.00)
221005	TC 2007A SERIES \$17.9M	5/24/2007	2/1/2037	(6,927,000.00)	(6,927,000.00)	(6,927,000.00)	(6,927,000.00)	(6,927,000.00)	(6,927,000.00)
221046	TC 2007A SERIES \$8.9M	5/19/2000	5/1/2037	(12,990,000.00)	(12,990,000.00)	(12,990,000.00)	(12,990,000.00)	(12,990,000.00)	(12,990,000.00)
221092	PCB SERIES A DUE 05/01/23 VAR	10/20/2004	10/1/2034	(96,000,000.00)	(96,000,000.00)	(96,000,000.00)	(96,000,000.00)	(96,000,000.00)	(96,000,000.00)
221188	PCB C0003A \$90M DUE 10/31 VAR	10/20/2004	10/1/2032	(20,930,000.00)	(20,930,000.00)	(20,930,000.00)	(20,930,000.00)	(20,930,000.00)	(20,930,000.00)
221284	PCB C0003A \$70.23M DUE 2/32 VAR	5/23/2002	2/1/2032	(7,400,000.00)	(7,400,000.00)	(7,400,000.00)	(7,400,000.00)	(7,400,000.00)	(7,400,000.00)
221285	PCB C0003B \$2.4M DUE 2/32 VAR	5/23/2002	2/1/2032	(2,400,000.00)	(2,400,000.00)	(2,400,000.00)	(2,400,000.00)	(2,400,000.00)	(2,400,000.00)
221286	PCB C0003A \$7.4M DUE 2/32 VAR	5/23/2002	2/1/2032	(7,400,000.00)	(7,400,000.00)	(7,400,000.00)	(7,400,000.00)	(7,400,000.00)	(7,400,000.00)
221287	PCB C0003A \$7.3M DUE 2/32 VAR	2/23/2007	10/1/2034	(7,300,000.00)	(7,300,000.00)	(7,300,000.00)	(7,300,000.00)	(7,300,000.00)	(7,300,000.00)
221299	PCB \$5M DUE 10/31 VAR	10/17/2008	2/1/2032	(5,000,000.00)	(5,000,000.00)	(5,000,000.00)	(5,000,000.00)	(5,000,000.00)	(5,000,000.00)
221303	PCB C0008A \$77.9M DUE 2/32 VAR			(350,779,405.00)	(350,779,405.00)	(350,779,405.00)	(350,779,405.00)	(350,779,405.00)	(350,779,405.00)
221009	First Mortgage Bonds	11/16/2010	11/1/2015	(250,000,000.00)	(250,000,000.00)	(250,000,000.00)	(250,000,000.00)	(250,000,000.00)	(250,000,000.00)
221010	FMB KU2010 \$250M 11/15 1.625%	11/16/2010	11/1/2020	(500,000,000.00)	(500,000,000.00)	(500,000,000.00)	(500,000,000.00)	(500,000,000.00)	(500,000,000.00)
221011	FMB KU2010 \$750M 11/40 5.125%	11/16/2010	11/1/2040	(1,500,000,000.00)	(1,500,000,000.00)	(1,500,000,000.00)	(1,500,000,000.00)	(1,500,000,000.00)	(1,500,000,000.00)
224909	First Mortgage Bonds Debt Discount (11/1-01/10)	11/16/2010	11/1/2015	853,125.00	14,883.33	838,541.67	833,958.33	809,375.00	14,883.33
226010	DEBT DISC-FMB KU2010 \$250M 11/15	11/16/2010	11/1/2020	1,866,375.00	15,750.00	1,850,625.00	1,854,875.00	1,819,125.00	15,750.00
226011	DEBT DISC-FMB KU2010 \$500M 11/20	11/16/2010	11/1/2030	8,103,593.75	22,604.17	8,080,989.58	8,058,385.42	8,035,781.25	22,604.17
				10,823,093.75	52,937.50	10,770,156.25	10,717,218.75	10,664,281.25	52,937.50
				0.00	0.00	0.00	0.00	0.00	0.00
				(249,146,875.00)	(249,146,875.00)	(249,146,875.00)	(249,146,875.00)	(249,146,875.00)	(249,146,875.00)
				(498,135,625.00)	(498,135,625.00)	(498,135,625.00)	(498,135,625.00)	(498,135,625.00)	(498,135,625.00)
				(741,919,010.42)	(741,919,010.42)	(741,919,010.42)	(741,919,010.42)	(741,919,010.42)	(741,919,010.42)
				(1,490,229,843.75)	(1,490,229,843.75)	(1,490,229,843.75)	(1,490,229,843.75)	(1,490,229,843.75)	(1,490,229,843.75)
				0.00	0.00	0.00	0.00	0.00	0.00
223002	Intercompany Notes Payable			0.00	0.00	0.00	0.00	0.00	0.00
	ADVANCES PAYABLE FROM FID			0.00	0.00	0.00	0.00	0.00	0.00
233010	Intercompany Notes Payable - Council Pointon			0.00	0.00	0.00	0.00	0.00	0.00
	ADVANCES PAYABLE FROM FID			0.00	0.00	0.00	0.00	0.00	0.00
				(1,839,956,311.25)	(1,839,956,311.25)	(1,839,956,311.25)	(1,839,956,311.25)	(1,839,956,311.25)	(1,839,956,311.25)

Kentucky Utilities - Rollforward of Long Term Debt

GL Account	Account Description	Series	Issued	Maturity	Ending Balance - 6/30/11	Debits	Credits	Ending Balance - 5/31/11	Debits	Credits	Ending Balance - 6/30/11
221004	Pollution Control Bonds	CC2007A	5/24/2007	2/1/2026	(17,875,000.00)			(17,875,000.00)			(17,875,000.00)
221005	TC 2007A SERIES \$17.8M	TC2007A	5/24/2007	3/1/2027	(8,927,000.00)			(8,927,000.00)			(8,927,000.00)
221046	TC 2007A SERIES \$8.9M	TC2007A	5/24/2007	3/1/2027	(8,927,000.00)			(8,927,000.00)			(8,927,000.00)
221092	Miscer 2008A	CC2008A	10/20/2004	10/1/2034	(50,000,000.00)			(50,000,000.00)			(50,000,000.00)
221188	PCB SERIES A DUE 05/01/23 VAR	CC2008A	10/20/2004	10/1/2034	(96,000,000.00)			(96,000,000.00)			(96,000,000.00)
221188	PCB SERIES A \$50M DUE 10/34 VAR	CC2008A	10/20/2004	10/1/2034	(20,970,000.00)			(20,970,000.00)			(20,970,000.00)
221188	PCB SERIES B \$20.5M DUE 2/32 VAR	CC2008A	5/25/2002	2/1/2032	(2,400,000.00)			(2,400,000.00)			(2,400,000.00)
221188	PCB SERIES B \$2.4M DUE 2/32 VAR	CC2008A	5/25/2002	2/1/2032	(7,400,000.00)			(7,400,000.00)			(7,400,000.00)
221287	PCB SERIES C \$7.4M DUE 2/32 VAR	CC2008A	5/25/2002	2/1/2032	(2,400,000.00)			(2,400,000.00)			(2,400,000.00)
221287	PCB SERIES C \$7.4M DUE 2/32 VAR	CC2008A	5/25/2002	2/1/2032	(4,400,000.00)			(4,400,000.00)			(4,400,000.00)
221287	PCB SERIES C \$7.4M DUE 2/32 VAR	CC2008A	5/25/2002	2/1/2032	(7,947,405.00)			(7,947,405.00)			(7,947,405.00)
221299	PCB SERIES D \$7.9M DUE 2/32 VAR	CC2008A	10/17/2008	2/1/2032	(350,779,405.00)			(350,779,405.00)			(350,779,405.00)
221303	PCB SERIES E \$7.9M DUE 2/32 VAR	CC2008A	10/17/2008	2/1/2032	0.00			0.00			0.00
221009	First Mortgage Bonds	FMB KU2010	11/16/2010	11/1/2015	(250,000,000.00)			(250,000,000.00)			(250,000,000.00)
221010	FMB KU2010 \$500M 11/15 1.625%	FMB KU2010	11/16/2010	11/1/2020	(500,000,000.00)			(500,000,000.00)			(500,000,000.00)
221011	FMB KU2010 \$750M 11/40 5.125%	FMB KU2010	11/16/2010	11/1/2040	(750,000,000.00)			(750,000,000.00)			(750,000,000.00)
226009	First Mortgage Bonds Debt Discount (11/16/10)	FMB KU2010	11/16/2010	11/1/2015	794,791.67		14,583.33	794,791.67	790,208.33	14,583.33	765,625.00
226010	DEBT DISC-FMB KU2010 \$500M 11/15	FMB KU2010	11/16/2010	11/1/2020	1,803,375.00		15,750.00	1,787,625.00	15,750.00	15,750.00	1,771,875.00
226011	DEBT DISC-FMB KU2010 \$500M 11/20	FMB KU2010	11/16/2010	11/1/2040	8,013,177.08		22,604.17	7,990,572.92	22,604.17	22,604.17	7,967,968.75
226011	DEBT DISC-FMB KU2010 \$750M 11/40	FMB KU2010	11/16/2010	11/1/2040	10,611,544.75		52,937.50	10,558,607.25	52,937.50	52,937.50	10,505,669.75
226011	First Mortgage Bonds Net of Debt Discount	FMB KU2010	11/16/2010	11/1/2015	0.00		0.00	0.00			0.00
226011	FMB KU2010 \$500M 11/15 1.625%	FMB KU2010	11/16/2010	11/1/2020	0.00		0.00	0.00			0.00
226011	FMB KU2010 \$500M 11/20 3.250%	FMB KU2010	11/16/2010	11/1/2040	0.00		0.00	0.00			0.00
226011	FMB KU2010 \$750M 11/40 5.125%	FMB KU2010	11/16/2010	11/1/2040	0.00		0.00	0.00			0.00
223002	Intercompany Notes Payable - Current Portion	ADVANCES PAYABLE FROM FID									
223010	Intercompany Notes Payable - Current Portion	ADVANCES PAYABLE FROM FID									

Kentucky Utilities - Rollforward of Unamortized Debt Expense and Loss on Required Debt

CONFIDENTIAL INFORMATION REDACTED

GL Account	Account Description	Ending Balance - 12/31/2009	Debits	Credits	Ending Balance - 07/31/2010	Debits	Credits	Ending Balance - 06/30/2010
181004	CC2007A	516,178.99		8,291.43	\$574,887.56		8,206.13	\$519,581.43
181005	TC 2007A SERIES \$1.9M	436,591.18		4,005.45	137,887.71		4,009.61	428,578.12
181006	CC2007C	1,675,614.63	104.40	18,414.12	1,657,054.91		18,414.51	1,638,995.40
181007	CC2007B	90,552.34		1,026.90	89,526.34		1,026.00	88,500.34
181008	CC2007A	62,941.62		716.00	62,227.62		714.00	61,513.62
181009	CC2007B	24,983.40		795.00	24,188.40		795.00	23,393.40
181010	Miscellaneous 2002A	25,268.40		285.00	24,983.40		285.00	24,698.40
181011	Miscellaneous 2002A	1,192,013.32		11,097.11	1,174,013.62		11,958.76	1,162,054.86
181012	CC2006B	759,694.55	\$104.40	8,369.78	751,037.57		8,577.96	742,459.61
181013	CC2008A	\$4,842,773.57	\$104.40	\$4,037.11	\$4,798,640.86		\$54,960.97	\$4,734,759.89
181100	Total PCB Unamortized Debt Expense	0.00	0.00	0.00	0.00			0.00

GL Account	Account Description	Ending Balance - 12/31/2009	Debits	Credits	Ending Balance - 07/31/2010	Debits	Credits	Ending Balance - 06/30/2010
181009	First Mortgage Bonds	50.00		50.00	50.00		50.00	50.00
181010	FMB KJ2010 \$30M 11/15 1.625%			50.00				
181011	FMB KJ2010 \$50M 11/20 3.250%			50.00				
181012	Total FMB Unamortized Debt Expense	\$4,842,773.57	\$104.40	\$54,037.11	\$4,798,640.86		\$54,040.97	\$4,734,759.89
181100	Total Unamortized Debt Expense for Bonds	0.00	0.00	0.00	0.00			0.00

GL Account	Account Description	Ending Balance - 12/31/2009	Debits	Credits	Ending Balance - 07/31/2010	Debits	Credits	Ending Balance - 06/30/2010
189004	UNAM LOSS-FMB Series R 06/05	290,312.53		4,545.00	275,767.53		4,545.00	271,222.53
189001	UNAM LOSS-FMB Series P \$13M 05/07	1,381,675.02		19,881.00	1,361,794.02		19,881.00	1,341,913.02
189042	UNAM LOSS-PCB CC2000A \$12.9M 05/23	623,241.26		11,685.78	611,555.48		11,685.78	599,869.70
189043	UNAM LOSS-PCB CC2002A \$20.93M 2/02	801,577.84		9,075.00	792,502.84		9,075.00	783,427.84
189044	UNAM LOSS-PCB CC2002B \$2.4M 2/02	91,798.23		1,041.00	90,757.93		1,041.00	89,716.93
189045	UNAM LOSS-PCB CC2002A \$7.4M 2/02	281,286.58		3,186.00	278,100.58		3,186.00	274,914.58
189046	UNAM LOSS-PCB CC2002A \$7.4M 2/02	284,737.96		3,225.00	281,512.96		3,225.00	278,287.96
189047	UNAM LOSS-PCB CC2002A \$7.4M 2/02	4,252,184.40		46,509.00	4,185,649.63		46,509.00	4,139,140.63
189048	UNAM LOSS-PCB CC2000A \$50M 10/74	2,579,219.40		26,255.75	2,573,060.67		26,255.75	2,546,804.94
189049	UNAM LOSS-PCB CC2002A \$7.4M 2/02	60,149.97		690.00	60,252.97		690.00	59,562.97
189050	UNAM LOSS-PCB CC2002A \$7.4M 2/02	368,540.82		3,300.00	323,240.82		3,300.00	319,940.82
189051	UNAM LOSS-PCB Series 10 \$54M 07/74	568,103.53		5,073.36	562,727.17	410.40	5,073.36	557,253.81
189052	UNAM LOSS-PCB Series 10 \$54M 05/66	449,885.01		5,073.36	444,811.65		5,073.36	439,738.29
189053	UNAM LOSS-PCB CC2005A \$13M 02/22	457,182.14		5,156.19	452,025.95		5,156.19	446,869.76
189054	UNAM LOSS-PCB CC2005B \$13M 02/22	545,240.56		6,148.24	539,092.32		6,148.24	532,944.08
189055	UNAM LOSS-PCB CC2006A \$17M 02/22	15,984,497.15	0.00	151,839.27	15,832,657.88	410.40	151,839.27	15,680,818.28
189056	Total Unamortized Loss on Required Debt	0.00	0.00	0.00	0.00			0.00

Kentucky Utilities - Rollforward of Unamortized Debt Expense and Loss on Reacquired Debt

CONFIDENTIAL INFORMATION REDACTED

Cr. Account	Asset Description	Ending Balance - 09/30/2010		Ending Balance - 10/31/2010		Ending Balance - 12/31/2010		
		Debits	Credits	Debits	Credits	Debits	Credits	
181004	CC 2007A SERIBES \$17.8M		8,335.53	\$511,245.99	2,778.51	\$508,467.39	5,557.02	\$502,910.37
181005	TC 2007A SERIBES \$8.9M DUE 10/23 VAR		4,017.93	434,560.19	1,333.31	431,226.88	2,678.62	428,548.26
181184	PCB CC2002A \$20.1M DUE 2/23 VAR		18,414.51	1,620,475.89	6,128.17	1,614,347.72	12,276.34	1,602,071.38
181185	PCB CC2002B \$2.4M DUE 2/23 VAR		1,026.00	87,474.34	342.00	87,132.34	684.00	86,448.34
181186	PCB CC2002A \$7.4M DUE 2/23 VAR		714.00	60,799.62	248.00	60,551.62	476.00	60,075.62
181187	PCB CC2002A \$7.4M DUE 2/23 VAR		795.00	67,682.11	285.00	67,397.11	510.00	66,887.11
181188	PCB CC2002A \$7.4M DUE 2/23 VAR		285.00	24,413.40	3,993.24	21,420.16	190.00	21,230.16
181199	PCB CC2002A \$7.3M DUE 2/23 VAR		11,940.02	1,150,040.84	3,868.64	1,146,172.20	7,988.68	1,138,183.52
181103	PCB CC2008A \$77.3M DUE 2/23 VAR		8,599.92	733,859.60	\$18,933.97	714,925.63	5,733.28	709,192.35
	Total PCB Unamortized Debt Expense	\$0.00	\$54,167.91	\$4,680,591.98	\$18,933.97	\$4,662,516.01	\$56,111.94	\$4,606,404.07

First Mortgage Bonds		0.00	
Cr. Account	Asset Description	Debits	Credits
181009	FMB KU2010 \$250M 11/15 1.625%		1,935,849.16
181010	FMB KU2010 \$500M 11/20 3.250%		3,685,849.18
181011	FMB KU2010 \$750M 11/40 5.125%		44,736.14
	Total FMB Unamortized Debt Expense	\$0.00	\$19,194.15

Total Unamortized Debt Expense for Bonds		0.00	
Cr. Account	Asset Description	Debits	Credits
	Revolving Credit	\$0.00	\$19,194.15
	Total Unamortized Debt Expense for Bonds and Revolving Credit	\$0.00	\$19,194.15

Loss on Reacquired Debt		0.00	
Cr. Account	Asset Description	Debits	Credits
189034	UNAM LOSS-FMB Series R 06/25	266,677.53	
189091	UNAM LOSS-FMB Series P \$33M 05/27	1,322,032.02	
	Total Loss on Reacquired Debt	\$1,588,709.55	\$0.00

Total Unamortized Debt Expense for Bonds and Revolving Credit		0.00	
Cr. Account	Asset Description	Debits	Credits
189042	UNAM LOSS-PCB MC2000A \$10.9M 05/23	3,495.26	
189084	UNAM LOSS-PCB CC2002A \$3.4M 2/22	3,025.00	
189085	UNAM LOSS-PCB CC2002B \$3.4M 2/22	347.00	
189086	UNAM LOSS-PCB MC2002A \$7.4M 2/22	1,082.00	
189087	UNAM LOSS-PCB MC2002A \$7.4M 2/22	1,075.00	
189088	UNAM LOSS-PCB CC2002C \$96M 10/52	15,803.00	
189091	UNAM LOSS-PCB CC2009A \$50M 10/24	8,151.91	
189092	UNAM LOSS-PCB CC2009A \$50M 10/24	230.00	
189093	UNAM LOSS-PCB MC2002A \$7.4M 2/22	315,524.67	
189096	UNAM LOSS-PCB Series 10 \$34M 09/24	5,297.60	
189098	UNAM LOSS-PCB 2006C \$16.7M 05/26	1,697.79	
189105	UNAM LOSS-PCB CC2005A \$13M 02/22	1,725.34	
189196	UNAM LOSS-PCB CC2005B \$13M 02/22	49,981.79	
189197	UNAM LOSS-PCB CC2006A \$17M 02/22	524,700.36	
	Total Unamortized Loss on Reacquired Debt	\$1,588,709.55	\$0.00

Kentucky Utilities - Rollforward of Unamortized Debt Expense and Loss on Reacquired Debt

CONFIDENTIAL INFORMATION REDACTED

GL Account	Account Description	Ending Balance - 12/31/2010	Debit	Credit	Ending Balance - 01/01/2011	Debit	Credit	Ending Balance - 12/31/2011	Debit	Credit	Ending Balance - 01/01/2012
181004	Baltimore Central Bonds (08A-0110)	582,910.37		2,778.51	500,131.86		2,778.51	497,353.35		2,778.51	494,574.84
181005	CC2007A SERIES 517.8M	420,842.38		1,339.31	419,202.95		1,339.31	417,863.64		1,339.31	416,524.33
181006	TC 0907A SERIES 48.9M	1,602,061.38		6,138.17	1,595,923.21		6,138.17	1,589,785.04		6,138.17	1,583,646.87
181007	CC2002C	86,484.24		342.00	86,106.34		342.00	85,764.34		342.00	85,422.34
181008	PCB CC2002A \$20.93M DUE 10/21 VAR	6,987.11		238.00	59,847.62		238.00	66,835.71		238.00	66,092.11
181009	PCB CC2002B \$2.4M DUE 2/23 VAR	24,033.40		265.00	66,622.11		265.00	67,352.11		265.00	68,092.11
181010	Mercer 2002A	1,138,100.82		3,993.34	1,134,107.48		3,993.34	1,130,114.14		3,993.34	1,126,120.80
181011	Muhlenberg 2002A	725,659.77		2,866.64	722,793.11		2,866.64	719,926.47		2,866.64	717,059.83
181012	CC2008B	4,626,424.07		18,055.97	4,608,368.10		18,055.97	4,590,312.13		18,055.97	4,572,256.16
181013	CC2009A		0.00			0.00			0.00		
	Total PCB Unamortized Debt Expense		12,500.00			12,500.00			12,500.00		
181009	First Mortgage Bonds (08A-0110)	1,890,092.17	4,166.67	32,428.60	1,861,054.25	52,068.31	33,342.08	1,880,556.48	10,531.03	33,530.13	1,857,026.35
181010	PCB \$20.00 \$25.00M 11/15 1.625%	3,641,119.04	4,166.67	30,773.68	3,606,048.79	85,036.32	31,800.48	3,686,045.87	10,531.03	31,579.27	3,654,466.63
181011	PCB \$20.00 \$25.00M 11/20 3.250%	6,669,642.16	4,166.66	79,854.01	6,660,829.50	118,005.32	19,284.58	6,852,578.53	19,284.58	19,284.58	7,065,202.50
181012	Total PCB Unamortized Debt Expense	12,500,353.37	12,500.00	82,056.31	12,530,697.07	255,109.95	84,627.14	12,601,179.87	31,593.09	84,235.56	12,517,837.40
	Total Unamortized Debt Expense for Bonds	17,137,377.44	12,500.00	100,712.28	17,030,665.17	255,109.95	102,683.11	17,191,492.00	31,593.09	102,893.53	17,120,093.56
	Revolving Credit (01140110)										
	Letters of Credit (01140110)										
	Total Unamortized Debt Expense for Bonds and Revolving Credit with PAA	21,213,642.72	12,500.00	185,844.89	21,040,297.63	255,109.95	187,815.72	21,107,592.06	31,593.09	188,124.14	20,951,084.01
	Loss on Reacquired Debt (08A-0110)										
189014	First Mortgage Bonds	262,132.53	1,515.00	6,627.00	260,617.53		1,515.00	259,102.53		1,515.00	257,587.53
189015	UNAM LOSS-PCB Series P 0525	1,302,151.02			1,298,534.02		6,627.00	1,288,907.02		6,627.00	1,282,270.02
189016	Baltimore Central Bonds	576,494.14	3,895.26	572,602.88			3,895.26	568,707.62		3,895.26	564,812.36
189017	UNAM LOSS-PCB CC2002A \$20.93M DUE 10/21	765,277.84	3,025.00	762,252.84			3,025.00	759,227.84		3,025.00	756,202.84
189018	UNAM LOSS-PCB CC2002B \$2.4M DUE 2/23	87,834.55	347.00	87,287.03			347.00	86,940.03		347.00	86,593.03
189019	UNAM LOSS-PCB CC2002A \$7.4M DUE 2/21	277,037.06	1,062.00	267,780.55			1,062.00	266,718.55		1,062.00	265,656.55
189020	UNAM LOSS-PCB CC2002A \$7.2M DUE 2/21	4,046,132.63	15,503.00	4,030,619.63			15,503.00	4,015,116.63		15,503.00	3,999,613.63
189021	UNAM LOSS-PCB CC2002C \$9.6M DUE 10/21	2,494,203.48	8,751.91	2,485,451.57			8,751.91	2,476,700.66		8,751.91	2,468,037.75
189022	UNAM LOSS-PCB CC2002A \$10M DUE 10/21	58,182.97	230.00	57,952.97			230.00	57,722.97		230.00	57,492.97
189023	UNAM LOSS-PCB CC2002A \$7.2M DUE 2/21	313,318.21	1,103.23	312,214.98			1,103.23	311,111.75		1,103.23	310,008.52
189024	UNAM LOSS-PCB Series P 054M 09/04	546,557.03	1,799.20	543,158.41			1,799.20	540,359.21		1,799.20	541,149.21
189025	UNAM LOSS-PCB Series P 056M 05/06	429,541.03	1,697.79	427,843.24			1,697.79	426,145.45		1,697.79	424,447.66
189026	UNAM LOSS-PCB CC2005A \$13M DUE 02/21	436,411.11	1,725.34	434,685.77			1,725.34	433,060.43		1,725.34	431,335.09
189027	UNAM LOSS-PCB CC2006A \$17M DUE 02/21	520,388.04	2,057.66	518,330.38			2,057.66	516,272.72		2,057.66	514,215.06
189028	Total Unamortized Loss on Reacquired Debt	12,380,090.05	0.00	50,314.35	12,329,775.66	0.00	50,314.35	12,279,461.31	0.00	50,314.35	12,229,146.88

Kentucky Utilities - Rollforward of Unamortized Debt Expense and Loss on Reacquired Debt

CONFIDENTIAL INFORMATION REDACTED

GL Account Description

GL Account	Account Description	Issued	Series	Debit	Credit	Ending Balance - 4/1/11	Debit	Credit	Ending Balance - 5/1/11	Debit	Credit	Ending Balance - 6/30/11
181004	181004 Pollution Control Bonds (043-0110)	2/1/2006	Series									
181005	TC 2007A SERRES \$17.8M	3/1/2007	TC2007A	2,778.51		491,796.13		4,778.51	490,017.82		2,778.51	486,239.31
181006	TC 2007A SERRES \$17.8M	3/1/2007	TC2007A	1,339.31		415,185.02		1,339.31	413,845.71		1,339.31	412,506.40
181007	TC 2007A SERRES \$17.8M	3/1/2007	TC2007A	6,138.17		1,577,080.70		6,138.17	1,571,942.53		6,138.17	1,565,804.36
181008	PCB C2002C \$96M DUE 10/22 VAR	10/1/2002	CC2002C	342.00		85,000.14		342.00	84,738.34		342.00	84,396.34
181009	PCB C2002A \$20.93M DUE 2/02 VAR	2/1/2002	CC2002A	238.00		59,113.62		238.00	58,875.62		238.00	58,637.62
181010	PCB C2002B \$2.4M DUE 2/02 VAR	2/1/2002	CC2002B	265.00		65,827.11		265.00	65,562.11		265.00	65,297.11
181011	Mezer 2002A	2/1/2002		95.00		21,748.40		95.00	21,653.40		95.00	21,558.40
181012	PCB M2002A \$7.4M DUE 2/02 VAR	2/1/2002		3,993.34		1,122,127.46		3,993.34	1,118,134.12		3,993.34	1,114,140.78
181013	Malsberg 2002A	10/1/2004		3,866.64		713,793.31		3,866.64	710,926.67		3,866.64	708,059.91
181014	PCB C2008A \$77.9M DUE 2/02 VAR	2/1/2002	CC2008A		18,955.97	4,554,300.19		18,955.97	4,550,344.22		18,955.97	4,546,388.25
181015	Total PCB Unamortized Debt Expense			0.00				0.00				

GL Account	Account Description	Issued	Series	Debit	Credit	Ending Balance - 4/1/11	Debit	Credit	Ending Balance - 5/1/11	Debit	Credit	Ending Balance - 6/30/11
181009	First Mortgage Bonds	11/16/2010	S250M 11/15 1.625%	70,000.00		1,897,754.54		35,966.83	1,916,641.19		36,358.94	1,904,065.19
181010	FAB K12010 \$750M 11/00 5.125%	11/1/2010		125,000.00		3,719,109.40		33,725.12	3,823,342.76		33,913.03	3,812,251.68
181011	FAB K12010 \$750M 11/00 5.125%	11/1/2010		46,111.00		7,049,680.72		178,750.49	7,228,431.21		50,502.85	7,236,266.14
181012	Total FMB Unamortized Debt Expense			241,111.00		12,701,744.65		50,139.45	12,971,012.18		90,774.82	12,942,383.24
181013	Total Unamortized Debt Expense for Bonds			241,111.00		12,725,944.34		50,139.45	13,007,156.40		108,830.79	12,960,871.49

GL Account	Account Description	Ending Balance - 4/1/11	Debit	Credit	Ending Balance - 5/1/11	Debit	Credit	Ending Balance - 6/30/11
Revolving Credit (1114-0110)		109,614.33	21,001,779.68	1,896,085.21	213,591.77	21,884,073.12	146,912.38	21,814,142.64
Letters of Credit (1114-0110)		341,333.00			341,333.00			341,333.00
Total Unamortized Debt Expense for Bonds and Revolving Credit with PVA		140,947.33	21,001,779.68	1,896,085.21	213,591.77	21,884,073.12	146,912.38	21,814,142.64

GL Account	Account Description	Ending Balance - 4/1/11	Debit	Credit	Ending Balance - 5/1/11	Debit	Credit	Ending Balance - 6/30/11
Loss on Reacquired Debt (043-0110)		1,515.00	256,072.55		1,515.00	254,557.53		251,042.53
189014	UNAM LOSS-PCB Series R 0625	6,627.00	1,275,643.02		6,627.00	1,269,016.02		1,262,389.02
189015	UNAM LOSS-PCB Series P \$13M 05/27							
189016	UNAM LOSS-PCB Series Q \$12.9M 05/23	3,895.26	560,917.10		3,895.26	557,021.84		553,126.58
189017	UNAM LOSS-PCB Series R \$20.93M 2/02	3,025.00	753,177.84		3,025.00	750,152.84		747,127.84
189018	UNAM LOSS-PCB Series S \$2.4M 2/02	347.00	86,346.93		347.00	85,999.93		85,552.93
189019	UNAM LOSS-PCB Series T \$7.4M 2/02	1,075.00	264,594.55		1,062.00	263,532.55		262,470.55
189020	UNAM LOSS-PCB Series U \$7.4M 2/02	1,075.00	267,137.96		1,075.00	266,662.96		265,587.96
189021	UNAM LOSS-PCB Series V \$96M 10/22	15,500.00	3,984,110.63		15,500.00	3,968,607.63		3,953,104.63
189022	UNAM LOSS-PCB Series W \$96M 10/22	8,751.91	2,459,285.84		8,751.91	2,441,784.02		2,431,276.02
189023	UNAM LOSS-PCB Series X \$50M 10/24	430.00	57,565.97		430.00	57,035.97		56,605.97
189024	UNAM LOSS-PCB Series Y \$7.2M 2/02	1,103.23	308,905.29		1,103.23	307,802.06		306,698.83
189025	UNAM LOSS-PCB Series Z \$16.7M 05/06	1,999.20	539,709.81		1,999.20	537,861.61		536,744.41
189026	UNAM LOSS-PCB Series AA \$16.7M 05/06	1,697.79	422,749.87		1,697.79	421,052.08		419,354.27
189027	UNAM LOSS-PCB Series AB \$13M 02/02	1,725.34	429,609.75		1,725.34	427,884.41		426,159.67
189028	UNAM LOSS-PCB Series AC \$13M 02/02	2,057.66	512,357.40		2,057.66	510,299.74		508,342.08
189029	Total Unamortized Loss on Reacquired Debt	0.00	12,178,412.49	0.00	50,414.19	12,128,018.10	0.00	12,077,603.71

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KEENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
June 30, 2011

LONG-TERM DEBT										
Description	Date	Rate	Principal	Interest	Amortized Cost			Letter of Credit and other fees	Total	Embedded Cost
					Amortized Debt Issuance Expense	Amortized Loss- Recaptured Debt				
Position Control Bonds -										
Mercer Co. 2000 Series A	05/01/23	p 8	0.090% *	\$ 12,600,000	\$ 11,610	-	p.26 \$ 48,743	\$ 168,649 a	\$ 214,902	1.666%
Carroll Co. 2002 Series A	02/01/32	p.10	0.650% *	20,030,000	130,045	p.22	4,104 p.25 30,300	20,030 b	197,370	0.943%
Carroll Co. 2002 Series B	02/01/32	p.12	0.600% *	2,400,000	14,400	p.22	2,858 p.26 4,184	2,400 b	23,820	0.993%
Mohlenberg Co. 2002 Series A	02/01/32	p.10	0.600% *	2,400,000	14,400	p.22	1,140 p.25 12,744	2,400 b	30,684	1.278%
Mercer Co. 2002 Series A	02/01/32	p.14	0.600% *	7,400,000	44,400	p.22	3,180 p.25 12,990	7,400 b	67,880	0.917%
Carroll Co. 2002 Series C	10/01/32	p.17	0.160% *	90,000,000	172,800	p.22	73,658 p.26 183,038	408,138 c	838,632	0.874%
Carroll Co. 2004 Series A	10/01/34	p.16	0.100% *	60,000,000	60,000	p.22	- p.25 105,023	609,493 a	764,516	1.628%
Carroll Co. 2003 Series B	10/01/34	p.19	0.140% *	64,000,000	76,600	p.22	47,920	658,835 a	782,505	1.449%
Carroll Co. 2007 Series A	02/01/33	p 2 & 7	5.780%	17,876,000	1,027,813	p.22	33,342	-	1,081,165	5.937%
Trimble Co. 2007 Series A	03/01/37	p 2 & 7	6.090%	8,927,000	635,620	p.22	18,072	-	551,692	6.180%
Carroll Co. 2003 Series A	02/01/32	p.20	0.160% *	77,847,405	77,847	p.22	34,400	051,226 a	1,053,672	1.384%
Called Bonds -										
First Mortgage Bonds -										
2010 due 2015	11/01/16	p 2&21	1.625%	250,000,000	4,062,600	p.22	438,507 **	-	4,498,807	1.800%
Debt discount on FMB	11/01/15		1.625%	(705,625)		p.23	176,000 **	-	176,000	-22.857%
2010 due 2020	11/01/20	p 2&21	3.250%	600,600,000	16,260,000	p.22	408,956 **	-	16,668,956	3.331%
Debt discount on FMB	11/01/16		3.260%	(1,771,876)		p.23	189,000 **	-	189,000	-10.607%
2010 due 2040	11/01/40	p 2&21	5.125%	760,000,000	38,437,600	p.22	248,034 **	-	38,685,634	5.158%
Debt discount on FMB	11/01/10		5.125%	(7,667,059)		p.23	271,260 **	-	271,260	-3.404%
Totals										
Total External Debt			\$ 1,840,273,836	\$ 60,910,635	\$ 3,237,365	\$ 604,973	\$ 2,882,480	\$ 67,635,459	3.675%	
Notes Payable to PPL	2		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%	
Total Internal Debt			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%	
Total			\$ 1,840,273,836	\$ 60,910,635	\$ 3,237,365	\$ 604,973	\$ 2,882,480	\$ 67,635,459	3.675%	

SHORT-TERM DEBT									
Description	Date	Rate	Principal	Interest	Amortized Cost			Total	Embedded Cost
					Expense	Loss	Premium		
Notes Payable to Associated Company	p 26	0.160% *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%
Revolving Credit Facility Payable									
Total			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%

Embedded Cost of Total Debt	\$ 1,840,273,836	\$ 60,910,635	\$ 3,237,365	\$ 604,973	\$ 2,882,480	\$ 67,635,459	3.675%
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* Composite rate at end of current month.
** Debt discount shown on separate lines.

P/M p 27 3.690%

1 Series P and R bonds were redeemed in 2003, and 2005, respectively. They were not replaced with other bond series. The remaining unamortized expense is being amortized over the remainder of the original lives (due 6/15/07, 6/1/26, 6/1/35, and 6/1/38 respectively) of the bonds as loss on required debt.

2 Fitch's Notes Payable were paid off on 11/1/2010 with PPL Notes Payable that were paid off with the new FMB issues on 11/16/2010.

3 Included setup fees for the Wachovia Credit Facility in Long-term Debt due to 4 year credit arrangement.

a - Letter of credit fee = (principal bal + 45 days interest) * 2% L/C Fee and .26% L/C Fronting Fee. Rate based on company credit rating. Remarketing Fee = 10 basis points.
b - Remarketing fee = 10 basis points
c - Remarketing fee = 25 basis points

**LG&E and KU Energy LLC
Debt Maturity Schedule**

Kentucky Utilities Company

First Mortgage Bonds

November 1, 2015	11/16/2010	491674BB2	1.625%	} 1/	250,000,000
November 1, 2020	11/16/2020	491674BD8	3.250%		500,000,000
November 1, 2040	11/16/2010	491674BF3	5.125%		750,000,000
Sub-total taxable FMB's					<u>1,500,000,000</u>

Pollution Control Bonds - secured

May 1, 2023	5/19/2000 PCS 11	587829AC6	Variable		12,900,000
October 1, 2032	10/3/2002 PCS 10	144838AC3	Variable		96,000,000
February 1, 2032	5/23/2002 PCS 12	144838AA7	Variable		20,930,000
February 1, 2032	5/23/2002 PCS 13	144838AB5	Variable		2,400,000
February 1, 2032	5/23/2002 PCS 14	62479PAA4	Variable		2,400,000
February 1, 2032	5/23/2002 PCS 15	587824AA1	Variable		7,400,000
February 1, 2032	10/17/0008	14483RAN7	Variable		77,947,405
October 1, 2034	10/20/2004 PCS 17	14483RAM9	Variable		50,000,000
October 1, 2034	2/23/2007	14483RAP2	Variable		54,000,000
February 1, 2026	5/24/2007	14483RAH0	5.75%	} 1/	17,875,000
March 1, 2037	5/24/2007	896221AC2	6.00%		8,927,000
Sub-total - tax-exempt bonds					<u>350,779,405</u>

Total Kentucky Utilities 1,850,779,405

KENTUCKY . . . COMPANY



Category
 Source
 Currency
 Accounting Date
 Group ID
 Batch Name
 Journal Name
 Journal Description
 Reverse Journal
 Reversal Period

List - Text Adjustment
 List - Text Spreadsheet
 List - Text USD
 List - Date 1-Jun-2011
 Value: 10316
 Text: KWIC
 Text: J044-0110-0611
 Text: To record interest on long-term debt
 List - Text
 List - Text

Unit	COMPANY	PRODUCT	ORGANIZATION	TERMINATION	PERIOD	TERMINATION	LOCATION	Debit Value	Credit Value	is DIFF	Cont	Line DIFF 1	Text	Line DIFF 2	Text
R	0110	015590	015590	015590	015590	015590	0699	35,651.04		No		1A23700		\$17.8M SERIES 22	
R	0110	015590	015590	015590	015590	0699	44,635.00		Yes		1A23700			\$8.9M SERIES 24	
R	0110	015590	015590	015590	015590	0699	9,930.23		Yes		1A23700			\$77.9M CC2008A	
R	0110	015590	015590	015590	015590	0699	1,304.14		Yes		1A23700			2000SERIES A	
R	0110	015590	015590	015590	015590	0699	12,099.26		Yes		1A23700			\$20.52M SERIES12	
R	0110	015590	015590	015590	015590	0699	1,472.88		Yes		1A23700			\$2.4M SERIES13	
R	0110	015590	015590	015590	015590	0699	4,541.37		Yes		1A23700			\$7.4M SERIES14	
R	0110	015590	015590	015590	015590	0699	1,472.88		Yes		1A23700			\$7.2M SERIES15	
R	0110	015590	015590	015590	015590	0699	16,752.00		Yes		1A23700			\$96M SERIES16	
R	0110	015590	015590	015590	015590	0699	6,410.96		Yes		1A23700			\$50M SERIES17	
R	0110	015590	015590	015590	015590	0699	7,175.34		Yes		1A23700			\$54M SERIES22	
R	0110	015590	015590	015590	015590	0699	338,541.57		Yes		1A23700			237009	
R	0110	015590	015590	015590	015590	0699	1,354,166.57		Yes		1A23700			237010	
R	0110	015590	015590	015590	015590	0699	3,203,125.00		Yes		1A23700			237011	
R	0110	015590	015590	015590	015590	0699	85,651.04		Yes		1A23700				
R	0110	015590	015590	015590	015590	0699	44,635.00		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	9,930.23		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	1,304.14		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	12,099.26		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	1,472.88		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	4,541.37		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	1,472.88		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	16,752.00		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	6,410.96		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	7,175.34		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	338,541.57		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	1,354,166.57		Yes		1A23700				
R	0110	015300	015300	015300	015300	0699	3,203,125.00		Yes		1A23700				
								5,087,278.50	5,087,278.50						

Description: To record interest expense on long term debt (see supporting papers)

Prepared By: Karen Callahan Approved By: RCA 7-5-11
 Posted/Concurrent ID: 24339683
 Posted/Concurrent ID: 24339695

Attachment to Response to Question No. AG 2-2(2)
Page 3 of 323
Although

Currency: USD
Accounts From: 0110.000.000000.000000.237000.0000.0000.0000
To: 0110.Z.Z.Z.237199.Z.Z.Z
Balance Type: Actual

Period: JUN-2011

Source	Category	Batch Name	JIS Name	Accounting Field	Description	Entry Item	Debits	Credits
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237004.0000.0699.00	ACCR INT-PC	Journal Import		85,654.04
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237004.0000.0699.00	Journal Imp	Journal Import	513,906.25	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237005.0000.0699.00	ACCR INT-PC	Journal Import		44,635.00
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237005.0000.0699.00	Journal Imp	Journal Import	267,810.00	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237009.0000.0699.00	ACCR INT-FM	Journal Import		338,541.67
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237010.0000.0699.00	ACCR INT-FM	Journal Import	1,254,166.67	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237111.0000.0699.00	ACCR INT	Journal Import		3,203,225.00
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237103.0000.0699.00	ACCR Int CC	Journal Import	16,230.14	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237149.0000.0699.00	2000 Series	Journal Import		1,304.14
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237149.0000.0699.00	Journal Imp	Journal Import	2,343.21	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237184.0000.0699.00	Journal Imp	Journal Import		12,099.26
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237184.0000.0699.00	Journal Imp	Journal Import	18,521.63	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237185.0000.0699.00	ACCR INT-PC	Journal Import		1,472.88
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237185.0000.0699.00	ACCR INT-PC	Journal Import	1,472.88	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237186.0000.0699.00	ACCR INT-PC	Journal Import		4,541.37
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237186.0000.0699.00	ACCR INT-PC	Journal Import	1,472.88	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237187.0000.0699.00	ACCR INT-PC	Journal Import		15,752.00
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237187.0000.0699.00	ACCR INT-PC	Journal Import	20,720.00	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237192.0000.0699.00	ACCR INT-PC	Journal Import		6,410.36
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237192.0000.0699.00	ACCR INT-PC	Journal Import	10,315.07	
spreadsheet	Adjustment	KWC Spreadsheet 24339683	A 10 J041-0110	0110.303.015300.015300.237199.0000.0699.00	ACCR INT-PC	Journal Import		7,175.34
payables	Purchase I	68162 Payables 24140968	A 146 Purchase	0110.303.015300.015300.237199.0000.0699.00	ACCR INT-PC	Journal Import	11,421.37	
Total for Period: JUN-2011							968,754.80	5,087,278.50

Beginning Balance: 5,742,459.53 CR
Ending Balance: 9,960,993.23 CR

After interest accrual j041.

51
2010

Account Analysis Report
Entry Item
Period: JUN-2011 To JUN-2011

Currency: USD
Accounts From: 0110.000.000000.000000.237000.0000.0000.0000
To: 0110.Z.Z.Z.237199.Z.Z.Z
Balance Type: Actual

Period: JUN-2011

Source	Category	Batch Name	JE Name	Accounting Flexfield	Description Entry Item	Debits	Credits
Payables	Purchase I	68162	Payables 24140968: A 146 Purchase	0110.303.015300.015590.237004.0000.0699.00	Journal Imp Journal Import Cr	513,906.25	
Payables	Purchase I	68162	Payables 24140968: A 146 Purchase	0110.303.015300.015590.237005.0000.0699.00	Journal Imp Journal Import Cr	267,810.00	
Payables	Purchase I	68162	Payables 24140968: A 146 Purchase	0110.303.015300.015590.237103.0000.0699.00	Journal Imp Journal Import Cr	16,230.14	
Payables	Purchase I	68162	Payables 24140968: A 146 Purchase	0110.303.015300.015590.237149.0000.0699.00	Journal Imp Journal Import Cr	2,343.21	
Payables	Purchase I	68262	Payables 24144928: A 146 Purchase	0110.303.015300.015590.237184.0000.0699.00	Journal Imp Journal Import Cr	19,521.63	
Payables	Purchase I	68262	Payables 24144928: A 146 Purchase	0110.303.015300.015590.237185.0000.0699.00	Journal Imp Journal Import Cr	1,472.88	
Payables	Purchase I	68262	Payables 24144928: A 146 Purchase	0110.303.015300.015590.237187.0000.0699.00	Journal Imp Journal Import Cr	4,541.37	
Payables	Purchase I	68262	Payables 24144928: A 146 Purchase	0110.303.015300.015590.237187.0000.0699.00	Journal Imp Journal Import Cr	1,472.88	
Payables	Purchase I	68262	Payables 24144928: A 146 Purchase	0110.303.015300.015590.237187.0000.0699.00	Journal Imp Journal Import Cr	20,729.00	
Payables	Purchase I	68162	Payables 24140968: A 146 Purchase	0110.303.015300.015590.237192.0000.0699.00	Journal Imp Journal Import Cr	10,315.07	
Payables	Purchase I	68162	Payables 24140968: A 146 Purchase	0110.303.015300.015590.237199.0000.0699.00	Journal Imp Journal Import Cr	11,421.37	
Total for Period: JUN-2011						368,754.80	

21

B4 J041-0110-0611 is posted.

Payments for June.

Beginning Balance: 5,742,469.53 CR

Ending Balance: 4,873,714.73 CR

6
2011

NOT A NEW ISSUE

On May 24, 2007, the date the Bonds were originally issued, Bond Counsel delivered its opinion Page 7 of 28 conditions and exceptions set forth under the caption "Tax Treatment," under then current law, in which it is held that such interest may be excluded from the gross income of the recipients thereof for federal income tax purposes, except as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended. Such interest may be subject to certain federal income taxes imposed on certain corporations, including imposition of the branch profits tax on a portion of such interest. Bond Counsel was further of the opinion that interest on each series of Bonds would be excludable from the gross income of the recipients thereof for Kentucky income tax purposes and that, under then current law, the principal of each series of Bonds would be exempt from ad valorem taxes in Kentucky. Such opinions have not been updated as of the date hereof and no continuing tax exemption opinions are expressed by Bond Counsel. However, in connection with the conversion of the interest rate mode on each series of Bonds to the Long Term Rate Period, as more fully described herein, Bond Counsel will deliver its opinions to the effect that the conversion of the interest rate on each series of Bonds (a) is authorized or permitted by the Act and the related Indenture and (b) will not adversely affect the validity of the Bonds or any exclusion of the interest thereon from the gross income of the owners of the Bonds for federal income tax purposes. See "Tax Treatment" herein.

\$17,875,000 2/
County of Carroll, Kentucky
Environmental Facilities Revenue Bonds
2007 Series A
(Kentucky Utilities Company Project)
Due: February 1, 2026
(AMT)

\$8,927,000 2/
County of Trimble, Kentucky
Environmental Facilities Revenue Bonds
2007 Series A
(Kentucky Utilities Company Project)
Due: March 1, 2037
(AMT)

Conversion Date: April 3, 2008

The Bonds of each series (individually the "Carroll County Bonds" and the "Trimble County Bonds" and, collectively, the "Bonds") are special and limited obligations of the County of Carroll, Kentucky and the County of Trimble, Kentucky (the "Issuers"), respectively, payable by the respective Issuers solely from and secured by payments to be received by the Issuers pursuant to separate Loan Agreements with

Kentucky Utilities Company

(the "Company"), except as payable from proceeds of such Bonds or investment earnings thereon. The Bonds do not constitute general obligations of the Issuers or a charge against the general credit or taxing powers thereof or of the Commonwealth of Kentucky or any other political subdivision of Kentucky.

The Bonds of each series were originally issued on May 24, 2007 as separate series and currently bear interest at Auction Rates. Pursuant to the Indentures under which the Bonds were issued, the Company has elected to convert the interest rate mode on the Bonds of each series to the Long Term Rate Period to maturity, effective as of April 3, 2008 (the "Conversion Date"). The Bonds are subject to mandatory tender for purchase on the Conversion Date and are being reoffered hereby.

The Carroll County Bonds will bear interest at the Long Term Rate of 5.75% per annum from April 3, 2008, to and including January 31, 2026, the day immediately preceding the maturity date of the Carroll County Bonds. The Trimble County Bonds will bear interest at the Long Term Rate of 6.00% per annum from April 3, 2008, to and including February 28, 2037, the day immediately preceding the maturity date of the Trimble County Bonds. On or after June 1, 2018 (the initial date on which the Bonds will be subject to optional redemption), the Company may elect to convert the interest rate mode on the Bonds of each series to another interest rate mode or to another Long Term Rate Period pursuant to the terms of the Indentures. See "Summary of the Bonds" in the Official Statement dated May 17, 2007, as supplemented by the Supplement dated May 22, 2007, relating to the Bonds (the "2007 Official Statement"), and "Appendix B—Summary of Certain Provisions of the Bonds while Bearing Interest at a Flexible Rate, a Variable Rate or a Long Term Rate" in the 2007 Official Statement.

The Bonds will accrue interest from the Conversion Date, payable on each June 1 and December 1, commencing June 1, 2008. The Bonds will be subject to optional redemption, extraordinary optional redemption, in whole or in part, and mandatory redemption following a determination of taxability prior to maturity, as described herein. See "Summary of the Bonds—General—Optional Redemption," "—Extraordinary Optional Redemption," and "—Mandatory Redemption; Determination of Taxability."

Payment of the principal of and interest on the Bonds when due will be insured as of the Conversion Date by financial guaranty insurance policies issued by Ambac Assurance Corporation ("Ambac Assurance" or the "Bond Insurer"), which were issued simultaneously with the original issuance of the Bonds on May 24, 2007.

The Bonds are registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Except as described herein, purchases of beneficial ownership interests in the Bonds will be made in book-entry only form in denominations of \$5,000 and integral multiples thereof; provided that one Trimble County Bond may be in the denomination of, or include an additional \$2,000. Purchasers will not receive certificates representing their beneficial interests in the Bonds. See the information contained under the caption "Summary of the Bonds—Book-Entry-Only System" in the 2007 Official Statement. The principal of, premium, if any, and interest on the Bonds will be paid by Deutsche Bank Trust Company Americas, as Trustee, to Cede & Co., as long as Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the purchasers of beneficial ownership interests is the responsibility of DTC's Direct and Indirect Participants, as more fully described in the 2007 Official Statement.

Price: 100%

The Bonds are reoffered subject to prior sale, to withdrawal or modification of the offer without notice (provided, however, that any such notice of withdrawal must be given no later than the Business Day prior to the Conversion Date) and to the approval of certain legal matters by Stoll Keenon Ogden PLLC, Louisville, Kentucky, Bond Counsel, the approval of certain other legal matters by Jones Day, Chicago, Illinois and John R. McCall, Esq., Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer of the Company, and by Winston & Strawn LLP, Chicago, Illinois, counsel to the Remarketing Agent, and certain other conditions. It is expected that the Bonds will be available for redelivery to DTC in New York, New York on or about April 3, 2008.

Lehman Brothers

Dated: March 27, 2008

2000 SERIES A MERCER COUNTY BONDS
 VARIABLE INTEREST RATE CALCULATION

\$12,900,000 237149

June-11

6/1	0.1600	56.55
6/2	0.1600	56.55
6/3	0.1600	56.55
6/4	0.1600	56.55
6/5	0.1600	56.55
6/6	0.1600	56.55
6/7	0.1600	56.55
6/8	0.1400	49.48
6/9	0.1400	49.48
6/10	0.1400	49.48
6/11	0.1400	49.48
6/12	0.1400	49.48
6/13	0.1400	49.48
6/14	0.1400	49.48
6/15	0.1300	45.95
6/16	0.1300	45.95
6/17	0.1300	45.95
6/18	0.1300	45.95
6/19	0.1300	45.95
6/20	0.1300	45.95
6/21	0.1300	45.95
6/22	0.1100	38.88
6/23	0.1100	38.88
6/24	0.1100	38.88
6/25	0.1100	38.88
6/26	0.1100	38.88
6/27	0.1100	38.88
6/28	0.1100	38.88
6/29	0.0900	31.81
6/30	0.0900	31.81

AVG MON RATE 0.132

JUNE INTEREST

AVG INT RATE - YTD 0.233

\$1,399.56 ← accrual balance @ 6/30

- 95.42 true up

1304.14 2/

SW 6/28/11
 PCA 6-29-11

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Deutsche Bank

PERIOD ACCRUAL REPORT

From 06/01/2011 to 06/30/2011

Transaction Number	Issue Date	Maturity Date	Par Amount	Days in Period	Total Interest/ Discount Amt.	Accrual Prior Start of Period	Accrual Current Period	Accrual After End of Period	Dealer
Kentucky Pol Com Carroll Cnty Ser A - KPC - Carroll Cnty - Ser A DIC TECP									
1112327	05/02/2011	06/09/2011	20,930,000.00	8	18,521.63	14,622.34	3,899.29	0.00	JPMCHASE
11160172	06/09/2011	07/11/2011	20,930,000.00	22	11,927.23	0.00	8,199.97	3,727.26	JPMCHASE
			41,860,000.00		30,448.86	14,622.34	12,099.26	3,727.26	
Grand Total:			41,860,000.00		30,448.86	14,622.34	12,099.26	3,727.26	

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Deutsche Bank

OUTSTANDING TRANSACTIONS DETAIL REPORT

As of 06/30/2011

Issue Date	Maturity Date	Orig. Term	Qty.	Rem. Life	Par Amount	Issuance Proceeds	Interest/Discount Amount	Maturity Amount	Nominal Rate	Equiv. Yield	Transaction Number	Cusip Number
Issue Name: Kentucky Pol Con Carroll Cnty Ser A Program Description: KPC - Carroll Cnty - Ser A DIC IECP Dealer: JP Morgan Chase												
06/09/2011	07/11/2011	52	1	11	20,930,000.00	20,930,000.00	11,927.23	20,941,927.23	0.65000	0.65000	11160172	14483PDEF5
			1		20,930,000.00	20,930,000.00	11,927.23	20,941,927.23				
JP Morgan Cha												
Weighted Average:												
		32.0		11.0					0.65000	0.65000		
KPC - Carroll Cnty - Ser A DIC												
			1.00		20,930,000.00	20,930,000.00	11,927.23	20,941,927.23				
IECP Total												
		32.0		11.0					0.65000	0.65000		
Weighted Average :												
			1.00		20,930,000.00	20,930,000.00	11,927.23	20,941,927.23				
Grand Total:												
		32.0		11.0					0.65000	0.65000		
Weighted Avg Issue												

10

6/28/2011 12:26:06AM

Deutsche Bank

PERIOD ACCRUAL REPORT

From 06/01/2011 to 06/30/2011

Transaction Number	Issue Date	Maturity Date	Par Amount	Days in Period	Total Interest/Discount Amt	Accrual Prior Start of Period	Accrual Current Period	Accrual After End of Period	Dealer
Kentucky Poi Com Carroll City Ser B - KPC - Carroll City - Ser B DTC TECP									
11146442	05/25/2011	06/23/2011	2,400,000.00	22	1,472.88	315.62	1,157.26	0.00	JFMCEASE
11174217	06/23/2011	07/22/2011	2,400,000.00	8	1,144.11	0.00	315.62	828.49	JFMCEASE
			4,800,000.00		2,616.99	315.62	1,472.88	828.49	
Grand Total:			4,800,000.00		2,616.99	315.62	1,472.88	828.49	

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Deutsche Bank

OUTSTANDING TRANSACTIONS DETAIL REPORT

As of 06/30/2011

Issue Date	Maturity Date	Orig. Term	Qty.	Rem. Life	Par Amount	Issuance Proceeds	Interest/Discount Amount	Maturity Amount	Nominal Rate	Equiv. Yield	Transaction Number	Cnsip Number
Issue Name: Kentucky Pol Con Carroll Cnty Ser B Program Description: KPC - Carroll Cnty - Ser B DIC TECP Dealer: JP Morgan Chase												
06/22/2011	07/22/2011	29	1	22	2,400,000.00	2,400,000.00	1,144.11	2,401,144.11	0.60000	0.60000	11174217	14483QDES
JP Morgan Cha												
Weighted Average:												
		29.0		22.0					0.60000	0.60000		
KPC - Carroll Cnty - Ser B DIC												
			1.00		2,400,000.00	2,400,000.00	1,144.11	2,401,144.11				
TECP Total												
		29.0		22.0					0.50000	0.50000		
Grand Total:												
		29.0		22.0					0.60000	0.60000		

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Deutsche Bank

PERIOD ACCRUAL REPORT

From 06/01/2011 to 06/30/2011

Transaction Number	Issue Date	Maturity Date	Par Amount	Days in Period	Total Interest/Discount Amt	Accrual Prior Start of Period	Accrual Current Period	Accrual After End of Period	Dealer
Kentucky Toll Con Mercer Cnty Ser A - KPC - Mercer Cnty - Ser A DTC TECP									
11146449	05/25/2011	06/25/2011	7,400,000.00	22	4,541.57	973.15	3,568.22	0.00	JPMCHASE
11174298	06/23/2011	07/22/2011	7,400,000.00	8	3,527.67	0.00	973.15	2,554.52	JPMCHASE
			14,800,000.00		8,069.04	973.15	4,541.37	2,554.52	
Grand Total:			14,800,000.00		8,069.04	973.15	4,541.37	2,554.52	

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Deutsche Bank

OUTSTANDING TRANSACTIONS DETAIL REPORT

As of 06/30/2011

Issue Date	Maturity Date	Orig. Term	Qty.	Rem. Life	Par Amount	Issuance Proceeds	Interest/Discount Amount	Maturity Amount	Nominal Rate	Equiv. Yield	Transaction Number	Cusip Number
Issue Name: Kentucky Pol Con Mercer Cnty Ser A Program Description: KPC - Mercer Cnty - Ser A DTC IECP Dealer: JP Morgan Chase 06/23/2011 07/22/2011												
		29	1	22	7,400,000.00	7,400,000.00	3,527.67	7,405,527.67	0.60000	0.60000	11174298	58781PCW5
			1		7,400,000.00	7,400,000.00	3,527.67	7,405,527.67				
JP Morgan Cha												
Weighted Average:												
		29.0		22.0					0.60000	0.60000		
KPC - Mercer Cnty - Ser A DTC												
			1.00		7,400,000.00	7,400,000.00	3,527.67	7,405,527.67	0.60000	0.60000		
IECP Total												
Weighted Average:												
		29.0		22.0					0.60000	0.60000		
Grand Total:												
		29.0		22.0					0.60000	0.60000		

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14

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6/28/2011 2:26:58 AM

Deutsche Bank

PERIOD ACCRUAL REPORT

FROM 06/01/2011 TO 06/30/2011

Transaction Number	Issue Date	Maturity Date	Par Amount	Days in Period	Total Interest/Discount Amt	Accrual Prior Start of Period	Accrual Current Period	Accrual After End of Period	Dealer
Kentucky Pol Coz Muhlenberg Ct SerA - KPC - Muhlenberg Cnty - Ser A DTC TECP									
11146457	05/26/2011	06/23/2011	2,400,000.00	22	1,472.88	315.62	1,157.26	0.00	JPMCHASE
11174305	05/25/2011	07/22/2011	2,400,000.00	8	1,144.11	0.00	315.62	828.49	JPMCHASE
			4,800,000.00		2,616.99	315.62	1,472.88	828.49	
			4,800,000.00		2,616.99	315.62	1,472.88	828.49	
Grand Total:									

21

15

10/23

Deutsche Bank

OUTSTANDING TRANSACTIONS DETAIL REPORT

As of 06/30/2011

Issue Date	Maturity Date	Orig. Term	Qty.	Rem. Life	Par Amount	Issuance Proceeds	Interest/Discout Amount	Maturity Amount	Nominal Rate	Equiv. Yield	Transaction Number	Cusip Number
Issue Name: Kentucky Pol Com Mahlenberg Ct Ser A Program Description: KPC - Mahlenberg Cury - Ser A DTC IECP Dealer: JP Morgan Chase												
06/23/2011	07/22/2011	29	1	22	2,400,000.00	2,400,000.00	1,144.11	2,401,144.11	0.60000	0.60000	11174305	62480FDAS
JP Morgan Cha					2,400,000.00	2,400,000.00	1,144.11	2,401,144.11				
Weighted Average:					29.0				0.60000	0.60000		
KPC - Mahlenberg Cury - Ser A DTC					1.00	2,400,000.00	1,144.11	2,401,144.11				
TECP Total					29.0	2,400,000.00	1,144.11	2,401,144.11				
Weighted Average:					29.0	2,400,000.00	1,144.11	2,401,144.11				
Grand Total:					1.00	2,400,000.00	1,144.11	2,401,144.11				
Weighted Avg Issue					29.0				0.60000	0.60000		

1 /

2002 SERIES C CARROLL COUNTY BONDS
 (35 DAY) DUTCH AUCTION RATE CALCULATION
 \$96,000,000 237188

June-11

6/1	0.2220	592.00
6/2	0.2220	592.00
6/3	0.2220	592.00
6/4	0.2220	592.00
6/5	0.2220	592.00
6/6	0.2220	592.00
6/7	0.2220	592.00
6/8	0.2220	592.00
6/9	0.2220	592.00
6/10	0.2220	592.00
6/11	0.2220	592.00
6/12	0.2220	592.00
6/13	0.2220	592.00
6/14	0.2220	592.00
6/15	0.2220	592.00
6/16	0.2220	592.00
6/17	0.2220	592.00
6/18	0.2220	592.00
6/19	0.2220	592.00
6/20	0.2220	592.00
6/21	0.2220	592.00
6/22	0.1800	480.00
6/23	0.1800	480.00
6/24	0.1800	480.00
6/25	0.1800	480.00
6/26	0.1800	480.00
6/27	0.1800	480.00
6/28	0.1800	480.00
6/29	0.1800	480.00
6/30	0.1800	480.00

\$16,762.00

AVG MON RATE 0.209
 JUNE INTEREST
 AVG INT RATE - YTD 0.315

SW 6/28/11
 RLA 6-28-11

2004 SERIES C CARROLL COUNTY BONDS
 (35 DAY) DUTCH AUCTION RATE CALCULATION
 \$50,000,000 237192

June-10

6/1	0.1800	246.58
6/2	0.1800	246.58
6/3	0.1800	246.58
6/4	0.1800	246.58
6/5	0.1800	246.58
6/6	0.1800	246.58
6/7	0.1800	246.58
6/8	0.1800	219.18
6/9	0.1800	219.18
6/10	0.1600	219.18
6/11	0.1600	219.18
6/12	0.1600	219.18
6/13	0.1600	219.18
6/14	0.1600	219.18
6/15	0.1500	205.48
6/16	0.1500	205.48
6/17	0.1500	205.48
6/18	0.1500	205.48
6/19	0.1500	205.48
6/20	0.1500	205.48
6/21	0.1500	205.48
6/22	0.1500	205.48
6/23	0.1500	205.48
6/24	0.1500	205.48
6/25	0.1500	205.48
6/26	0.1500	205.48
6/27	0.1500	205.48
6/28	0.1500	205.48
6/29	0.1000	136.99
6/30	0.1000	136.99
		\$6,410.96
AVG MON RATE	0.158	
JUNE INTEREST		
AVG INT RATE - YTD	0.264	

SW 6/28/11
 RCA 6-28-11

18



2006 SERIES B CARROLL COUNTY BONDS
 VARIABLE INTEREST RATE CALCULATION
 \$54,000,000

237199

Jun-11

6/1	0.2200	325.48
6/2	0.2200	325.48
6/3	0.1800	266.30
6/4	0.1800	266.30
6/5	0.1800	266.30
6/6	0.1800	266.30
6/7	0.1800	266.30
6/8	0.1800	266.30
6/9	0.1800	236.71
6/10	0.1600	236.71
6/11	0.1600	236.71
6/12	0.1600	236.71
6/13	0.1600	236.71
6/14	0.1600	236.71
6/15	0.1600	236.71
6/16	0.1600	221.92
6/17	0.1500	221.92
6/18	0.1500	221.92
6/19	0.1500	221.92
6/20	0.1500	221.92
6/21	0.1500	221.92
6/22	0.1500	221.92
6/23	0.1500	221.92
6/24	0.1400	207.12
6/25	0.1400	207.12
6/26	0.1400	207.12
6/27	0.1400	207.12
6/28	0.1400	207.12
6/29	0.1400	207.12
6/30	0.1400	207.12

\$7,175.34

2/

AVG MON RATE 0.1617
 JUNE INTEREST

AVG INT RATE - YTD 0.2691

SW 6/23/11
RCA 6-28-11

19

18

2008 SERIES A CARROLL COUNTY BONDS
 VARIABLE INTEREST RATE CALCULATION
 \$77,947,405

June-11		237103
6/1	0.21	448.46
6/2	0.16	341.69
6/3	0.16	341.69
6/4	0.16	341.69
6/5	0.16	341.69
6/6	0.16	341.69
6/7	0.16	341.69
6/8	0.16	341.69
6/9	0.16	341.69
6/10	0.16	341.69
6/11	0.16	341.69
6/12	0.16	341.69
6/13	0.16	341.69
6/14	0.16	341.69
6/15	0.16	341.69
6/16	0.15	320.33
6/17	0.15	320.33
6/18	0.15	320.33
6/19	0.15	320.33
6/20	0.15	320.33
6/21	0.15	320.33
6/22	0.15	320.33
6/23	0.15	320.33
6/24	0.15	320.33
6/25	0.15	320.33
6/26	0.15	320.33
6/27	0.15	320.33
6/28	0.15	320.33
6/29	0.15	320.33
6/30	0.10	213.55
AVG MON RATE JUNE INTEREST	0.155	\$9,930.29
AVG INT RATE - YTD	0.264	

gw 6/29/11
PCA 6-30-11

20
108

\$1,500,000,000

Kentucky Utilities Company

\$250,000,000 1.625% First Mortgage Bonds due 2015.

\$500,000,000 3.250% First Mortgage Bonds due 2020

\$750,000,000 5.125% First Mortgage Bonds due 2040

Kentucky Utilities Company is hereby offering \$250,000,000 of First Mortgage Bonds, 1.625% Series due 2015 (the "2015 Bonds"), \$500,000,000 of First Mortgage Bonds, 3.250% Series due 2020 (the "2020 Bonds") and \$750,000,000 of First Mortgage Bonds, 5.125% Series due 2040 (the "2040 Bonds" and, together with the 2015 Bonds and the 2020 Bonds, the "Bonds"). Interest on the Bonds is payable on May 1 and November 1 of each year, beginning on May 1, 2011. The 2015 Bonds will mature on November 1, 2015, the 2020 Bonds will mature on November 1, 2020 and the 2040 Bonds will mature on November 1, 2040. We may redeem some or all of the Bonds at our option, in whole at any time or in part from time to time, at the redemption prices set forth in this offering memorandum under "Description of the Bonds — Redemption." The Bonds will be issued in minimum denominations of \$2,000 and in multiples of \$1,000 in excess thereof.

Each series of Bonds will be our senior secured indebtedness and will rank equally with all of our other outstanding senior secured indebtedness from time to time outstanding and issued under our 2010 mortgage indenture, as described in "Description of the Bonds — Security; Lien of the Mortgage" herein.

Investing in the Bonds involves certain risks. See "Risk Factors" beginning on page 7 of this offering memorandum.

Price per 2015 Bond: 99.650% plus accrued interest, if any, from November 16, 2010

Price per 2020 Bond: 99.622% plus accrued interest, if any, from November 16, 2010

Price per 2040 Bond: 98.915% plus accrued interest, if any, from November 16, 2010

The Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. Accordingly, the Bonds are being offered and sold only to "qualified institutional buyers" in accordance with Rule 144A under the Securities Act and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Bonds, see "Transfer Restrictions" and "Plan of Distribution." The Bonds will not be listed on any securities exchange.

We will enter into a registration rights agreement pursuant to which we will agree to file a registration statement with the U.S. Securities and Exchange Commission relating to an offer to exchange the Bonds for publicly tradable securities having substantially identical terms. See "Registration Rights Agreement" for a description of this commitment.

The initial purchasers expect to deliver the Bonds to purchasers in book-entry form only through the facilities of The Depository Trust Company ("DTC") and its participants, on or about November 16, 2010.

*Joint Book-Running Managers***BofA Merrill Lynch****Credit Suisse****BNP PARIBAS****Mitsubishi UEJ Securities****RBS****Scotia Capital***Co-Managers***BEVA Securities****RBC Capital Markets****Santander****SunTrust Robinson Humphrey****The Williams Capital Group, L.P.**

KENTUCKY UTILITIES COMPANY

June 30, 2011

ACCRUED INTEREST

ORACLE ACCOUNT #237000 through ACCOUNT #237199

G/L ACCOUNT BALANCE	(\$9,960,993.23)	R2
Supporting Balance	(\$9,960,993.23)	p.2
Reconciling Items	<u>\$0.00</u>	rounding difference

This account is used for interest on bonds payable and interest on swaps. It is not uncommon to have penny rounding differences when calculating interest accruals.

Low Risk account - due 14th work day of month following quarter end.

SOURCE OF NUMBERS:

- A. Oracle Report - G/L Account Analysis
- B. Support for J041-0110

GENERAL RECONCILIATION PROCEDURES

Reconciliation:

1. Compare the G/L balances to the supporting spreadsheet for J041-0110.

Generally, how are discrepancies resolved?

Review the account analysis for activity posted to the account in error.
Investigate proper accounting and reverse any incorrect entries.

PREPARED BY:

Karen Callahan 7/1/11
Karen Callahan, Senior Accounting Analyst Date

CHECKED BY:

Robert C. Owen 7-5-11
Date

21A
102

Kentucky Utilities Company #110
Amortization of Expense on Debt

GL Account Name	Account Number	Balance @ 05/31/11	Additional Exp/(Refund)	Subtotal	Amort Per Month	Transfer to Loss on Required Debt	Balance @ 06/30/11
UNAM EXP-PCB CC2007A \$17.8M 02/26	181004	489,017.82		489,017.82	(2,778.51) ↓		486,239.31
UNAM EXP-PCS TC2007A \$8.9M 03/37	181005	413,845.71		413,845.71	(1,339.31) ↓		412,506.40
UNAM EXP-PCS CC2008A \$77.9M 02/32	181103	710,926.57		710,926.57	(2,866.64) ↓		708,059.93
UNAM EXP-PCS CC2002A \$20.93M 2/32	181184	84,738.34		84,738.34	(342.00) ↓		84,396.34
UNAM EXP-PCS CC2002B \$2.4M 2/32	181185	58,895.62		58,895.62	(238.00) ↓		58,657.62
UNAM EXP-PCB MC2002A \$7.4M 2/32	181186	65,562.11		65,562.11	(265.00) ↓		65,297.11
UNAM EXP-PCB MC2002A \$2.4M 2/32	181187	23,653.40		23,653.40	(95.00) ↓		23,558.40
UNAM EXP-PCB CC2002C \$96M 10/32	181188	1,571,370.53		1,571,370.53	(6,138.17) ↓		1,565,232.36
UNAM EXP-FMS \$500M 11/15	181009	1,919,642.19	20,781.94	1,940,424.13	(36,358.94) ↓		1,904,065.19
UNAM EXP-FMS \$500M 11/20	181010	3,825,382.76	20,781.95	3,846,164.71	(33,913.03) ↓		3,812,251.68
UNAM EXP-FMS \$750M 11/40	181011	7,225,987.24	20,781.99	7,246,769.23	(20,502.85) ↓		7,226,266.38
UNAM EXP-PCB CC2006B \$54M 10/34	181199	1,118,134.12		1,118,134.12	(3,993.34) ↓		1,114,140.78
		17,507,156.41	62,345.88	17,569,502.29	(108,830.79)	0.00	17,460,671.50
							0.00

(0.00) amort table diff per G/L discrep

x 12mos
(1,305,969.48)

*used for Agl amort
debt insurance*

Kentucky Utilities Company
Debt Discount Amortization

GL Acct Name	Bond Name	Account Number	Exp Acct Number	Balance @ 05/31/11	Amort Per Month	Balance @ 05/31/11	proof per G/L diff
KU -FMB DEBT DISC \$250M 5yr	KU -FMB \$250M 5yr	226009	428209	780,208.33	(14,583.33) ↓	765,624.99	
KU -FMB DEBT DISC \$500M 10yr	KU -FMB \$500M 10yr	226010	428210	1,787,625.00	(15,750.00) ↓	1,771,875.00	
KU -FMB DEBT DISC \$750M 30yr	KU -FMB \$750M 30yr	226011	428211	7,990,572.92	(22,604.17) ↓	7,967,968.76	
Total				<u>10,558,406.25</u>	<u>(52,937.50)</u>	<u>10,505,468.75</u>	
					x 12 mos	0.00	
					<u>(635,250.00)</u>		

*used for pg 1
debt discount*

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Kentucky Utilities Company
Amortization of Revolving Credit & Letter of Credit

Account Number	Exp Acct Number	Balance @ 05/31/11	Additional Exp/(Refund)	Subtotal	Amort Per Month	Balance @ 06/30/11
----------------	-----------------	--------------------	-------------------------	----------	-----------------	--------------------



proof per G/L discrep

*used for pg 1
amort expense.*

Kentucky Utilities Company
Amortization of Loss on Rescquired Debt

GL Account Name	Original First Maturity Bonds	Replaced by	Last Month of Amortization	Bond Series	GL Account Number	Balance @ 05/31/11	Transfers from Prior Debt Exp & Loss Accts	Subtotal	Amort Per Month	Balance @ 06/30/11
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27	R (Note 1)	Jun-25	5/15/2027	189091	1,269,016.02		1,269,016.02	(6,527.00)	1,262,489.02
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Apr-23	5/15/2023	189042	557,021.84		557,021.84	(3,885.25)	553,136.59
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Jan-32	2/1/2032	189084	750,152.84		750,152.84	(3,025.00)	747,127.84
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Jan-32	2/1/2032	189085	85,899.93		85,899.93	(347.00)	85,552.93
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Jan-32	2/1/2032	189086	263,532.55		263,532.55	(1,062.00)	262,470.55
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Jan-32	2/1/2032	189087	266,662.96		266,662.96	(1,075.00)	265,587.96
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Sep-32	10/1/2032	189088	3,968,607.63		3,968,607.63	(15,903.00)	3,952,704.63
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Sep-32	10/1/2032	189089	2,450,533.93		2,450,533.93	(8,751.91)	2,441,782.02
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Jan-32	2/1/2032	189093	57,032.97		57,032.97	(230.00)	56,802.97
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Sep-32	10/1/2032	189095	307,902.06		307,902.06	(1,103.22)	306,798.84
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		May-36	6/1/2036	189098	527,961.61		527,961.61	(1,799.20)	526,162.41
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Feb-32	6/1/2035	189195	421,052.08		421,052.08	(1,697.79)	419,354.29
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Feb-32	6/1/2035	189196	427,884.41		427,884.41	(1,725.34)	426,159.07
UNAM LOSS-FMB Series R 06/25	Series P 2.55% \$33M due 5/15/27		Feb-32	6/1/2035	189197	510,299.74		510,299.74	(2,057.66)	508,242.08
						12,128,018.10	0.00	12,128,018.10	(50,474.39)	12,077,543.71
									x-12 mos	12,077,543.71
									(606,972.68)	0.00

*used for pg 1.
Amount lost*

Note 1: FMB Series P 8.55% was redeemed in 1993. It was not replaced with another series.
Note 2: Bonds replaced by new bond - amortized over life of new bond issue.

25

Money Pool Statements - June 2011
 POOL - KU

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning balance			\$0.00 *		
06/01/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/02/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/03/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/04/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/05/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/06/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/07/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/08/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/09/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/10/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/11/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/12/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/13/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/14/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/15/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/16/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/17/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/18/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/19/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/20/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/21/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/22/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/23/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/24/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/25/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/26/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/27/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/28/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/29/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/30/11	0.00	0.00	\$0.00	0.1600%	\$0.00
	0.00	0.00	-	0.1600%	0.00
	0.00				

26

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KENTUCKY UTILITIES COMPANY ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT May 31, 2011

Revised to reflect debt discounts on FMBs & adjusted LO fees and commitment fees

LONG-TERM DEBT											
	Date	Rate	Principal	Interest	Annualized Cost				Embedded Cost		
					Amortized Debt Issuance Exp/Discount	Amortized Loss-Recaptured Debt	Letter of Credit and other fees	Total			
Pollution Control Bonds -											
Mercer Co. 2000 Series A	05/01/03	p.8	0.1800% ^a	\$ 12,000,000	\$ 24,510		p.25	\$ 46,743	\$ 158,640 ^a	\$ 227,892	1.766%
Carroll Co. 2002 Series A	02/01/02	p.10	0.8500% ^a	20,930,000	177,945	p.22	4,104	38,360	20,930 ^b	239,239	1.143%
Carroll Co. 2002 Series B	02/01/02	p.12	0.8000% ^a	2,400,000	18,200	p.22	2,850	4,184	2,400 ^b	28,620	1.193%
Muhlenberg Co. 2002 Series A	02/01/02	p.16	0.6000% ^a	2,400,000	19,200	p.22	1,140	12,744	2,400 ^b	35,484	1.478%
Mercer Co. 2002 Series A	02/01/02	p.14	0.8900% ^a	7,400,000	69,200	p.22	3,180	12,960	7,400 ^b	82,680	1.117%
Carroll Co. 2002 Series C	10/01/02	p.17	0.2225% ^a	93,000,000	213,120	p.22	73,658	186,035	408,138 ^c	878,952	0.910%
Carroll Co. 2004 Series A	10/01/04	p.18	0.2100% ^a	60,000,000	105,000			105,023	609,493 ^a	819,610	1.639%
Carroll Co. 2009 Series B	10/01/04	p.19	0.2200% ^a	64,000,000	118,800	p.22	47,920	-	658,885 ^a	825,705	1.629%
Carroll Co. 2007 Series A	02/01/06	p.2 & 7	5.7600%	17,875,000	1,027,813	p.22	33,342	-	-	1,061,155	6.937%
Yamaha Co. 2007 Series A	03/01/07	p.2 & 7	6.0900%	8,927,000	635,620	p.22	18,072	-	-	651,692	8.180%
Carroll Co. 2008 Series A	02/01/08	p.20	0.2100% ^a	77,947,495	163,690	p.22	34,400	-	951,225 ^a	1,149,315	1.474%
Cable Bonds				-	-					201,063	
First Mortgage Bonds -											
2010 due 2016	11/01/15	p.2821	1.6255%	269,000,000	4,067,500	p.22823	431,602 ^{**}	-	-	4,494,102	1.788%
Debt discount on FMB	11/01/15		1.62500%	(780,208)	-		176,000	-	-	176,000	-22.430%
2010 due 2010	11/01/20	p.2821	3.250%	609,000,000	16,260,000	p.22823	404,749 ^{**}	-	-	16,654,749	3.331%
Debt discount on FMB	11/01/15		1.62500%	(1,787,625)	-		189,000	-	-	189,000	-10.673%
2010 due 2040	11/01/40	p.2821	5.125%	750,000,000	38,437,500	p.22823	245,328 ^{**}	-	-	38,682,828	6.168%
Debt discount on FMB	11/01/40		5.12500%	(7,690,673)	-		271,200	-	-	271,200	-3.955%
Total External Debt				\$ 1,840,220,999	\$ 61,214,058		\$ 3,200,762	\$ 604,973	\$ 2,892,468	\$ 67,902,269	3.690%
Notes Payable to PPL		2		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	
Total Internal Debt				\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	0.000%
Total				\$ 1,840,220,999	\$ 61,214,058		\$ 3,200,762	\$ 604,973	\$ 2,892,468	\$ 67,902,269	3.690%

SHORT-TERM DEBT											
	Rate	Principal	Interest	Annualized Cost				Embedded Cost			
				Expense	Loss	Premium	Total				
Notes Payable to Associated Company	p.26	0.1800% ^a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%	
Revolving Credit Facility Payable											
Total				\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	0.000%

Embedded Cost of Total Debt				\$ 1,840,220,999	\$ 61,214,058		\$ 3,200,762	\$ 604,973	\$ 2,892,468	\$ 67,902,269	3.690%
------------------------------------	--	--	--	-------------------------	----------------------	--	---------------------	-------------------	---------------------	----------------------	---------------

^a Composite rate at end of current month.
^{**} Debt discount shown on separate line. PMA p. 27 3.823%

1 Series P and R bonds were redeemed in 2003, and 2005, respectively. They were not replaced with other bond series. The remaining unamortized expense is being amortized over the remainder of the original lives (due 5/15/07, 6/1/05, 6/1/05, and 6/1/06 respectively) of the bonds as loss on reacquired debt.
2 Fidefa Notes Payable were paid off on 11/1/2010 with PPL Notes Payable that were paid off with the new FMB issues on 11/1/2010.
3 Included setup fees for the Wexhovia Credit Facility in Long-term Debt due to 4 year credit arrangement

- Distribution:
- | | | | |
|----------------------|----------------------|---------------------|---------------------|
| ____ Carol Foxworthy | ____ ESOll Home | ____ Scott Williams | ____ Bob Ammer |
| ____ Don Harris | ____ Doug Lechly | ____ David Cummings | ____ CaEe McRee |
| ____ Dan Arbough | ____ Sharon Boyd | ____ Richard Smith | ____ Shannon Chimes |
| ____ Jay Flister | ____ Rhonda Anderson | ____ Eric Raible | ____ Verle Scott |
| | | | ____ Corey Koelner |

a - Letter of credit fee = (principal bal) + 45 days interest) * 215 L/C Fee and .26% L/C Fronting Fee, Rate based on company credit rating. Remarketing Fee = 10 basis points.
b - Remarketing fee = 10 basis points
c - Remarketing fee = 26 basis points

Prepared by: _____ Date: _____
Reviewed by: _____ Date: _____



Template Type: Functional Journal
 Template Style: Single Journal Entry
 Set of Books: LGE ENERGY LLC
 Database: ofmsaprod

Category: Lst - Text: Adjustment
 Source: Lst - Text: Spreadsheet
 Currency: Lst - Text: USD
 Accounting Date: Lst - Date: 1-Jun-2011
 Group ID: Value: 10316
 Batch Name: Text: KWC
 Journal Name: Text: J043-0110-0611
 Journal Description: Text: Amortization exp and loss on debt
 Reverse Journal: Lst - Text:
 Reversal Period: Lst - Text:

UPI COMPANY_PRODUCT ORGANIZATION X PENDING OR ACCOUNT INTERCOMPANY X PENDING TY LOCATION			Debit Value	Credit Value	Start Amount Value	Description Text	he DFF Conti	Line DFF 1	Text	Line DFF 2	Text
0110	303	015590	0000	2,778.51		UNAM EXP-PCB CC2007A \$17.8M 2/26	No				
0110	303	015590	0000	1,358.31		UNAM EXP-PCB TC2007A \$8.9M 3/37	No				
0110	303	015590	0000	2,866.84		UNAM EXP-PCB CC2008A \$77.9M	No				
0110	303	015590	0000	342.00		UNAM EXP-PCB CC2002A \$20.93M 2/32	No				
0110	303	015590	0000	265.00		UNAM EXP-PCB CC2002B \$2.4M 2/32	No				
0110	303	015590	0000	238.00		UNAM EXP-PCB MC2002A \$7.4M 2/32	No				
0110	303	015590	0000	95.00		UNAM EXP-PCB MC2002A \$7.2M 2/32	No				
0110	303	015590	0000	6,138.17		UNAM EXP-PCB CC2002C \$96M 10/32	No				
0110	303	015590	0000	26,358.94		UNAM EXP-FMB \$250M 11/15	No				
0110	303	015590	0000	33,913.03		UNAM EXP-FMB \$500M 11/20	No				
0110	303	015590	0000	20,502.85		UNAM EXP-FMB \$750M 11/40	No				
0110	303	015590	0000	3,993.34		UNAM EXP-PCB CC2006B \$54M 10/34	No				
0110	105	015590	0000	108,830.79		Amortization of debt expense	No				
0110	303	015590	0000	1,515.00		SERIES R - 7.55%	No				
0110	303	015590	0000	3,895.26		SERIES A - 4.75%	No				
0110	303	015590	0000	3,095.00		UNAM LOSS-PCB CC2002A \$20.93M 2/32	No				
0110	303	015590	0000	347.00		UNAM LOSS-PCB CC2002B \$2.4M 2/32	No				
0110	303	015590	0000	1,062.00		UNAM LOSS-PCB MC2002A \$7.4M 2/32	No				
0110	303	015590	0000	1,075.00		UNAM LOSS-PCB MC2002C \$96M 10/32	No				
0110	303	015590	0000	15,503.00		UNAM LOSS-PCB P 8.55% \$33M 10/27	No				
0110	303	015590	0000	8,751.91		UNAM LOSS-PCB CC2004A \$50M 10/34	No				
0110	303	015590	0000	230.00		UNAM LOSS-PCB MC2002A \$7.2M 2/32	No				
0110	303	015590	0000	1,103.23		UNAM LOSS-PCB SERIES 10 \$34M	No				
0110	303	015590	0000	1,795.20		UNAM LOSS-PCB \$16.7 2006C SERIES 21	No				
0110	303	015590	0000	1,697.79		UNAM Loss - PCB CC2005A	No				
0110	303	015590	0000	1,725.34		UNAM Loss - PCB CC2005B	No				
0110	303	015590	0000	2,057.66		UNAM Loss - PCB CC2006A	No				
0110	105	015590	0000	50,414.39		Amortization of loss on reacquired debt	No				
0020	703	000020	0000	49,059.50		PPL IC DEWEY LEBOEUF IN#618675 4/11/11	No				
0110	303	015590	0000	13,286.38		Financing expense	No				
0110	303	015590	0000	20,781.94		UNAM EXP-FMB \$250M 11/15	No				
0110	303	015590	0000	20,781.95		UNAM EXP-FMB \$500M 11/20	No				
0110	303	015590	0000	20,781.99		UNAM EXP-FMB \$750M 11/40	No				
0110	303	015590	0000	8,711.11		PPL IC MOODY'S IN#791839000 4/21/11	No		118421		RATING D
0020	703	000020	0000	8,711.11		PPL IC MOODY'S IN#791839000 4/21/11	Yes				
0110	105	018890	0000	230,302.17							
Totals:				230,302.17	230,302.17						

Description: Monthly amortization of debt expense and loss on debt
 Transfer of financing expenses from 789004.

Prepared By: Karen Callahan
 Approved By: _____

Posted By: Karen Callahan
 Posted/Concurrent ID: _____

Upload/concurrent ID: _____

Kentucky Utilities Company #110
Amortization of Expense on Debt

Account Number	Balance @ 05/31/11	Additional Exp/(Refund)	Subtotal	Amort Per Month	Transfer to Loss on Required Debt	Balance @ 06/30/11
23 181004	489,017.82		489,017.82	(2,778.51)		486,239.31
24 181005	413,845.71		413,845.71	(1,339.31)		412,506.40
12 181103	710,926.57		710,926.57	(2,866.64)		708,059.93
13 181184	84,738.34		84,738.34	(342.00)		84,396.34
14 181185	58,895.62		58,895.62	(238.00)		58,657.62
15 181186	65,562.11		65,562.11	(265.00)		65,297.11
16 181187	23,653.40		23,653.40	(95.00)		23,558.40
17 181009	1,571,370.53		1,571,370.53	(6,138.17)		1,565,232.36
18 181010	1,919,642.19	20,781.94	1,940,424.13	(36,358.94)		1,904,065.19
19 181011	3,825,382.76	20,781.95	3,846,164.71	(33,913.03)		3,812,251.68
22 181199	7,225,987.24	20,781.99	7,246,769.23	(20,502.85)		7,226,266.38
	17,507,156.41	62,345.88	17,569,502.29	(108,830.79)	0.00	17,460,671.50
				x 12mos		0.00
				(1,305,969.48)		

(0.00) amort table diff per G/L discrep

Pollution Control Bonds/FMB
 CC2007A \$17.8M, Var% - Feb 1, 2026
 TC2007A \$8.9M, Var% - Mar 1, 2037
 CC2008A \$77.9M, Var% - Feb 1, 2032
 CC2002A \$20.93M, Var% - Feb 1, 2032
 CC2002B \$2.4M, Var% - Feb 1, 2032
 MC2002A \$7.4M, Var% - Feb 1, 2032
 MC2002A \$2.4M, Var% - Feb 1, 2032
 CC2002C \$96M, Var% - Oct 1, 2032
 CC2004A \$50M, Var% - Oct 1, 2034
 CC2005A \$13M, Var% - Jun 1, 2035
 CC2005B \$13M, Var% - Jun 1, 2035

UNAM EXP-PCB CC2007A \$17.8M 02/26
 UNAM EXP-PCB TC2007A \$8.9M 03/37
 UNAM EXP-PCB CC2008A \$77.9M 02/32
 UNAM EXP-PCB CC2002A \$20.93M 2/32
 UNAM EXP-PCB CC2002B \$2.4M 2/32
 UNAM EXP-PCB MC2002A \$7.4M 2/32
 UNAM EXP-PCB MC2002A \$2.4M 2/32
 UNAM EXP-PCB CC2002C \$96M 10/32
 UNAM EXP-FMB \$250M 11/15
 UNAM EXP-FMB \$500M 11/20
 UNAM EXP-FMB \$750M 11/40
 UNAM EXP-PCB CC2006B \$54M 10/34

GL Account Name

181184		181185		181186		181187	
Amount	Balance	Amount	Balance	Amount	Balance	Amount	Balance
342.00	90,552.34	238.00	62,941.62	265.00	70,067.11	95.00	25,268.40
342.00	90,210.34	238.00	62,703.62	265.00	69,802.11	95.00	25,173.40
342.00	89,868.34	238.00	62,465.62	265.00	69,537.11	95.00	25,078.40
342.00	89,526.34	238.00	62,227.62	265.00	69,272.11	95.00	24,983.40
342.00	89,184.34	238.00	61,989.62	265.00	69,007.11	95.00	24,888.40
342.00	88,842.34	238.00	61,751.62	265.00	68,742.11	95.00	24,793.40
342.00	88,500.34	238.00	61,513.62	265.00	68,477.11	95.00	24,698.40
342.00	88,158.34	238.00	61,275.62	265.00	68,212.11	95.00	24,603.40
342.00	87,816.34	238.00	61,037.62	265.00	67,947.11	95.00	24,508.40
342.00	87,474.34	238.00	60,799.62	265.00	67,682.11	95.00	24,413.40
342.00	87,132.34	238.00	60,561.62	265.00	67,417.11	95.00	24,318.40
342.00	86,790.34	238.00	60,323.62	265.00	67,152.11	95.00	24,223.40
342.00	86,448.34	238.00	60,085.62	265.00	66,887.11	95.00	24,128.40
342.00	86,106.34	238.00	59,847.62	265.00	66,622.11	95.00	24,033.40
342.00	85,764.34	238.00	59,609.62	265.00	66,357.11	95.00	23,938.40
342.00	85,422.34	238.00	59,371.62	265.00	66,092.11	95.00	23,843.40
342.00	85,080.34	238.00	59,133.62	265.00	65,827.11	95.00	23,748.40
342.00	84,738.34	238.00	58,895.62	265.00	65,562.11	95.00	23,653.40
342.00	84,396.34	238.00	58,657.62	265.00	65,297.11	95.00	23,558.40
342.00	84,054.34	238.00	58,419.62	265.00	65,032.11	95.00	23,463.40
342.00	83,712.34	238.00	58,181.62	265.00	64,767.11	95.00	23,368.40
342.00	83,370.34	238.00	57,943.62	265.00	64,502.11	95.00	23,273.40
342.00	83,028.34	238.00	57,705.62	265.00	64,237.11	95.00	23,178.40
342.00	82,686.34	238.00	57,467.62	265.00	63,972.11	95.00	23,083.40
342.00	82,344.34	238.00	57,229.62	265.00	63,707.11	95.00	22,988.40

181188		181192		181195		181196	
Amount	Balance	Amount	Balance	Amount	Balance	Amount	Balance
Dec-09	6,137.78	1,675,614.63	Dec-09	-	-	Dec-09	-
Jan-10	6,137.78	1,669,581.25	Jan-10	-	-	Jan-10	-
Feb-10	6,138.17	1,663,443.08	Feb-10	-	-	Feb-10	-
Mar-10	6,138.17	1,657,304.91	Mar-10	-	-	Mar-10	-
Apr-10	6,138.17	1,651,166.74	Apr-10	-	-	Apr-10	-
May-10	6,138.17	1,645,028.57	May-10	-	-	May-10	-
Jun-10	6,138.17	1,638,890.40	Jun-10	-	-	Jun-10	-
Jul-10	6,138.17	1,632,752.23	Jul-10	-	-	Jul-10	-
Aug-10	6,138.17	1,626,614.06	Aug-10	-	-	Aug-10	-
Sep-10	6,138.17	1,620,475.89	Sep-10	-	-	Sep-10	-
Oct-10	6,138.17	1,614,337.72	Oct-10	-	-	Oct-10	-
Nov-10	6,138.17	1,608,199.55	Nov-10	-	-	Nov-10	-
Dec-10	6,138.17	1,602,061.38	Dec-10	-	-	Dec-10	-
Jan-11	6,138.17	1,595,923.21	Jan-11	-	-	Jan-11	-
Feb-11	6,138.17	1,589,785.04	Feb-11	-	-	Feb-11	-
Mar-11	6,138.17	1,583,646.87	Mar-11	-	-	Mar-11	-
Apr-11	6,138.17	1,577,508.70	Apr-11	-	-	Apr-11	-
May-11	6,138.17	1,571,370.53	May-11	-	-	May-11	-
Jun-11	6,138.17	1,565,232.36	Jun-11	-	-	Jun-11	-
Jul-11	6,138.17	1,559,094.19	Jul-11	-	-	Jul-11	-
Aug-11	6,138.17	1,552,956.02	Aug-11	-	-	Aug-11	-
Sep-11	6,138.17	1,546,817.85	Sep-11	-	-	Sep-11	-
Oct-11	6,138.17	1,540,679.68	Oct-11	-	-	Oct-11	-
Nov-11	6,138.17	1,534,541.51	Nov-11	-	-	Nov-11	-
Dec-11	6,138.17	1,528,403.34	Dec-11	-	-	Dec-11	-

Balance	181197	Amount	Balance	181199	Amount	Balance	181004	Amount	Balance	181005	Amount
-	Dec-09	-	-	Dec-09	3,979.71	1,185,952.75	Dec-09	2,763.81	536,178.99	Dec-09	1,335.15
-	Jan-10	-	-	Jan-10	3,979.71	1,181,973.04	Jan-10	2,763.81	533,415.18	Jan-10	1,335.15
-	Feb-10	-	-	Feb-10	3,979.71	1,177,993.33	Feb-10	2,763.81	530,651.37	Feb-10	1,335.15
-	Mar-10	-	-	Mar-10	3,979.71	1,174,013.62	Mar-10	2,763.81	527,887.56	Mar-10	1,335.15
-	Apr-10	-	-	Apr-10	3,979.71	1,170,033.91	Apr-10	2,763.81	525,123.75	Apr-10	1,335.15
-	May-10	-	-	May-10	3,979.71	1,166,054.20	May-10	2,763.81	522,359.94	May-10	1,335.15
-	Jun-10	-	-	Jun-10	3,993.34	1,162,060.86	Jun-10	2,778.51	519,581.43	Jun-10	1,339.31
-	Jul-10	-	-	Jul-10	3,993.34	1,158,067.52	Jul-10	2,778.51	516,802.92	Jul-10	1,339.31
-	Aug-10	-	-	Aug-10	3,993.34	1,154,074.18	Aug-10	2,778.51	514,024.41	Aug-10	1,339.31
-	Sep-10	-	-	Sep-10	3,993.34	1,150,080.84	Sep-10	2,778.51	511,245.90	Sep-10	1,339.31
-	Oct-10	-	-	Oct-10	3,993.34	1,146,087.50	Oct-10	2,778.51	508,467.39	Oct-10	1,339.31
-	Nov-10	-	-	Nov-10	3,993.34	1,142,094.16	Nov-10	2,778.51	505,688.88	Nov-10	1,339.31
-	Dec-10	-	-	Dec-10	3,993.34	1,138,100.82	Dec-10	2,778.51	502,910.37	Dec-10	1,339.31
-	Jan-11	-	-	Jan-11	3,993.34	1,134,107.48	Jan-11	2,778.51	500,131.86	Jan-11	1,339.31
-	Feb-11	-	-	Feb-11	3,993.34	1,130,114.14	Feb-11	2,778.51	497,353.35	Feb-11	1,339.31
-	Mar-11	-	-	Mar-11	3,993.34	1,126,120.80	Mar-11	2,778.51	494,574.84	Mar-11	1,339.31
-	Apr-11	-	-	Apr. additions	3,876.99	(116.35)	Apr-11	2,778.51	491,796.33	Apr-11	1,339.31
-	May-11	-	-	Apr-11	3,876.99	1,122,127.46	May-11	2,778.51	489,017.82	May-11	1,339.31
-	Jun-11	-	-	May-11	3,993.34	1,118,134.12	Jun-11	2,778.51	486,239.31	Jun-11	1,339.31
-	Jul-11	-	-	Jun-11	3,993.34	1,114,140.78	Jul-11	2,778.51	483,460.80	Jul-11	1,339.31
-	Aug-11	-	-	Jul-11	3,993.34	1,110,147.44	Aug-11	2,778.51	480,682.29	Aug-11	1,339.31
-	Sep-11	-	-	Aug-11	3,993.34	1,106,154.10	Sep-11	2,778.51	477,903.78	Sep-11	1,339.31
-	Oct-11	-	-	Sep-11	3,993.34	1,102,160.76	Oct-11	2,778.51	475,125.27	Oct-11	1,339.31
-	Nov-11	-	-	Oct-11	3,993.34	1,098,167.42	Nov-11	2,778.51	472,346.76	Nov-11	1,339.31
-	Dec-11	-	-	Nov-11	3,993.34	1,094,174.08	Dec-11	2,778.51	469,568.25	Dec-11	1,339.31
-		-	-	Dec-11	3,993.34	1,090,180.74					

181103			181009			181010		
Balance	Amount	Balance	mos	Amount	Balance	mos	Amount	Balance
436,593.18	2,855.66	759,604.55						
435,258.03	2,855.66	756,748.89						
433,922.88	2,855.66	753,893.23						
432,587.73	2,855.66	751,037.57						
431,252.58	2,855.66	748,181.91						
429,917.43	2,855.66	745,326.25						
428,578.12	2,866.64	742,459.61						
427,238.81	2,866.64	739,592.97						
425,899.50	2,866.64	736,726.33						
424,560.19	2,866.64	733,859.69						
423,220.88	2,866.64	730,993.05						
421,881.57	2,866.64	728,126.41						
420,542.26	2,866.64	725,259.77	60	13,400.22	1,608,026.30			3,358,026.30
419,202.95	2,866.64	722,393.13			1,594,626.08	120	13,991.78	3,344,034.52
417,863.64	2,866.64	719,526.49			327,822.88			327,822.88
416,524.33	2,866.64	716,659.85			1,890,092.19	119	30,738.37	3,641,119.04
415,185.02	2,866.64	713,793.21			4,166.67			4,166.67
413,845.71	2,866.64	710,926.57			1,861,830.27	118	30,773.68	3,614,512.03
412,506.40	2,866.64	708,059.93			52,068.31			85,036.32
411,167.09	2,866.64	705,193.29			1,880,556.50	117	31,500.48	3,668,047.87
409,827.78	2,866.64	702,326.65			10,531.03			10,531.03
408,488.47	2,866.64	699,460.01			1,857,557.40	116	31,591.27	3,646,987.63
407,149.16	2,866.64	696,593.37			70,000.00			125,000.00
405,809.85	2,866.64	693,726.73			1,892,754.54	115	32,678.22	3,739,309.41
404,470.54	2,866.64	690,860.09			62,854.48			119,802.48
					1,919,642.19	114	33,729.12	3,825,382.77
					20,781.94			20,781.95
					36,358.94	113	33,913.03	3,812,251.69
					36,358.94	112	33,913.03	3,778,338.66
					36,358.94	111	33,913.03	3,744,425.63
					36,358.94	110	33,913.03	3,710,512.60
					36,358.94	109	33,913.03	3,676,599.57
					36,358.94	108	33,913.03	3,642,686.54
					36,358.94	107	33,913.03	3,608,773.51
					1,685,911.55			
					1,904,065.19	113	33,913.03	3,812,251.69
					1,867,706.25	112	33,913.03	3,778,338.66
					1,831,347.31	111	33,913.03	3,744,425.63
					1,794,988.37	110	33,913.03	3,710,512.60
					1,758,629.43	109	33,913.03	3,676,599.57
					1,722,270.49	108	33,913.03	3,642,686.54
					1,685,911.55	107	33,913.03	3,608,773.51

mos	181011	Amount	Balance	TOTAL AMORT	BALANCE
	Beg Bal			18,012.11	4,842,773.57
360	Nov-10	9,264.62	6,661,261.68	18,012.11	4,824,865.86
	Dec. additions	327,822.88	6,989,084.56	18,012.50	4,806,853.36
359	Dec-10	19,442.40	6,969,642.16	18,012.50	4,788,840.86
	Jan. additions	4,166.66	6,973,808.82	18,012.50	4,770,828.36
358	Jan-11	19,454.03	6,954,354.79	18,012.50	4,752,815.86
	Feb. additions	118,005.32	7,072,360.11	18,055.97	4,734,759.89
357	Feb-11	19,784.58	7,052,575.53	18,055.97	4,716,703.92
	Mar. additions	10,531.03	7,063,106.56	18,055.97	4,698,647.95
356	Mar-11	19,814.16	7,043,292.40	18,055.97	4,680,591.98
	Apr. additions	46,333.00	7,089,625.40	18,055.97	4,662,536.01
355	Apr-11	19,944.68	7,069,680.72	54,712.59	16,244,402.32
	May additions	176,750.49	7,246,431.21	Dec. additions	983,468.64
354	May-11	20,443.97	7,225,987.24	100,593.50	17,127,277.46
	June additions	20,781.99	7,246,769.23	Jan. additions	12,500.00
353	Jun-11	20,502.85	7,226,266.38	100,712.28	17,039,065.19
352	Jul-11	20,502.85	7,205,763.53	Feb. additions	255,109.95
351	Aug-11	20,502.85	7,185,260.68	102,683.11	17,191,492.02
350	Sep-11	20,502.85	7,164,757.83	Mar. additions	31,593.09
349	Oct-11	20,502.85	7,144,254.98	102,991.53	17,120,093.58
348	Nov-11	20,502.85	7,123,752.13	Apr. additions	241,216.65
347	Dec-11	20,502.85	7,103,249.28	105,365.38	17,255,944.85
				May additions	359,407.45
				108,195.89	17,507,156.41
				June additions	62,345.88
				108,830.79	17,460,671.50
				108,830.79	17,351,840.71
				108,830.79	17,243,009.92
				108,830.79	17,134,179.13
				108,830.79	17,025,348.34
				108,830.79	16,916,517.55
				108,830.79	16,807,686.76

Kentucky Utilities Company
Amortization of Loss on Recaptured Debt

GL Account Name	Original First Mortgage Bonds	Replaced by	Last Month of Amortization	Bond Series Expiration	GL Account Number	Balance @ 05/31/11	Transfers from Prior Debt Exp & Loss Accts	Subtotal	Amort Per Month	Balance @ 06/30/11
UNAM LOSS-FMB Series R 06/25	7.55% Series P \$33M due 5/15/27	R (Note 1)	Jun-25	6/1/2025	189034	254,557.53		254,557.53	(1,515.00)	253,042.53
UNAM LOSS-FMB Series P \$33M 05/15				5/15/2027	189091	1,269,016.02		1,269,016.02	(6,627.00)	1,262,389.02
UNAM LOSS-PCB MC2000A \$12.9M 05/23	Pollution Control Bonds		Apr-23	5/1/2023	189042	557,021.84		557,021.84	(3,895.26)	553,126.58
UNAM LOSS-PCB CC2002A \$20.93M 2/32	Mercer \$12.9m A due May 1, 2023 variable%		Jan-32	2/1/2032	189084	750,152.84		750,152.84	(3,025.00)	747,127.84
UNAM LOSS-PCB CC2002B \$2.4M 2/32	CC2002A \$20.93M, Var%		Jan-32	2/1/2032	189085	85,899.93		85,899.93	(347.00)	85,552.93
UNAM LOSS-PCB MC2002A \$7.4M 2/32	CC2002B \$2.4M, Var%		Jan-32	2/1/2032	189086	263,532.55		263,532.55	(1,062.00)	262,470.55
UNAM LOSS-PCB MC2002A \$7.2M 2/32	MC2002A \$7.4M, Var%		Jan-32	2/1/2032	189087	266,662.96		266,662.96	(1,075.00)	265,587.96
UNAM LOSS-PCB CC2002C \$95M 10/32	CC2002C \$7.2M, Var%		Sep-32	10/1/2032	189088	3,958,607.63		3,958,607.63	(15,503.00)	3,953,104.63
UNAM LOSS-PCB CC2004A \$50M 10/34	CC2002C \$95M, Var%		Sep-34	10/2/2034	189092	2,450,533.93		2,450,533.93	(8,751.91)	2,441,782.02
UNAM LOSS-PCB MC2002A \$7.2M 2/32	MC2002A \$7.2M, Var% redeemed		Jan-32	2/1/2032	189093	57,032.97		57,032.97	(230.00)	56,802.97
UNAM LOSS-PCB Series 10 \$54M 09/24 189096	SERIES 10 \$54M, Var% defeased		Sep-34	10/1/2034	189096	307,802.06		307,802.06	(1,103.23)	306,698.83
UNAM LOSS-PCB 2006C \$16.7M 05/36			May-36	6/1/2036	189098	537,961.61		537,961.61	(1,796.20)	536,165.41
UNAM LOSS-PCB CC2005A \$13M 06/35			Feb-32	6/1/2035	189195	421,052.08		421,052.08	(1,697.79)	419,354.29
UNAM LOSS-PCB CC2005B \$13M 06/35			Feb-32	6/1/2035	189196	427,884.41		427,884.41	(1,725.34)	426,159.07
UNAM LOSS-PCB CC2006A \$17M 06/36			Feb-32	6/1/2035	189197	510,299.74		510,299.74	(2,057.66)	508,242.08
						12,128,018.10	0.00	12,128,018.10	(50,414.39)	12,077,603.71
									x 12 mos	
									(604,972.69)	
										0.00
										12,077,603.71
										amort table diff per GL discrepancy

Note 1: FMB Series P 8.55% was redeemed in 1993. It was not replaced with another series.

Note 2: Bonds replaced by new bond - amortized over life of new bond issue.

189042

Month	Amount	Balance
Dec-09	1,515.00	280,312.53
Jan-10	1,515.00	278,797.53
Feb-10	1,515.00	277,282.53
Mar-10	1,515.00	275,767.53
Apr-10	1,515.00	274,252.53
May-10	1,515.00	272,737.53
Jun-10	1,515.00	271,222.53
Jul-10	1,515.00	269,707.53
Aug-10	1,515.00	268,192.53
Sep-10	1,515.00	266,677.53
Oct-10	1,515.00	265,162.53
Nov-10	1,515.00	263,647.53
Dec-10	1,515.00	262,132.53
Jan-11	1,515.00	260,617.53
Feb-11	1,515.00	259,102.53
Mar-11	1,515.00	257,587.53
Apr-11	1,515.00	256,072.53
May-11	1,515.00	254,557.53
Jun-11	1,515.00	253,042.53
Jul-11	1,515.00	251,527.53
Aug-11	1,515.00	250,012.53
Sep-11	1,515.00	248,497.53
Oct-11	1,515.00	246,982.53
Nov-11	1,515.00	245,467.53
Dec-11	1,515.00	243,952.53

189034

Month	Amount	Balance
Dec-09	1,515.00	
Jan-10	1,515.00	
Feb-10	1,515.00	
Mar-10	1,515.00	
Apr-10	1,515.00	
May-10	1,515.00	
Jun-10	1,515.00	
Jul-10	1,515.00	
Aug-10	1,515.00	
Sep-10	1,515.00	
Oct-10	1,515.00	
Nov-10	1,515.00	
Dec-10	1,515.00	
Jan-11	1,515.00	
Feb-11	1,515.00	
Mar-11	1,515.00	
Apr-11	1,515.00	
May-11	1,515.00	
Jun-11	1,515.00	
Jul-11	1,515.00	
Aug-11	1,515.00	
Sep-11	1,515.00	
Oct-11	1,515.00	
Nov-11	1,515.00	
Dec-11	1,515.00	

189033

Month	Amount	Balance
Dec-09	6,627.00	1,381,675.02
Jan-10	6,627.00	1,375,048.02
Feb-10	6,627.00	1,368,421.02
Mar-10	6,627.00	1,361,794.02
Apr-10	6,627.00	1,355,167.02
May-10	6,627.00	1,348,540.02
Jun-10	6,627.00	1,341,913.02
Jul-10	6,627.00	1,335,286.02
Aug-10	6,627.00	1,328,659.02
Sep-10	6,627.00	1,322,032.02
Oct-10	6,627.00	1,315,405.02
Nov-10	6,627.00	1,308,778.02
Dec-10	6,627.00	1,302,151.02
Jan-11	6,627.00	1,295,524.02
Feb-11	6,627.00	1,288,897.02
Mar-11	6,627.00	1,282,270.02
Apr-11	6,627.00	1,275,643.02
May-11	6,627.00	1,269,016.02
Jun-11	6,627.00	1,262,389.02
Jul-11	6,627.00	1,255,762.02
Aug-11	6,627.00	1,249,135.02
Sep-11	6,627.00	1,242,508.02
Oct-11	6,627.00	1,235,881.02
Nov-11	6,627.00	1,229,254.02
Dec-11	6,627.00	1,222,627.02

189091

Month	Amount	Balance
Dec-09	6,627.00	
Jan-10	6,627.00	
Feb-10	6,627.00	
Mar-10	6,627.00	
Apr-10	6,627.00	
May-10	6,627.00	
Jun-10	6,627.00	
Jul-10	6,627.00	
Aug-10	6,627.00	
Sep-10	6,627.00	
Oct-10	6,627.00	
Nov-10	6,627.00	
Dec-10	6,627.00	
Jan-11	6,627.00	
Feb-11	6,627.00	
Mar-11	6,627.00	
Apr-11	6,627.00	
May-11	6,627.00	
Jun-11	6,627.00	
Jul-11	6,627.00	
Aug-11	6,627.00	
Sep-11	6,627.00	
Oct-11	6,627.00	
Nov-11	6,627.00	
Dec-11	6,627.00	

189032

Month	Amount	Balance
Dec-09	6,627.00	
Jan-10	6,627.00	
Feb-10	6,627.00	
Mar-10	6,627.00	
Apr-10	6,627.00	
May-10	6,627.00	
Jun-10	6,627.00	
Jul-10	6,627.00	
Aug-10	6,627.00	
Sep-10	6,627.00	
Oct-10	6,627.00	
Nov-10	6,627.00	
Dec-10	6,627.00	
Jan-11	6,627.00	
Feb-11	6,627.00	
Mar-11	6,627.00	
Apr-11	6,627.00	
May-11	6,627.00	
Jun-11	6,627.00	
Jul-11	6,627.00	
Aug-11	6,627.00	
Sep-11	6,627.00	
Oct-11	6,627.00	
Nov-11	6,627.00	
Dec-11	6,627.00	

189084		189085		189086		189087	
Amount	Balance	Amount	Balance	Amount	Balance	Amount	Balance
3,895.26	623,241.26	3,025.00	801,577.84	347.00	91,798.93	1,062.00	281,586.55
3,895.26	619,346.00	3,025.00	798,552.84	347.00	91,451.93	1,062.00	280,524.55
3,895.26	615,450.74	3,025.00	795,527.84	347.00	91,104.93	1,062.00	279,462.55
3,895.26	611,555.48	3,025.00	792,502.84	347.00	90,757.93	1,062.00	278,400.55
3,895.26	607,660.22	3,025.00	789,477.84	347.00	90,410.93	1,062.00	277,338.55
3,895.26	603,764.96	3,025.00	786,452.84	347.00	90,063.93	1,062.00	276,276.55
3,895.26	599,869.70	3,025.00	783,427.84	347.00	89,716.93	1,062.00	275,214.55
3,895.26	595,974.44	3,025.00	780,402.84	347.00	89,369.93	1,062.00	274,152.55
3,895.26	592,079.18	3,025.00	777,377.84	347.00	89,022.93	1,062.00	273,090.55
3,895.26	588,183.92	3,025.00	774,352.84	347.00	88,675.93	1,062.00	272,028.55
3,895.26	584,288.66	3,025.00	771,327.84	347.00	88,328.93	1,062.00	270,966.55
3,895.26	580,393.40	3,025.00	768,302.84	347.00	87,981.93	1,062.00	269,904.55
3,895.26	576,498.14	3,025.00	765,277.84	347.00	87,634.93	1,062.00	268,842.55
3,895.26	572,602.88	3,025.00	762,252.84	347.00	87,287.93	1,062.00	267,780.55
3,895.26	568,707.62	3,025.00	759,227.84	347.00	86,940.93	1,062.00	266,718.55
3,895.26	564,812.36	3,025.00	756,202.84	347.00	86,593.93	1,062.00	265,656.55
3,895.26	560,917.10	3,025.00	753,177.84	347.00	86,246.93	1,062.00	264,594.55
3,895.26	557,021.84	3,025.00	750,152.84	347.00	85,899.93	1,062.00	263,532.55
3,895.26	553,126.58	3,025.00	747,127.84	347.00	85,552.93	1,062.00	262,470.55
3,895.26	549,231.32	3,025.00	744,102.84	347.00	85,205.93	1,062.00	261,408.55
3,895.26	545,336.06	3,025.00	741,077.84	347.00	84,858.93	1,062.00	260,346.55
3,895.26	541,440.80	3,025.00	738,052.84	347.00	84,511.93	1,062.00	259,284.55
3,895.26	537,545.54	3,025.00	735,027.84	347.00	84,164.93	1,062.00	258,222.55
3,895.26	533,650.28	3,025.00	732,002.84	347.00	83,817.93	1,062.00	257,160.55
3,895.26	529,755.02	3,025.00	728,977.84	347.00	83,470.93	1,062.00	256,098.55

189088		189092		189093		189096	
Balance	Amount	Balance	Amount	Balance	Amount	Balance	Amount
284,937.96	15,503.00	8,751.91	8,751.91	2,599,316.40	230.00	60,942.97	1,100.00
283,862.96	15,503.00	8,751.91	8,751.91	2,590,564.49	230.00	60,712.97	1,100.00
282,772.96	15,503.00	8,751.91	8,751.91	2,581,812.58	230.00	60,482.97	1,100.00
281,712.96	15,503.00	8,751.91	8,751.91	2,573,060.67	230.00	60,252.97	1,100.00
280,637.96	15,503.00	8,751.91	8,751.91	2,564,308.76	230.00	60,022.97	1,100.00
279,562.96	15,503.00	8,751.91	8,751.91	2,555,556.85	230.00	59,792.97	1,100.00
278,487.96	15,503.00	8,751.91	8,751.91	2,546,804.94	230.00	59,562.97	1,100.00
277,412.96	15,503.00	8,751.91	8,751.91	2,538,053.03	230.00	59,332.97	1,103.23
276,337.96	15,503.00	8,751.91	8,751.91	2,529,301.12	230.00	59,102.97	1,103.23
275,262.96	15,503.00	8,751.91	8,751.91	2,520,549.21	230.00	58,872.97	1,103.23
274,187.96	15,503.00	8,751.91	8,751.91	2,511,797.30	230.00	58,642.97	1,103.23
273,112.96	15,503.00	8,751.91	8,751.91	2,503,045.39	230.00	58,412.97	1,103.23
272,037.96	15,503.00	8,751.91	8,751.91	2,494,293.48	230.00	58,182.97	1,103.23
270,962.96	15,503.00	8,751.91	8,751.91	2,485,541.57	230.00	57,952.97	1,103.23
269,887.96	15,503.00	8,751.91	8,751.91	2,476,789.66	230.00	57,722.97	1,103.23
268,812.96	15,503.00	8,751.91	8,751.91	2,468,037.75	230.00	57,492.97	1,103.23
267,737.96	15,503.00	8,751.91	8,751.91	2,459,285.84	230.00	57,262.97	1,103.23
266,662.96	15,503.00	8,751.91	8,751.91	2,450,533.93	230.00	57,032.97	1,103.23
265,587.96	15,503.00	8,751.91	8,751.91	2,441,782.02	230.00	56,802.97	1,103.23
264,512.96	15,503.00	8,751.91	8,751.91	2,433,030.11	230.00	56,572.97	1,103.23
263,437.96	15,503.00	8,751.91	8,751.91	2,424,278.20	230.00	56,342.97	1,103.23
262,362.96	15,503.00	8,751.91	8,751.91	2,415,526.29	230.00	56,112.97	1,103.23
261,287.96	15,503.00	8,751.91	8,751.91	2,406,774.38	230.00	55,882.97	1,103.23
260,212.96	15,503.00	8,751.91	8,751.91	2,398,022.47	230.00	55,652.97	1,103.23
259,137.96	15,503.00	8,751.91	8,751.91	2,389,270.56	230.00	55,422.97	1,103.23

189098		189195		189196		189197		TOTAL AMORT		BALANCE	
Amount	Balance	Amount	Balance	Amount	Balance	Amount	Balance	Amount	Balance	Amount	Balance
1,792.12	568,103.53	1,691.29	449,882.01	1,718.73	457,182.14	2,049.78	545,240.56	2,049.78	545,240.56	50,383.09	12,984,497.15
1,792.12	566,311.41	1,691.29	448,190.72	1,718.73	455,463.41	2,049.78	543,190.78	2,049.78	543,190.78	50,383.09	12,934,114.06
1,792.12	564,519.29	1,691.29	446,499.43	1,718.73	453,744.68	2,049.78	541,141.00	2,049.78	541,141.00	50,383.09	12,883,730.97
1,792.12	562,727.17	1,691.29	444,808.14	1,718.73	452,025.95	2,049.78	539,091.22	2,049.78	539,091.22	50,383.09	12,833,347.88
1,793.44	561,345.45	1,691.29	443,116.95	1,718.73	450,307.22	2,049.78	537,041.44	2,049.78	537,041.44	50,383.09	12,783,375.19
1,799.20	559,552.01	1,691.29	441,425.56	1,718.73	448,588.49	2,049.78	534,991.66	2,049.78	534,991.66	50,384.41	12,732,990.78
1,799.20	557,752.81	1,697.79	439,727.77	1,725.34	446,863.15	2,057.66	532,934.00	2,057.66	532,934.00	50,414.39	12,682,576.39
1,799.20	555,953.61	1,697.79	438,029.98	1,725.34	445,137.81	2,057.66	530,876.34	2,057.66	530,876.34	50,414.39	12,632,162.00
1,799.20	554,154.41	1,697.79	436,332.19	1,725.34	443,412.47	2,057.66	528,818.68	2,057.66	528,818.68	50,414.39	12,581,747.61
1,799.20	552,355.21	1,697.79	434,634.40	1,725.34	441,687.13	2,057.66	526,761.02	2,057.66	526,761.02	50,414.39	12,531,333.22
1,799.20	550,556.01	1,697.79	432,936.61	1,725.34	439,961.79	2,057.66	524,703.36	2,057.66	524,703.36	50,414.39	12,480,918.83
1,799.20	548,756.81	1,697.79	431,238.82	1,725.34	438,236.45	2,057.66	522,645.70	2,057.66	522,645.70	50,414.39	12,430,504.44
1,799.20	546,957.61	1,697.79	429,541.03	1,725.34	436,511.11	2,057.66	520,588.04	2,057.66	520,588.04	50,414.39	12,380,090.05
1,799.20	545,158.41	1,697.79	427,843.24	1,725.34	434,785.77	2,057.66	518,530.38	2,057.66	518,530.38	50,414.39	12,329,675.66
1,799.20	543,359.21	1,697.79	426,145.45	1,725.34	433,060.43	2,057.66	516,472.72	2,057.66	516,472.72	50,414.39	12,279,261.27
1,799.20	541,560.01	1,697.79	424,447.66	1,725.34	431,335.09	2,057.66	514,415.06	2,057.66	514,415.06	50,414.39	12,228,846.88
1,799.20	539,760.81	1,697.79	422,749.87	1,725.34	429,609.75	2,057.66	512,357.40	2,057.66	512,357.40	50,414.39	12,178,432.49
1,799.20	537,961.61	1,697.79	421,052.08	1,725.34	427,884.41	2,057.66	510,299.74	2,057.66	510,299.74	50,414.39	12,128,018.10
1,799.20	536,162.41	1,697.79	419,354.29	1,725.34	426,159.07	2,057.66	508,242.08	2,057.66	508,242.08	50,414.39	12,077,603.71
1,799.20	534,363.21	1,697.79	417,656.50	1,725.34	424,433.73	2,057.66	506,184.42	2,057.66	506,184.42	50,414.39	12,027,189.32
1,799.20	532,564.01	1,697.79	415,958.71	1,725.34	422,708.39	2,057.66	504,126.76	2,057.66	504,126.76	50,414.39	11,976,774.93
1,799.20	530,764.81	1,697.79	414,260.92	1,725.34	420,983.05	2,057.66	502,069.10	2,057.66	502,069.10	50,414.39	11,926,360.54
1,799.20	528,965.61	1,697.79	412,563.13	1,725.34	419,257.71	2,057.66	500,011.44	2,057.66	500,011.44	50,414.39	11,875,946.15
1,799.20	527,166.41	1,697.79	410,865.34	1,725.34	417,532.37	2,057.66	497,953.78	2,057.66	497,953.78	50,414.39	11,825,531.76
1,799.20	525,367.21	1,697.79	409,167.55	1,725.34	415,807.03	2,057.66	495,896.12	2,057.66	495,896.12	50,414.39	11,775,117.37



1 JOURNAL Do not delete these values! They are critical US

Functional Journal
Single Journal Entry
LGE ENERGY LLC
ofmsprod

Template Type:
Template Style:
Set of Books:
Database:

Category: List - Text: Adjustment
Source: List - Text: Spreadsheet
Currency: List - Text: USD
Accounting Date: List - Date: 1-Jun-2011
Group ID: Value: 10316
Batch Name: Text: KWC
Journal Name: Text: J113-0110-0611
Journal Description: Text: Debt discount amortization
Reverse Journal: List - Text:
Reversal Period: List - Text:

Upj	COMPANY	PRODUC	ORGANIZATIO	EXPENDITUR	ACCOUNT	INTERCOMPANY	EXPENDITUR	LOCATION	Debit	Credit	Stat	Description	Line DFF	Line	Line
				E			E		Value	Value	Value	Text	Context	DEF 1	DEF 2
														Text	Text
	0110	301	015590	015590	226009	0000	0699	0000	14,583.33	14,583.33		KU AM EXP-FMB \$250M 5yr	No		
	0110	301	015590	015590	226010	0000	0699	0000	15,750.00	15,750.00		KU AM EXP-FMB \$500M 10yr	No		
	0110	301	015590	015590	226011	0000	0699	0000	22,604.17	22,604.17		KU AM EXP-FMB \$750M 30yr	No		
	0110	105	015590	015590	428209	0000	0699	0000	14,583.33	14,583.33		KU -FMB DEBT DISC \$250M 5yr	No		
	0110	105	015590	015590	428210	0000	0699	0000	15,750.00	15,750.00		KU -FMB DEBT DISC \$500M 10yr	No		
	0110	105	015590	015590	428211	0000	0699	0000	22,604.17	22,604.17		KU -FMB DEBT DISC \$750M 30yr	No		
Totals:									52,937.50	52,937.50					

Description: To amortize debt discount for the current month.

Prepared By: Karen Callahan

Upload/concurrent ID:

Approved By:

Posted By: Karen Callahan

Posted/Concurrent ID:

Kentucky Utilities Company
Debt Discount Amortization

GL Acct Name	Bond Name	Account Number	Exp Acct Number	Balance @ 05/31/11	Additional Exp/(Refund)	Subtotal	Amort Per Month	Balance @ 05/31/11
KU -FMB DEBT DISC \$250M 5yr	KU -FMB \$250M 5yr	226009	428209	780,208.33		780,208.33	(14,583.33)	765,624.99
KU -FMB DEBT DISC \$500M 10yr	KU -FMB \$500M 10yr	226010	428210	1,787,625.00		1,787,625.00	(15,750.00)	1,771,875.00
KU -FMB DEBT DISC \$750M 30yr	KU -FMB \$750M 30yr	226011	428211	7,990,572.92		7,990,572.92	(22,604.17)	7,967,968.76
Total				10,558,406.25	0.00	10,558,406.25	(52,937.50)	10,505,468.75
							x 12 mos	0.00
								<u>(635,250.00)</u>

proof
per G/L
diff

KU - \$250,000,000 with coupon of 1.625%, 5 year maturity, semi-annual payments, YTM of 1.699%

Straight-line Method:

(a) Period Ending	(b) Period Interest	(c) Cash Interest Paid	(d) Discount Amortization	(e) Unamortized Discount	(f) Carrying Value
	(c + d)	250000000*(1.625%/12)	\$875,000/60	(e-d)	\$250,000,000 - Unamortized Discount
11/16/2010	\$ -	\$ -	\$ -	\$ 875,000.00	\$ 249,125,000.00
11/30/2010	\$ 176,562.50	\$ 169,270.83	\$ 7,291.67	\$ 867,708.33	\$ 249,132,291.67
12/31/2010	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 853,125.00	\$ 249,146,875.00
1/31/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 838,541.67	\$ 249,161,458.33
2/28/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 823,958.33	\$ 249,176,041.67
3/31/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 809,375.00	\$ 249,190,625.00
4/30/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 794,791.67	\$ 249,205,208.33
5/31/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 780,208.33	\$ 249,219,791.67
6/30/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 765,625.00	\$ 249,234,375.00
7/31/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 751,041.67	\$ 249,248,958.33
8/31/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 736,458.33	\$ 249,263,541.67
9/30/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 721,875.00	\$ 249,278,125.00
10/31/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 707,291.67	\$ 249,292,708.33
11/30/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 692,708.33	\$ 249,307,291.67
12/31/2011	\$ 353,125.00	\$ 338,541.67	\$ 14,583.33	\$ 678,125.00	\$ 249,321,875.00

KU - \$500,000,000 with coupon of 3.25%, 10 year maturity, semi-annual payments, YTM of 3.295%

(a) Straight-line Method: Period Ending	(b) Period Interest	(c) Cash Interest Paid	(d) Amortization Discount	(e) Unamortized Discount	(f) Carrying Value	
					\$500,000,000 - Unamortized	Discount
(c + d)			\$1,890,000/120	(e-d)		
11/16/2010	\$ -	\$ -		\$ -	\$ 1,890,000.00	\$ 498,110,000.00
11/30/2010	\$ 684,958.33	\$ 677,083.33	\$ 7,875.00	\$ 7,875.00	\$ 1,882,125.00	\$ 498,117,875.00
12/31/2010	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,866,375.00	\$ 498,133,625.00
1/31/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,850,625.00	\$ 498,149,375.00
2/28/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,834,875.00	\$ 498,165,125.00
3/31/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,819,125.00	\$ 498,180,875.00
4/30/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,803,375.00	\$ 498,196,625.00
5/31/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,787,625.00	\$ 498,212,375.00
6/30/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,771,875.00	\$ 498,228,125.00
7/31/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,756,125.00	\$ 498,243,875.00
8/31/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,740,375.00	\$ 498,259,625.00
9/30/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,724,625.00	\$ 498,275,375.00
10/31/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,708,875.00	\$ 498,291,125.00
11/30/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,693,125.00	\$ 498,306,875.00
12/31/2011	\$ 1,369,916.67	\$ 1,354,166.67	\$ 15,750.00	\$ 15,750.00	\$ 1,677,375.00	\$ 498,322,625.00

KU - \$750,000,000 with coupon of 5.125%, 30 year maturity, semi-annual payments, YTM of 5.197%

Straight-line Method:

(a)	(b)	(c)	(d)	(e)	(f)
Period Ending	Period Interest	Cash Interest Paid	Discount Amortization	Unamortized Discount	Carrying Value
11/16/2010	\$ -	\$ -	\$ -	\$ 8,137,500.00	\$ 741,862,500.00
11/30/2010	\$ 1,612,864.58	\$ 1,601,562.50	\$ 11,302.08	\$ 8,126,197.92	\$ 741,873,802.08
12/31/2010	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 8,103,593.75	\$ 741,896,406.25
1/31/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 8,080,989.58	\$ 741,919,010.42
2/28/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 8,058,385.42	\$ 741,941,614.58
3/31/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 8,035,781.25	\$ 741,964,218.75
4/30/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 8,013,177.08	\$ 741,986,822.92
5/31/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 7,990,572.92	\$ 742,009,427.08
6/30/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 7,967,968.75	\$ 742,032,031.25
7/31/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 7,945,364.58	\$ 742,054,635.42
8/31/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 7,922,760.42	\$ 742,077,239.58
9/30/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 7,900,156.25	\$ 742,099,843.75
10/31/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 7,877,552.08	\$ 742,122,447.92
11/30/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 7,854,947.92	\$ 742,145,052.08
12/31/2011	\$ 3,225,729.17	\$ 3,203,125.00	\$ 22,604.17	\$ 7,832,343.75	\$ 742,167,656.25

November 8, 2010 Debt Offering

	<u>Commissions</u>
5 year	0.600
10 year	0.650
30 year	0.875

<u>Issued</u>	<u>Maturity</u>	<u>Term</u>	<u>Par Value</u>			<u>Yield</u>	<u>Price</u>	<u>MW</u>	<u>Price after</u>		<u>Proceeds before</u>	<u>Debt Discount</u>	<u>Commissions</u>
			<u>KU</u>	<u>Coupon</u>	<u>Net Proceeds</u>				<u>Commissions</u>				
16-Nov-10	1-Nov-15	5	250,000,000	1.625%	1.699%	99.650	T+10	99.050	\$ 247,625,000	\$ 249,125,000	\$ 875,000	\$ 1,500,000	
16-Nov-10	1-Nov-20	10	500,000,000	3.250%	3.295%	99.622	T+15	98.972	494,860,000	498,110,000	1,890,000	3,250,000	
16-Nov-10	1-Nov-40	30	750,000,000	5.125%	5.197%	98.915	T+20	98.040	735,300,000	741,862,500	8,137,500	6,562,500	
			\$ 1,500,000,000						\$ 1,477,785,000	\$ 1,489,097,500	\$ 10,902,500	\$ 11,312,500	

1 JOU Do not delete these values! They are critical to US

Functional Journal
 Single Journal Entry
 LGE ENERGY LLC
 oimsprod

Template Type:
 Template Style:
 Set of Books:
 Database:

Category: List - Text: Adjustment
 Source: List - Text: Spreadsheet
 Currency: List - Text: USD
 Accounting Date: List - Date: 1-Jun-2011
 Group ID: Value: 10316
 Batch Name: Text: KWC
 Journal Name: Text: J114-0110-0611
 Journal Description: Text: Amort expense on Revolving & Letter of Credit Facilities
 Reverse Journal: List - Text:
 Reversal Period: List - Text:



Upi	COMPANY	PRODUCT	ORGANIZATION	EXPENDITURE _ORG	ACCOUNT	INTERCO MPANY	EXPENDITURE _TYPE	LOCATION	Debit	Credit	Stat Amount	Description	Line DFF Context	Line DFF 1	Line DFF 2
0110	105	015590	015590	015590	428007	0000	0699	0000	85,132.61	85,132.61		Am Exp - KU Revolving Credit \$400M	No		
0110	303	015590	015590	015590	181008	0000	0699	0000				Unam Exp - KU Revolving Credit \$400M	No		
0110	105	015590	015590	015590	428013	0000	0699	0000	22,879.46	22,879.46		Am Exp - KU Letter of Credit \$198M	No		
0110	303	015590	015590	015590	181013	0000	0699	0000				Unam Exp - KU Letter of Credit \$198M	No		
0020	703	000020	000020	000020	234052	0000	0699	0000	48,066.50	48,066.50		PPL IC DEWEY LEBEOUF IN#618677	No		
0110	303	015590	015590	015590	186004	0000	0699	0000	36,500.00	36,500.00		Financing expense	No		
0110	303	015590	015590	015590	181013	0000	0699	0000	84,566.50	84,566.50		Unam Exp - KU Letter of Credit \$198M	No		
Totals:									192,578.57	192,578.57					

Description: To amortize expense on revolving & letter of credit facilities for the current month.

Prepared By: Karen Callahan Approved By: Karen Callahan Posted By: Karen Callahan

Upload/concurrent ID: _____ Posted/Concurrent ID: _____

Kentucky Utilities Company
 Amortization of Revolving Credit & Letter of Credit

CONFIDENTIAL INFORMATION REDACTED

Wachovia Bank
 Wachovia Bank
 Wachovia Bank

Account Number	Exp Acct Number	Balance @ 05/31/11	Additional Exp/(Refund)	Subtotal	Amort Per Month	Balance @ 06/30/11
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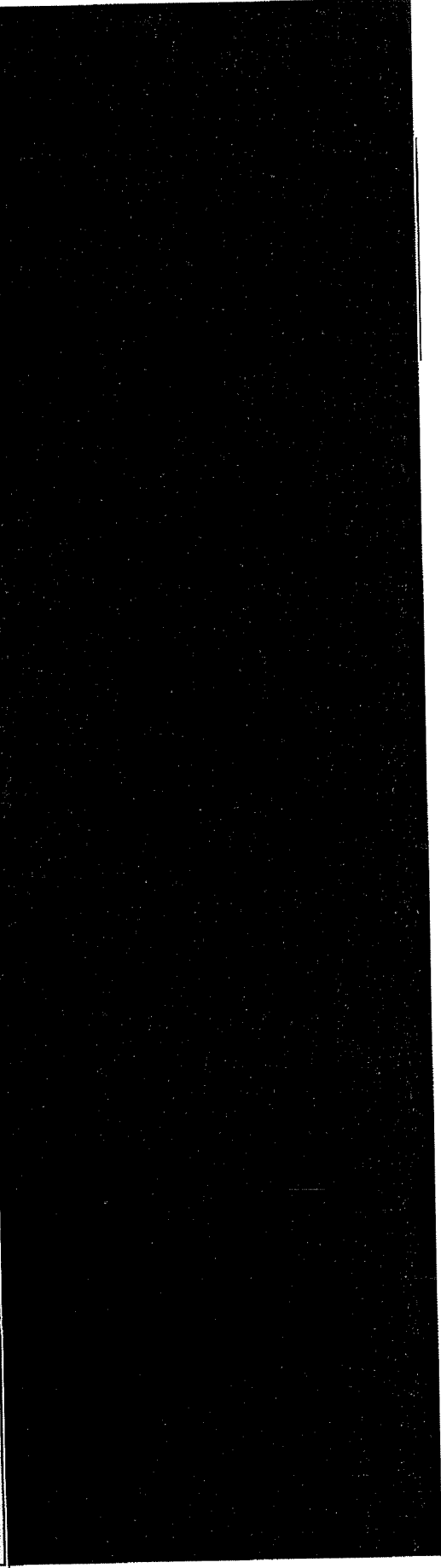
- proof per G/L discrep

CONFIDENTIAL INFORMATION REDACTED

113830- KU Letter of Credit Facility

April 2011 Activity

Vendor Name	Invoice Number	Exp Org	Year	Project	Task	PPL/KU Account	BU Amount	Date
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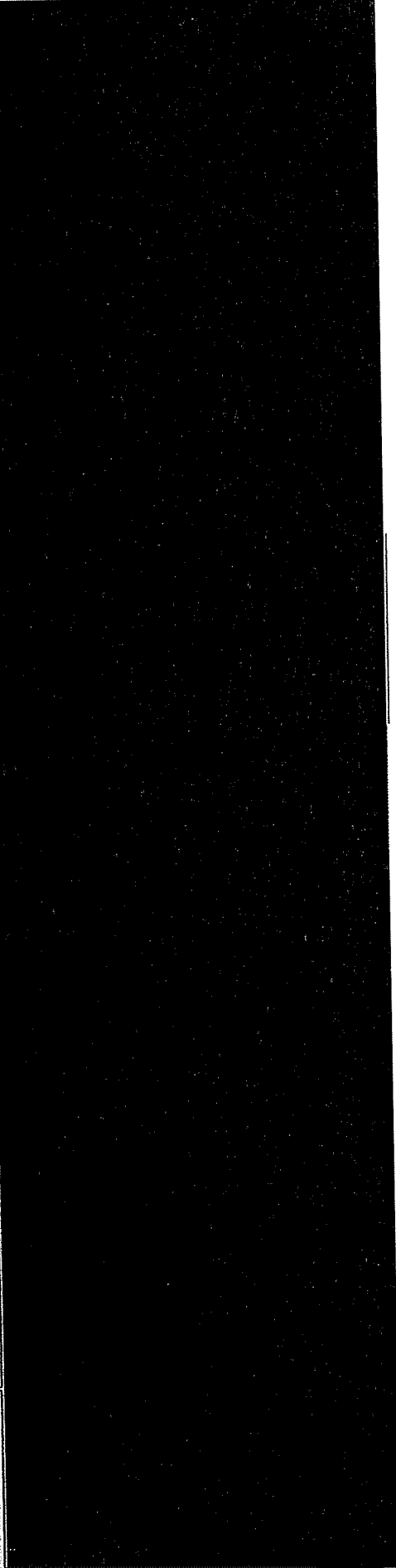


CONFIDENTIAL INFORMATION REDACTED

901386- KU Credit Facility- Unit 60300

November Activity

Vendor Name	Invoice Number	GL Unit	Year	Project	Sub Proj	Account	BU Amount	Journal ID	Bud Item	Voucher	SRC	CRC	Date
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KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 3

Witness: Daniel K. Arbough

Q-3. For the four quarters ending June 30, 2011, please provide:

- (1) a calculation detailing the Company's cost of short-term debt;
- (2) all data, work papers, and source documents, and calculations used in computing the short-term cost rate;
- (3) all details, including calculations, amortization tables, and work sheets, related to the cost of short-term debt; and
- (4) copies of all debt cost documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).

A-3. (1) Please see the attachment on CD in the folder titled Question No. 3.

- (2) The monthly cost-rate of the Money Pool short-term debt is derived from the rates for high-grade unsecured 30-day commercial paper of major corporations sold through dealers as quoted in The Wall Street Journal (the "Average Composite") on the last business day of the prior calendar month. See attached example of the Wall Street Journal rate as of June 30 used to calculate July's interest. Also see the attached documents on CD in the folder titled Question No. 3, which include the rate for each month.
- (3) The monthly short-term balance was determined using the month-ending balance. The calculation is based on the prior ending day Money Pool balance plus or minus the current day borrowing or repayment. See attached documents on CD in the folder titled Question No. 3, which include the monthly short-term debt balances and show how the balance is calculated.
- (4) The attachments to the above sub-parts contain the calculations of the cost. Please see the response to KIUC-1 Question No. 9 for a copy of the debt documents.

KENTUCKY UTILITIES COMPANY
 ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
 September 30, 2010

SHORT TERM DEBT

	Rate	Principal	Annualized Cost				Total	Embedded Cost
			Interest	Expense	Loss	Premium		
Notes Payable to Associated Company	0.280% *	\$ 61,183,954	\$ 171,315	\$ -	\$ -	\$ -	\$ 171,315	0.280%
Total		<u>\$ 61,183,954</u>	<u>\$ 171,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,315</u>	<u>0.280%</u>

* Composite rate at end of current month.

KENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
December 31, 2010

SHORT TERM DEBT

	Rate	Principal	Annualized Cost				Total	Embedded Cost
			Interest	Expense	Loss	Premium		
Notes Payable to Associated Company Revolving Credit Facility Payable	0.250% *	\$ 10,434,000	\$ 26,085	\$ -	\$ -	\$ -	\$ 26,085	0.250%
Total		<u>\$ 10,434,000</u>	<u>\$ 26,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,085</u>	<u>0.250%</u>

* Composite rate at end of current month.

KENTUCKY UTILITIES COMPANY
 ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
 March 31, 2011

SHORT TERM DEBT

	Rate	Annualized Cost					Embedded Cost
		Principal	Interest	Expense	Loss	Premium		Total
Notes Payable to Associated Company	0.250% *	\$ -	-	-	-	-	-
Revolving Credit Facility Payable		-	-	-	-	-	-
Total		<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.000%</u>

* Composite rate at end of current month.


KENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
June 30, 2011

SHORT TERM DEBT

	Rate	Principal	Interest	Annualized Cost			Total	Embedded Cost
				Expense	Loss	Premium		
Notes Payable to Associated Company	0.160% *	\$ -	-	\$ -	-	-	-	0.000%
Revolving Credit Facility Payable		-	-	-	-	-	-	
Total		<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>0.000%</u>

* Composite rate at end of current month.

Money Rates

Find Historical Data  WHAT'S THIS?

Thursday, June 30, 2011

INFLATION

GO TO: International Rates | U.S. Government rates | Secondary Market | Other short-term rates | Weekly Survey

U.S. consumer price Index

	May Index level	April '11	% CHG FROM	
			April '11	May '10
All Items	225.964		0.5	3.6
Core	224.634		0.2	1.5

INTERNATIONAL RATES

GO TO: Inflation | U.S. Government rates | Secondary Market | Other short-term rates | Weekly Survey

Prime rates [U.S. Effective Date: 12/16/2008]

	Latest	Wk ago	62-WEEK	
			High	Low
U.S.	3.25	3.25	3.25	3.25
Canada	3.00	3.00	3.00	2.60
Euro zone	1.25	1.25	1.25	1.00
Japan	1.475	1.475	1.475	1.475
Switzerland	0.59	0.55	0.89	0.51
Britain	0.50	0.50	0.50	0.50
Australia	4.75	4.75	4.75	4.50

Overnight repurchase

	Latest	Wk ago	62-WEEK	
			High	Low
U.S.	0.03	0.08	0.33	0.02
U.K. (BBA)	0.546	0.528	0.570	0.495
Euro zone	0.97	0.90	1.59	0.33

U.S. GOVERNMENT RATES

GO TO: Inflation | International Rates | Secondary Market | Other short-term rates | Weekly Survey

Discount [Effective Date: 2/19/2010]

	Latest	Wk ago	62-WEEK	
			High	Low
	0.75	0.75	0.75	0.75

Federal funds [Effective Date: 12/16/2008]

	Latest	Wk ago	62-WEEK	
			High	Low
Effective rate	0.07	0.09	0.22	0.05
Target rate	0-0.25	0-0.25	0-0.25	0-0.25
High	0.3750	0.3750	0.5000	0.3125
Low	0.0100	0.0500	0.1600	0.0100
Bid	0.0500	0.0500	0.2200	0.0500
Offer	0.1500	0.1000	0.3125	0.0600

Treasury bill auction [Auction Date: 6/30/2011]

	Latest	Wk ago	High	Low
4 weeks	0.005	0.005	0.175	0.005
13 weeks	0.025	0.035	0.180	0.025
26 weeks	0.095	0.100	0.225	0.065

**FREDDIE MAC
 SECONDARY MARKET**

GO TO: Inflation | International Rates | U.S Government rates | Other short-term rates | Weekly Survey

Freddie Mac

30-year mortgage yields

	Latest	Wk ago	High	Low
30 days	4.34	4.11	...	...
60 days	4.38	4.16	...	...

Fannie Mae

30-year mortgage yields

	Latest	Wk ago	High	Low
30 days	4.314	4.211	4.857	3.583
60 days	4.361	4.251	4.910	3.638

Bankers acceptance

	Latest	Wk ago	High	Low
30 days	0.18	0.18	0.45	0.17
60 days	0.20	0.20	0.50	0.20
90 days	0.20	0.20	0.55	0.20
120 days	0.23	0.23	0.65	0.23
150 days	0.26	0.26	0.75	0.25
180 days	0.33	0.33	0.80	0.33

OTHER SHORT-TERM RATES

GO TO: Inflation | International Rates | U.S Government rates | Secondary Market | Weekly Survey

Call money [Effective Date: 12/16/2008]

	Latest	Wk ago	High	Low
	2.00	2.00	2.00	2.00

Commercial paper

	Latest	Wk ago	High	Low
30 to 40 days	0.05	...	...	...
41 to 50 days	0.00	...	...	...
60 to 74 days	0.10	...	...	...
75 to 89 days	0.10	...	...	...

90 to 119 days	0.12	...	...	...
120 to 149 days	0.14	...	...	...
150 to 179 days	0.16	...	...	...
180 to 209 days	0.17	...	...	...
210 to 239 days	0.19	...	...	...
240 to 270 days	0.21	...	...	...
Dealer commercial paper				
			52-WEEK	
	Latest	Wk ago	High	Low
30 days	0.16	0.16	0.35	0.15
60 days	0.17	0.17	0.43	0.16
90 days	0.20	0.20	0.53	0.18
Euro commercial paper				
			52-WEEK	
	Latest	Wk ago	High	Low
30 day	n.q.	n.q.	n.q.	n.q.
Two month	n.q.	n.q.	n.q.	n.q.
Three month	1.31	1.28	1.32	0.56
Four month	1.36	1.35	1.30	0.60
Five month	1.45	1.45	1.47	0.68
Six month	1.54	1.54	1.57	0.77
London Interbank offered rate, or Libor				
			52-WEEK	
	Latest	Wk ago	High	Low
One month	0.18555	0.18580	0.34750	0.18530
Three month	0.24575	0.24650	0.53363	0.24500
Six month	0.39775	0.39575	0.75100	0.39325
One year	0.73350	0.72725	1.17313	0.72025
New York Funding Rate				
			52-WEEK	
	Latest	Wk ago	High	Low
One month	0.1863	0.1863	0.3803	0.1713
Three month	0.2562	0.2637	0.5888	0.2428
Libor Swaps (USD)				
			52-WEEK	
	Latest	Wk ago	High	Low
Two year	0.700	0.618	1.048	0.471
Three year	1.139	0.963	1.633	0.670
Five year	2.028	1.770	2.614	1.305
Ten year	3.272	3.038	3.829	2.480
20 year	3.943	3.735	4.434	3.033

30 year	4.073	3.877			
Euro Libor					
			62-WEEK		
	Latest	Wk ago	High	Low	
One month	1.281	1.270	1.281	0.461	
Three month	1.491	1.469	1.491	0.718	
Six month	1.758	1.729	1.758	1.013	
One year	2.138	2.118	2.138	1.295	
Euro Interbank offered rate					
			62-WEEK		
	Latest	Wk ago	High	Low	
One month	1.325	1.312	1.325	0.505	
Three month	1.547	1.526	1.547	0.782	
Six month	1.788	1.771	1.788	1.056	
One year	2.162	2.147	2.173	1.320	
Libor					
			62-WEEK		
	Latest	Wk ago	High	Low	
One month	0.200	0.200	0.524	0.111	
Three month	0.260	0.260	0.571	0.190	
Six month	0.341	0.340	0.699	0.249	
One year	0.641	0.640	1.049	0.589	
Certificates of Deposit					
			62-WEEK		
	Latest	Wk ago	High	Low	
One month	0.160	0.160	0.350	0.150	
Three month	0.200	0.200	0.530	0.180	
Six Month	0.310	0.310	0.760	0.250	
Eurodollars (mid rates)					
	LATEST			62-WEEK	
	Offer	Bid	Wk ago	High	Low
One month	0.12	0.25	0.19	0.40	0.19
Two month	0.12	0.25	0.19	0.45	0.19
Three month	0.15	0.30	0.23	0.55	0.23
Four month	0.20	0.35	0.28	0.55	0.28
Five month	0.25	0.40	0.33	0.60	0.33
Six month	0.30	0.50	0.40	0.68	0.40

Notes on data:
 U.S. prime rate is effective December 16, 2008. Discount rate is effective February 19, 2010. U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks; Other prime rates aren't directly comparable; lending practices vary widely by location; Discount rate is the charge on loans to depository institutions by the New York Federal Reserve Banks; Federal-funds rate is on reserves traded among commercial banks for overnight use in amounts of \$1 million or more; Call money rate is the charge on loans to brokers on stock-exchange collateral; Dealer commercial paper rates are for high-grade unsecured notes sold through dealers by major corporations. Libor is the British Bankers' Association average of interbank offered rates for dollar deposits in the London market; Libor Swaps quoted are mid-market, semi-annual swap rates and pay the floating 3-month Libor rate.

Sources: Merrill Lynch; Bureau of Labor Statistics; SIX Telekurs; General Electric Capital Corp.; ICAI p/c; Tullett Prebon Information, Ltd.

WEEKLY SURVEY

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Thursday, June 30, 2011

Freddie Mac

			52-WEEK	
	Latest			Year ago
		Wk ago		
30-year fixed	4.51	4.50		4.58
15-year fixed	3.69	3.69		4.04
Five-year ARM	3.22	3.25		3.79
One-year ARM	2.97	2.99		3.80

Source: Freddie Mac

Money Pool Statements
POOL - KENTUCKY UTILITIES

July 2010

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning Balance			(\$84,053,954.00) *		
07/01/10	0.00	1,916,000.00	(\$82,137,954.00)	0.3500%	(\$798.56)
07/02/10	0.00	2,596,000.00	(\$79,541,954.00)	0.3500%	(\$773.32)
07/03/10	0.00	0.00	(\$79,541,954.00)	0.3500%	(\$773.32)
07/04/10	0.00	0.00	(\$79,541,954.00)	0.3500%	(\$773.32)
07/05/10	0.00	0.00	(\$79,541,954.00)	0.3500%	(\$773.32)
07/06/10	0.00	4,000,000.00	(\$75,541,954.00)	0.3500%	(\$734.44)
07/07/10	0.00	2,248,000.00	(\$73,293,954.00)	0.3500%	(\$712.58)
07/08/10	0.00	5,314,000.00	(\$67,979,954.00)	0.3500%	(\$660.92)
07/09/10	0.00	4,234,000.00	(\$63,745,954.00)	0.3500%	(\$619.75)
07/10/10	0.00	0.00	(\$63,745,954.00)	0.3500%	(\$619.75)
07/11/10	0.00	0.00	(\$63,745,954.00)	0.3500%	(\$619.75)
07/12/10	0.00	4,362,000.00	(\$59,383,954.00)	0.3500%	(\$577.34)
07/13/10	0.00	7,940,000.00	(\$51,443,954.00)	0.3500%	(\$500.15)
07/14/10	0.00	5,295,000.00	(\$46,148,954.00)	0.3500%	(\$448.67)
07/15/10	15,780,000.00	0.00	(\$61,928,954.00)	0.3500%	(\$602.09)
07/16/10	0.00	9,120,000.00	(\$52,808,954.00)	0.3500%	(\$513.42)
07/17/10	0.00	0.00	(\$52,808,954.00)	0.3500%	(\$513.42)
07/18/10	0.00	0.00	(\$52,808,954.00)	0.3500%	(\$513.42)
07/19/10	0.00	2,215,000.00	(\$50,593,954.00)	0.3500%	(\$491.89)
07/20/10	0.00	2,249,000.00	(\$48,344,954.00)	0.3500%	(\$470.02)
07/21/10	47,570,000.00	0.00	(\$95,914,954.00)	0.3500%	(\$932.51)
07/22/10	0.00	10,255,000.00	(\$85,659,954.00)	0.3500%	(\$832.81)
07/23/10	0.00	2,160,000.00	(\$83,499,954.00)	0.3500%	(\$811.81)
07/24/10	0.00	0.00	(\$83,499,954.00)	0.3500%	(\$811.81)
07/25/10	0.00	0.00	(\$83,499,954.00)	0.3500%	(\$811.81)
07/26/10	24,830,000.00	0.00	(\$108,329,954.00)	0.3500%	(\$1,053.21)
07/27/10	0.00	3,318,000.00	(\$105,011,954.00)	0.3500%	(\$1,020.95)
07/28/10	0.00	6,583,000.00	(\$98,428,954.00)	0.3500%	(\$956.95)
07/29/10	0.00	4,613,000.00	(\$93,815,954.00)	0.3500%	(\$912.10)
07/30/10	0.00	4,458,000.00	(\$89,357,954.00)	0.3500%	(\$868.76)
07/31/10	0.00	0.00	(\$89,357,954.00)	0.3500%	(\$868.76)
	88,180,000.00	82,876,000.00	5,304,000.00	0.3500%	(22,370.92)

Money Pool Statements
POOL - KENTUCKY UTILITIES

August 2010

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning Balance			(\$89,357,954.00) *		
08/01/10	0.00	0.00	(\$89,357,954.00)	0.2800%	(\$695.01)
08/02/10	0.00	3,158,000.00	(\$86,199,954.00)	0.2800%	(\$670.44)
08/03/10	0.00	7,075,000.00	(\$79,124,954.00)	0.2800%	(\$615.42)
08/04/10	0.00	1,900,000.00	(\$77,224,954.00)	0.2800%	(\$600.64)
08/05/10	0.00	4,910,000.00	(\$72,314,954.00)	0.2800%	(\$562.45)
08/06/10	0.00	5,837,000.00	(\$66,477,954.00)	0.2800%	(\$517.05)
08/07/10	0.00	0.00	(\$66,477,954.00)	0.2800%	(\$517.05)
08/08/10	0.00	0.00	(\$66,477,954.00)	0.2800%	(\$517.05)
08/09/10	0.00	3,165,000.00	(\$63,312,954.00)	0.2800%	(\$492.43)
08/10/10	0.00	3,539,000.00	(\$59,773,954.00)	0.2800%	(\$464.91)
08/11/10	0.00	8,625,000.00	(\$51,148,954.00)	0.2800%	(\$397.83)
08/12/10	0.00	2,731,000.00	(\$48,417,954.00)	0.2800%	(\$376.58)
08/13/10	0.00	6,188,000.00	(\$42,229,954.00)	0.2800%	(\$328.46)
08/14/10	0.00	0.00	(\$42,229,954.00)	0.2800%	(\$328.46)
08/15/10	0.00	0.00	(\$42,229,954.00)	0.2800%	(\$328.46)
08/16/10	26,730,000.00	0.00	(\$68,959,954.00)	0.2800%	(\$536.36)
08/17/10	0.00	9,956,000.00	(\$59,003,954.00)	0.2800%	(\$458.92)
08/18/10	0.00	6,131,000.00	(\$52,872,954.00)	0.2800%	(\$411.23)
08/19/10	0.00	3,993,000.00	(\$48,879,954.00)	0.2800%	(\$380.18)
08/20/10	1,811,000.00	0.00	(\$50,690,954.00)	0.2800%	(\$394.26)
08/21/10	0.00	0.00	(\$50,690,954.00)	0.2800%	(\$394.26)
08/22/10	0.00	0.00	(\$50,690,954.00)	0.2800%	(\$394.26)
08/23/10	11,975,000.00	0.00	(\$62,665,954.00)	0.2800%	(\$487.40)
08/24/10	0.00	2,430,000.00	(\$60,235,954.00)	0.2800%	(\$468.50)
08/25/10	19,670,000.00	0.00	(\$79,905,954.00)	0.2800%	(\$621.49)
08/26/10	0.00	5,493,000.00	(\$74,412,954.00)	0.2800%	(\$578.77)
08/27/10	0.00	3,448,000.00	(\$70,964,954.00)	0.2800%	(\$551.95)
08/28/10	0.00	0.00	(\$70,964,954.00)	0.2800%	(\$551.95)
08/29/10	0.00	0.00	(\$70,964,954.00)	0.2800%	(\$551.95)
08/30/10	0.00	3,611,000.00	(\$67,353,954.00)	0.2800%	(\$523.86)
08/31/10	0.00	7,054,000.00	(\$60,299,954.00)	0.2800%	(\$469.00)
	60,186,000.00	89,244,000.00	(29,058,000.00)	0.2800%	(15,186.57)

Money Pool Statements
POOL - KENTUCKY UTILITIES

September 2010

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning Balance			(\$60,299,954.00) *		
09/01/10	0.00	3,221,000.00	(\$57,078,954.00)	0.2800%	(\$443.95)
09/02/10	0.00	4,865,000.00	(\$52,213,954.00)	0.2800%	(\$406.11)
09/03/10	0.00	2,782,000.00	(\$49,431,954.00)	0.2800%	(\$384.47)
09/04/10	0.00	0.00	(\$49,431,954.00)	0.2800%	(\$384.47)
09/05/10	0.00	0.00	(\$49,431,954.00)	0.2800%	(\$384.47)
09/06/10	0.00	0.00	(\$49,431,954.00)	0.2800%	(\$384.47)
09/07/10	0.00	8,905,000.00	(\$40,526,954.00)	0.2800%	(\$315.21)
09/08/10	0.00	3,200,000.00	(\$37,326,954.00)	0.2800%	(\$290.32)
09/09/10	0.00	8,350,000.00	(\$28,976,954.00)	0.2800%	(\$225.38)
09/10/10	0.00	4,627,000.00	(\$24,349,954.00)	0.2800%	(\$189.39)
09/11/10	0.00	0.00	(\$24,349,954.00)	0.2800%	(\$189.39)
09/12/10	0.00	0.00	(\$24,349,954.00)	0.2800%	(\$189.39)
09/13/10	0.00	10,494,000.00	(\$13,855,954.00)	0.2800%	(\$107.77)
09/14/10	0.00	6,876,000.00	(\$6,979,954.00)	0.2800%	(\$54.29)
09/15/10	12,163,000.00	0.00	(\$19,142,954.00)	0.2800%	(\$148.89)
09/16/10	0.00	4,967,000.00	(\$14,175,954.00)	0.2800%	(\$110.26)
09/17/10	0.00	9,298,000.00	(\$4,877,954.00)	0.2800%	(\$37.94)
09/18/10	0.00	0.00	(\$4,877,954.00)	0.2800%	(\$37.94)
09/19/10	0.00	0.00	(\$4,877,954.00)	0.2800%	(\$37.94)
09/20/10	0.00	3,270,000.00	(\$1,607,954.00)	0.2800%	(\$12.51)
09/21/10	29,514,000.00	0.00	(\$31,121,954.00)	0.2800%	(\$242.06)
09/22/10	0.00	8,502,000.00	(\$22,619,954.00)	0.2800%	(\$175.93)
09/23/10	0.00	2,072,000.00	(\$20,547,954.00)	0.2800%	(\$159.82)
09/24/10	0.00	6,469,000.00	(\$14,078,954.00)	0.2800%	(\$109.50)
09/25/10	0.00	0.00	(\$14,078,954.00)	0.2800%	(\$109.50)
09/26/10	0.00	0.00	(\$14,078,954.00)	0.2800%	(\$109.50)
09/27/10	14,978,000.00	0.00	(\$29,056,954.00)	0.2800%	(\$226.00)
09/28/10	0.00	8,184,000.00	(\$20,872,954.00)	0.2800%	(\$162.35)
09/29/10	0.00	5,350,000.00	(\$15,522,954.00)	0.2800%	(\$120.73)
09/30/10	45,661,000.00	0.00	(\$61,183,954.00)	0.2800%	(\$475.88)
	102,316,000.00	101,432,000.00	884,000.00	0.2800%	(6,225.81)

Money Pool Statements
POOL - KENTUCKY UTILITIES

October 2010

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning Balance			(\$61,183,954.00) *		
10/01/10	0.00	1,274,000.00	(\$59,909,954.00)	0.2500%	(\$416.04)
10/02/10	0.00	0.00	(\$59,909,954.00)	0.2500%	(\$416.04)
10/03/10	0.00	0.00	(\$59,909,954.00)	0.2500%	(\$416.04)
10/04/10	0.00	4,308,000.00	(\$55,601,954.00)	0.2500%	(\$386.12)
10/05/10	0.00	3,445,000.00	(\$52,156,954.00)	0.2500%	(\$362.20)
10/06/10	0.00	6,868,000.00	(\$45,288,954.00)	0.2500%	(\$314.51)
10/07/10	0.00	2,180,000.00	(\$43,108,954.00)	0.2500%	(\$299.37)
10/08/10	0.00	4,774,000.00	(\$38,334,954.00)	0.2500%	(\$266.21)
10/09/10	0.00	0.00	(\$38,334,954.00)	0.2500%	(\$266.21)
10/10/10	0.00	0.00	(\$38,334,954.00)	0.2500%	(\$266.21)
10/11/10	0.00	0.00	(\$38,334,954.00)	0.2500%	(\$266.21)
10/12/10	0.00	8,415,000.00	(\$29,919,954.00)	0.2500%	(\$207.78)
10/13/10	0.00	6,959,000.00	(\$22,960,954.00)	0.2500%	(\$159.45)
10/14/10	0.00	5,643,000.00	(\$17,317,954.00)	0.2500%	(\$120.26)
10/15/10	10,238,000.00	0.00	(\$27,555,954.00)	0.2500%	(\$191.36)
10/16/10	0.00	0.00	(\$27,555,954.00)	0.2500%	(\$191.36)
10/17/10	0.00	0.00	(\$27,555,954.00)	0.2500%	(\$191.36)
10/18/10	0.00	7,111,000.00	(\$20,444,954.00)	0.2500%	(\$141.98)
10/19/10	0.00	10,630,000.00	(\$9,814,954.00)	0.2500%	(\$68.16)
10/20/10	2,811,000.00	0.00	(\$12,625,954.00)	0.2500%	(\$87.68)
10/21/10	0.00	3,734,000.00	(\$8,891,954.00)	0.2500%	(\$61.75)
10/22/10	0.00	7,062,000.00	(\$1,829,954.00)	0.2500%	(\$12.71)
10/23/10	0.00	0.00	(\$1,829,954.00)	0.2500%	(\$12.71)
10/24/10	0.00	0.00	(\$1,829,954.00)	0.2500%	(\$12.71)
10/25/10	2,224,000.00	0.00	(\$4,053,954.00)	0.2500%	(\$28.15)
10/26/10	73,993,000.00	0.00	(\$78,046,954.00)	0.2500%	(\$541.99)
10/27/10	0.00	6,711,000.00	(\$71,335,954.00)	0.2500%	(\$495.39)
10/28/10	16,101,000.00	0.00	(\$87,436,954.00)	0.2500%	(\$607.20)
10/29/10	6,245,000.00	0.00	(\$93,681,954.00)	0.2500%	(\$650.57)
10/30/10	0.00	0.00	(\$93,681,954.00)	0.2500%	(\$650.57)
10/31/10	0.00	0.00	(\$93,681,954.00)	0.2500%	(\$650.57)
	111,612,000.00	79,114,000.00	32,498,000.00	0.2500%	(8,758.89)

Money Pool Statements
POOL - KENTUCKY UTILITIES

November 2010

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning Balance			(\$111,108,461.50) *		
11/01/10	2,946,000.00	0.00	(\$114,054,461.50)	0.2500%	(\$792.04)
11/02/10	0.00	1,725,000.00	(\$112,329,461.50)	0.2500%	(\$780.07)
11/03/10	0.00	4,076,000.00	(\$108,253,461.50)	0.2500%	(\$751.76)
11/04/10	0.00	4,005,000.00	(\$104,248,461.50)	0.2500%	(\$723.95)
11/05/10	0.00	4,245,000.00	(\$100,003,461.50)	0.2500%	(\$694.47)
11/06/10	0.00	0.00	(\$100,003,461.50)	0.2500%	(\$694.47)
11/07/10	0.00	0.00	(\$100,003,461.50)	0.2500%	(\$694.47)
11/08/10	0.00	3,866,000.00	(\$96,137,461.50)	0.2500%	(\$667.62)
11/09/10	0.00	2,536,000.00	(\$93,601,461.50)	0.2500%	(\$650.01)
11/10/10	0.00	7,100,000.00	(\$86,501,461.50)	0.2500%	(\$600.70)
11/11/10	0.00	0.00	(\$86,501,461.50)	0.2500%	(\$600.70)
11/12/10	0.00	1,030,000.00	(\$85,471,461.50)	0.2500%	(\$593.55)
11/13/10	0.00	0.00	(\$85,471,461.50)	0.2500%	(\$593.55)
11/14/10	0.00	0.00	(\$85,471,461.50)	0.2500%	(\$593.55)
11/15/10	6,547,000.00	0.00	(\$92,018,461.50)	0.2500%	(\$639.02)
11/16/10 *	0.00	92,018,461.50	\$0.00	0.2500%	\$0.00
11/17/10	0.00	0.00	\$0.00	0.2500%	\$0.00
11/18/10	0.00	0.00	\$0.00	0.2500%	\$0.00
11/19/10	0.00	0.00	\$0.00	0.2500%	\$0.00
11/20/10	0.00	0.00	\$0.00	0.2500%	\$0.00
11/21/10	0.00	0.00	\$0.00	0.2500%	\$0.00
11/22/10	0.00	0.00	\$0.00	0.2500%	\$0.00
11/23/10	0.00	0.00	\$0.00	0.2500%	\$0.00
11/24/10	5,500,000.00	0.00	(\$5,500,000.00)	0.2500%	(\$38.19)
11/25/10	0.00	0.00	(\$5,500,000.00)	0.2500%	(\$38.19)
11/26/10	0.00	0.00	(\$5,500,000.00)	0.2500%	(\$38.19)
11/27/10	0.00	0.00	(\$5,500,000.00)	0.2500%	(\$38.19)
11/28/10	0.00	0.00	(\$5,500,000.00)	0.2500%	(\$38.19)
11/29/10	0.00	5,500,000.00	\$0.00	0.2500%	\$0.00
11/30/10	0.00	0.00	\$0.00	0.2500%	\$0.00
	14,993,000.00	126,101,461.50	(111,108,461.50)	0.2500%	(10,260.91)

* November 1, 2010 - Beginning balance includes \$17,426,507.50, accrued interest due to Fidelia 10/31/10, paid by PPL at merger.

* November 16, 2010 - Kentucky Utilities money pool balance paid from proceeds of long-term debt issuance, received on November 16, 2010.

Money Pool Statements
POOL - KENTUCKY UTILITIES

December 2010

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning Balance			\$0.00		
12/01/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/02/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/03/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/04/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/05/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/06/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/07/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/08/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/09/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/10/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/11/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/12/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/13/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/14/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/15/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/16/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/17/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/18/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/19/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/20/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/21/10	0.00	0.00	\$0.00	0.2500%	\$0.00
12/22/10	13,550,000.00	0.00	(\$13,550,000.00)	0.2500%	(\$94.10)
12/23/10	0.00	0.00	(\$13,550,000.00)	0.2500%	(\$94.10)
12/24/10	0.00	0.00	(\$13,550,000.00)	0.2500%	(\$94.10)
12/25/10	0.00	0.00	(\$13,550,000.00)	0.2500%	(\$94.10)
12/26/10	0.00	0.00	(\$13,550,000.00)	0.2500%	(\$94.10)
12/27/10	0.00	3,050,000.00	(\$10,500,000.00)	0.2500%	(\$72.92)
12/28/10	0.00	2,566,000.00	(\$7,934,000.00)	0.2500%	(\$55.10)
12/29/10	0.00	0.00	(\$7,934,000.00)	0.2500%	(\$55.10)
12/30/10	2,500,000.00	0.00	(\$10,434,000.00)	0.2500%	(\$72.46)
12/31/10	0.00	0.00	(\$10,434,000.00)	0.2500%	(\$72.46)
	16,050,000.00	5,616,000.00	10,434,000.00	0.2500%	(798.51)

Money Pool Statements
POOL - KENTUCKY UTILITIES

January 2011

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning Balance			(\$10,434,000.00)		
01/01/11	0.00	0.00	(\$10,434,000.00)	0.2500%	(\$72.46)
01/02/11	0.00	0.00	(\$10,434,000.00)	0.2500%	(\$72.46)
01/03/11	0.00	2,400,000.00	(\$8,034,000.00)	0.2500%	(\$55.79)
01/04/11	0.00	0.00	(\$8,034,000.00)	0.2500%	(\$55.79)
01/05/11	0.00	0.00	(\$8,034,000.00)	0.2500%	(\$55.79)
01/06/11	0.00	0.00	(\$8,034,000.00)	0.2500%	(\$55.79)
01/07/11	0.00	2,000,000.00	(\$6,034,000.00)	0.2500%	(\$41.90)
01/08/11	0.00	0.00	(\$6,034,000.00)	0.2500%	(\$41.90)
01/09/11	0.00	0.00	(\$6,034,000.00)	0.2500%	(\$41.90)
01/10/11	0.00	0.00	(\$6,034,000.00)	0.2500%	(\$41.90)
01/11/11	0.00	6,034,000.00	\$0.00	0.2500%	\$0.00
01/12/11	0.00	0.00	\$0.00	0.2500%	\$0.00
01/13/11	0.00	0.00	\$0.00	0.2500%	\$0.00
01/14/11	5,203,000.00	0.00	(\$5,203,000.00)	0.2500%	(\$36.13)
01/15/11	0.00	0.00	(\$5,203,000.00)	0.2500%	(\$36.13)
01/16/11	0.00	0.00	(\$5,203,000.00)	0.2500%	(\$36.13)
01/17/11	0.00	0.00	(\$5,203,000.00)	0.2500%	(\$36.13)
01/18/11	0.00	0.00	(\$5,203,000.00)	0.2500%	(\$36.13)
01/19/11	21,053,000.00	0.00	(\$26,256,000.00)	0.2500%	(\$182.33)
01/20/11	0.00	1,636,000.00	(\$24,620,000.00)	0.2500%	(\$170.97)
01/21/11	310,000.00	0.00	(\$24,930,000.00)	0.2500%	(\$173.13)
01/22/11	0.00	0.00	(\$24,930,000.00)	0.2500%	(\$173.13)
01/23/11	0.00	0.00	(\$24,930,000.00)	0.2500%	(\$173.13)
01/24/11	0.00	13,328,000.00	(\$11,602,000.00)	0.2500%	(\$80.57)
01/25/11	15,681,000.00	0.00	(\$27,283,000.00)	0.2500%	(\$189.47)
01/26/11	0.00	7,717,000.00	(\$19,566,000.00)	0.2500%	(\$135.88)
01/27/11	0.00	5,267,000.00	(\$14,299,000.00)	0.2500%	(\$99.30)
01/28/11	0.00	4,737,000.00	(\$9,562,000.00)	0.2500%	(\$66.40)
01/29/11	0.00	0.00	(\$9,562,000.00)	0.2500%	(\$66.40)
01/30/11	0.00	0.00	(\$9,562,000.00)	0.2500%	(\$66.40)
01/31/11	0.00	5,243,000.00	(\$4,319,000.00)	0.2500%	(\$29.99)
	42,247,000.00	48,362,000.00	(6,115,000.00)	0.2500%	(2,323.44)

**Money Pool Statements
POOL - KENTUCKY UTILITIES**

February 2011

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning Balance			(\$4,319,000.00)		
02/01/11	0.00	4,832,000.00	\$513,000.00	0.2500%	\$3.56
02/02/11	0.00	7,525,000.00	\$8,038,000.00	0.2500%	\$55.82
02/03/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/04/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/05/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/06/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/07/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/08/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/09/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/10/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/11/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/12/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/13/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/14/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/15/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/16/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/17/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/18/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/19/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/20/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/21/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/22/11	0.00	0.00	\$8,038,000.00	0.2500%	\$55.82
02/23/11	8,038,000.00	0.00	\$0.00	0.2500%	\$0.00
02/24/11	0.00	0.00	\$0.00	0.2500%	\$0.00
02/25/11	0.00	0.00	\$0.00	0.2500%	\$0.00
02/26/11	0.00	0.00	\$0.00	0.2500%	\$0.00
02/27/11	0.00	0.00	\$0.00	0.2500%	\$0.00
02/28/11	0.00	0.00	\$0.00	0.2500%	\$0.00
	8,038,000.00	12,367,000.00	(4,319,000.00)	0.2500%	1,175.77

Money Pool Statements
POOL - KENTUCKY UTILITIES

March 2011

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning balance			\$0.00		
03/01/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/02/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/03/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/04/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/05/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/06/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/07/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/08/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/09/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/10/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/11/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/12/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/13/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/14/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/15/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/16/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/17/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/18/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/19/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/20/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/21/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/22/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/23/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/24/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/25/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/26/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/27/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/28/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/29/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/30/11	0.00	0.00	\$0.00	0.2500%	\$0.00
03/31/11	0.00	0.00	\$0.00	0.2500%	\$0.00
	0.00	0.00	-	0.2500%	0.00

Money Pool Statements
POOL - KENTUCKY UTILITIES

April 2011

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning balance			\$0.00		
04/01/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/02/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/03/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/04/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/05/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/06/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/07/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/08/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/09/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/10/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/11/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/12/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/13/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/14/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/15/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/16/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/17/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/18/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/19/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/20/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/21/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/22/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/23/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/24/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/25/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/26/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/27/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/28/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/29/11	0.00	0.00	\$0.00	0.2000%	\$0.00
04/30/11	0.00	0.00	\$0.00	0.2000%	\$0.00
	0.00	0.00		0.0000%	0.00

**Money Pool Statements
POOL - KENTUCKY UTILITIES**

May 2011

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning balance			\$0.00		
05/01/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/02/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/03/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/04/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/05/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/06/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/07/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/08/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/09/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/10/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/11/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/12/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/13/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/14/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/15/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/16/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/17/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/18/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/19/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/20/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/21/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/22/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/23/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/24/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/25/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/26/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/27/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/28/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/29/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/30/11	0.00	0.00	\$0.00	0.1900%	\$0.00
05/31/11	0.00	0.00	\$0.00	0.1900%	\$0.00
	0.00	0.00	-	0.0000%	0.00

Money Pool Statements
POOL - KENTUCKY UTILITIES

June 2011

Date	Debit	Credit	Balance	AVG Debt Rate	Interest
Beginning balance			\$0.00		
06/01/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/02/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/03/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/04/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/05/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/06/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/07/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/08/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/09/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/10/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/11/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/12/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/13/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/14/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/15/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/16/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/17/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/18/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/19/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/20/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/21/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/22/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/23/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/24/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/25/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/26/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/27/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/28/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/29/11	0.00	0.00	\$0.00	0.1600%	\$0.00
06/30/11	0.00	0.00	\$0.00	0.1600%	\$0.00
	0.00	0.00	-	0.0000%	0.00

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 4

Witness: Daniel K. Arbough / Counsel

- Q-4. Please provide copies of all presentations made to rating agencies and/or investment firms by PPL and/or the Company between January 1, 2011 and the present. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-4. Reference is made to the objections filed on August 24, 2011. Without waiver of these objections, the Company is providing copies of three rating agency presentations made during 2011 under seal and pursuant to a petition for confidential protection. Also, the Companies are providing copies of additional presentations on CD in folder titled Question No. 4.

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 5

Witness: Daniel K. Arbough

- Q-5. Please provide copies of all prospectuses, bank lending agreements, and/or private placement agreements for any financings by PPL and/or the Company since January 1, 2010. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-5. Please refer to the attachments on CD in the folder titled Question No. 5 containing the prospectuses for KU and PPL. Copies of the \$400 million revolving line of credit agreement and amendment, and the \$198 million letter of credit facility have previously been provided in response to KIUC-1 Question No. 9.

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 6

Witness: Daniel K. Arbough

- Q-6. Please provide copies of credit reports for PPL and/or the Company from the major credit rating agencies published since January 1, 2010. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).

- A-6. Certain of the Company's rating agency reports were provided in response to KPSC-1 Question No. 16. All additional rating agency reports since January 1, 2010 are attached on CD in the folder titled Question No. 6.

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 7

Witness: Daniel K. Arbough

- Q-7. Please provide the corporate credit and bond ratings assigned to PPL and the Company since the year 2006 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, please provide a copy of the associated report. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-7. The S&P corporate credit rating for PPL Corporation was downgraded from BBB+ to BBB on March 2, 2011. PPL's corporate credit rating was upgraded from BBB to BBB+ on October 27, 2010. Prior to the October 27, 2010 upgrade, PPL's corporate credit rating had been BBB since before 2006.

The S&P corporate credit rating for KU was downgraded from BBB+ to BBB on March 2, 2011. KU's corporate credit rating had been BBB+ since before 2006. Senior secured First Mortgage Bonds issued in November 2010 were initially rated A by S&P but were downgraded to an A- rating on March 2, 2011. KU's short-term credit rating was downgraded from A-2 to A-3 by S&P on March 2, 2011, but shortly thereafter upgraded to A-2 on April 15, 2011.

The Moody's issuer rating for PPL Corporation was downgraded from Baa2 to Baa3 on April 28, 2010. The issuer rating for PPL had been Baa2 since 2006.

The Moody's issuer rating for KU was downgraded from A2 to Baa1 on October 25, 2010. The issuer rating for KU had been A2 since 2000. Moody's also downgraded KU's short-term credit rating to P-2 from P-1 on October 25, 2010. KU's Senior secured First Mortgage Bonds issued in November 2010 were assigned a rating of A2.

Fitch has assigned an issuer default rating of BBB and a short-term issuer default rating of F2 to PPL Corporation since January 1, 2008. These ratings were affirmed by Fitch in March 2011. Information on Fitch's ratings was only available to 2008 for PPL Corporation.

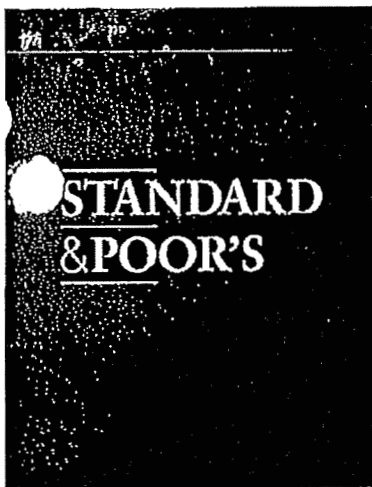
In November 2010, Fitch assigned an issuer default rating of A-, a secured debt rating of A+, a Senior unsecured debt rating of A and a short-term issuer default rating of F2 to KU. KU was not rated by Fitch prior to 2010.

Copies of rating agency reports reflecting the rating changes described above are attached.

Attachment to Question No. 2-7

1 of 9

Arbough



Global Credit Portal RatingsDirect

April 15, 2011

Research Update:

PPL Corp. And U.K. Affiliates Are Taken Off Credit Watch, Ratings Are Affirmed

Primary Credit Analysts:

Gerrit Jepsen, CFA, New York (1) 212-438-2529; gerrit_jepsen@standardandpoors.com
Beatrice de Taisne, CFA, London (44) 20-7176-3930; beatrice_de_taisne@standardandpoors.com

Secondary Credit Analysts:

Barbara A Elseman, New York (1) 212-438-7666; barbara_elseman@standardandpoors.com
Karin Erlander, London (44) 20-7176-3584; karin_erlander@standardandpoors.com

Table Of Contents

- Overview
- Rating Action
- Rationale
- Outlook
- Related Criteria And Research
- Ratings List

Research Update:

PPL Corp. And U.K. Affiliates Are Taken Off CreditWatch, Ratings Are Affirmed

Overview

- We resolved the CreditWatch with negative implications and affirmed the 'BBB' ratings on diversified energy company PPL Corp. and its affiliates PPL Electric Utilities (PPLEU), PPL Energy Supply (PPL Energy), LG&E and KU Energy LLC (LKE), Louisville Gas & Electric Co. (LG&E), and Kentucky Utilities Co. (KU). The outlook on the ratings is stable.
- At the same time, we resolved the CreditWatch listing and affirmed the 'BBB' ratings on PPL's U.K. affiliates: PPL WW Holdings Ltd. (intermediate holding company formerly known as Western Power Distribution Holdings Ltd.) and PPL WW's distribution network operators (DNOs) Western Power Distribution (South Wales) and Western Power Distribution (South West); and the new intermediate holding company PPL WEM Holdings PLC and its DNOs Western Power Distribution (West Midlands) and Western Power Distribution (East Midlands). The outlook on all the ratings is stable.
- We raised the short-term ratings on KU, LG&E, PPLEU, Western Power Distribution (East Midlands), Western Power Distribution (West Midlands), PPL WEM, PPL WW, Western Power Distribution (South Wales), and Western Power Distribution (South West) to 'A-2' from 'A-3', and we removed the CreditWatch listing.
- The ratings actions and CreditWatch actions come as the result of PPL's recently completed common stock and equity offerings.

Rating Action

On April 15, 2011, Standard & Poor's Ratings Services affirmed its 'BBB' corporate credit ratings on PPL Corp. and its affiliates PPL Electric Utilities (PPLEU), PPL Energy Supply (PPL Energy), LG&E and KU Energy LLC (LKE), Louisville Gas & Electric Co. (LG&E), and Kentucky Utilities Co. (KU). At the same time, we removed the ratings from CreditWatch with negative implications, where we put them on March 2, 2011, following the acquisition announcement. (See "PPL Corp. Is Lowered To 'BBB' And Placed On CreditWatch Negative After Acquisition Announcement," published March 2, 2011.) We also resolved the CreditWatch listings and affirmed the 'BBB' ratings on PPL's U.K. affiliates: PPL WW Holdings Ltd. (intermediate holding company formerly known as Western Power Distribution Holdings Ltd.) and PPL WW's distribution network operators (DNOs) Western Power Distribution (South Wales) and Western Power Distribution (South West); and the new intermediate holding company PPL WEM Holdings PLC and its DNOs Western Power Distribution (West Midlands) and Western Power Distribution (East Midlands). The outlook on all the ratings is stable. We raised the short-term ratings on KU, LG&E, PPLEU, Western Power Distribution (WPD) (East Midlands), WPD (West Midlands), PPL WEM, PPL WW, WPD

Research Update: PPL Corp. And U.K. Affiliates Are Taken Off CreditWatch, Ratings Are Affirmed

(South Wales), and WPD (South West) to 'A-2' from 'A-3'.

Allentown, Pa.-based PPL has about \$12.7 billion of long-term debt, including \$1.63 billion of junior subordinated notes. Including all junior subordinated notes, we estimate pro forma debt to be roughly \$16.6 billion.

The ratings affirmations and removal of the CreditWatch listings follow PPL's recently completed offerings of 92 million shares (after exercise of the overallotment option) of PPL common stock (roughly \$2.3 billion of gross proceeds), and 19.55 million (after exercise of the overallotment option) of equity units (roughly \$978 million of gross proceeds), to which we assign high equity content.

PPL completed the equity financing as part of the permanent financing plan for the completed acquisition of E.ON U.K.'s Central Networks West PLC and Central Networks East PLC. The CreditWatch listing was directly related to the execution of the financing plan for the acquisition, which included the company's commitment of a substantial issuance of equity. PPL will use proceeds from both issuances to repay a portion of a £3.6 billion 364-day bridge facility that funded the acquisition April 1. The company will repay the remaining balance on the bridge loan with proceeds from future permanent debt issuances as indicated by PPL.

Rationale

For the cash portion of its acquisition of E.ON U.K.'s Central Networks, PPL issued the common stock and equity units and expects to issue unsecured debt at intermediate holding company PPL WEM Holdings PLC and its two new operating subsidiaries, WPD (West Midlands) and WPD (East Midlands). PPL's regulated cash flows should rise to approximately 75% from 60% before it completes the acquisition. Before PPL bought the Kentucky utilities, its regulated cash flows comprised less than 30%. Due to the potential cash flow contribution to the consolidated PPL family from the enlarged U.K. operations, we believe that the U.K. group is now a core part of PPL's strategy. Therefore, we matched the ratings on all these entities with our rating on PPL. We rate PPL WW's senior unsecured debt one notch lower than its long-term rating to reflect structural subordination. We would take the same approach to rating any debt PPL WEM issues. For more information on the rating methodology for the U.K. group, please see "U.K. OpCos WPD West And East Midlands Downgraded To 'BBB/A-3' On New Owner; New HoldCo Rated 'BBB/A-3'; On Watch Neg," published April 12, 2011.

Our assessment of the business profile as excellent reflects the addition of fully regulated distribution utilities that have credit-supportive U.K. regulation and no commodity exposure, since power for retail customers is procured by nonaffiliated retail suppliers. The new DNOs are contiguous to the U.K. utilities PPL's already owns. We expect U.K. operations to be about 30% of PPL's consolidated cash flow. The stability of U.K. cash flows, which are wires-only distribution utilities, along with existing utility assets in Kentucky and Pennsylvania, all of which we assess as excellent, will more than

Research Update: PPL Corp. And U.K. Affiliates Are Taken Off Credit Watch, Ratings Are Affirmed

offset the business risk profile of PPL Energy's merchant generation, which we assess as satisfactory, resulting in an excellent business profile overall. We expect the merchant generation business to comprise less than 25% of pro forma consolidated cash flows.

We consider the financial risk profile to be aggressive, which reflects in part the company's financial policies toward acquisitions, including funding with aggressive levels of hybrid securities. The consolidated financial measures include all cash flows and debt obligations from the U.K. utilities and PPLEU in PPL's financial measures. We expect consolidated financial measures, including ratios of debt to EBITDA, funds from operations (FFO) to total debt, and debt to capital, to range into the aggressive category of our financial risk profile. Debt to EBITDA should range between 4x and 5x, while we expect the percentage of FFO to debt to be in the mid-teens. These measures will support ratings at the 'BBB' level on successful completion of all the permanent financing.

Liquidity

Standard & Poor's currently believes PPL's liquidity is adequate under its corporate liquidity methodology, which categorizes liquidity in five standard descriptors. (See "Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers," published July 2, 2010.) Our assessment of PPL's liquidity supports our 'BBB' issuer credit rating on the company. Its projected sources of liquidity--mainly operating cash flow and available bank lines--exceed its projected uses--mainly necessary capital expenditures, debt maturities, and common dividends--by about 1.2x over the next 12 to 18 months. We expect net sources to remain positive, even if EBITDA declines more than 15%. Compliance with financial covenants could survive a 15% drop in EBITDA, in our view. Further supporting our liquidity assessment is PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and its generally prudent risk management.

Outlook

The stable outlook on our ratings on PPL and its all rated subsidiaries reflects our expectation that management will maintain an excellent business profile by focusing on its regulated utilities and will not increase unregulated operations beyond current levels. The outlook also reflects our expectations that cash flow protection and debt leverage measures will be in line for the rating. Specifically, our baseline forecast includes FFO to total debt of around 15%, debt to EBITDA between 4x and 5x, and debt leverage to total capital under 60%, consistent with our expectations for the 'BBB' rating. Given the company's mostly regulated focus, we expect that PPL will avoid any meaningful rise in business risk by reaching constructive regulatory outcomes and limit its unregulated operations to existing levels. We could lower the ratings if PPL cannot sustain consolidated financial measures of FFO to total debt of at least 12%, debt to EBITDA below 5x, and debt leverage under 62%. This could occur if market power prices continue to remain weak due to ongoing depressed demand. Although unlikely over the intermediate term, we

Research Update: PPL Corp. And U.K. Affiliates Are Taken Off CreditWatch, Ratings Are Affirmed

could raise ratings if the business profile further strengthens and if financial measures exceed our base line forecast on a consistent basis, including FFO to total debt in excess of 20%, debt to EBITDA below 4x, and debt to total capital around 50%.

Related Criteria And Research

- U.K. OpCos WPD West And East Midlands Downgraded To 'BBB/A-3' On New Owner; New HoldCo Rated 'BBB/A-3'; On Watch Neg, April 12, 2011
- U.K.-Based WPD Operating Cos Downgraded To 'BBB/A-3' And Placed On Watch Neg After Same Action On U.S. Parent PPL, March 3, 2011
- Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers, July 2, 2010
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Corporate Ratings Criteria 2008: Analytical Methodology, April 15, 2008
- Corporate Ratings Criteria 2008: Ratios And Adjustments, April 15, 2008

Ratings List

Ratings Affirmed; CreditWatch Action; Upgraded

	To	From
PPL Corp.		
PPL Energy Supply LLC		
LG&E and KU Energy LLC		
Corporate Credit Rating	BBB/Stable/--	BBB/Watch Neg/--
Kentucky Utilities Co.		
Western Power Distribution (South West) PLC		
Western Power Distribution (South Wales) PLC		
WPD West Midlands PLC		
WPD East Midlands PLC		
PPL WW Holdings Ltd.		
PPL WEM Holdings PLC		
PPL Electric Utilities Corp.		
Louisville Gas & Electric Co.		
Corporate Credit Rating	BBB/Stable/A-2	BBB/Watch Neg/A-3
Kentucky Utilities Co.		
Senior Secured	A-	A-/Watch Neg
Recovery Rating	1+	
LG&E and KU Energy LLC		
Senior Unsecured	BBB-	BBB-/Watch Neg
Louisville Gas & Electric Co.		
Senior Secured	A-	A-/Watch Neg
Recovery Rating	1+	

Research Update: PPL Corp. And U.K. Affiliates Are Taken Off Credit Watch, Ratings Are Affirmed

PPL Capital Funding Inc.		
Senior Unsecured	BBB-	BBB-/Watch Neg
Junior Subordinated	BB+	BB+/Watch Neg
PPL Electric Utilities Corp.		
Senior Secured	BBB+	BBB+/Watch Neg
Recovery Rating	1	
Preference Stock	BB+	BB+/Watch Neg
PPL Energy Supply LLC		
Senior Unsecured	BBB	BBB/Watch Neg
PPL WEM Holdings PLC		
Senior Unsecured	BBB-	BBB-/Watch Neg
PPL WW Holdings Ltd.		
Senior Unsecured	BBB-	BBB-/Watch Neg
WPD East Midlands PLC		
Senior Unsecured	BBB	BBB/Watch Neg
WPD West Midlands PLC		
Senior Unsecured	BBB	BBB/Watch Neg
Western Power Distribution (South Wales) PLC		
Senior Unsecured	BBB	BBB/Watch Neg
Western Power Distribution (South West) PLC		
Senior Unsecured	BBB	BBB/Watch Neg

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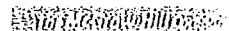
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Attachment to Question No. 2-7

2 of 9

Arbough

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's downgrades the Issuer Ratings for E.ON U.S. and its subsidiaries

Global Credit Research - 26 Oct 2010

New York, October 25, 2010 -- Moody's Investors Service today downgraded the Issuer Rating of E.ON U.S. LLC (E.ON U.S.) to Baa2 from A3 and the Issuer Ratings of its two utility subsidiaries, Kentucky Utilities Company (KU) and Louisville Gas and Electric Company (LG&E), to Baa1 from A2. Moody's also downgraded KU and LG&E's short-term ratings for variable rate demand debt to Prime-2 from Prime-1. These rating actions conclude the review for possible downgrade that commenced on April 29, 2010. The rating outlooks for E.ON U.S., KU and LG&E are stable.

Separately, Moody's confirmed KU and LG&E's outstanding tax-exempt debt at A2. The rating confirmation considers that, in the case of LG&E, the formerly unsecured debt has been secured with first mortgage bonds provided to the trustee and, while KU's bonds are currently unsecured, the utility intends to secure them in a similar manner over the next week. It is Moody's policy to generally rate first mortgage bonds of investment-grade rated utilities two alpha-numeric ratings higher than its Issuer Rating or senior unsecured debt rating.

RATINGS RATIONALE

The downgrade of E.ON U.S., KU and LG&E's Issuer Ratings follows receipt of several regulatory approvals, most notably from the Kentucky Public Service Commission (KPSC), relating to the proposed sale of E.ON U.S. by E.ON AG (E.ON: A2 senior unsecured) to PPL Corp. (PPL: Baa3 senior unsecured) for approximately \$7.625 billion.

While approval from the FERC remains outstanding, we believe there is a high probability that it will be received and that the transaction will close in a matter of weeks. Upon closing of the transaction, E.ON U.S. will become a subsidiary of PPL and will be renamed LG&E and KU Energy LLC (LKE), with KU and LG&E remaining as distinct and separate operating entities. In the unlikely scenario that the merger is not consummated, the Issuer Ratings for E.ON U.S., LG&E and KU would likely revert back to their respective prior assigned levels.

"E.ON's ownership of E.ON U.S., KU and LG&E was an important factor supporting their prior respective Issuer Ratings" said Moody's Vice President Scott Solomon. "Specifically, E.ON's size, scale and credit profile provided liquidity and financial flexibility in the form of significant inter-company funding along with a liberal dividend policy that strengthened the related company's respective financial position and provided ratings lift".

Today's downgrades were triggered by the expected near-term transfer of ownership and the elimination of any ratings lift. E.ON U.S., KU and LG&E's ratings, however, are well positioned within their newly assigned rating categories and reflective of sound financial metrics and a generally supportive regulatory environment that provides for above-average cost recovery. Fluctuations in KU and LG&E's cost of fuel and purchased power, for instance, are recoverable with minimal regulatory lag while investments and costs borne by the utilities in order to remain compliant with the Clean Air Act are recoverable through an environmental surcharge mechanism.

KU and LG&E's ratio of consolidated cash flow before changes in working capital (CFO pre W/C) to debt and CFO pre-W/C interest coverage for the twelve months ended June 30, 2010, were each approximately 20% and 5.6 times, respectively. Financial metrics for both utilities are expected to trend modestly upward over the near-term due in large part to rate increases that became effective in August 2010. That being said, both utilities are expected to increase their respective dividend payments under PPL ownership. E.ON U.S. is expected to generate consolidated CFO pre-W/C to debt metrics in the mid-to-upper teens and CFO pre-W/C interest coverage above 4 times, placing it firmly in the mid-Baa rating category.

KU and LG&E, combined, had approximately \$2.6 billion of long-term debt outstanding at December 31, 2009. Of this amount, approximately 70% was intercompany debt provided by E.ON affiliates (the remaining 30% is tax-exempt debt that will remain outstanding). While the absolute amount of debt at KU and LGE is not expected to be impacted by the proposed acquisition, PPL anticipates ultimately refinancing the intercompany debt with first mortgage bond debt offerings at KU and LG&E and senior unsecured debt at LKE (the renamed E.ON U.S.)

Moody's Issuer Ratings are an opinion of the ability of an entity to honor its senior unsecured financial obligations. Specific debt issues may be rated differently and are considered unrated unless rated by Moody's. That being said, it is Moody's expectation that any debt offering by LKE would likely be rated Baa2.

The KPSC's approval of the acquisition included two commitments affecting rates. The first places a moratorium on any base rate increases by KU and LG&E until 1/1/13. The second provision establishes a mechanism under which earnings at the

utilities in excess of a 10.75% ROE will be shared equally between ratepayers and shareholders. The agreement has no impact on the utilities' ability to seek rate adjustments through their existing fuel and environmental cost adjustment mechanisms.

The stable outlook considers the modest expected improvement in financial metrics over the near-term and the supportive regulatory environment in which the utilities operate.

Upward pressure may materialize for KU and LG&E if they achieve financial metrics such as CFO pre-WC to debt in excess of 25% and retained cash flow to debt of greater than 17% on a sustainable basis. LKE's rating may be upgraded if it achieves consolidated CFO pre-WC to debt in excess of 19% on a sustainable basis.

KU, LG&E and LKE's ratings could be downgraded should the utilities encounter unexpected problems integrating with PPL or if unexpected changes are made to the regulatory compact that currently provides for timely recovery of costs. Financial metrics that may trigger downward rating pressure include, for KU and LG&E, ratios of CFO pre-WC to debt of below 16% or, in the case of LKE, below 13%.

The principal methodology used in rating E.ON U.S. LLC was Regulated Electric and Gas Utilities rating methodology published in August 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

E.ON U.S. LLC is headquartered in Louisville, Kentucky.

REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings, parties not involved in the ratings, public information, confidential and proprietary Moody's Investors Service's information, confidential and proprietary Moody's Analytics' information.

Moody's Investors Service considers the quality of information available on the issuer or obligation satisfactory for the purposes of maintaining a credit rating.

MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

The date on which some Credit Ratings were first released goes back to a time before Moody's Investors Service's Credit Ratings were fully digitized and accurate data may not be available. Consequently, Moody's Investors Service provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

New York
Scott Solomon
Vice President - Senior Analyst
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
MD - Utilities
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
U.S.A.

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INVESTORS SERVICE

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Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.

Attachment to Question No. 2-7

3 of 9

Arbough

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns ratings to LG&E, KU and parent LKE

Global Credit Research - 09 Nov 2010

Approximately \$2.9 billion of debt securities affected

New York, November 09, 2010 -- Moody's Investors Service has assigned ratings of A2 to \$1,500 million of first mortgage bonds issued by Kentucky Utilities Company (KU: Baa1 Issuer Rating) and \$535 million of first mortgage bonds issued by Louisville Gas and Electric Company (LG&E: Baa1 Issuer Rating). Moody's also assigned a Baa2 rating to \$875 million of senior unsecured notes issued by their Intermediate parent holding company, LG&E and KU Energy LLC (LKE: Baa2 Issuer Rating). The rating outlooks for KU, LG&E and LKE are stable.

Assignments:

..Issuer: Kentucky Utilities Co.

....Senior Secured First Mortgage Bonds, Assigned A2

..Issuer: LG&E and KU Energy LLC

....Senior Unsecured Regular Bond/Debenture, Assigned Baa2

..Issuer: Louisville Gas & Electric Company

....Senior Secured First Mortgage Bonds, Assigned A2

RATINGS RATIONALE

Proceeds from these offerings will be used to repay intercompany debt arising from PPL Corporation's (PPL: Baa3 senior unsecured) acquisition of LKE and its subsidiaries on November 1, 2010 for approximately \$7.625 billion.

KU and LG&E's Issuer Ratings are supported by their sound financial performance and the supportive regulatory environment in which they operate offset in part by a lack of fuel diversity and modestly sized service territories. It is Moody's policy to generally rate first mortgage bonds of investment-grade rated utilities two alpha-numeric ratings higher than its Issuer Rating or senior unsecured debt rating. The Baa2 rating assigned to LKE's senior unsecured debt is the same as its Issuer Rating and one-notch below KU and LG&E's Issuer Ratings due to the structural subordination of its debt to the debt issued at its utility subsidiaries.

Please refer to Moodys.com for additional research relating to KU, LG&E and LKE.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in August 2009.

PPL is a diversified energy holding company headquartered in Allentown, Pennsylvania.

REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings, parties not involved in the ratings, public information, confidential and proprietary Moody's Investors Service information, and confidential and proprietary Moody's Analytics information.

Moody's Investors Service considers the quality of information available on the issuer or obligation satisfactory for the purposes of assigning a credit rating.

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process.

Please see ratings tab on the Issuer/entity page on Moodys.com for the last rating action and the rating history.

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New York
Scott Solomon
Vice President - Senior Analyst
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
MD - Utilities
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
U.S.A.

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Attachment to Question No. 2-7

4 of 9

Arbough

Fitch Ratings

Fitch Affirms the Ratings of PPL and Subs on Acquisition Ratings

02 Mar 2011 6:11 PM (EST)

Fitch Ratings-New York-02 March 2011: Fitch Ratings has affirmed the ratings of PPL Corp. (PPL) and its U.S. subsidiaries following the announcement of a definitive agreement to acquire the Central Networks UK electric distribution businesses from E.ON UK plc for \$5.6 billion in cash plus the assumption of \$800 million of debt and transaction costs. The Ratings Outlook for all entities is Stable. See a full list of ratings affirmed below.

The affirmation reflects the reduction in business risk that results from the addition of two regulated electric utilities, and the on-going transformation from a company reliant on commodity-sensitive businesses to one that is highly regulated. It also assumes that the initial increase in leverage, as measured by the ratio of debt/EBITDA, will decline over the next few years as the company realizes a full year of earnings from the November 2010 acquisition of LG&E & KU Energy LLC (rated with a 'BBB+' Issuer Default Rating (IDR) by Fitch) and from the integration of Central Networks. In addition, the majority of the acquisition debt will be housed at the newly acquired UK subsidiaries, and will be non-recourse to PPL. The capital market risk of placing the permanent debt and equity financing and the ability to extract expected synergies from the newly acquired UK businesses are the primary credit concerns. There are no regulatory approvals required and management expects to complete the transaction in April 2011.

PPL plans to initially fund the \$5.6 billion acquisition with drawings under a committed bridge loan facility. The permanent financing, expected to be completed in the second quarter of 2011, will be comprised of approximately \$1.75 billion of common equity, \$875 million of mandatory convertible debt, and \$3 billion of subsidiary debt including \$750 million at an intermediate UK holding company and \$2.45 billion at Central Networks' two operating utilities, Central Networks East plc and Central Networks West plc. The capital market risk is mitigated by the short time frame to closing. Fitch calculates the pro forma 2010 ratio of debt/EBITDA will initially spike to 5.0 times (x) compared to the adjusted 2010 Debt/EBITDA of 4.4x. By 2013, Fitch expects the debt ratio to fall below 4.0x.

The acquisition substantially reduces PPL's commodity price exposure and lowers Fitch's business risk assessment by a full category. By 2013, management expects to derive approximately 75% of EBITDA from regulated operations compared to approximately 60% prior to the current transaction and about 30% prior to the acquisition of LG&E and KU Energy in November 2010. The service territories of Central Networks' two operating utilities are contiguous with PPL's other UK electric distribution business, Western Power Distribution, which provides the opportunity for synergy savings, which under UK regulation are retained until the next price review due in mid-2013.

Fitch affirms the following ratings with a Stable Outlook:

PPL Corp

--Long-term IDR at 'BBB';
--Short-term IDR at 'F2'.

PPL Energy Supply, LLC

--Long-term IDR at 'BBB';
--Senior unsecured debt at 'BBB';
--Short-term IDR at 'F2'.

PPL Capital Funding Inc.

--Long-term IDR at 'BBB';
--Short-term IDR at 'F2';
--Senior unsecured debt at 'BBB';
--Jr. subordinated notes at 'BB+'.

PPL Electric Utilities Corp.

--Long-term IDR at 'BBB';
--Secured debt 'A-';
--Preference stock at 'BBB-';
--Short-term IDR at 'F2';
--Commercial paper at 'F2'.

LG&E and KU Energy LLC
--Long-term IDR at 'BBB+';
--Senior unsecured debt at 'BBB+';
--Short-term IDR at 'F2'.

Kentucky Utilities Company
--Long-term IDR at 'A-';
--Secured debt at 'A+';
--Senior unsecured debt at 'A';
--Short-term IDR at 'F2'.

Louisville Gas and Electric Company
--Long-term IDR at 'A-';
--Secured debt at 'A+';
--Senior unsecured debt at 'A';
--Short-term IDR at 'F2'.

Contact:

Primary Analyst
Robert Hornick
Senior Director
+1-212-908-0523
One State Street Plaza
New York, NY 10004

Secondary Analyst
Phillippe Beard
Associate Director
+1-212-908-0242

Committee Chairperson
Glen Grabelsky
Managing Director
+1-212-908-0577

Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526, Email: cindy.stoller@fitchratings.com.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Nov, 24, 2009);
--'Credit Rating Guidelines for Regulated Utility Companies' (July 31, 2007);
--'U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines' (August 22, 2007).

Applicable Criteria and Related Research:
U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines
Credit Rating Guidelines for Regulated Utility Companies
Corporate Rating Methodology

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Attachment to Question No. 2-7

5 of 9

Arbough

Fitch Ratings

CORRECTION - FITCH ASSIGNS EXPECTED RTGS TO KY UTILITIES CO., LOUISVILLE G&E AND LG&E AND KU ENERGY

Fitch Ratings-New York-04 November 2010: (This is a correction for a release issued on Oct. 25, 2010. It amends the expected senior unsecured ratings for both Louisville Gas and Electric Company and Kentucky Utility Company to 'A'. In addition, the Issuer Default Ratings and short-term IDRs for all entities are now final and the Rating Outlooks Stable.)

Fitch Ratings expects to assign the ratings listed below to Kentucky Utilities Company (KU), Louisville Gas and Electric Company (LG&E), and LG&E and KU Energy LLC (currently E. ON U.S) following the close of PPL Corp.'s (Issuer Default Rating [IDR] 'BBB') acquisition of E.ON U.S. The expected ratings are as follows:

LG&E and KU Energy LLC
--Issuer Default Rating (IDR) 'BBB+';
--Senior unsecured debt 'BBB+';
--Short-term IDR 'F2'.

Kentucky Utilities Co.
--IDR 'A-';
--Secured debt 'A+';
--Senior unsecured debt 'A';
--Short-term IDR 'F2'.

Louisville Gas and Electric Co.
--IDR 'A-';
--Secured debt 'A+';
--Senior unsecured debt 'A';
--Short-term IDR 'F2'.

The proposed ratings reflect the currently sound credit quality of the two regulated utilities, PPL's balanced financing plan for completing the acquisition, constructive regulatory policies in Kentucky and the Kentucky Public Service Commission's (PSC) track record for timely rate decisions. Constructive regulatory policies include a monthly fuel adjustment clause and an environmental cost recovery (ECR) mechanism. The ECR mechanism substantially reduces the environmental risks associated with the companies' coal-fired generating portfolios. Regulatory statutes also include the inclusion of construction work in progress (CWIP) in rate base. Consequently, the utilities' investment in Trimble County unit 2 (TC2), a 760 mw coal plant expected to enter commercial operation by year-end, is already reflected in rate base. Moreover, the majority of its non-fuel operating costs were recognized in rates in the July 2010 rate order, which relied on a test year ended Oct. 31, 2009, at which time TC2 was already in testing mode and fully staffed. In July 2010, the two utilities each received constructive rate decisions from the Kentucky PSC that will enhance earnings and cash flow. The rate decisions were issued six months after the companies' filed their rate increase requests following a settlement agreement with intervenors.

The primary credit concerns, other than exposure to changing environmental regulations, is a provision in the change of control settlement that prohibits the companies from seeking a base rate adjustment that would be effective prior to Jan. 1, 2013 (excluding fuel and ECR adjustments), which will require the company to absorb cost increases in the interim, and the delay in commercial operation of TC2. Burner malfunctions and a transformer failure occurred during commissioning and testing activity of TC2 conducted in the second and third quarter of 2010 causing a delay in TC2 commercial operation. The unit is now expected to enter commercial operation by year end. Because TC2 was constructed with a fixed price contract with liquidated damages, the two utilities

are not expected to incur any significant additional capital costs from the start-up delay.

On April 28, 2010, E.ON AG entered into a definitive agreement to sell PPL Corp. (PPL) its equity interests in E.ON U.S. LLC, the parent company of LG&E and KU. The cash purchase price, excluding the assumption of \$925 million of pollution control bonds, is approximately \$6.7 billion. In June 2010, PPL issued an aggregate of \$3.6 billion of common equity and hybrid securities to complete the equity and hybrid security portion of the acquisition financing plan, including \$1.15 billion of equity units and \$2.484 billion of common equity (net proceeds of \$1.116 billion and \$2.409 billion, respectively). The remaining cash purchase price of approximately \$3.175 billion will be funded with a draw on PPL's existing credit facility, to be repaid with the proceeds of subsidiary debt to be issued after closing the transaction and cash. Management has indicated it plans to issue approximately \$2.1 billion of first mortgage bonds at the two utilities and to retire a similar amount of existing inter-company borrowings. Consequently, debt levels should not be meaningfully different from the June 30, 2010 levels and going forward leverage and interest coverage measures should benefit from recently implemented rate increases as well as accessing the capital markets during a period of exceptionally low interest rates. Planned debt financing at LG&E and KU Energy LLC of approximately \$800 million is well below the existing parent inter-company borrowings of more than \$2 billion.

PPL expects to close the acquisition in the fourth quarter of 2010. On Sept. 2, 2010, PPL reached a settlement agreement with all intervening parties in its change of control application in Kentucky. In the settlement, PPL agreed not to raise base rates before Jan. 1, 2013 (excluding fuel and BCR adjustments). Rate increases that took effect on Aug. 1, 2010 will remain in place. The change of control agreement also provides for 50/50 sharing of any earnings above a 10.75% ROE. On Sept. 30, 2010, the Kentucky PSC approved the proposed acquisition subject to PPL's acceptance of all conditions. State regulators in Tennessee and Virginia have also approved the merger. Other required approvals include the Federal Energy Regulatory Commission (FERC). Pennsylvania Public Utility Commission (PUC) approval is not required.

Contact:

Primary Analyst
Robert Hornick
Senior Director
+1-212-908-0523
Fitch, Inc.
One State Street Plaza
New York, NY 10004

Secondary Analyst
Glen Grabelsky
Managing Director
+1-212-908-0577

Committee Chairperson
Philip Smyth
Senior Director
+1-212-908-0531

Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526, Email: cindy.stoller@fitchratings.com.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

- 'Corporate Rating Methodology' (Nov. 24, 2009)
- 'Credit Rating Guidelines for Regulated utility Companies' (July 31, 2007)
- 'U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines'

(Aug. 22, 2007)

Applicable Criteria and Related Research:

Corporate Rating Methodology

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=546646

Credit Rating Guidelines for Regulated Utility Companies

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=334652

U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines

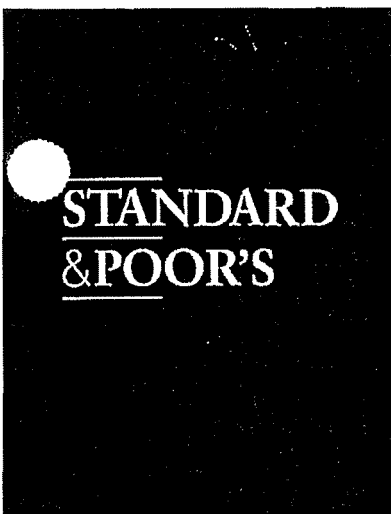
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Attachment to Question No. 2-7

6 of 9

Arbough



Global Credit Portal RatingsDirect®

November 8, 2010

LG&E and KU Energy LLC's Senior Unsecured Debt Rated At 'BBB', Subsidiaries' First Mortgage Bonds Rated At 'A'

Primary Credit Analyst:

Gerrit Jepsen, CFA, New York (1) 212-438-2529; gerrit_jepsen@standardandpoors.com

Secondary Contact:

Barbara A Eiseman, New York (1) 212-438-7666; barbara_eiseman@standardandpoors.com

NEW YORK (Standard & Poor's) Nov. 8, 2010--Standard & Poor's Ratings Services assigned its 'BBB' rating to LG&E and KU Energy LLC's \$875 million senior unsecured debt offering.

In addition, we assigned our 'A' issue-level ratings and '1+' recovery rating to Kentucky Utilities Co.'s (KU) and Louisville Gas & Electric Co.'s (LG&E) approximately \$2 billion first mortgage bond offerings. The issue-level rating and recovery rating reflect our highest expectation of full recovery of principal (100%) in a default scenario since both utilities can issue new secured bonds in an amount not exceeding 66.7% of property additions.

These rating actions follow PPL Corp.'s Nov. 1, 2010, acquisition of E.ON U.S. LLC (now known as LG&E and KU Energy LLC) and utility subsidiaries LG&E and KU. Please see PPL Corp. Upgraded To 'BBB+' And Off CreditWatch On Expected Closing Of E.ON Acquisition.

RELATED CRITERIA AND RESEARCH

- 2008 Corporate Criteria: Analytical Methodology
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded
- 2008 Corporate Criteria: Ratios And Adjustments
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers

RATINGS LIST

LG&E and KU Energy LLC

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Attachment to Question No. 2-7

7 of 9

Arbough



Moody's

INVESTORS SERVICE

Rating Action: Moody's downgrades PPL and PPL Electric, outlook stable


Global Credit Research - 28 Apr 2010

Approximately \$1.3 billion of rated instruments affected

New York, April 28, 2010 -- Moody's Investors Service (Moody's) downgraded the long-term unsecured ratings of PPL Corporation (PPL: Issuer Rating to Baa3 from Baa2), and its subsidiaries PPL Electric Utilities Corporation (PPL EU: senior unsecured to Baa2 from Baa1), and PPL Capital Funding, Inc. (PPL Capital: senior unsecured guaranteed by PPL to Baa3 from Baa2); the A3 rating for PPL EU's secured debt, and its Prime-2 rating for commercial paper are affirmed. The outlook for PPL, PPL EU, and PPL Capital is stable. The ratings of PPL's subsidiary PPL Energy Supply (PPL Supply: Baa2 senior unsecured) are affirmed and the outlook remains stable.

The rating actions follow PPL's announced agreement to acquire E.ON U.S. LLC (E.ON U.S.) and its subsidiaries Louisville Gas & Electric Company (LG&E) and Kentucky Utilities Company (KU), and while reflective of the announced transaction, are driven more by weakening financial metrics and the negative outlooks that had been in place for PPL EU and PPL for the past year.


On April 28, 2010, PPL announced that it had reached a definitive agreement with E.ON AG to acquire E.ON U.S., the parent company of LG&E and KU, two regulated utilities with operations principally in Kentucky. The transaction values E.ON U.S. at approximately \$7.6 billion, including the assumption of \$925 million of existing tax-exempt debt and the repayment of E.ON AG intercompany debt. Permanent financing for the transaction will include a combination of common equity, utility first mortgage bonds, utility holding company bonds, hybrid securities and cash on hand. We anticipate that PPL will arrange the permanent financing in a balanced manner that will be supportive of its Baa3 Issuer Rating.



PPL's Baa3 Issuer Rating considers the additional regulatory scale, diversity and cash flow stability that are likely to result from its planned acquisition of E.ON US. On a pro-forma basis, we anticipate that over 50% of PPL's assets and cash flows would be associated with regulated operations; absent the transaction, we would expect regulated contributions to remain significantly below 50%. The rating also considers the challenges the company is facing as it transitions to a fully competitive market in its Pennsylvania service territory where significant utility investment is needed while its wholesale generation business continues to operate within weakened commodities markets. The rating reflects pro-forma consolidated credit profile and cash flow credit metrics that we anticipate will remain within ranges appropriate for the rating. The Baa3 ratings for PPL and PPL Capital also recognize their structurally subordinate position relative to the Baa2 senior unsecured debt of PPL Supply and PPL EU, and to likely holding company and operating company debt at the Kentucky utilities.

The downgrade for PPL EU reflects our continued expectation that beginning in 2010, the company's cash flow credit metrics will decline dramatically from their recent levels and will remain toward the lower end of the ranges indicated in Moody's August 2009 Rating Methodology for Regulated Electric and Gas Utilities (the Regulated Methodology) rated Baa for the foreseeable future. The expected decline in metrics comes as PPL EU implements market rates for generation while simultaneously incurring increased expenditures for capital investment to support and maintain the reliability of its aging distribution and transmission systems. As a result, PPL EU's debt burden will increase, and cash flow coverage of debt and debt service is expected to be dramatically reduced. For example, for the foreseeable future, the ratio of cash flow from operations excluding changes in working capital (CFO Pre -- WC) to debt, calculated in accordance with Moody's standard analytical adjustments, is expected to remain in the low-to-mid teens, and the ratio of CFO Pre -- WC plus interest to interest is anticipated to remain around three times.

The affirmation of the A3 rating for the senior secured debt at PPL EU reflects its priority position within PPL EU's capital structure and follows Moody's August 2009 implementation of wider notching between the vast majority of ratings for senior secured and senior unsecured debt ratings for investment grade regulated utilities. Issuers with negative outlooks were excluded from the August implementation.



The affirmation of the Baa2 senior unsecured ratings for PPL Supply considers the relatively strong market and competitive position that results from its significant base-load generation portfolio located primarily near load serving entities within the highly liquid and transparent PJM market. The affirmation also recognizes that 2010 is the first year the company is able to sell power produced by its Pennsylvania generation resources at market rates. For 2010 and beyond, we anticipate increased volatility of cash flows, mitigated to some extent by PPL Supply's hedging strategy; however, we also anticipate a strengthening of its cash flow credit metrics commensurate with the company's

Increased business risk. For example, we anticipate the ratio of CFO Pre-WC to debt (excluding the debt and cash flows associated with its U.K. distribution utilities) to remain above 25%. PPL Supply's published consolidated credit metrics will continue to be impacted by the ownership of its U.K. distribution utilities, which benefit from reasonably stable cash flow, but also employ leverage commensurate with their regulated network activities. We anticipate PPL Supply's consolidated published ratio of CFO Pre-WC to debt will remain above 20%.

The stable outlook for PPL EU reflects our expectation that PPL EU's financial metrics will generally remain within the ranges indicated for electric distribution and transmission utilities rated Baa. The outlook also assumes that PPL EU will finance its significant capital expenditure program in a manner that is consistent with maintaining its current credit profile and that it will continue to successfully manage its regulatory relationships as Pennsylvania continues its statewide transition to market rates.

The stable outlooks for PPL Supply, PPL Capital, and PPL reflect our view that the planned acquisition of E.ON U.S. will be financed in a balanced manner that is consistent with PPL's Baa3 Issuer rating. The stable outlooks also assume that in 2010 and beyond, PPL Supply's low-cost, strategically placed, primarily base load generating assets will generate increased cash flows, and that PPL will continue to seek to mitigate the volatility of these market based cash flow by use of disciplined hedging strategies. In addition, the stable outlooks assume that the transition to the competitive electricity market in Pennsylvania will continue to proceed relatively smoothly and that PPL EU's planned capital expenditures will be financed in a manner that is supportive of its credit quality.

The principal methodology used in rating PPL EU, PPL and PPL Capital was Rating Methodology: Regulated Electric and Gas Utilities, published August 2009 and available on www.moodys.com in the Rating Methodologies sub-directory under the Research and Ratings tab. The principal methodology used in rating PPL Supply was Rating Methodology: Unregulated Utilities and Power Companies, published in August 2009 and also available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Rating Methodologies sub-directory on Moody's website.

Moody's last rating action on PPL EU, PPL, PPL Capital and PPL Supply occurred May 11, 2009 the outlooks of PPL EU, PPL and PPL Capital were revised to negative from stable and the ratings of PPL Supply were affirmed with a stable outlook.

PPL is a diversified energy holding company headquartered in Allentown, Pennsylvania. PPL EU is a regulated transmission and distribution utility; PPL Supply is a holding company engaged primarily in non-regulated generation and marketing of power in the U.S. and the regulated delivery of electricity in the U.K.; PPL Capital is a financing subsidiary of PPL - its debt is guaranteed by PPL.

Downgrades:

PPL Corporation

Issuer Rating, Downgraded to Baa3 from Baa2

PPL Capital Funding, Inc.

Junior Subordinated Regular Bond/Debenture, Downgraded to Ba1 from Baa3

Multiple Seniority Shelf, Downgraded to (P)Baa3, (P)Ba1 from (P)Baa2, (P)Baa3

Senior Unsecured Regular Bond/Debenture, Downgraded to Baa3 from Baa2

PPL Electric Utilities Corporation

Issuer Rating, Downgraded to Baa2 from Baa1

Multiple Seniority Shelf, Downgraded to (P)Ba1 from (P)Baa3

Preferred Stock, Downgraded to Ba1 from Baa3

Senior Unsecured Bank Credit Facility, Downgraded to Baa2 from Baa1

Senior Unsecured Revenue Bonds (Lehigh County Industrial Development Authority), Downgraded to Baa2 from Baa1

Outlook Actions:

PPL Corporation

Outlook, Changed To Stable From Negative

PPL Capital Funding, Inc.

Outlook, Changed To Stable From Negative

PPL Electric Utilities Corporation

Outlook, Changed To Stable From Negative

New York
Laura Schumacher
Vice President - Senior Analyst
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
Managing Director
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Moody's
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Attachment to Question No. 2-7

8 of 9

Arbough

March 2, 2011

Research Update:

**PPL Corp. Is Lowered To 'BBB' And
Placed On CreditWatch Negative
After Acquisition Announcement**

Primary Credit Analyst:

Gerrit Jepsen, CFA, New York (1) 212-438-2529;gerrit_jepsen@standardandpoors.com

Secondary Contacts:

Aneesh Prabhu, New York (1) 212-438-1285;aneesh_prabhu@standardandpoors.com

Barbara A Eisman, New York (1) 212-438-7666;barbara_eisman@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

CreditWatch

Related Criteria And Research

Ratings List

Research Update:

PPL Corp. Is Lowered To 'BBB' And Placed On CreditWatch Negative After Acquisition Announcement

Overview

- We lowered our ratings on diversified energy company PPL Corp. (PPL) and its affiliates PPL Energy Supply (PPL Energy), LG&E and KU Energy LLC (LKE), Louisville Gas & Electric Co. (LG&E), and Kentucky Utilities Co. (KU) to 'BBB' from 'BBB+'.
- We lowered the rating on PPL subsidiary PPL Electric Utilities (PPLEU) to 'BBB' from 'A-'.
- At the same time we placed all the 'BBB' ratings on CreditWatch with negative implications.
- The short-term ratings on Kentucky Utilities, Louisville Gas & Electric, and PPLEU are 'A-3'.
- The downgrades and CreditWatch listing follow PPL's proposed acquisition of E.ON UK's Central Networks West PLC (CNW) and Central Networks East PLC (CNE).

Rating Action

On March 2, 2011, Standard & Poor's Ratings Services lowered the corporate credit ratings on PPL Corp. (PPL) and its affiliates PPL Energy Supply (PPL Energy), LG&E and KU Energy LLC (LKE), Louisville Gas & Electric Co. (LG&E), and Kentucky Utilities Co. (KU) to 'BBB' from 'BBB+' and placed these ratings on CreditWatch with negative implications. We also lowered the rating on PPL subsidiary PPL Electric Utilities (PPLEU) to 'BBB' from 'A-'. The ratings actions follow PPL's planned acquisition of E.ON UK's Central Networks West PLC (CNW) and Central Networks East PLC (CNE), two distribution networks in the United Kingdom. The CreditWatch listing is directly related to the execution of the financing plan for the acquisition, which includes a commitment by the company for a substantial issuance of equity. Resolution of the CreditWatch will depend on the ability of the company to complete its financing activities consistent with our expectations for the 'BBB' ratings. Allentown, Pa.-based PPL has about \$12.7 billion of long-term debt, including \$1.63 billion of junior subordinated notes.

The CreditWatch listing will remain until demonstrated progress on the permanent financing plan has been executed in line with our expectations. The acquisition requires large permanent financing that has attendant execution risks, and we will monitor PPL's ability to finalize this permanent financing. We could remove the CreditWatch listing and assign a stable outlook if financing is consistent with our expectation. We could lower the ratings if PPL is unable to fully execute its permanent financing plan in a

credit-supportive manner consistent with our expectations for 'BBB' ratings.

Rationale

PPL's purchase price of E.ON UK's Central Networks utilities includes the assumption of \$800 million of public debt and cash of \$5.6 billion (excluding related transaction expenses and fees) that will be funded through a combination of cash, common equity issuance at PPL, unsecured debt at CNW and CNE, and unsecured debt at an intermediate holding company (generically called UK Holdings) that will own CNW and CNE. In addition, PPL will issue equity units at PPL Capital Funding, which will likely receive high equity credit under our rating criteria. This acquisition will raise PPL's regulated cash flows to approximately 75% from the current level of 60%. Before PPL bought the Kentucky utilities, its regulated cash flows comprised less than 30%. The ratings change reflects our revisions, in accordance with our criteria, of PPL's business risk profile to excellent from strong and the company's financial risk profile to aggressive from significant.

Our revision of the business profile to excellent reflects the addition of fully regulated distribution utilities that have credit-supportive U.K. regulation and no commodity exposure, since power for retail customers is procured by nonaffiliated retail suppliers. The Central Networks utilities are contiguous to PPL's existing U.K. utilities. After the acquisition of CNE and CNW, we expect U.K. operations to be about 30% of PPL's consolidated cash flow. With this transaction, we are viewing all of PPL's utility assets as part of a consolidated entity, whereas previously we considered only the quality of the utility's dividends to its parent. The stability of CNE and CNW along with existing utility assets in the U.K., Kentucky, and Pennsylvania, which we assess as excellent, will more than offset the business risk profile, which we assess as satisfactory, of PPL Energy's merchant generation, resulting in an excellent business profile. We expect the merchant generation business to comprise less than 25% of pro forma consolidated cash flows.

Our revision of the financial risk profile to aggressive reflects in part the company's financial policies toward acquisitions, including funding with aggressive levels of hybrid securities. Furthermore, due to the company's strategy to focus on fully regulated operations and also expand its U.K. presence, we are incorporating consolidated financial measures for PPL in our analysis. When reviewing the financial metrics, we are now including all cash flows and debt obligations from the U.K. utilities and PPLEU in PPL's financial measures. We expect consolidated financial measures, including ratios of debt to EBITDA, funds from operations (FFO) to total debt, and debt to capital, to range in the aggressive category of our financial risk profile. Debt to EBITDA should range between 4x and 5x, while we expect the percentage of FFO to debt to be in the mid-teens. These measures will support ratings at the 'BBB' level on successful completion of the permanent financing.

Short-term credit factors

Standard & Poor's currently views PPL's liquidity as strong under its corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Our assessment of liquidity as strong supports PPL's 'BBB' issuer credit rating. Projected sources of liquidity--mainly operating cash flow and available bank lines--exceed projected uses--mainly necessary capital expenditures, debt maturities, and common dividends--by more than 1.5x. The ratio of sources over uses would be positive even after a 50% EBITDA decline. Additional factors that support the liquidity are PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and its generally prudent risk management.

CreditWatch

The CreditWatch listing will remain until demonstrated progress on the permanent financing plan has been executed in line with our expectations. The acquisition requires large permanent financing that has attendant execution risks, and we will monitor PPL's ability to finalize this permanent financing. We could remove the CreditWatch listing and assign a stable outlook if financing is consistent with our expectation. We could lower the ratings if PPL is unable to fully execute its permanent financing plan in a credit-supportive manner consistent with our expectations for 'BBB' ratings.

Related Criteria And Research

- "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded," May 27, 2009
- "2008 Corporate Criteria: Analytical Methodology," April 15, 2008
- "2008 Corporate Criteria: Ratios And Adjustments," April 15, 2008

Ratings List

Downgraded; CreditWatch Action

	To	From
PPL Corp. Corporate Credit Rating	BBB/Watch Neg/--	BBB+/Stable/--
PPL Capital Funding Inc. Senior Unsecured	BBB-/Watch Neg	BBB
Junior Subordinated	BB+/Watch Neg	BBB-
PPL Energy Supply LLC Corporate Credit Rating	BBB/Watch Neg/--	BBB+/Stable/--
Senior Unsecured	BBB/Watch Neg	BBB+
PPL Electric Utilities Corp. Corporate Credit Rating	BBB/Watch Neg/A-3	A-/Stable/A-2

Research Update: PPL Corp. Is Lowered To 'BBB' And Placed On CreditWatch Negative After Acquisition Announcement

Senior Secured	BBB+/Watch Neg	A-
Recovery Rating	1	1
Preference Stock	BB+/Watch Neg	BBB
Commercial Paper	A-3/Watch Neg	A-2
LG&E and KU Energy LLC		
Corporate Credit Rating	BBB/Watch Neg/--	BBB+/Stable/--
Senior Unsecured	BBB-/Watch Neg	BBB
Louisville Gas & Electric Co.		
Corporate Credit Rating	BBB/Watch Neg/--	BBB+/Stable/--
Senior Secured	A-/Watch Neg	A
Recovery Rating	1+	1+
Kentucky Utilities Co.		
Corporate Credit Rating	BBB/Watch Neg/A-3	BBB+/Stable/A-2
Senior Secured	A-/Watch Neg	A
Recovery Rating	1+	1+

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Attachment to Question No. 2-7

9 of 9

Arbough



Global Credit Portal RatingsDirect®

October 27, 2010

Research Update:

PPL Corp. Upgraded To 'BBB+' And Off CreditWatch On Expected Closing Of E.ON Acquisition

Primary Credit Analysts:

Gerrit Jepsen, CFA, New York (1) 212-438-2529, gerrit_jepsen@standardandpoors.com
Aneesh Prabhu, New York (1) 212-438-1285, aneesh_prabhu@standardandpoors.com

Secondary Contact:

Barbara A Eiseman, New York (1) 212-438-7666, barbara_eiseman@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

Outlook

Related Criteria And Research

Ratings List

Research Update:

PPL Corp. Upgraded To 'BBB+' And Off CreditWatch On Expected Closing Of E.ON Acquisition

Overview

- We resolved the CreditWatch listing on diversified energy company PPL Corp. and affiliate PPL Energy Supply LLC (PPL Energy) on the expected Nov. 1, 2010, acquisition of E.ON U.S. LLC and its utility subsidiaries, Louisville Gas & Electric Co. (LG&E) and Kentucky Utilities Co. (KU), for \$7.625 billion.
- We are upgrading PPL and PPL Energy to 'BBB+' from 'BBB' to reflect the pro forma consolidated company's expected stronger credit profile due to a reconfigured business strategy that we expect will garner at least two-thirds of the projected operating cash flows from fully regulated utilities. The outlooks are stable.
- We are revising the outlook on utility affiliate PPL Electric Utilities (PPLEU) to stable from negative and affirming the 'A-' corporate credit rating.
- We are affirming the 'BBB+' corporate credit ratings on E.ON, LG&E, and KU. The outlooks are stable.
- We are raising the issue rating to 'A/A-2' from 'BBB+' and assigning a '1+' recovery rating on LG&E's approximately \$575 million of outstanding tax-exempt pollution control bonds to reflect the addition of first mortgage bonds as collateral and their secured status.

Rating Action

On Oct. 27, 2010, Standard & Poor's Ratings Services raised the corporate credit ratings on PPL and PPL Energy to 'BBB+' from 'BBB'. At the same time, we removed the ratings from CreditWatch with positive implications, where we put them on April 28, 2010, following the acquisition announcement. The outlooks are stable. We affirmed the 'A-' rating on PPLEU and revised the outlook to stable from negative. In addition, we affirmed the 'BBB+' ratings on LG&E and KU, and their parent, E.ON U.S. The outlooks are stable. Also, we raised the ratings on LG&E's approximately \$575 million of tax-exempt pollution control revenue bonds to 'A' from 'BBB+' to reflect the addition of first mortgage bonds as collateral for the duration of the bonds. For these newly collateralized bonds, we are assigning a recovery rating of '1+', reflecting our highest expectation of full recovery of principal (100% recovery) in a default scenario. Following the closing of acquisition, E.ON U.S. will change its name to LG&E and KU Energy LLC.

The upgrade reflects our opinion of an improved credit profile of the consolidated company following the acquisition closing. The inclusion of regulated LG&E and KU into the PPL portfolio is expected to contribute at

least two-thirds of overall operating cash flow compared with existing majority of cash flow coming from unregulated operations. In our opinion, the excellent business risk profiles of the regulated utilities will more than offset PPL Energy's satisfactory business risk profile. This results in a pro forma strong consolidated business risk profile. We expect consolidated debt to EBITDA and debt to capital ratios to range in the significant financial risk profile category.

Rationale

For the \$6.7 billion cash portion of the \$7.625 billion acquisition (excluding \$250 million in related transaction expenses/fees), PPL will use cash on hand, approximately \$2 billion of LG&E and KU debt, and \$800-\$900 million of senior unsecured debt at LG&E and KU Energy LLC (intermediate holding company) that will ultimately be issued. In order to complete the acquisition, PPL will draw down its PPL Energy credit facility by about \$3 billion after which it is expected to conduct permanent financing that will be used to repay the short-term outstanding debt. PPL has also issued \$2.4 billion of common equity and PPL Capital Funding issued \$1.1 billion of equity units that receive high equity credit under our rating criteria.

Allentown, Pa.-based PPL has about \$4.7 billion of long-term debt excluding debt at PPLEU and the Western Power Distribution (WPD) group of companies. Excluding PPLEU and WPD debt, pro forma PPL debt is expected to be about \$9 billion.

LG&E and KU are fully regulated vertically-integrated electric utilities serving customers in Louisville and its surrounding area. The strengths of these utilities include relatively predictable utility operations and associated cash flows, constructive regulatory environment, and competitive rates. The offsetting factor is the reliance on a fleet of mostly coal-fired generation, but the assets are up to date for current environmental requirements and have a significant proportion of future capital spending through 2014 approved in rates.

For PPL Energy, the expiration of PPLEU's long-term provider-of-last-resort (POLR) supply contract, which hitherto provided cash flow stability, has increased volatility of realized margins and liquidity requirements for collateral. While PPL Energy's cash flow is expected to improve because it has contracted much of its 2010 and 2011 generation at substantially higher prices than in 2009, Ratings also reflect a backward-dated EBITDA profile and execution risks associated with PPL Energy's ability to achieve stronger financial metrics and counter the higher business risk that will come attendant with its greater merchant exposure. Market fundamentals also have weakened. The expected tightening of reserve margins in the PJM Interconnection has not materialized because of the economic slowdown. Some drop in demand has depressed RPM prices (rest of RTO price) as well as auctions/RFPs of neighboring utilities (FirstEnergy, Allegheny). We consider PPL's financial risk profile to be significant, with adjusted financial measures expected to be in line for the rating. We expect that financial measures will continue at current levels as full cost recovery following the acquisition. We expect consolidated debt to EBITDA and debt to capital ratios

to range in the significant financial risk profile category. Projected FFO to debt in the 22%-23% range is expected to support ratings at the higher end of the 'BBB' category.

Short-term credit factors

The short-term rating on PPL and affiliates is 'A-2'. Standard & Poor's views PPL's liquidity as strong under its corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.5x. Sources over uses would be positive even after a 50% EBITDA decline. Additional factors that support the liquidity are PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management. We will assess the pro forma liquidity of newly combined company once bank credit facilities and other short-term financing have been finalized.

Outlook

The stable outlook on PPL and its subsidiaries, and those of LG&E and KU, reflect our expectation that management will maintain a strong business profile by focusing on its regulated utilities and not increase unregulated operations beyond current levels. The outlook also reflects expectations that cash flow protection and debt leverage measures will be in line for the rating. Specifically, our baseline forecast includes FFO to total debt of about 23%, debt to EBITDA under 4x, and debt leverage to total capital of about 52%, consistent with our expectations for the 'BBB+' rating. Given the company's mostly regulated focus, we expect that PPL will avoid any meaningful rise in business risk by reaching constructive regulatory outcomes and not expand its unregulated operations. We could lower the ratings if unregulated cash flow expectations lag due to weaker demand for power in the PJM market or forecasted financial measures are not sustained at expected levels. Although unlikely over the intermediate term, we could raise ratings if the business risk profile moves further towards excellent and financial measures exceed our base line forecast on a consistent basis, including FFO to total debt in excess of 23%, debt to EBITDA below 4x, and debt to total capital around 50%.

Related Criteria And Research

- 2008 Corporate Criteria: Analytical Methodology
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded
- 2008 Corporate Criteria: Ratios And Adjustments
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers

Ratings List

Upgraded; CreditWatch/Outlook Action

	To	From
PPL Corp. PPL Energy Supply LLC Corporate Credit Rating	BBB+/Stable/--	BBB/Watch Pos/--
PPL Capital Funding Inc. Senior Unsecured Junior Subordinated	BBB BBB-	BBB-/Watch Pos BB+/Watch Pos
PPL Capital Funding Trust I Preference Stock	BBB-	BB+/Watch Pos
PPL Energy Supply LLC Senior Unsecured	BBB+	BBB/Watch Pos

Ratings Affirmed/Outlook Action

PPL Electric Utilities Corp. Corporate Credit Rating Senior Secured Recovery Rating Preference Stock Commercial Paper	A-/Stable/A-2 A- 1 BBB A-2	A-/Negative/A-2
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Ratings Affirmed

E.ON U.S. LLC Louisville Gas & Electric Co. Kentucky Utilities Co. Corporate credit rating	BBB+/Stable/--
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Upgraded

	To	From
Louisville Gas & Electric Co. \$575M tax-exempt pollution control bonds	A/A-2	BBB

Rating Assigned

Louisville Gas & Electric Co. Recovery rating	1+
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Research Update: PPL Corp. Upgraded To 'BBB+' And Off Credit Watch On Expected Closing Of E.ON Acquisition

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KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 8

Witness: Shannon L. Charnas

- Q-8. Please provide copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for PPL and the Company for the past two years. Please provide copies of the financial statements in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-8. Please refer to the attachments on CD in the folder titled Question No. 8. The financial statements are presented in .pdf format, which is the format in which they are filed. There are no Excel versions of the published financial statements.

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 9

Witness: Daniel K. Arbough

- Q-9. Please provide copies of all presentations made to the Company's board of directors, senior management, and/or financial officers since January 1, 2010, regarding the Company's proposed financings over the next three-to-five years. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-9. There have not been any presentations to the Company's board of directors, senior management, and/or financial officers since January 1, 2010 regarding the proposed financings over the next three to five years. Such presentations are generally made in the year prior to the financing need and there has not yet been a financing need.

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 10

Witness: Daniel K. Arbough

- Q-10. Please provide copies of all internal presentations developed by senior management and/or financial officers since January 1, 2010 regarding the Company's proposed financings over the next three-to-five years. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-10. There are no internal presentations developed by senior management and/or financial officers since January 1, 2010 regarding the Company's proposed financings over the next three-to-five years. Such presentations are generally made in the year prior to the financing need and there has not yet been a financing need.

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 11

Witness: Daniel K. Arbough

Q-11. Please provide:

- (1) the projected quarterly cash flow figures for KU and LGE for 2011, 2012, and 2013;
- (2) the financing cash inflows and outflows associated with the quarterly projected quarterly cash flow figures for 2011, 2012, and 2013;
- (3) the projected quarterly capitalization amounts and ratios, including and excluding short-term debt, for 2011, 2012, and 2013; (2) and copies the data, work papers, and source documents used in developing the quarterly capital capitalizations for 2011, 2012, and 2013;
- (4) the projected quarterly dividends paid by LG& and KU to PPL, and the projected quarterly equity infusions made by PPL into LGE and KU, for 2011, 2012, and 2013; and
- (5) the data and work papers associated with parts (1) – (4) in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).

A-11. Reference is made to the objections filed August 24, 2011. Without waiver of these objections, the Company provides the following response:

- (1) The projected annual cash flows associated with the ECR projects are shown in the attachment. Quarterly cash flows are not available. The annual cash flows are taken from the file provided in response to KPSC-1 Question No. 48.
- (2) Annual financing cash flows are shown in the attachment as well. These cash flows are based on a targeted capital structure shown in the attachment. The targeted capital structure is different from the capital structure shown in the file provided in response to KPSC-1 Question No. 48. The original file was based on the actual capital structure as of August 2010. As explained in the response to KPSC-1 Question No. 15, the debt will be sourced from short-term lines of credit and

commercial paper until long term debt is issued in minimum amounts of \$250 million of first mortgage bonds unless tax-exempt bonds are available in smaller amounts. The source of the equity will be a combination of retaining earnings and equity contributions from LG&E and KU Energy LLC, the Company's parent.

- (3) The attachment calculates the debt and equity needs for each year using the targeted capital structure shown in the attachment.
- (4) KU does not expect to pay any dividends to PPL. Dividends, if any, will be paid to KU's parent, LG&E and KU Energy LLC.
- (5) See items (1) and (2).

**KENTUCKY UTILITIES COMPANY
PROJECTED ANNUAL CASH FLOW**

	<u>Ratio</u>	<u>Cost</u>
Debt	47%	4.54%
Equity	53%	

KU

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Construction Expenditures	\$ (18,206,248)	\$ (189,856,914)	\$ (347,065,251)
Revenue Requirement	\$ 1,747,798	\$ 20,005,362	\$ 60,722,452
Incremental O&M	\$ -	\$ (8,692)	\$ (8,229,481)
Property Taxes	\$ -	\$ (27,309)	\$ (312,095)
Interest Expense	\$ (413,042)	\$ (5,133,340)	\$ (17,314,413)
Income Taxes	38.9% \$ (519,220)	\$ (5,771,212)	\$ (13,563,054)
Net Cash Flow	\$ (17,390,712)	\$ (180,792,106)	\$ (325,761,842)
 Financing Cash Flows			
Debt	\$ 8,173,635	\$ 84,972,290	\$ 153,108,066
Equity	\$ 9,217,077	\$ 95,819,816	\$ 172,653,776

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 12

Witness: Lonnie E. Bellar / Charles R. Schram

- Q-12. Reference the response to PSC 1-34. Are the noted expenditures for replacement of major plant components and such as turbine shells, generator equipment, steam leads, heaters and transformers normally included in a case filed pursuant to KRS 278.183? If so, please identify the case(s) and number(s).
- A-12. KU is not proposing to recover the expenditures referenced through the ECR mechanism pursuant to KRS 278.183. When performing economic assessments, like the ones performed in all past environmental cost recovery proceedings filed pursuant to KRS 278.183, it is prudent to include the cost of these types of expenditures for the operation of the generating units on the Companies' system when determining least cost plans.

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 13

Witness: Lonnie E. Bellar

- Q-13. Will the company amend its application, or parts thereof, if the current and anticipated EPA rules addressed therein, are changed whether substantively or procedurally?
- A-13. As with all EPA proposed and final rules, KU will assess the final rules and will advise the Commission of changes, if any, in compliance requirements or compliance strategy occasioned by changes from the proposed to the final rulemaking.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**THE APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR CERTIFICATES OF PUBLIC)
CONVENIENCE AND NECESSITY AND)
APPROVAL OF ITS 2011 COMPLIANCE PLAN) CASE NO. 2011-00161
FOR RECOVERY BY ENVIRONMENTAL)
SURCHARGE)**

**KENTUCKY UTILITIES COMPANY
RESPONSE TO THE
ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS
DATED AUGUST 18, 2011**

**ONE PAPER COPY
QUESTION NO. 6**

FILED: SEPTEMBER 1, 2011

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 6

Witness: Daniel K. Arbough

- Q-6. Please provide copies of credit reports for PPL and/or the Company from the major credit rating agencies published since January 1, 2010. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-6. Certain of the Company's rating agency reports were provided in response to KPSC-1 Question No. 16. All additional rating agency reports since January 1, 2010 are attached on CD in the folder titled Question No. 6.

Attachment to Question No. 6

1 of 22

Arbough



Fitch Ratings

Fitch Affirms the Ratings of PPL and Subs on Acquisition Ratings

02 Mar 2011 6:11 PM (EST)

Fitch Ratings-New York-02 March 2011: Fitch Ratings has affirmed the ratings of PPL Corp. (PPL) and its U.S. subsidiaries following the announcement of a definitive agreement to acquire the Central Networks UK electric distribution businesses from E.ON UK plc for \$5.6 billion in cash plus the assumption of \$800 million of debt and transaction costs. The Ratings Outlook for all entities is Stable. See a full list of ratings affirmed below.

The affirmation reflects the reduction in business risk that results from the addition of two regulated electric utilities, and the on-going transformation from a company reliant on commodity-sensitive businesses to one that is highly regulated. It also assumes that the initial increase in leverage, as measured by the ratio of debt/EBITDA, will decline over the next few years as the company realizes a full year of earnings from the November 2010 acquisition of LG&E & KU Energy LLC (rated with a 'BBB+' Issuer Default Rating [IDR] by Fitch) and from the integration of Central Networks. In addition, the majority of the acquisition debt will be housed at the newly acquired UK subsidiaries, and will be non-recourse to PPL. The capital market risk of placing the permanent debt and equity financing and the ability to extract expected synergies from the newly acquired UK businesses are the primary credit concerns. There are no regulatory approvals required and management expects to complete the transaction in April 2011.

PPL plans to initially fund the \$5.6 billion acquisition with drawings under a committed bridge loan facility. The permanent financing, expected to be completed in the second quarter of 2011, will be comprised of approximately \$1.75 billion of common equity, \$875 million of mandatory convertible debt, and \$3 billion of subsidiary debt including \$750 million at an intermediate UK holding company and \$2.45 billion at Central Networks' two operating utilities, Central Networks East plc and Central Networks West plc. The capital market risk is mitigated by the short time frame to closing. Fitch calculates the pro forma 2010 ratio of debt/EBITDA will initially spike to 5.0 times (x) compared to the adjusted 2010 Debt/EBITDA of 4.4x. By 2013, Fitch expects the debt ratio to fall below 4.0x.

The acquisition substantially reduces PPL's commodity price exposure and lowers Fitch's business risk assessment by a full category. By 2013, management expects to derive approximately 75% of EBITDA from regulated operations compared to approximately 60% prior to the current transaction and about 30% prior to the acquisition of LG&E and KU Energy in November 2010. The service territories of Central Networks' two operating utilities are contiguous with PPL's other UK electric distribution business, Western Power Distribution, which provides the opportunity for synergy savings, which under UK regulation are retained until the next price review due in mid-2013.

Fitch affirms the following ratings with a Stable Outlook:

PPL Corp

--Long-term IDR at 'BBB';
--Short-term IDR at 'F2'.

PPL Energy Supply, LLC

--Long-term IDR at 'BBB';
--Senior unsecured debt at 'BBB';
--Short-term IDR at 'F2'.

PPL Capital Funding Inc.

--Long-term IDR at 'BBB';
--Short-term IDR at 'F2';
--Senior unsecured debt at 'BBB';
--Jr. subordinated notes at 'BB+'.

PPL Electric Utilities Corp

--Long-term IDR at 'BBB';
--Secured debt 'A-';
--Preference stock at 'BBB-';
--Short-term IDR at 'F2';
--Commercial paper at 'F2'

LG&E and KU Energy LLC
--Long-term IDR at 'BBB+';
--Senior unsecured debt at 'BBB+';
--Short-term IDR at 'F2'.

Kentucky Utilities Company
--Long-term IDR at 'A-';
--Secured debt at 'A+';
--Senior unsecured debt at 'A';
--Short-term IDR at 'F2'.

Louisville Gas and Electric Company
--Long-term IDR at 'A-';
--Secured debt at 'A+';
--Senior unsecured debt at 'A';
--Short-term IDR at 'F2'.

Contact:

Primary Analyst
Robert Hornick
Senior Director
+1-212-908-0523
One State Street Plaza
New York, NY 10004

Secondary Analyst
Philippe Beard
Associate Director
+1-212-908-0242

Committee Chairperson
Glen Grabelsky
Managing Director
+1-212-908-0577

Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526, Email: cindy.stoller@fitchratings.com.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Corporate Rating Methodology' (Nov 24, 2009);
--'Credit Rating Guidelines for Regulated utility Companies' (July 31, 2007);
--'U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines' (August 22, 2007).

Applicable Criteria and Related Research:

U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines
Credit Rating Guidelines for Regulated Utility Companies
Corporate Rating Methodology

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Attachment to Question No. 6

2 of 22

Arbough

**FITCH AFFIRMS RATINGS OF PPL ON AGREEMENT TO
ACQUIRE E. ON U.S. LLC**

Fitch Ratings-New York-29 April 2010: Fitch Ratings has affirmed the 'BBB' Issuer Default Ratings (IDR) and various instrument ratings of PPL Corp. (PPL) and its subsidiaries PPL Energy Supply, LLC and PPL Electric Utilities Corp. following the announcement of a definitive agreement to acquire E. ON U.S., LLC, the parent company of Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU), for \$6.7 billion in cash. The total enterprise value of the transaction, including the assumption of \$975 million of tax exempt debt, is \$7.625 billion. The Rating Outlook is Stable. A full list of the ratings is shown below.

The rating affirmation reflects the high equity content in the cash offer and the reduction in PPL's business risk from the addition of two financially healthy regulated electric utilities. In addition, PPL will receive tax benefits of approximately \$450 million as part of the transaction. The financing plan includes up to \$2.6 billion of PPL common stock, up to \$1 billion of mandatory convertible debt, approximately \$2.9 billion of subsidiary debt and the remainder available cash. The subsidiary debt is comprised of approximately \$2.1 billion of utility first mortgage bonds to be issued by LG&E and KU and \$800 million of senior unsecured debt to be issued by Kentucky Holdings, an intermediate holding company and direct parent company of LG&E and KU. A portion of the proceeds will be used by the newly acquired entities to retire the \$4.6 billion of inter-company borrowings. The hybrid securities are expected to be issued by PPL Capital Funding, Inc., a financing subsidiary of PPL. PPL has also put in place a \$6.5 billion bridge loan facility.

The acquisition substantially reduces PPL's commodity exposure, adds scale, geographic and regulatory diversity and lowers business risk. After the acquisition, PPL will derive approximately 60% of EBITDA and cash flow from regulated utility operations and the remainder from merchant generation, compared to the current mix of about 30% from regulated utilities currently and 70% from merchant generation. The regulated contribution should continue to grow over time due to the projected rate base growth of the company's domestic utilities and the unfavorable market conditions in the merchant power markets. Moreover the credit quality of the two Kentucky utilities, which are not currently rated by Fitch, appear to be consistent with an IDR equal to or greater than PPL's current 'BBB' IDR.

The primary credit concerns are the capital market risk of placing the proposed debt and equity issues on a timely basis and the concentration of coal-fired generation at the two Kentucky utilities. Maintenance of current ratings is contingent on the successful completion of the proposed financing plan as presented to Fitch without relying on the bridge loan facility. The coal exposure is mitigated by constructive regulatory provisions in Kentucky that provide for the recovery of environmental expenditures. Consummation of the transaction is subject to regulatory approvals, which management expects will take six to nine months.

Fitch affirms the following ratings:

PPL Corp

--Long-term IDR at 'BBB';

--Short-term IDR at 'F2';

PPL Energy Supply, LLC

--Long-term IDR at 'BBB';

--Senior unsecured debt at 'BBB';

--Short-term IDR at 'F2'.

PPL Capital Funding Corp.

--Long-term IDR at 'BBB';

- Short-term IDR at 'F2';
- Senior unsecured debt at 'BBB';
- Junior subordinated notes at 'BB+'.

PPL Electric Utilities Corp.

- Long-term IDR at 'BBB';
- Secured debt at 'A-';
- Preferred Stock 'at BBB-';
- Preference Stock at 'BBB-';
- Short-term IDR at 'F2';
- Commercial Paper at 'F2'.

These rating actions reflect the application of Fitch's current criteria which are available at 'www.fitchratings.com' and specifically include the following reports:

- 'Corporate Rating Methodology' (Nov. 24, 2009).
- 'Credit Rating Guidelines for Regulated utility Companies' (July 31, 2007).
- 'U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines' (Aug.22, 2007).

Contact: Robert Hornick +1-212-908-0523 or Jill Schmidt +1-212-908-0644, New York.

Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526, Email: cindy.stoller@fitchratings.com.

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Attachment to Question No. 6

3 of 22

Arbough



Global Credit Portal[®]

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February 12, 2010

Kentucky Utilities Co.

Primary Credit Analyst:

Barbara A Eiseman, New York (1) 212-438-7666; barbara_eiseman@standardandpoors.com

Table Of Contents

Major Rating Factors

Rationale

Outlook

Kentucky Utilities Co.

Major Rating Factors

Strengths:

- The implicit credit support provided by ultimate parent E.ON A.G.;
- Stable and relatively predictable utility operations and associated cash flows;
- Constructive regulatory environment in Kentucky; and
- Competitive rates and high customer satisfaction rankings in the region.

Corporate Credit Rating

BBB+/Stable/A-2

Weaknesses:

- Little fuel diversity, virtually all coal-fired;
- Heavy construction program to meet environmental requirements and new generating capacity; and
- Rate relief needs during at time of unusual economic weakness.

Rationale

The ratings on Kentucky Utilities Co. (KU) are based primarily on parent E.ON U.S. LLC's consolidated credit profile. The ratings on E.ON U.S. reflect the credit profile of its two operating utilities in Kentucky--Louisville Gas & Electric Co. (LG&E, BBB+/Stable/--) and Kentucky Utilities Co. (BBB+/Stable/A-2)--and the company's focus on operating the fully integrated utilities. Implicit support from ultimate parent Germany-based integrated power and gas utility E.ON AG (A/Stable/A-1) is factored into the ratings analysis.

E.ON U.S.'s consolidated business risk profile is viewed as 'excellent' (business risk profiles are categorized as 'excellent' to 'vulnerable') and its financial profile is considered to be aggressive (financial profiles are ranked from 'minimal' to 'highly leveraged'). The company's business risk profile is supported by relatively low-risk, regulated vertically integrated electric and natural gas distribution operations, a stable and credit supportive regulatory environment in Kentucky, efficient generation facilities that allow for competitive rates, consistently high customer satisfaction rankings, and effective cost containment. The company's electric operations benefit from a fuel and purchased power (energy only) adjustment clause, an environmental cost recovery surcharge and other timely cost recovery mechanisms, while its smaller gas operations benefit from a gas supply clause. Construction outlays focus on the company's 75% ownership share in the 750 MW Trimble County Unit 2 coal-fired facility, slated for completion later this year, ongoing environmental requirements and other project betterments.

On July 16, 2009, termination of the power plant lease arrangement between E.ON U.S.'s subsidiary Western Kentucky Energy Corp. and Big Rivers Electric Corp. was completed. While unwinding of the contract required a large one-time cash payment of \$575 million and other concessions, it significantly reduces E.ON U.S.'s dependence on riskier unregulated activities, and enhances the company's business risk profile within the "excellent category."

Currently pending before the Kentucky Public Service Commission (KPSC) are rate applications for a \$94.6 million (12.1%) electric rate hike and a \$22.6 million (7.7%) natural gas rate increase for LG&E and a \$135 million (11.5%) electric rate hike for KU. The rate requests are predicated upon an 11.50% return on equity. Commission orders are expected this summer. Higher rates are needed to recover the utilities' investment in Trimble County, damage costs related to severe storms and higher costs. The fact that the state regulators will be reviewing rate hike

requests at a time of unusual economic weakness is a credit concern. Therefore, the company's ability to manage regulatory risk will be critical to credit quality.

E.ON U.S.'s consolidated financial metrics have declined somewhat owing primarily to its heavy construction program. However, with well controlled operating and maintenance expenses, continued efficient operations, responsive regulatory treatment and credit supportive actions by management, bondholder protection parameters should strengthen to levels more commensurate with the current rating level.

Liquidity

Standard & Poor's expects consolidated capital spending at E.ON U.S. to exceed cash flow from operations primarily because of significant environmental expenditures and outlays to complete the Trimble County Unit 2 station. The steady internal cash flow generated by KU's and LG&E's regulated operations will not be enough to meet these obligations, thus creating a reliance on outside capital. Such funding is expected to be concentrated at parent E.ON AG, which will also provide support in the case of short-term liquidity needs. (A cross-default clause in E.ON's credit facility protects E.ON U.S. as long as it is a "material subsidiary".) An E.ON-related entity provides a credit facility to E.ON U.S. to ensure funding availability for its money pool.

Outlook

The stable outlook on KU mirrors that of parent E.ON U.S. and is based on continued support from parent E.ON AG and a corporate strategy that maintains a primarily low-risk, utility-based business risk profile. The ratings and outlook on E.ON U.S. and its subsidiaries are loosely linked to those on E.ON AG. However, the significance of E.ON's U.S. operations to its group strategy remains a factor in the ratings on E.ON U.S. Any change in the parent's attitude toward its U.S. holdings or in Standard & Poor's perception of the parent's support could lead to a rating change. Ratings stability on E.ON AG reflects our expectation that it will maintain a financial profile commensurate with the ratings, especially consolidated FFO coverage of debt on an adjusted basis of more than 20%. Given the deterioration in E.ON AG's financial profile and its substantial investment program, there is no upside ratings potential. The ratings could be lowered if E.ON AG were not to maintain credit metrics commensurate with the ratings. This could, in particular, occur if the group were not to deliver on its disposal program.

Table 1.

Kentucky Utilities Co. -- Financial Summary*					
Industry Sector: Electric					
	--Fiscal year ended Dec. 31--				
	2008	2007	2006	2005	2004
Rating history	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2
(Mil. \$)					
Revenues	1,404.0	1,273.0	1,210.0	1,206.6	995.4
Net income from continuing operations	158.0	167.0	152.0	112.1	133.5
Funds from operations (FFO)	308.1	323.9	249.6	234.4	213.3
Capital expenditures	703.9	745.3	349.5	140.0	156.4
Cash and short-term investments	12.0	0	6.0	6.7	4.6
Debt	1,742.3	1,465.5	1,146.9	1,061.8	976.1
Preferred stock	0.0	0.0	0.0	0.0	39.7
Equity	1,744.0	1,435.0	1,193.0	974.9	965.0

Table 1.

Kentucky Utilities Co. -- Financial Summary* (cont.)					
Debt and equity	3,486.3	2,900.5	2,339.9	2,036.7	1,941.0
Adjusted ratios					
EBIT interest coverage (x)	3.9	4.9	6.1	5.8	7.8
FFO int. cov. (x)	4.7	5.8	6.3	7.0	7.8
FFO/debt (%)	17.7	22.1	21.8	22.1	21.9
Discretionary cash flow/debt (%)	(23.2)	(29.5)	(11.0)	2.7	(1.1)
Net Cash Flow / Capex (%)	43.8	43.5	71.4	130.4	94.6
Debt/debt and equity (%)	50.0	50.5	49.0	52.1	50.3
Return on common equity (%)	9.9	12.7	13.7	11.1	14.1
Common dividend payout ratio (un-adj.) (%)	0	0	0	45.3	48.9

*Fully adjusted (including postretirement obligations)

Table 2.

Reconciliation Of Kentucky Utilities Co. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. \$)*								
--Fiscal year ended Dec. 31, 2008--								
Kentucky Utilities Co. reported amounts								
	Debt	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Cash flow from operations	Capital expenditures
Reported	1,548.0	395.0	395.0	259.0	72.0	297.0	297.0	690.0
Standard & Poor's adjustments								
Operating leases	26.5	7.5	1.2	1.2	1.2	6.3	6.3	13.9
Postretirement benefit obligations	120.9	3.0	3.0	3.0	1.0	(2.0)	(2.0)	--
Asset retirement obligations	20.8	2.0	2.0	2.0	2.0	(1.3)	(1.3)	--
Reclassification of nonoperating income (expenses)	--	--	--	39.0	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	8.0	--
Other	26.1	--	--	--	1.6	--	--	--
Total adjustments	194.3	12.5	6.2	45.2	5.7	3.1	11.1	13.9
Standard & Poor's adjusted amounts								
	Debt	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	1,742.3	407.5	401.2	304.2	77.7	300.1	308.1	703.9

*Kentucky Utilities Co. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of February 12, 2010)***Kentucky Utilities Co.**

Corporate Credit Rating

BBB+/Stable/A-2

Ratings Detail (As Of February 12, 2010) (cont)	
Senior Unsecured (3 Issues)	BBB+
Senior Unsecured (4 Issues)	BBB+/A-2
Corporate Credit Ratings History	
27-Mar-2009	BBB+/Stable/A-2
25-Mar-2009	BBB+/Stable/NR
04-Aug-2003	BBB+/Stable/A-2
Business Risk Profile	Excellent
Financial Risk Profile	Aggressive
Related Entities	
Central Networks East PLC	
Issuer Credit Rating	A/Stable/A-1
E.ON AG	
Issuer Credit Rating	A/Stable/A-1
Commercial Paper	A-1
Senior Unsecured (52 Issues)	A
Short-Term Debt (1 Issue)	A-1
E.ON Energy Ltd.	
Issuer Credit Rating	A/Stable/A-1
E.ON International Finance B.V.	
Commercial Paper	
Local Currency	A-1
E.ON U.K. PLC	
Issuer Credit Rating	A/Stable/A-1
Senior Unsecured (1 Issue)	A
E.ON U.S. LLC	
Issuer Credit Rating	BBB+/Stable/--
Louisville Gas & Electric Co.	
Issuer Credit Rating	BBB+/Stable/NR
Senior Unsecured (8 Issues)	BBB+
Senior Unsecured (4 Issues)	BBB+/A-2
Powergen (East Midlands) Investments	
Issuer Credit Rating	A/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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The McGraw-Hill Companies

Attachment to Question No. 6

4 of 22

Arbough



Global Credit Portal[®]

RatingsDirect[®]

March 22, 2011

Kentucky Utilities Co.

Primary Credit Analyst:

Gerrit Jepsen, CFA, New York (1) 212-438-2529; gerrit_jepsen@standardandpoors.com

Secondary Contact:

Barbara A Eiseman, New York (1) 212-438-7666; barbara_eiseman@standardandpoors.com

Table Of Contents

Major Rating Factors

Rationale

CreditWatch

Related Criteria And Research

Kentucky Utilities Co.

Major Rating Factors

Strengths:

- Stable and predictable cash flows;
- Credit-supportive regulatory environment in Kentucky;
- Competitive rates; and
- Efficient operations and high customer satisfaction ratings.

Corporate Credit Rating

BBB/Watch Neg/A-3

Weaknesses:

- Little fuel diversity; the company's plants are virtually all coal-fired;
- Exposure to pending environmental standards, especially carbon dioxide; and
- Linked to parent credit quality.

Rationale

The ratings on vertically-integrated electric utility Kentucky Utilities Co. (KU) reflect the credit quality of ultimate parent PPL Corp. on that, along with affiliates KU, Louisville Gas & Electric Co. (LG&E), LG&E and KU Energy LLC (LKE), PPL Electric Utilities Corp. (PPLEU), PPL Energy Supply LLC (PPL Energy), Western Power Distribution (South West) PLC, and Western Power Distribution (South Wales) PLC, are on CreditWatch with negative implications. Affiliate Western Power Distribution Holdings Ltd. is on CreditWatch with developing implications. The CreditWatch listings followed PPL's planned acquisition of E.ON UK's Central Networks West PLC (CNW) and Central Networks East PLC (CNE), two distribution networks in the U.K. The CreditWatch listing directly relates to the execution of the financing plan for the acquisition, which includes a commitment by the company for a substantial issuance of equity. Resolution of the CreditWatch will depend on the company's ability to complete its financing activities consistent with our expectations for the 'BBB' ratings.

Allentown, Pa.-based PPL has about \$13.4 billion of debt, including \$1.63 billion of junior subordinated notes.

PPL's purchase price of Central Networks utilities includes the assumption of \$800 million of public debt and cash of \$5.6 billion (excluding related transaction expenses and fees) that it will fund initially through a bridge loan and ultimately through a combination of cash, common equity issuance at PPL, unsecured debt at CNW and CNE, and unsecured debt at an intermediate holding company (generally UK Holdings) that will own CNW and CNE. In addition, PPL will issue equity units at PPL Capital Funding, which will likely receive high equity credit under our rating criteria. This acquisition will raise PPL's regulated cash flows to about 75% from the current level of 60%. Before PPL bought the Kentucky utilities, its regulated cash flows contributed less than 30%. The ratings change reflects our revisions, in accordance with our criteria, of PPL's business risk profile to excellent from strong (we categorize business risk profiles as excellent to vulnerable) and the company's financial risk profile to aggressive from significant (we rank financial profiles from minimal to highly leveraged).

Our revision of the business profile to excellent reflects the addition of fully regulated distribution utilities that have credit-supportive U.K. regulation and no commodity exposure, since nonaffiliated retail suppliers procure power for retail customers. The Central Networks utilities are contiguous to PPL's existing U.K. utilities. After the acquisition

of CNE and CNW, we expect U.K. operations to be about 30% of PPL's consolidated cash flow. With this transaction, we are viewing all of PPL's utility assets as part of a consolidated entity, whereas previously we considered only the quality of the utility's dividends to its parent. The stability of CNE and CNW, along with existing utility assets in the U.K., Kentucky, and Pennsylvania, which we assess as excellent, will more than offset the satisfactory business risk profile of PPL Energy's merchant generation, resulting in a consolidated business profile of excellent. We expect the merchant generation business to contribute less than 25% of pro forma consolidated cash flows.

KU's consolidated business risk profile that is considered excellent reflects the strengths of serving electric customers scattered throughout Kentucky including those in Lexington. The utility's strengths include relatively predictable utility operations with steady cash flows, constructive cost recovery, and relatively low rates stemming from low-cost coal-fired generation. Although it burns coal at most plants, they meet current environmental requirements and have a significant amount of capital spending through 2014 that should be recoverable through rates.

As KU's financial risk profile reflects that of PPL's consolidated profile, we consider it as aggressive. Our revision of the financial risk profile to aggressive reflects in part the company's financial policies toward acquisitions, including funding with aggressive levels of hybrid securities. Furthermore, due to the company's strategy of focusing on fully regulated operations and expanding its U.K. presence, we are incorporating consolidated financial measures for PPL in our analysis. When reviewing the financial metrics, we are now including all cash flows and debt obligations from the U.K. utilities and PPLEU in PPL's financial measures. We expect consolidated financial measures, including ratios of debt to EBITDA, funds from operations (FFO) to total debt, and debt to capital, to range in the aggressive category of our financial risk profile. Debt to EBITDA should range between 4x and 5x, while we expect the percentage of FFO to debt to be in the mid-teens. These measures will support ratings at the 'BBB' level when the company successfully completes the permanent financing.

Short-term credit factors

KU's short-term rating is A-3. Its liquidity position reflects that of PPL. We consider PPL's liquidity as strong under our corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Liquidity supports PPL's 'BBB+' issuer credit rating. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.5x. Sources over uses would be positive even after a 50% EBITDA decline. Further supporting our description of liquidity as strong is PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management.

Recovery analysis

We assign recovery ratings to First Mortgage Bonds (FMBs) issued by investment-grade U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the CCR category and the extent of the collateral coverage. We base the investment-grade FMB recovery methodology on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcies and our view that the factors that supported those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future. Under our notching criteria, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, as well as the regulatory limitations on bond issuance when assigning issue ratings to utility FMBs.

FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories.

KU's FMBs benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of about 1.5x supports a recovery rating of '1+' and an issue rating two notches above the CCR.

CreditWatch

The CreditWatch listing will remain until PPL demonstrates progress on the permanent financing plan in line with our expectations. The acquisition requires large permanent financing that has attendant execution risks, and we will monitor PPL's ability to finalize this permanent financing. We could remove the CreditWatch listing and assign a stable outlook if financing is consistent with our expectation. We could lower the ratings if PPL can't fully execute its permanent financing plan in a credit-supportive manner consistent with our expectations for 'BBB' ratings.

Related Criteria And Research

- 2008 Corporate Criteria: Analytical Methodology
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded
- 2008 Corporate Criteria: Ratios And Adjustments
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers

Financial figures are not available because the company's figures are not currently public.

Ratings Detail (As Of March 22, 2011)*	
Kentucky Utilities Co.	
Corporate Credit Rating	BBB/Watch Neg/A-3
Senior Secured (5 Issues)	A-/A-3
Senior Secured (2 Issues)	A-/NR
Senior Secured (3 Issues)	A-/Watch Neg
Corporate Credit Ratings History	
02-Mar-2011	BBB/Watch Neg/A-3
27-Mar-2009	BBB+/Stable/A-2
25-Mar-2009	BBB+/Stable/NR
Business Risk Profile	Excellent
Financial Risk Profile	Aggressive
Related Entities	
LG&E and KU Energy LLC	
Issuer Credit Rating	BBB/Watch Neg/--
Senior Unsecured (2 Issues)	BBB-/Watch Neg
Louisville Gas & Electric Co.	
Issuer Credit Rating	BBB/Watch Neg/A-3
Senior Secured (11 Issues)	A-/A-3

Ratings Detail (As Of March 22, 2011) (cont)

Senior Secured (1 Issue)	A-/NR
Senior Secured (2 Issues)	A-/Watch Neg
PPL Corp.	
Issuer Credit Rating	BBB/Watch Neg/NR
Junior Subordinated (2 Issues)	BB+/Watch Neg
Senior Unsecured (3 Issues)	BBB-/Watch Neg
PPL Electric Utilities Corp.	
Issuer Credit Rating	BBB/Watch Neg/A-3
Commercial Paper	
<i>Local Currency</i>	A-3/Watch Neg
Preference Stock (1 Issue)	BB+/Watch Neg
Senior Secured (8 Issues)	BBB+/Watch Neg
PPL Energy Supply LLC	
Issuer Credit Rating	BBB/Watch Neg/NR
Senior Unsecured (12 Issues)	BBB/Watch Neg
PPL Montana LLC	
Senior Secured (1 Issue)	BBB-/Positive
Western Power Distribution Holdings Ltd.	
Issuer Credit Rating	BBB-/Watch Dev/A-3
Senior Unsecured (2 Issues)	BBB-/Watch Neg
Western Power Distribution (South Wales) PLC	
Issuer Credit Rating	BBB/Watch Neg/A-3
Senior Unsecured (3 Issues)	BBB/Watch Neg
Western Power Distribution (South West) PLC	
Issuer Credit Rating	BBB/Watch Neg/A-3
Senior Unsecured (4 Issues)	BBB/Watch Neg

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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Attachment to Question No. 6

5 of 22

Arbough

Kentucky Utilities Co.

Primary Credit Analyst:

Barbara A Eiseman, New York (1) 212-438-7666; barbara_eiseman@standardandpoors.com

Secondary Credit Analyst:

Gabe Grosberg, New York (1) 212-438-6043; gabe_grosberg@standardandpoors.com

Table Of Contents

Major Rating Factors

Major Rating Factors

Rationale

Outlook

Related Criteria And Research

Kentucky Utilities Co.

Major Rating Factors

Corporate Credit Rating

BBB+/Stable/A-2

Major Rating Factors

Strengths:

- Stable and relatively predictable utility operations and associated cash flows;
- Credit supportive regulatory environment in Kentucky;
- Competitive rates; and
- Efficient operations and high customer satisfaction ratings.

Weaknesses:

- Little fuel diversity, virtually all coal-fired;
- Heavy construction program;
- Rate relief needs during a time of unusual economic weakness; and
- Somewhat subpar consolidated financial metrics.

Rationale

The ratings on Kentucky Utilities Co. (KU) are based primarily on parent E.ON U.S. LLC's credit profile. The ratings on E.ON U.S. are based primarily on the credit profile of its two operating utilities in Kentucky--Louisville Gas & Electric Co. (BBB+/Stable/--) and KU--and the company's focus on operating the fully integrated utilities. Current ratings are linked to ultimate parent E.ON AG (A/Stable/A-1).

On April 28, 2010, PPL Corp. announced its plan to acquire E.ON U.S. for \$7.625 billion in cash. The transaction includes the assumption of \$574 million of tax-exempt debt at LGE and \$351 million of tax-exempt debt at KU. The acquisition requires approvals by state regulators in Kentucky, Virginia and Tennessee, and by the FERC. The transaction is expected to close by the end of 2010.

The inclusion of LG&E and KU into PPL will rebalance PPL's portfolio toward a greater regulated mix. With regulated operations contributing 60%-65% of the overall cash flow post acquisition compared with about 30% in 2009, the "excellent" business risk profile of the utility businesses will more than offset the "satisfactory" business risk profile of the generation business. This will result in a pro forma "strong" consolidated business risk profile. We expect consolidated debt to EBITDA and total debt to total capital ratios to range in the "significant" financial risk profile category. Projected FFO to total debt of 23.5%-25% will likely support ratings at the higher end of the 'BBB' rating category on successful completion of the acquisition.

The acquisition requires large permanent financing that has attendant execution risks. If the transaction with PPL is not ultimately consummated, we will affirm the 'BBB+' ratings on E.ON U.S., LG&E, and KU.

We view E.ON U.S.'s consolidated business risk profile as 'excellent' (we categorize business risk profiles as 'excellent' to 'vulnerable') and its financial profile as 'aggressive' (financial profiles are ranked from 'minimal' to 'highly leveraged'). The company's business risk profile is supported by relatively low-risk, regulated vertically

integrated electric and natural gas distribution operations, a stable and credit supportive regulatory environment in Kentucky, efficient generation facilities that allow for competitive rates, consistently high customer satisfaction rankings, and effective cost containment. The company's electric operations benefit from a fuel and purchased power (energy only) adjustment clause, an environmental cost recovery surcharge, and other timely cost recovery mechanisms, while its smaller gas operations benefit from a gas supply clause. These strengths are tempered by the lack of fuel diversity (nearly all coal-fired), a relatively heavy construction program, and rate relief needs during a period of unusual economic weakness. Construction outlays focus on the company's 75% ownership share in the 750 MW Trimble County Unit 2 coal-fired facility that's slated for completion later this year, ongoing environmental requirements, and other project betterments.

On July 16, 2009, the power plant lease arrangement between E.ON U.S.'s subsidiary Western Kentucky Energy Corp. and Big Rivers Electric Corp. was terminated. While unwinding of the contract required a large one-time cash payment of \$575 million and other concessions, it significantly reduces E.ON U.S.'s dependence on riskier unregulated activities, and enhances the company's business risk profile within the "excellent" category.

Currently pending before the Kentucky Public Service Commission are rate applications for a \$94.6 million (12.1%) electric rate hike and a \$22.6 million (7.7%) natural gas rate increase for LG&E and a \$135 million (11.5%) electric rate hike for KU. The rate requests are predicated upon an 11.5% return on equity. Commission orders are expected this summer. Higher rates are needed to recover the utilities' investment in Trimble County Unit 2, damage costs related to severe storms, and higher costs. The fact that the state regulators will be reviewing somewhat large rate hike requests in a weakened economy is a credit concern. Therefore, the company's ability to manage regulatory risk will be critical to credit quality.

E.ON U.S.'s consolidated financial metrics have declined somewhat, owing primarily to its heavy construction program. However, with well controlled operating and maintenance expenses, continued efficient operations, responsive regulatory treatment, and credit supportive actions by management, bondholder protection parameters should strengthen to levels more commensurate with the current rating level.

Short-term credit factors

Standard & Poor's expects E.ON U.S.'s capital spending to exceed cash flow from operations primarily because of significant environmental expenditures and outlays to complete the Trimble County Unit 2 station. The steady internal cash flow generated by KU's and LG&E's regulated operations will not be enough to meet these obligations, thus creating a reliance on outside capital. Such funding is expected to be concentrated at Germany-based parent E.ON AG, which will also provide support in the case of short-term liquidity needs. (An E.ON AG-related entity provides a credit facility to E.ON U.S. to ensure funding availability for its money pool.

Outlook

The stable outlook on KU mirrors that of parent E.ON U.S. and is based on corporate strategy that maintains a primarily low-risk, utility-based business risk profile. Standard & Poor's could lower the ratings absent future sufficient rate relief, if construction expenditures materially increase resulting in higher-than-expected reliance on debt, and if cash flow metrics erode. In light of a prospectively heavy capital program and subpar financial metrics, higher ratings are not envisioned in the foreseeable future.

Related Criteria And Research

- "2008 Corporate Criteria: Analytical Methodology," April 15, 2008.
- "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded," May 27, 2009.

Table 1.

Kentucky Utilities Co. -- Financial Summary*					
Industry Sector: Electric					
--Fiscal year ended Dec. 31--					
	2009	2008	2007	2006	2005
Rating history	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2	BBB+/Stable/A-2
(Mil. \$)					
Revenues	1,355.0	1,404.0	1,273.0	1,210.0	1,206.6
Net income from continuing operations	133.0	158.0	167.0	152.0	112.1
Funds from operations (FFO)	291.7	308.1	323.9	249.6	234.4
Capital expenditures	522.4	703.9	745.3	349.5	140.0
Cash and short-term investments	2.0	12.0	0.0	6.0	6.7
Debt	1,917.8	1,780.9	1,465.5	1,146.9	1,061.8
Preferred stock	0	0	0	0	0
Equity	1,952.0	1,744.0	1,435.0	1,193.0	974.9
Debt and equity	3,869.8	3,524.9	2,900.5	2,339.9	2,036.7
Adjusted ratios					
EBIT interest coverage (x)	3.4	3.8	4.9	6.1	5.8
FFO int. cov. (x)	4.1	4.7	5.8	6.3	7.0
FFO/debt (%)	15.2	17.3	22.1	21.8	22.1
Discretionary cash flow/debt (%)	(13.6)	(22.7)	(29.5)	(11.0)	2.7
Net Cash Flow / Capex (%)	55.8	43.8	43.5	71.4	130.4
Debt/debt and equity (%)	49.6	50.5	50.5	49.0	52.1
Return on common equity (%)	7.2	9.9	12.7	13.7	11.1
Common dividend payout ratio (un-adj.) (%)	0	0	0	0	45.3

*Fully adjusted (including postretirement obligations)

Table 2.

Reconciliation Of Kentucky Utilities Co. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. \$)*								
--Fiscal year ended Dec. 31, 2009--								
Kentucky Utilities Co. reported amounts								
	Debt	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Cash flow from operations	Capital expenditures
Reported	1,727.0	402.0	402.0	269.0	75.0	253.0	253.0	516.0
Standard & Poor's adjustments								
Operating leases	26.1	8.0	1.2	1.2	1.2	6.8	6.8	6.4
Postretirement benefit obligations	104.0	18.0	18.0	18.0	7.0	3.3	3.3	--

Table 2.

Reconciliation Of Kentucky Utilities Co. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. \$)* (cont.)								
Power purchase agreements	38.6	1.8	1.8	1.8	1.8	--	--	--
Asset retirement obligations	22.1	2.0	2.0	2.0	2.0	(1.3)	(1.3)	--
Reclassification of nonoperating income (expenses)	--	--	--	6.0	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	30.0	--
Total adjustments	190.8	29.8	23.0	29.0	12.0	8.7	38.7	6.4

Standard & Poor's adjusted amounts

	Debt	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	1,917.8	431.8	425.0	298.0	87.0	261.7	291.7	522.4

*Kentucky Utilities Co. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of May 6, 2010)***Kentucky Utilities Co.**

Corporate Credit Rating	BBB+/Stable/A-2
Senior Unsecured (3 Issues)	BBB+
Senior Unsecured (4 Issues)	BBB+/A-2

Corporate Credit Ratings History

27-Mar-2009	BBB+/Stable/A-2
25-Mar-2009	BBB+/Stable/NR
04-Aug-2003	BBB+/Stable/A-2

Business Risk Profile

Excellent

Financial Risk Profile

Aggressive

Related Entities**Central Networks East PLC**

Issuer Credit Rating	A/Stable/A-1
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E.ON AG

Issuer Credit Rating	A/Stable/A-1
Commercial Paper	A-1
Senior Unsecured (50 Issues)	A
Short-Term Debt (1 Issue)	A-1

E.ON Energy Ltd.

Issuer Credit Rating	A/Stable/A-1
----------------------	--------------

E.ON International Finance B.V.

Commercial Paper	
Local Currency	A-1

Ratings Detail (As Of May 6, 2010) (cont.)

E.ON U.K. PLC

Issuer Credit Rating	A/Stable/A-1
Senior Unsecured (1 Issue)	A

E.ON U.S. LLC

Issuer Credit Rating	BBB+/Stable/--
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Louisville Gas & Electric Co.

Issuer Credit Rating	BBB+/Stable/NR
Senior Unsecured (8 Issues)	BBB+
Senior Unsecured (4 Issues)	BBB+/A-2

Powergen (East Midlands) Investments

Issuer Credit Rating	A/Stable/--
----------------------	-------------

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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Attachment to Question No. 6

6 of 22

Arbough

file

Fitch Ratings

One State Street Plaza
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

MAR 22 2011

Mr. James E. Abel
Vice President, Finance and Treasurer
PPL Corp.
Two North Ninth Street
Allentown, PA 18101-1179

March 17, 2011

Dear Mr. Abel,

Re: County of Jefferson, Kentucky Pollution Control Revenue Bonds, 2001 Series A (Louisville Gas and Electric Company project)
County of Jefferson, Kentucky Pollution Control Revenue Bonds, 2001 Series B (Louisville Gas and Electric Company project)
County of Jefferson, Kentucky Environmental Facilities Revenue Bonds, 2001 Series A (Louisville Gas and Electric Company project)
County of Trimble, Kentucky Pollution Control Revenue Bonds, 2001 Series A (Louisville Gas and Electric Company project)
County of Trimble, Kentucky Pollution Control Revenue Bonds, 2001 Series B (Louisville Gas and Electric Company project)
County of Trimble, Kentucky Pollution Control Revenue Bonds, 2000 Series A (Louisville Gas and Electric Company project)
County of Trimble, Kentucky Pollution Control Revenue Bonds, 2002 Series A (Louisville Gas and Electric Company project)
County of Carroll, Kentucky Pollution Control Revenue Bonds, 2002 Series A (Kentucky Utilities Company project)
County of Carroll, Kentucky Pollution Control Revenue Bonds, 2002 Series B (Kentucky Utilities Company project)
County of Carroll, Kentucky Pollution Control Revenue Bonds, 2002 Series C (Kentucky Utilities Company project)
County of Muhlenberg, Kentucky Pollution Control Revenue Bonds, 2002 Series A (Kentucky Utilities Company project)
County of Mercer, Kentucky Pollution Control Revenue Bonds, 2002 Series A (Kentucky Utilities Company project)

Fitch ("Fitch") (see definition below) assigns an 'A+/F2' rating to the above referenced issues. The Rating Outlook is Stable.

The primary applicable criteria with respect to this rating is entitled:

-- 'U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines'
Aug. 22, 2007

All applicable criteria can be found at www.fitchratings.com.

FitchRatings

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

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In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If I can be of further assistance, please contact me at 212 908-0532.

Sincerely,



Fitch
Robert Hornick
Senior Director

cc: Daniel K. Arbough

Attachment to Question No. 6

7 of 22

Arbough



MOODY'S
INVESTORS SERVICE

Announcement: Moody's affirms PPL's ratings following acquisition announcement; outlook stable

Global Credit Research - 02 Mar 2011


Approximately \$ 16.0 Billion of Debt Securities and Credit Facilities Affected.

New York, March 02, 2011 -- Moody's Investors Service affirmed the ratings of PPL Corporation (PPL: Baa3 Issuer Rating) and its subsidiaries following yesterday's announcement that it had reached a definitive agreement to acquire the Central Networks electric distribution business from E.ON UK plc for 4.0 billion pounds Sterling (\$6.4 billion), which includes the assumption of 500 million pounds (\$800 million) of existing public debt. The rating outlook for PPL and its subsidiaries is stable.

"The rating affirmation recognizes that the planned acquisition of Central Networks further de-risks PPL's overall business platform as more than 70% of consolidated results will be provided by predictable, rate regulated businesses from three different jurisdictions, making the company's earnings, cash flow, and dividends less reliant on the company's commodity business", said A.J. Sabatelle, Senior Vice President of Moody's.

The rating action considers the pro-forma consolidated credit profile of PPL, and factors in the increasing proportion of regulated activities, the geographic diversity across these businesses, and the declining exposure to the commodities business as a source of cash flow and earnings. To that end, the rating affirmation acknowledges that the combination of the Central Networks transaction coupled with last year's acquisition of LG&E and KU Energy LLC (LKE: Baa2 Senior Unsecured Debt) and its subsidiaries have transitioned the company from a smaller, more regional commodity sensitive concern to a larger, more geographically diverse company with a more sustainable business model.

The rating affirmation considers the relatively conservative manner in which PPL intends to permanently finance the acquisition, including the issuance of \$1.7 -- \$1.9 billion of PPL common stock and \$750 -- \$950 million of convertible equity units, which helps to maintain balance sheet strength, and more strongly positions PPL in its current investment grade rating category. We understand that the company intends to permanently finance the remainder of the transaction with debt issued at both the Central Networks operating and holding company levels in a manner which targets a low Baa rating for the consolidated regulated networks business. While this degree of leverage in the capital structure at Central Networks does slightly weaken PPL's consolidated credit metrics, the degree of dependable cash flow expected to be derived from this transaction and from the earlier LKE acquisition makes the organization's overall credit quality more resilient to any potential negative credit events within the family.




Moody's also recognizes the track record that PPL has demonstrated in the UK in operating its existing Western Power Distribution (WPD) business where WPD ranks in the top tier in several different efficiency and performance standards and where those network's tariffs were recently reset for a five-year period. However, our rating affirmation balances this expected performance and the opportunities for potential synergies against the challenges that we believe management may face in successfully integrating two large acquisitions in a fairly compressed timeframe -- the LKE acquisition which closed about four months ago and the Central Networks acquisition which is expected to close next month. This somewhat guarded view considers the substantially larger size of the Central Networks operations relative to WPD and the fact that all UK electric distribution networks have gone through various rounds of cost saving initiatives over the last decade.

With respect to the PPL subsidiaries' ratings, Moody's views the acquisition as being a credit supportive development for these ratings as no incremental debt is being added at any of the affiliates while the transaction provides another source of reliable earnings, cash flow, and dividends to the overall enterprise. In particular, Moody's believes that PPL Energy Supply, LLC (PPL Supply), the company's unregulated power subsidiary, indirectly benefits from the Central Networks and LKE transactions as they should reduce the company's reliance on this commodity driven subsidiary for earnings and dividends, enabling this unregulated operation to potentially utilize any free cash flow for future debt reduction. That being said, PPL Supply remains weakly positioned at its current Baa2 senior unsecured rating and while recently reported 2010 results were strong, future financial performance is expected to weaken particularly in 2012 due to the various challenges affecting all unregulated power companies. As such, while the benefits of the Central Networks and LKE acquisitions help mitigate near-term downward rating pressure at PPL Supply, negative rating pressure remains at this subsidiary.

Importantly, to the extent that a negative rating action is taken at PPL Supply, the probability of a similar rating action occurring at PPL or its subsidiaries has been greatly reduced, given the business and risk profile transformation that will occur from the completion of the Central Networks and LKE transactions.

The stable outlook for PPL reflects our view that the planned acquisition of Central Networks will be financed in a balanced manner and that upon completion, PPL's credit quality will have been fortified through the reduction in overall business risk at the company. While we view the Central Networks and LKE acquisitions as transforming events which could form the basis for positive rating momentum at PPL, prospects for the company to be upgraded in the near-term are limited in light of the execution risks in integrating these two large acquisitions at the same time coupled with some of the market-based issues currently facing the company's unregulated business. However, to the extent that the integration process at both Central Networks and LKE meets the company's expectation and PPL continues to take actions that lower overall enterprise risk and leverage over time, PPL's rating could be upgraded. Conversely, the prospects for downward rating action are limited in the intermediate term, as Moody's views PPL as being strongly positioned at the current rating category and fairly resilient to withstand downward pressure in the family given the diversified set of rate regulated operations at the company and the reduced exposure to the commodity business.

The principal methodology used in rating PPL was Rating Methodology: Regulated Electric and Gas Utilities, published August 2009 and available on www.moody.com in the Rating Methodologies sub-directory under the Research and Ratings tab. Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Rating Methodologies sub-directory on Moody's website.



Please see ratings tab on the issuer/entity page on Moody's.com for the last rating action and the rating history.

PPL is a diversified energy holding company headquartered in Allentown, Pennsylvania

New York
A.J. Sabatelle
Senior Vice President
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
MD - Utilities
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
U S A
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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Attachment to Question No. 6

8 of 22

Arbough

MOODY'S

INVESTORS SERVICE

Credit Opinion: PPL Corporation

Global Credit Research - 29 Jun 2011

Allentown, Pennsylvania, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa3
Western Power Distrib (East Midlands) Plc	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured -Dom Curr	Baa1
ST Issuer Rating	P-2
Western Power Distrib (West Midlands) Plc	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured -Dom Curr	Baa1
PPL Energy Supply, LLC	
Outlook	Stable
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
PPL Capital Funding, Inc.	
Outlook	Stable
Bkd Senior Unsecured	Baa3
Bkd Jr Subordinate	Ba1

Contacts

Analyst	Phone
A. J. Sabatelle/New York	212.553.4136
William L. Hess/New York	212.553.3837

Key Indicators

[1]

PPL Corporation

	LTM (03/11)	2010	2009	2008
(CFO Pre-W/C + Interest) / Interest Expense	4.8x	5.3x	4.5x	3.9x
(CFO Pre-W/C) / Debt	18%	19%	19%	16%
(CFO Pre-W/C - Dividends) / Debt	13%	15%	13%	11%
Debt / Book Capitalization	55%	56%	55%	59%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide

Opinion

Rating Drivers

- Recent acquisitions have transformed the company to a more diversified and less risky business model
- Business strategy should result in fairly predictable cash flows
- Large portion of the rate regulated businesses operate under above average regulatory frameworks
- Well-positioned consolidated credit metrics for rating category expected to be more resilient
- Conservative financing approach to recent acquisitions supports rating profile
- Substantial capital investment program anticipated
- As a holding company, PPL creditors are impacted by structural subordination

Corporate Profile

PPL Corporation (PPL: Baa3 Issuer Rating, stable) is a diversified energy holding company headquartered in Allentown, PA. PPL owns or controls about 19,000 megawatts of generating capacity in the US, sells energy in key U.S. markets, and delivers electricity and natural gas to about 10 million customers in the US and the UK.

SUMMARY RATING RATIONALE

PPL's rating is reflective of the consolidated credit profile which has been transformed to a more diversified, more rate regulated platform from a largely commodity driven, more regionally focused operation. We estimate that at least 70% of consolidated results will be provided by predictable, rate regulated businesses from three different jurisdictions, several of which have an above-average regulatory profile. To that end, the rating incorporates the reduced reliance that PPL will have on earnings and dividends derived from its unregulated, commodity business. The rating recognizes the growing importance that the company's Kentucky operations will have on future results which include plans to make substantial environmental capital investments. We observe that the transition to market rates in Pennsylvania has been completed for all of the state's electric utilities, and that the company's focus is centered on infrastructure investment, through the replacement of an aging transmission and distribution system coupled with new transmission and smart grid investments.

DETAILED RATING CONSIDERATIONS

- Acquisitions have transformed business strategy, lowered business risk

PPL's acquisitions of two large regulated utility systems located in Kentucky and in the UK during the last eight months have transformed the company's business platform to a broader, more diversified rate regulated business model from one that was highly dependent on the company's commodity business.

On April 1, 2011, PPL completed the acquisition of the Central Networks electricity distribution business (since renamed PPL WEM Holdings (PPL WEM, rated Baa3), the second-largest such business in the UK for £3.6 billion (\$5.7 billion) in cash, inclusive of certain permitted pre-closing adjustments, plus £500 million (\$800 million) of existing public debt assumed through consolidation. PPL has since renamed the operating subsidiaries Western Power Distribution (East Midlands) plc (WPDEM: Baa1 senior unsecured) and Western Power Distribution (West Midlands) plc (WPDWM: Baa1 senior unsecured) and both are owned by PPL WEM.

On November 1, 2010, PPL acquired E.ON U.S. LLC (renamed KG&E and KU Energy LLC or LKE) and its subsidiaries, Louisville Gas and Electric Company (LG&E: Baa1 senior unsecured) and Kentucky Utilities Companies (KU: Baa1 senior unsecured), two regulated utilities operating principally in Kentucky for \$7.6 billion, including debt assumed through consolidation.

We estimate that at least 70% of consolidated results going forward will be provided by predictable, rate regulated businesses from three different jurisdictions, two of which have, in our opinion, an above-average regulatory profile. Specifically, the networks business of PPL WEM operates under a highly transparent and regulatory framework in the UK which we consider to be well-above average and where the tariffs have been approved for the next five years. Through

PPL's existing ownership of Western Power Distribution (South Wales) plc and Western Power Distribution (South West) plc (both rated Baa1), two additional networks companies, PPL is not only familiar with the regulatory framework but has consistently outperformed its peer companies, which should bode well for the future operations of PPL WEM. Moreover, PPL's ownership of two Kentucky vertically-integrated utilities, LG&E and KU, should provide consistent earnings and cash flow under an above average regulated framework where substantial environmental capital investment is expected over the next several years. Together, we estimate that the UK and Kentucky operations alone will provide about 55% of the company's earnings and cash flow in most years.

With the transition to market rates for generation in Pennsylvania completed for all of the state's utilities, PPL's focus in this state will be around infrastructure investment. From a credit supportive perspective, Moody's considers the regulatory environment in Pennsylvania to be average when compared to other state regulatory environments. We observe that the PPL Electric Utilities (PPL EU Baa2 senior unsecured) subsidiary received a generally favorable result from a credit perspective in its most recent rate case and expect the company to have substantial capital investment requirements for infrastructure, smart grid and transmission projects. In most years, we expect PPL EU to represent about 15% of consolidated results.

The remaining percentage is expected to be derived from PPL Energy Supply, LLC (PPL Supply Baa2 senior unsecured), an unregulated generation subsidiary, which owns competitive generation assets in PJM and in the western US. We anticipate financial results for PPL Supply to be weaker in 2012 relative 2010 and expected 2011 results due to lower electric demand, lower capacity revenues and continued low natural gas prices, which affects electric energy margins. That said, we also observe that with the recent LKE and PPL WEM acquisitions, the parent's reliance on PPL Supply for earnings and dividends will decline appreciably from recent years which we view as a credit positive for both PPL Supply and PPL.

For more information on PPL's operating subsidiaries, please refer to moodys.com.

-PPL's consolidated credit metrics position it quite well for its low investment grade rating.

For the past three years, we calculate that PPL's cash flow (CFO pre-W/C) /debt averaged 17.9% and the company recorded cash flow to debt metrics of 17.5% through LTM 03/31/2011. Similarly, we calculate that cash flow interest coverage averaged 4.6x for the past three years and was 4.8x at LTM 03/31/2011, while retained cash flow to debt averaged 13.2% and was 13.3% at LTM 03/31/2011. Some of this historical performance can be attributed to the performance at PPL Supply, particularly in 2010, when generation rate caps in Pennsylvania were lifted. We expect PPL's consolidated credit metrics to trend modestly lower due to weaker performance at the commodities subsidiary and a higher contribution from the predictable but lower margin rate regulated operations. Most importantly, we anticipate the company's financial performance to be substantially more resilient in the future to a declining commodity environment given the greater diversity in operations and the increased contributions from more predictable sources of cash flow and earnings.

-Conservative financing approach to recent acquisitions support rating profile

The rating considers the relatively conservative manner in which PPL has financed both the LKE and PPL WEM acquisitions which indicates, in our opinion, management's commitment to maintaining an investment grade credit quality profile throughout the organization. In both the LKE and PPL WEM transactions, while hybrid convertible securities were used in a substantial way to finance the purchase price, no incremental permanent debt was added to the capital structure as the majority of the funding source was provided by the sale of PPL common stock. In the \$7.6 billion LKE acquisition, PPL raised \$2.484 billion of common equity and raised \$1.15 billion of convertible equity units. Similarly, in the US\$6.5 billion PPL WEM transaction, PPL issued \$2.328 billion of common equity and raised \$977.5 million of convertible equity units. In addition, we calculate that during the twelve month period ending March 31, 2011, PPL raised approximately \$419 million of cash proceeds from the sale of non-core generating assets that was used to either fund capital requirements or reduce consolidated debt.

-Substantial capital investment program anticipated

Beginning in 2012, over the next few years, PPL will embark on a sizeable capital expenditure plan approximating \$15.6 billion (annual average of \$3.9 billion). By comparison, PPL's capital expenditures averaged \$1.6 billion over the previous four year period. While a large portion of this comparison reflects the incorporation of two acquisitions as well as the impact of lower capital spending in 2009 due to the economy, capital spending for the rate regulated businesses are expected to show material increases. Of particular note is the \$5.0 billion of capital expected to be spent at LKE over this four year period including \$2.3 billion for environmental capital projects. Additionally, \$1.8 billion is earmarked for investments in FERC regulated transmission projects at PPL EU, including the planned Susquehanna-Roseland line linking Pennsylvania and New Jersey.

-Structural subordination

PPL's rating reflects the structurally subordinate position of holding company obligations relative to the \$14.4 billion of secured and unsecured long-term debt issued at various operating subsidiaries and intermediate holding companies. While PPL does not currently have any funded long-term senior debt obligations, it did guarantee substantially-sized bridge financings to complete the LKE and PPL WEM transactions and it continues to guarantee nearly \$2.6 billion of subordinated debt issued by PPL Capital Funding, Inc., the majority of which was used to finance these acquisitions. We observe that all of the \$6.7 billion PPL guaranteed bridge financing associated with the PPL WEM acquisition was fully repaid in May 2011, well ahead of original expectations.

Liquidity Profile

As a holding company, PPL's primary source of liquidity is the dividends it receives from its operating subsidiaries. At March 31, 2011, PPL had consolidated cash on hand of \$1.245 billion of which \$583 million was cash at the PPL Supply level.

On a consolidated basis in 2010, cash flow from operations of approximately \$2.0 billion was sufficient to cover about 90% PPL's outlays including approximately \$1.7 billion of capital expenditures, approximately \$560 million of common stock dividends, and \$54 million of preferred dividends. Moody's calculates that internal sources of \$2.7 billion of cash flow should cover about 75-80% of the company's capital expenditures and dividends in 2011, resulting in negative free cash flow of approximately \$800 million. We anticipate higher levels of negative free cash flow for 2012 and 2013 given the increase in the size of the capital budget across the regulated platform. That said, the company estimates that about 66% of its consolidated capital spend will earn regulated returns subject to minimal or no regulatory lag which should help mitigate this issue over the next several years.

PPL's subsidiaries have external liquidity facilities totaling approximately \$4.35 billion in committed facilities to support the short-term liquidity needs of its domestic operations and £960 million to support its UK operations. Other than a \$150 million accounts receivable facility at PPL EU, which expires in 2011, the facilities have expiry dates ranging from 2013 to 2016. At March 31, 2011, of the \$4.35 billion of committed credit facilities to support the domestic operations, \$3.2 billion was at PPL Supply, \$800 million was committed to the Kentucky utilities (\$400 million each for LG&E and KU), and \$350 million was at PPL EU. Total availability on the facilities at March 31, 2011 was \$3.192 billion, of which \$2.253 was available for PPL Supply, \$400 million for LG&E, \$202 million for KU, and \$337 million for PPL EU. In April 2011, KU entered into a new \$198 million letter of credit facility expiring in April 2014 that will be used to support outstanding tax exempt bonds, and which subsequently replaced the letters of credit issued under KU's credit facility, giving the utility access to the entire \$400 million revolver. The credit facilities each contain one financial covenant. PPL Supply's credit facilities have a limitation on debt to capitalization at 65%. As of December 31, 2010, the ratio as defined in the agreement was approximately 44%. The PPL EU, LG&E, and KU credit facilities each limit the ratio of debt to capitalization to 70%. As of December 31, 2010, the ratio as defined in the agreements was approximately 43%, 43%, and 41%, respectively, for PPL EU, LG&E, and KU. None of the facilities contain a material adverse change (MAC) clause.

Also, PPL Supply and three of its affiliates, PPL EnergyPlus, PPL Montour and PPL Brunner Island maintain an \$800 million secured energy marketing and trading facility, whereby PPL EnergyPlus will receive credit to be applied to satisfy collateral posting obligations related to its energy marketing and trading activities with counterparties participating in the facility. The credit amount is guaranteed by PPL Energy Supply, PPL Montour and PPL Brunner Island. PPL Montour and PPL Brunner Island have granted liens on their respective generating facilities to secure any amount they may owe under their guarantees. The facility expires in November 2015, but is subject to automatic one-year renewals under certain conditions. There were no secured obligations outstanding under this facility at March 31, 2011.

In addition to the above, PPL Supply maintains a \$500 million Facility Agreement expiring June 2017, whereby PPL Supply has the ability to request up to \$500 million of committed letters of credit capacity at fees to be agreed upon at the time of each request, based on certain market conditions. At March 31, 2011, PPL Supply had not requested any capacity for the issuance of letters of credit under this arrangement.

While PPL has no parent level debt outstanding, at the subsidiary level, PPL Supply's nearest debt maturity occurs later this year when \$500 million of senior notes mature in November 2011. Among the utility subsidiaries, the next debt maturity occurs in November 2013, when \$400 million of PPL EU senior secured notes are due.

In terms of contingent capital requirements, at March 31, 2011, if the credit contingent provisions underlying all derivative instruments were triggered due to a credit downgrade below investment grade, PPL and PPL Supply would have been required to prepay or post additional collateral of \$205 million and \$188 million, respectively.

Rating Outlook

The stable outlook for PPL reflects our view that with the completion of the LKE and PPL WEM acquisitions, PPL's credit quality has been fortified through the reduction in overall business risk. The stable outlook further reflects our view that the company's position as owner of low-cost, strategically placed, primarily base-load generating assets will remain unchanged in the markets that it operates, even though these assets' cash flow generating capacity is expected to be lower over the next several years. While we anticipate PPL's management to manage through this down cycle at PPL Supply by reducing this subsidiary's debt, to the extent that Moody's were to take a negative rating action at PPL Supply given its relatively weak position in its rating category, the probability of a similar rating action occurring at PPL or one of its other subsidiaries has been greatly reduced, given the risk profile transformation that has occurred from the LKE and PPL WEM acquisitions.

What Could Change the Rating - Up

While we view these acquisitions as transforming events which could form the basis for positive rating momentum at PPL, the prospects for the company to be upgraded in the near-term remain somewhat limited in light of the execution risks in integrating these two large acquisitions at the same time coupled with some of the market-based issues currently facing the company's unregulated business. However, to the extent that the integration process at both LKE and PPL WEM meets the company's expectation and PPL continues to take actions to lower overall enterprise risk and leverage over time, PPL's rating could be upgraded.

What Could Change the Rating - Down

Conversely, the prospects for downward rating action in the intermediate term are very limited, as Moody's views PPL as being strongly positioned at the current rating category and fairly resilient to withstand downward pressure in the family given the diversified set of rate regulated operations at the company and the reduced exposure to the commodity business.

Other Considerations

Moody's evaluates PPL's financial performance relative to the Regulated Electric and Gas Utilities rating methodology (the methodology) published in August 2009. As depicted in the grid, PPL's indicated rating under the methodology both a historical and prospective basis is Baa2 as compared to its current Baa3 senior unsecured rating. However, if one factors in a one-notch rating adjustment for PPL being a holding company whose obligations are subordinate to \$14.4 billion of senior secured and senior unsecured debt, the indicated rating would be in-line with the actual Baa3 senior unsecured rating.

Rating Factors

PPL Corporation

Regulated Electric and Gas Utilities Industry [1][2]	Current 12/31/2010		Moody's 12-18 month Forward View* As of June 2011	
	Measure	Score	Measure	Score
Factor 1: Regulatory Framework (25%)				
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (5%)		Baa		Baa
b) Generation and Fuel Diversity (5%)				
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	5.3x	A	2.7-3.5x	Baa

c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	18.5%	Baa	13-16%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	14.5%	Baa	8-13%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	55.9%	Ba	52-58%	Ba
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa3		Baa3

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/2010(L); Source: Moody's Financial Metrics

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Attachment to Question No. 6

9 of 22

Arbough

MOODY'S INVESTORS SERVICE

Announcement: Moody's affirms PPL's ratings following acquisition announcement; outlook stable

Global Credit Research - 02 Mar 2011

Approximately \$ 16.0 Billion of Debt Securities and Credit Facilities Affected.

New York, March 02, 2011 -- Moody's Investors Service affirmed the ratings of PPL Corporation (PPL: Baa3 Issuer Rating) and its subsidiaries following yesterday's announcement that it had reached a definitive agreement to acquire the Central Networks electric distribution business from E.ON UK plc for 4.0 billion pounds Sterling (\$6.4 billion), which includes the assumption of 500 million pounds (\$800 million) of existing public debt. The rating outlook for PPL and its subsidiaries is stable.

"The rating affirmation recognizes that the planned acquisition of Central Networks further de-risks PPL's overall business platform as more than 70% of consolidated results will be provided by predictable, rate regulated businesses from three different jurisdictions, making the company's earnings, cash flow, and dividends less reliant on the company's commodity business", said A. J. Sabatelle, Senior Vice President of Moody's.

The rating action considers the pro-forma consolidated credit profile of PPL, and factors in the increasing proportion of regulated activities, the geographic diversity across these businesses, and the declining exposure to the commodities business as a source of cash flow and earnings. To that end, the rating affirmation acknowledges that the combination of the Central Networks transaction coupled with last year's acquisition of LG&E and KU Energy LLC (LKE: Baa2 Senior Unsecured Debt) and its subsidiaries have transitioned the company from a smaller, more regional commodity sensitive concern to a larger, more geographically diverse company with a more sustainable business model.

The rating affirmation considers the relatively conservative manner in which PPL intends to permanently finance the acquisition, including the issuance of \$1.7 -- \$1.9 billion of PPL common stock and \$750 -- \$950 million of convertible equity units, which helps to maintain balance sheet strength, and more strongly positions PPL in its current investment grade rating category. We understand that the company intends to permanently finance the remainder of the transaction with debt issued at both the Central Networks operating and holding company levels in a manner which targets a low Baa rating for the consolidated regulated networks business. While this degree of leverage in the capital structure at Central Networks does slightly weaken PPL's consolidated credit metrics, the degree of dependable cash flow expected to be derived from this transaction and from the earlier LKE acquisition makes the organization's overall credit quality more resilient to any potential negative credit events within the family.

Moody's also recognizes the track record that PPL has demonstrated in the UK in operating its existing Western Power Distribution (WPD) business where WPD ranks in the top tier in several different efficiency and performance standards and where those network's tariffs were recently reset for a five-year period. However, our rating affirmation balances this expected performance and the opportunities for potential synergies against the challenges that we believe management may face in successfully integrating two large acquisitions in a fairly compressed timeframe -- the LKE acquisition which closed about four months ago and the Central Networks acquisition which is expected to close next month. This somewhat guarded view considers the substantially larger size of the Central Networks operations relative to WPD and the fact that all UK electric distribution networks have gone through various rounds of cost saving initiatives over the last decade.

With respect to the PPL subsidiaries' ratings, Moody's views the acquisition as being a credit supportive development for these ratings as no incremental debt is being added at any of the affiliates while the transaction provides another source of reliable earnings, cash flow, and dividends to the overall enterprise. In particular, Moody's believes that PPL Energy Supply, LLC (PPL Supply), the company's unregulated power subsidiary, indirectly benefits from the Central Networks and LKE transactions as they should reduce the company's reliance on this commodity driven subsidiary for earnings and dividends, enabling this unregulated operation to potentially utilize any free cash flow for future debt reduction. That being said, PPL Supply remains weakly positioned at its current Baa2 senior unsecured rating and while recently reported 2010 results were strong, future financial performance is expected to weaken particularly in 2012 due to the various challenges affecting all unregulated power companies. As such, while the benefits of the Central Networks and LKE acquisitions help mitigate near-term downward rating pressure at PPL Supply, negative rating pressure remains at this subsidiary.

Importantly, to the extent that a negative rating action is taken at PPL Supply, the probability of a similar rating action occurring at PPL or its subsidiaries has been greatly reduced, given the business and risk profile transformation that will occur from the completion of the Central Networks and LKE transactions.

The stable outlook for PPL reflects our view that the planned acquisition of Central Networks will be financed in a balanced manner and that upon completion, PPL's credit quality will have been fortified through the reduction in overall business risk at

the company. While we view the Central Networks and LKE acquisitions as transforming events which could form the basis for positive rating momentum at PPL, prospects for the company to be upgraded in the near term are limited in light of the execution risks in integrating these two large acquisitions at the same time coupled with some of the market-based issues currently facing the company's unregulated business. However, to the extent that the integration process at both Central Networks and LKE meets the company's expectation and PPL continues to take actions that lower overall enterprise risk and leverage over time, PPL's rating could be upgraded. Conversely, the prospects for downward rating action are limited in the intermediate term, as Moody's views PPL as being strongly positioned at the current rating category and fairly resilient to withstand downward pressure in the family given the diversified set of rate regulated operations at the company and the reduced exposure to the commodity business.

The principal methodology used in rating PPL was Rating Methodology: Regulated Electric and Gas Utilities, published August 2009 and available on www.moody.com in the Rating Methodologies sub-directory under the Research and Ratings tab. Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Rating Methodologies sub-directory on Moody's website.

Please see ratings tab on the issuer/entity page on Moody.com for the last rating action and the rating history

PPL is a diversified energy holding company headquartered in Allentown, Pennsylvania.

New York
A.J. Sabatelle
Senior Vice President
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
MD - Utilities
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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Attachment to Question No. 6

10 of 22

Arbough

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's downgrades PPL and PPL Electric, outlook stable

Global Credit Research - 28 Apr 2010

Approximately \$1.3 billion of rated instruments affected

New York, April 28, 2010 -- Moody's Investors Service (Moody's) downgraded the long-term unsecured ratings of PPL Corporation (PPL: Issuer Rating to Baa3 from Baa2), and its subsidiaries PPL Electric Utilities Corporation (PPL EU: senior unsecured to Baa2 from Baa1), and PPL Capital Funding, Inc. (PPL Capital: senior unsecured guaranteed by PPL to Baa3 from Baa2); the A3 rating for PPL EU's secured debt, and its Prime-2 rating for commercial paper are affirmed. The outlook for PPL, PPL EU, and PPL Capital is stable. The ratings of PPL's subsidiary PPL Energy Supply (PPL Supply: Baa2 senior unsecured) are affirmed and the outlook remains stable.

The rating actions follow PPL's announced agreement to acquire E.ON U.S. LLC (E.ON U.S.) and its subsidiaries Louisville Gas & Electric Company (LG&E) and Kentucky Utilities Company (KU), and while reflective of the announced transaction, are driven more by weakening financial metrics and the negative outlooks that had been in place for PPL EU and PPL for the past year.

On April 28, 2010, PPL announced that it had reached a definitive agreement with E.ON AG to acquire E.ON U.S., the parent company of LG&E and KU, two regulated utilities with operations principally in Kentucky. The transaction values E.ON U.S. at approximately \$7.6 billion, including the assumption of \$925 million of existing tax-exempt debt and the repayment of E.ON AG intercompany debt. Permanent financing for the transaction will include a combination of common equity, utility first mortgage bonds, utility holding company bonds, hybrid securities and cash on hand. We anticipate that PPL will arrange the permanent financing in a balanced manner that will be supportive of its Baa3 Issuer Rating.

PPL's Baa3 Issuer Rating considers the additional regulatory scale, diversity and cash flow stability that are likely to result from its planned acquisition of E.ON US. On a pro-forma basis, we anticipate that over 50% of PPL's assets and cash flows would be associated with regulated operations; absent the transaction, we would expect regulated contributions to remain significantly below 50%. The rating also considers the challenges the company is facing as it transitions to a fully competitive market in its Pennsylvania service territory where significant utility investment is needed while its wholesale generation business continues to operate within weakened commodities markets. The rating reflects pro-forma consolidated credit profile and cash flow credit metrics that we anticipate will remain within ranges appropriate for the rating. The Baa3 ratings for PPL and PPL Capital also recognize their structurally subordinate position relative to the Baa2 senior unsecured debt of PPL Supply and PPL EU, and to likely holding company and operating company debt at the Kentucky utilities.

The downgrade for PPL EU reflects our continued expectation that beginning in 2010, the company's cash flow credit metrics will decline dramatically from their recent levels and will remain toward the lower end of the ranges indicated in Moody's August 2009 Rating Methodology for Regulated Electric and Gas Utilities (the Regulated Methodology) rated Baa for the foreseeable future. The expected decline in metrics comes as PPL EU implements market rates for generation while simultaneously incurring increased expenditures for capital investment to support and maintain the reliability of its aging distribution and transmission systems. As a result, PPL EU's debt burden will increase, and cash flow coverage of debt and debt service is expected to be dramatically reduced. For example, for the foreseeable future, the ratio of cash flow from operations excluding changes in working capital (CFO Pre -- WC) to debt, calculated in accordance with Moody's standard analytical adjustments, is expected to remain in the low-to-mid teens, and the ratio of CFO Pre -- WC plus interest to interest is anticipated to remain around three times.

The affirmation of the A3 rating for the senior secured debt at PPL EU reflects its priority position within PPL EU's capital structure and follows Moody's August 2009 implementation of wider notching between the vast majority of ratings for senior secured and senior unsecured debt ratings for investment grade regulated utilities. Issuers with negative outlooks were excluded from the August implementation.

The affirmation of the Baa2 senior unsecured ratings for PPL Supply considers the relatively strong market and competitive position that results from its significant base-load generation portfolio located primarily near load serving entities within the highly liquid and transparent PJM market. The affirmation also recognizes that 2010 is the first year the company is able to sell power produced by its Pennsylvania generation resources at market rates. For 2010 and beyond, we anticipate increased volatility of cash flows, mitigated to some extent by PPL Supply's hedging strategy; however, we also anticipate a strengthening of its cash flow credit metrics commensurate with the company's

increased business risk. For example, we anticipate the ratio of CFO Pre-WC to debt (excluding the debt and cash flows associated with its U.K. distribution utilities) to remain above 25%. PPL Supply's published consolidated credit metrics will continue to be impacted by the ownership of its U.K. distribution utilities, which benefit from reasonably stable cash flow, but also employ leverage commensurate with their regulated network activities. We anticipate PPL Supply's consolidated published ratio of CFO Pre-WC to debt will remain above 20%.

The stable outlook for PPL EU reflects our expectation that PPL EU's financial metrics will generally remain within the ranges indicated for electric distribution and transmission utilities rated Baa. The outlook also assumes that PPL EU will finance its significant capital expenditure program in a manner that is consistent with maintaining its current credit profile and that it will continue to successfully manage its regulatory relationships as Pennsylvania continues its statewide transition to market rates.

The stable outlooks for PPL Supply, PPL Capital, and PPL reflect our view that the planned acquisition of E.ON U.S. will be financed in a balanced manner that is consistent with PPL's Baa3 Issuer rating. The stable outlooks also assume that in 2010 and beyond, PPL Supply's low-cost, strategically placed, primarily base load generating assets will generate increased cash flows, and that PPL will continue to seek to mitigate the volatility of these market based cash flow by use of disciplined hedging strategies. In addition, the stable outlooks assume that the transition to the competitive electricity market in Pennsylvania will continue to proceed relatively smoothly and that PPL EU's planned capital expenditures will be financed in a manner that is supportive of its credit quality.

The principal methodology used in rating PPL EU, PPL and PPL Capital was Rating Methodology: Regulated Electric and Gas Utilities, published August 2009 and available on www.moody.com in the Rating Methodologies sub-directory under the Research and Ratings tab. The principal methodology used in rating PPL Supply was Rating Methodology: Unregulated Utilities and Power Companies, published in August 2009 and also available on www.moody.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Rating Methodologies sub-directory on Moody's website.

Moody's last rating action on PPL EU, PPL, PPL Capital and PPL Supply occurred May 11, 2009 the outlooks of PPL EU, PPL and PPL Capital were revised to negative from stable and the ratings of PPL Supply were affirmed with a stable outlook.

PPL is a diversified energy holding company headquartered in Allentown, Pennsylvania. PPL EU is a regulated transmission and distribution utility; PPL Supply is a holding company engaged primarily in non-regulated generation and marketing of power in the U.S. and the regulated delivery of electricity in the U.K.; PPL Capital is a financing subsidiary of PPL - its debt is guaranteed by PPL.

Downgrades:

PPL Corporation

Issuer Rating, Downgraded to Baa3 from Baa2

PPL Capital Funding, Inc.

Junior Subordinated Regular Bond/Debenture, Downgraded to Ba1 from Baa3

Multiple Seniority Shelf, Downgraded to (P)Baa3, (P)Ba1 from (P)Baa2, (P)Baa3

Senior Unsecured Regular Bond/Debenture, Downgraded to Baa3 from Baa2

PPL Electric Utilities Corporation

Issuer Rating, Downgraded to Baa2 from Baa1

Multiple Seniority Shelf, Downgraded to (P)Ba1 from (P)Baa3

Preferred Stock, Downgraded to Ba1 from Baa3

Senior Unsecured Bank Credit Facility, Downgraded to Baa2 from Baa1

Senior Unsecured Revenue Bonds (Lehigh County Industrial Development Authority), Downgraded to Baa2 from Baa1

Outlook Actions:

PPL Corporation

Outlook, Changed To Stable From Negative

PPL Capital Funding, Inc.

Outlook, Changed To Stable From Negative

PPL Electric Utilities Corporation

Outlook, Changed To Stable From Negative

New York

Laura Schumacher

Vice President - Senior Analyst

Infrastructure Finance Group

Moody's Investors Service

JOURNALISTS: 212-553-0376

SUBSCRIBERS: 212-553-1653

New York

William L. Hess

Managing Director

Infrastructure Finance Group

Moody's Investors Service

JOURNALISTS: 212-553-0376

SUBSCRIBERS: 212-553-1653

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Attachment to Question No. 6

11 of 22

Arbough

Global Credit Research - 29 Apr 2010

Allentown, Pennsylvania, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa3
PPL Energy Supply, LLC	
Outlook	Stable
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
PPL Electric Utilities Corporation	
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	A3
Senior Secured	A3
Sr Unsec Bank Credit Facility	Baa2
Preference Stock	Ba1
Commercial Paper	P-2

Contacts

Analyst	Phone
Laura Schumacher/New York	212.553.3853
William L. Hess/New York	212.553.3837

Key Indicators

[1]

PPL Corporation

ACTUALS	2009	2008	2007	2006
(CFO Pre-W/C + Interest) / Interest Expense [2]	4.4x	3.7x	4.0x	4.3x
(CFO Pre-W/C) / Debt [2]	19.1%	16.4%	21.2%	18.9%
(CFO Pre-W/C - Dividends) / Debt [2]	13.7%	11.5%	15.7%	14.5%
Debt / Book Capitalization	55.0%	58.5%	50.7%	54.4%

[1] All ratios are calculated using Moody's Standard Adjustments [2] CFO pre-W/C is equal to net cash flow from operations less net changes in working capital items

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Historically stable cash flow generated by regulated and highly contracted businesses

Increased volatility mitigated by hedging strategy and increased proportion of regulated business

Relative geographic and fuel diversity

Generally supportive regulatory environments - with Pennsylvania still in transition

Structural subordination

Corporate Profile

PPL Corporation (PPL: Baa3 Issuer Rating, stable) is a diversified energy holding company headquartered in Allentown, Pennsylvania. PPL's Pennsylvania regulated businesses are conducted primarily through its utility subsidiary PPL Electric Utilities Corporation (PPL EU: Baa2 senior unsecured, stable). PPL Energy Supply LLC (PPL Supply: Baa2 senior unsecured, stable), is an intermediate holding company for PPL's non-regulated businesses that are engaged in the generation and marketing of power primarily in the northeastern and western power markets of the U.S., and in the delivery of electricity in the U.K.

On April 28, 2010, PPL announced its agreement to acquire E.ON U.S. LLC (E.ON U.S.) and its subsidiaries, Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Companies (KU), two regulated utilities operating principally in Kentucky.

SUMMARY RATING RATIONALE

PPL's rating is reflective of the challenges facing the company, as it continues to transition to a fully competitive market in its Pennsylvania service territory where significant utility investment is needed to support its aging infrastructure, while its wholesale generation business continues to operate in weak commodities markets. The rating considers PPL's relatively strong wholesale market and competitive position emanating from PPL Supply's low-cost, strategically placed, primarily base load generating assets. The rating also considers PPL's consolidated credit profile, including the significant proportion of cash flow generated by its merchant business, the volatility of which is balanced by increasing regulated cash flows, and disciplined hedging strategies. The rating reflects an assumption of a modest amount of additional consolidated leverage as a result of PPL's planned acquisition of E.ON U.S. LLC, and also considers the additional regulatory scale, diversity and increase in cash flow stability that is expected to come from that transaction.

DETAILED RATING CONSIDERATIONS

Historically stable cash flow generated by regulated and highly contracted businesses

PPL's operations consist primarily of regulated utility businesses in the U.S and the U.K., and non-regulated merchant generation in the United States. In 2009, PPL EU's cash from operations represented approximately 32% of consolidated total cash flow, while the U.K. operations accounted for approximately 13% with the balance generated primarily PPL Supply's non-regulated merchant generating business in the United States. PPL's cash flows, from both regulated and non-regulated operations, have been relatively stable over the last few years, reflecting primarily the low-cost nature of the company's generating assets and the Provider of Last Resort (POLR) arrangements between its subsidiaries, which mitigated the impact of volatile wholesale prices with capped electric rates in its service regions. The POLR agreements, which helped to stabilize cash flows and effectively reduced overall business risk by providing an offset to PPL's significant non-regulated merchant operations were terminated in December 2009. As a result, we anticipate increased volatility in cash flows generated by the merchant business.

Volatility somewhat mitigated by hedging and by an increasing proportion of regulated business

Anticipated volatility in PPL's cash flows is mitigated to some degree by its hedging strategy and the increasing proportion of regulated operations that would result from its planned acquisition of the Kentucky utilities. PPL generally employs a disciplined, laddered 3-4 year hedging strategy for its generation sales and for its fuel sourcing, which tends to make its cash flows relatively more stable and predictable. PPL's current regulated transmission and delivery businesses in Pennsylvania and the U.K., along with the expected added regulated presence in Kentucky, should provide additional stability and predictability.

Generally supportive regulatory environments - Pennsylvania is still in transition

PPL's regulated business, Moody's generally characterizes its Pennsylvania regulatory framework as being about average for U.S. utilities in terms of supportiveness of credit quality and ability to recover costs and earn returns on invested capital. PPL has historically received reasonable and timely decisions in its transmission and distribution rate cases, and the Pennsylvania market transition appears to be working relatively smoothly. However, we remain cautious about the significant rate increase for customers in the Pennsylvania service territory and the potential for political intervention. The potential inclusion of the Kentucky

utilities in the consolidated family would be viewed positively in terms of overall regulatory supportiveness. LG&E and KU also benefit from numerous alternative rate mechanisms which reduce regulatory lag including, cash returns on construction work in progress, and mechanisms that provide for the recovery of, and return on, environmental investment.

Within the framework of Moody's August 2009 Rating Methodology for Regulated Electric and Gas Utilities (the Methodology), for Factor 1: Regulatory Framework, and for Factor 2: Ability to Recover Costs and Earn Returns, PPL currently maps to a rating factor in the Ba range, reflecting the current significant proportion of the unregulated operations in its business mix and the greater unpredictability surrounding these cash flows. The score for this rating factor would likely move upward when the acquisition of the Kentucky utilities is consummated.

Relative geographic and fuel diversity

With approximately 12,000 MWs of wholesale generation resources located primarily within the highly liquid and transparent PJM market along with the strategic positioning of PPL Supply's assets in Montana, we consider PPL's wholesale market and competitive position to be relatively strong. PPL also has generating facilities in Illinois, and New England, as well as the regulated operations in Pennsylvania, the U.K., and potentially Kentucky. PPL benefits from a relatively diverse portfolio of fuel resources, including coal, nuclear, gas, and hydro, albeit with a significant, and likely increasing, exposure to carbon intense fuels.

Within the framework of the Methodology, for Factor 3: Diversification, PPL maps to a rating factor in the Baa range.

Structural subordination

PPL's rating also reflects its structurally subordinate position relative to the Baa2 senior unsecured debt of PPL Supply and PPL EU, and to debt likely to exist at the Kentucky utilities.

Liquidity Profile

As a holding company, PPL's primary source of liquidity is the dividends it receives from its operating subsidiaries. In 2009, PPL received dividends of approximately \$1.2 billion, including approximately \$940 million from PPL Supply plus approximately \$290 million from PPL EU, which was more than sufficient to cover its overhead costs, interest expense at PPL Capital Funding of approximately \$40 million, as well as dividends to common shareholders of approximately \$520 million. We anticipate 2010 full year funds will again be sufficient to cover overhead costs, interest expenses at PPL Capital Funding and PPL's common stock dividends.

On a consolidated basis in 2009, cash flow from operations of approximately \$1.9 billion was sufficient to cover PPL's outlays including approximately \$1.2 billion of capital expenditures and approximately \$520 million of common stock dividends. In 2010, capital expenditures are projected to be approximately \$1.9 billion resulting in total outlays including dividends to modestly exceed cash flow from operations. Moody's anticipates the cash shortfall to be funded via a combination of internal and external sources.

While PPL has no parent level debt outstanding, it does fully guarantee all of the debt at PPL Capital, which has no debt maturities until 2047. At the subsidiary level, PPL EU's nearest debt maturity is November 2013, when \$400 million of senior secured notes are due. PPL Supply's nearest debt maturity is \$500 million of senior notes due November 2011. At PPL's U.K. subsidiaries, there is no maturing debt until 2017. This debt continues to be non-recourse to PPL Supply or PPL.

PPL's subsidiaries have external liquidity facilities totaling approximately \$5 billion in committed facilities to support the short-term liquidity needs that are scheduled to expire between 2010 and 2013, of which approximately \$3.7 billion was immediately available as of December 31, 2009. The credit facilities each contain one financial covenant. PPL Supply's credit facilities have a limitation on debt to capitalization ratio to 65%. As of December 31, 2009, the ratio as defined in the agreement was approximately 46%. PPL EU's credit facility limits the ratio of debt to capitalization to 70%. As of December 31, 2009, the ratio as defined in the agreement was approximately 44%. None of these facilities contain a material adverse change (MAC) clause. PPL's overall liquidity is considered satisfactory.

Within the framework of the methodology, for Factor 4: Sub-factor Liquidity, PPL maps to a rating factor in the Baa range.

Rating Outlook

The stable outlook for PPL reflects our view that, in 2010 and beyond, its low-cost, strategically placed, primarily base load generating assets will generate increased cash flows, and that PPL will continue to seek to mitigate the volatility of these market based cash flows by the use of disciplined hedging strategies. The stable outlook also assumes that the company will continue to successfully manage its fuel and other operating costs, that the transition to the competitive electricity market in Pennsylvania will

continue to proceed relatively smoothly, and that planned capital expenditures will be financed in a manner that is supportive of its credit quality. The stable outlooks recognize the cash flow stability that should result from PPL's acquisition of E.ON U.S. LLC, and assumes the transaction will be funded in a manner that is supportive of PPL's current credit profile.

What Could Change the Rating - Up

An upgrade is unlikely in near to medium term. Ratings could be revised upward if there were to be a sustained improvement in financial metrics; as demonstrated, for example, by a ratio of CFO pre-WC to debt, calculated in accordance with Moody's standard analytical adjustments, in the range of 20%. An upgrade of PPL Supply would also likely put upward pressure on the rating of PPL Corp.

What Could Change the Rating - Down

The ratings could be adjusted downward if there is a meaningful increase in business risk beyond the levels currently contemplated, if there is a significant deterioration of plant availability, if the company is unsuccessful in managing the transition to a competitive market, if its planned capital expenditures are funded in a manner inconsistent with its current rating level, or if there were to be adverse regulatory rulings on transmission and distribution rate cases such that financial metrics deteriorate; as demonstrated, for example, by a sustainable ratio of CFO pre-WC to debt, calculated in accordance with Moody's standard analytical adjustments, in the low-to-mid teens level. The ratings could also have downward pressure if the financing for the E.ON U.S. acquisition is executed in a manner that is inconsistent with PPL's current credit profile.

Rating Factors

PPL Corporation

Regulated Electric and Gas Utilities	Aaa	Aa	A	Baa	Ba	B
Factor 1: Regulatory Framework (25%)					X	
Factor 2: Ability to Recover Costs and Earn Returns (25%)					X	
Factor 3: Diversification (10%)						
a) Market Position (5%)				X		
b) Generation and Fuel Diversity (5%)				X		
Factor 4: Financial Strength, Liquidity & Financial Metrics (40%)						
a) Liquidity (10%)				X		
b) CFO pre-WC + Interest / Interest (7.5%)				X		
c) CFO pre-WC / Debt (7.5%)				X		
d) CFO pre-WC - Dividends / Debt (7.5%)				X		
e) Debt / Capitalization or Debt / RAV (7.5%)				X		
Rating:						
a) Methodology Implied Senior Unsecured Rating				Baa3		
b) Actual Senior Unsecured Rating				Baa3		

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Credit Opinion: PPL Electric Utilities Corporation

Global Credit Research - 29 Apr 2010

Pennsylvania, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	A3
Senior Secured	A3
Sr Unsec Bank Credit Facility	Baa2
Preference Stock	Ba1
Commercial Paper	P-2
Parent: PPL Corporation	
Outlook	Stable
Issuer Rating	Baa3

Contacts

Analyst	Phone
Laura Schumacher/New York	212.553.3853
William L. Hess/New York	212.553.3837

Key Indicators

[1]

PPL Electric Utilities Corporation

ACTUALS	2009	2008	2007	2006
(CFO Pre-W/C + Interest) / Interest Expense [2]	4.9x	5.5x	5.5x	4.5x
(CFO Pre-W/C) / Debt [2]	29.4%	27.8%	34.6%	25.5%
(CFO Pre-W/C - Dividends) / Debt [2]	14.5%	23.0%	27.6%	20.5%
Debt / Book Capitalization	42.9%	49.6%	45.3%	49.6%

[1] All ratios are calculated using Moody's Standard Adjustments [2] CFO pre-W/C is equal to net cash flow from operations less net changes in working capital items

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Relatively stable cash flow generated by regulated operations

Regulatory environment that appears to be undergoing an orderly transition

Significant planned capital expenditures

Cash flow credit metrics appropriate for the rating

Corporate Profile

PPL Electric Utilities Corporation (PPL EU: Baa2 senior unsecured, Prime-2 short term, stable) is a regulated utility subsidiary of PPL Corporation (PPL: Baa3 Issuer Rating, stable), that transmits and distributes electricity to approximately 1.4 million customers in eastern and central Pennsylvania. PPL EU provides electricity to retail customers as a Provider of Last Resort (POLR) under Pennsylvania's Customer Choice Act.

The Pennsylvania power market is in transition. Through the end of 2009, all of PPL EU's power was supplied under a fixed price power purchase agreement with its affiliate PPL Energy Supply, LLC (PPL Supply: Baa2 senior unsecured, stable). Beginning in 2010, however, PPL EU's retail rates for generation are set based on market rates for power, which resulted in significantly higher rates for end users (an approximate 30% increase in 2010). Also beginning in 2010, PPL EU is no longer collecting competition transition revenue, which has resulted in lower cash flow for the utility.

SUMMARY RATING RATIONALE

PPL EU's Baa2 rating is driven by the relatively stable and predictable nature of its regulated transmission and distribution utility cash flows; the reasonably supportive regulatory treatment the company has received from the Pennsylvania Public Utilities Commission (PPUC); and cash flow credit metrics that are expected to remain appropriate for the rating category. The rating also considers the moderate business risk profile of the consolidated PPL corporate family, whose other operations include non-regulated electricity generation and marketing in Pennsylvania as well as other parts of the United States.

DETAILED RATING CONSIDERATIONS

Regulatory environment is generally supportive - however still in transition

Moody's generally categorizes the Pennsylvania regulatory framework as being about average for U.S. utilities in terms of supportiveness of credit quality and ability to recover costs and earn returns. PPL EU has historically received reasonable and timely decisions in its transmission and distribution rate cases, and although the Pennsylvania market remains in the midst of a full transition to market rates, to date, the process appears to be working relatively smoothly.

Given the magnitude of the rate increase that recently occurred for customers in PPL EU's service territory, (approximately 30%) we remain somewhat cautious about the potential for political intervention, though we recognize this risk has subsided significantly with the passage of time and the reduction in market price for power. In addition, the expiration of generation rate caps applicable to three other large regulated Pennsylvania utilities will not occur until 2011 and some legislative proposals related to rate caps and rate increase mitigation are still lingering. More recently, several lawmakers in Pennsylvania objected to PPL EU's March 2010 distribution rate increase request and asked the PPUC to reject the case, citing that the increase will put a strain on ratepayers.

Pennsylvania has been transitioning to a deregulated market for generation since 1998. During this time, PPL EU retained POLR responsibilities in its service territory, and operated under rate caps for generation. Through 2009, PPL EU met its POLR obligation via a PPUC approved fixed price power supply agreement with its affiliate PPL Supply. As of January 1, 2010, the rate cap ended, the POLR agreement was terminated, and the company has now transitioned fully into retail market competition.

Over the past few years, there has been a significant amount of regulatory and legislative concern over the potential for rate shock when the generation caps expire. In PPL EU's territory rates were at one time expected to increase approximately 40%. However, there has also been observable support for the process. In November 2008, legislation was passed establishing guidelines for all delivery utilities to follow when acquiring power supplies beyond 2010 which includes a prescribed mixture of long-term, short-term and spot purchases. PPL EU's procurement process is consistent with these guidelines and the company has generally been successful in managing the market transition and attempting to limit rate shock exposure.

Beginning in 2008, PPL EU conducted a series of electricity purchases through a competitive bidding process. The power purchase plan, approved by the PPUC, included a staggered bidding process involving a number of power blocks awarded by PPL EU to suppliers. For its 2010 power requirement, PPL EU completed six planned auctions, securing 100% of the expected needs. The company has also completed four solicitations for the January 2011 through May 2013 period. The price of power secured in the last auction, completed in April, is about 16% lower than the prices obtained for 2010.

In an effort to mitigate the customer impact of the anticipated 2010 rate increase, PPL EU took proactive steps and implemented two programs in 2008 and 2009. The advance-payment program, approved by PPUC in August 2008, allowed customers to make prepayments toward their 2010 and 2011 electric bills to enable them to pay a portion of the anticipated increase over 39 months,

beginning October 1, 2008. Approximately 10% of the customers took advantage of this plan. PPL EU has also implemented a second "opt-in" program, whereby customers could elect to defer any 2010 rate increase in excess of 25% over one to two years. At December 31, 2009, PPL EU had recorded a liability of \$36 million for these programs. Given the decline in wholesale power prices (around 16% lower in PPL EU's latest solicitation versus initial 2010 procurements), the risk of additional cash deferrals is now significantly lower.

An additional mitigant to rate shock is the fact that more than 411,000 PPL EU customers have selected an alternate competitive electric supplier, which represents approximately 30% of PPL EU's customer base and about 48% in the total retail load in its service territory. Generation rates for these consumers are significantly (generally around 10%) lower than they would have been with PPL EU as their provider. Customer "shopping", however, should have limited impact on the operating results of PPL EU, as cost of power for generation is ultimately passed through to customers without margin.

PPL EU has generally received what appears to be reasonable treatment in its transmission and distribution rate proceedings. Pennsylvania distribution cases have been rendered in less than one year with authorized increases in excess of two thirds of the requested amounts. In March 2010, PPL EU filed a delivery rate case, requesting a \$114.7 million revenue increase, based on 11.75% ROE and 48.37% equity ratio, to address distribution infrastructure upgrade investments it made since its last rate case in 2007. Although the requested increase represents a 13.4% increase in distribution rates, PPL EU estimates that, after consideration of the lower prices of power procured for 2011 versus 2010, its customers' all-in rates shock increases by only approximately 2.4%. The company anticipates a PPUC decision by the end of 2010, with new rates effective January 2011.

Transmission rates are determined by the Federal Energy Regulatory Commission (FERC). In October 2008, FERC granted PPL EU's request to establish its transmission rates via a forward-looking formula with annual true-ups, which FERC has encouraged as a means to promote investment in transmission. FERC has also awarded incentive rate treatment for PPL EU's participation in a large PJM approved transmission project. The PPUC allows PPL EU rider recovery of any FERC approved transmission charges within its Pennsylvania retail rates.

Within the framework of Moody's August 2009 Rating Methodology for Regulated Electric and Gas Utilities (the Methodology), for Factor 1: Regulatory Framework, and for Factor 2: Ability to Recover Costs and Earn Returns, PPL EU maps to a rating factor in the Baa range.

Capital expenditure plans remain significant

For the three year period of 2010 to 2012, PPL EU plans to spend about \$2 billion in capital expenditures, a significantly larger amount than the approximate \$860 million incurred in 2007-2009 time frame. The increased capital budget relates to plans to replace PPL EU's aging transmission and distribution assets, and to fund its PJM-approved transmission project involving the joint construction of a 150-mile, 500-KV line between its Susquehanna substation in eastern Pennsylvania and the Roseland substation in northern New Jersey. PPL EU's share of this transmission investment is estimated at approximately \$510 million.

Credit metrics appropriate for current rating

PPL EU's 2009 credit metrics remained strong, as it continued to receive competition transition charge (CTC) revenues while meeting its entire POLR obligation via a fixed power purchase agreements. During this time capital expenditures also remained relatively modest. For the past three years, PPL EU's ratio of cash from operation before changes in working capital (CFO Pre-WC) to debt, as calculated in accordance with Moody's standard adjustments, averaged 30%.

Going forward, as retail market rates for generation are established as a direct pass through of power costs with no additional margin for the utility, and as CTC revenues are eliminated, cash flow from operations will be materially reduced. At the same time, capital spending is expected to increase significantly leading to an increase in debt burden as negative free cash flows are partially debt financed. As a result, we anticipate that PPL EU's ratio of CFO Pre-WC to debt will move into the low-to-mid teens, and remain there on a sustainable basis, and we expect that its ratio of CFO Pre-WC plus interest to interest will remain about three times.

Liquidity Profile

PPL EU has reasonable liquidity supported by relatively stable and predictable cash flows (albeit somewhat less robust and predictable due to transition to market competition), which are also supported by its own credit facilities.

In 2009, PPL EU's cash flow from operations of approximately \$294 million covered approximately 51% of its total cash outlays including \$298 million of capital expenditures and \$274 million of dividends to the parent. The shortfall was funded primarily via a portion of \$400 million equity infusion from its parent. In the 2010 - 2012 timeframe, when the company is projected to fund approximately \$2 billion of capital investments, Moody's expects PPL EU's cash shortfalls to be funded via a combination of

internal and external sources of cash, including equity contributions from PPL.

PPL EU's liquidity is supported by a \$190 million 5-year credit facility that expires in May 2012. The committed capacity under this facility was originally \$200 million but was reduced by \$10 million in December 2008, as a result of terminating the commitment of Lehman Brothers Bank, FSB. This credit facility is used primarily as back-stop to PPL EU's \$200 million commercial paper program and to issue letters of credit. As of December 31, 2009, the company had no cash borrowings under the facility, no commercial paper outstanding, and \$6 million of letters of credit outstanding. PPL EU's credit facility contains one financial covenant, a limitation on the ratio of debt to capitalization of 70%. As of December 31, 2009, the debt to capitalization ratio as defined in the agreement was approximately 44%. The facility does not contain a material adverse change clause.

PPL EU also participates in a \$150 million asset-backed commercial paper program through the sale of accounts receivable and unbilled revenue to a wholly owned special purpose vehicle. As of December 31, 2009, there was no borrowing under this agreement. This facility expires in July 2010. The company intends to renew it to maintain its current total committed capacity level.

PPL EU's Prime-2 rating for its short term obligations recognizes the utility's financial profile and cash flow stability, and assumes that the amount of commercial paper and other near term obligations outstanding will be managed within the limits of the company's readily available sources of cash, including its committed bank credit facilities.

PPL EU's closest long-term debt maturity is \$400 million of senior secured notes due November 2013.

Within the framework of the Methodology, on Factor 4: Liquidity, PPL EU maps to a rating factor in the Baa range.

Rating Outlook

The stable outlook reflects our expectation that beyond 2009, PPL EU's financial metrics will generally remain within the ranges appropriate for by electric T&D utilities rated Baa. The outlook also assumes that PPL EU will finance its significant capital expenditure program in a manner that is consistent with maintaining its current credit profile and that it will continue to successfully manage its regulatory relationships.

What Could Change the Rating - Up

It is unlikely the rating would be revised upward over the near-to-medium term. The rating could move upward if PPL EU finances its planned capital expenditures in a manner that improves its financial profile; if for example, PPL EU's ratio of CFO pre-WC to debt, calculated in accordance with Moody's standard analytical adjustments, were to remain in an approximate range of 18-20% on a sustainable basis.

What Could Change the Rating - Down

The rating could be adjusted downward if PPL EU is unsuccessful in managing the transition to competitive markets in a manner that allows the timely recovery of its costs for purchased power, or if there were to be adverse regulatory rulings or unfavorable legislative ramifications such that we would anticipate a sustained deterioration in financial performance. The rating could be adjusted downward if there were to be a further material deterioration in financial metrics; if for example, its ratio of CFO Pre-WC to debt, calculated in accordance with Moody's standard analytical adjustments, were to move below the low-teens for an extended period. The rating could be adjusted downward if there is a meaningful increase in the consolidated business risk profile of PPL.

Rating Factors

PPL Electric Utilities Corporation

Regulated Electric and Gas Utilities	Aaa	Aa	A	Baa	Ba	B
Factor 1: Regulatory Framework (25%)				X		
Factor 2: Ability to Recover Costs and Earn Returns (25%)				X		
Factor 3: Diversification (10%)						

a) Market Position (5%)				X		
b) Generation and Fuel Diversity (5%)				NA		
Factor 4: Financial Strength, Liquidity & Financial Metrics (40%)						
a) Liquidity (10%)				X		
b) CFO pre-WC + Interest / Interest (7.5%)			X			
c) CFO pre-WC / Debt (7.5%)		X				
d) CFO pre-WC - Dividends / Debt (7.5%)			X			
e) Debt / Capitalization or Debt / RAV (7.5%)				X		
Rating:						
a) Methodology Implied Senior Unsecured Rating					Baa1	
b) Actual Senior Unsecured Rating					Baa2	

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Attachment to Question No. 6

12 of 22

Arbough



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Announcement: Moody's affirms PPL ratings

Global Credit Research - 27 Oct 2010

Approximately \$1.7 billion of securities affected

New York, October 27, 2010 -- Moody's Investors Service affirmed the ratings of PPL Corporation (PPL: Baa3 Issuer Rating) and its subsidiary, PPL Capital Funding (PPL Funding: Baa3 senior unsecured (debt guaranteed by PPL)). The outlook for PPL and PPL Funding is stable.

The rating affirmations follow PPL's receipt of Federal Energy Regulatory Commission (FERC) approval of its pending acquisition of E.ON US LLC (Baa2 Issuer Rating) and its subsidiaries, Kentucky Utilities (KU: Baa1 Issuer Rating) and Louisville Electric & Gas (LGE: Baa1 Issuer Rating). PPL also received approval from the Kentucky Public Service Commission, the State Corporation Commission of Virginia and the Tennessee Regulatory Authority. With the receipt of this last regulatory approval from the FERC, we believe there is a very high probability the transaction will close imminently.

The affirmation of PPL's Baa3 Issuer Rating considers the additional regulatory scale, diversity and cash flow stability that will result from its acquisition of E.ON US (to be renamed LG&E and KU Energy LLC (LKE)). Going forward, we anticipate that over 50% of PPL's assets and cash flows will be associated with regulated operations, with about half of those coming from the LKE subsidiaries. The rating considers the challenges the company continues to face as it manages the transition to a fully competitive market in its Pennsylvania service territory while its wholesale generation business continues to operate within weakened commodities markets; however, the rating recognizes the overall risk reduction and stability that comes as a result of its increased regulatory exposure. The Baa3 rating reflects the supportive regulatory relationships that exist at the LKE entities, and assumes these relationships will be maintained under PPL ownership.

PPL's Baa3 Issuer Rating is driven by consolidated credit metrics that are expected to remain within the Baa ranges identified in Moody's August 2009 Rating Methodology for Regulated Electric and Gas Utilities, for example, the consolidated ratio of cash flow excluding changes in working capital (CFO pre-WC) to debt, calculated in accordance with Moody's standard analytical adjustments, is expected to remain in the mid-teens. The ratings for the debt instruments of PPL are based on the guarantees provided by PPL. The Baa3 Issuer/senior unsecured ratings for PPL and PPL Funding also consider their structurally subordinate position relative to the Baa2 or better senior unsecured debt rating assigned to several of PPL's primary operating subsidiaries.

The rating affirmations consider PPL's balanced plan for financing the approximately \$6.8 billion necessary to complete the acquisition of LKE. In June 2010, PPL completed the sale of 103.5 million shares of common stock and issued approximately \$1.15 billion of hybrid -- equity linked - securities, generating total proceeds of approximately \$3.5 billion in permanent capital. Also in June PPL obtained a \$6.5 billion bridge loan that could be drawn, if necessary, to complete the transaction. We understand PPL now intends to draw temporarily on PPL Energy Supply's new \$4 billion revolving credit facility to obtain approximately \$3 billion of additional external financing to close the transaction. It is our understanding that shortly after the purchase is complete, PPL will issue a similar amount of permanent debt financing at a combination of KU, LGE and LKE, proceeds of which will be used to repay the PPL Energy Supply credit facility.

The rating outlook for PPL and PPL Funding is stable, an indication that ratings are not likely to be revised in the near term. Longer term, ratings could be revised upward if there were to be a sustained improvement in financial metrics; as demonstrated, for example, by a consolidated ratio of CFO pre-WC to debt, calculated in accordance with Moody's standard analytical adjustments, in the range of 20%.

The ratings of PPL or PPL Funding could be adjusted downward if there is a meaningful increase in business risk, if there is a significant prolonged deterioration of plant availability, if the company is unsuccessful in managing the full transition to a competitive market, if its planned capital expenditures are funded in a manner inconsistent with maintaining credit metrics that are appropriate for its current rating levels in light of current market conditions, or if there were to be adverse regulatory rulings such that financial metrics deteriorate; as demonstrated, for example, by a PPL consolidated ratio of CFO pre-WC to debt, calculated in accordance with Moody's standard analytical adjustments, in the low teens. In the event PPL is unable to obtain the remaining permanent financing for the transaction, there could be downward pressure on the ratings.


The principal methodology used in rating PPL and PPL Funding was Regulated Electric and Gas Utilities rating methodology published in August 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

PPL is a diversified energy holding company headquartered in Allentown, Pennsylvania. PPL's Pennsylvania regulated transmission and distribution operations are conducted through its subsidiary, PPL Electric Utilities; PPL Energy Supply is a holding company engaged primarily in non-regulated generation and marketing of power in the U.S. and the regulated delivery of electricity in the U.K.; PPL Funding is a financing subsidiary of PPL - its debt is guaranteed by PPL.

New York
Laura Schumacher
Vice President - Senior Analyst
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
MD - Utilities
Infrastructure Finance Group



Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
U S A

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Attachment to Question No. 6

13 of 22

Arbough



CREDIT ANALYSIS

PPL Corporation

Allentown, Pennsylvania, United States

Table of Contents:

BUSINESS PROFILE	1
RATING RATIONALE	2
Increased Proportion of Regulated Businesses	2
Generally Supportive Regulatory Environments	3
THE ROAD TO COMPETITION..	
SMOOTHING THE BUMPS	4
Volatility and Pressure from Weak Commodities Markets	6
Financial Metrics Appropriate for the Rating	8
Strategically Positioned and Relatively Diverse Generation Portfolio	9
Significant Capital Expenditure Plan	11
Sound Liquidity Profile	12
CONCLUSION	14
APPENDIX – KEY FINANCIALS	15
MOODY'S RELATED RESEARCH	21

Business Profile

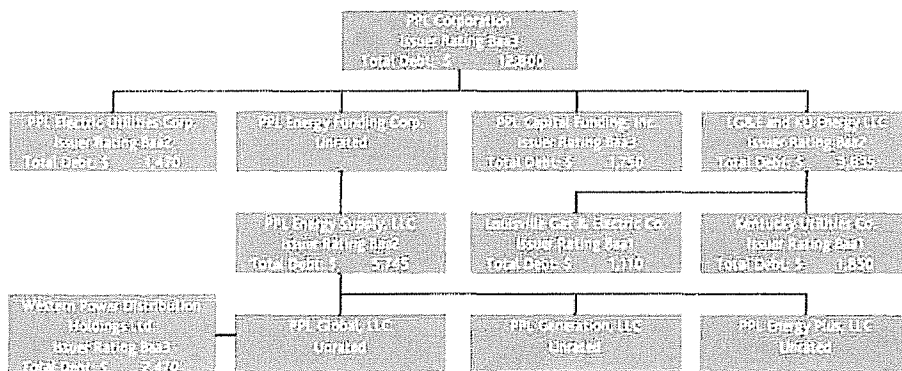
PPL Corporation (PPL: Baa3 Issuer Rating, stable) is a diversified energy holding company headquartered in Allentown, Pennsylvania. PPL conducts its regulated businesses in Pennsylvania through its utility subsidiary PPL Electric Utilities Corporation (PPL EU: Baa2 senior unsecured, stable). PPL's other primary subsidiaries are PPL Energy Supply LLC (PPL Supply: Baa2 senior unsecured, stable) and LG&E and KU Energy LLC (LKE: Baa2 senior unsecured, stable).

PPL Supply is an intermediate holding company engaged in the generation and marketing of power primarily in the northeastern and western power markets of the U.S., and in the regulated delivery of electricity in the U.K. through Western Power Distribution Holdings Ltd. (WPD: Baa3 Issuer Rating, stable outlook).

LKE became a PPL subsidiary November 1, 2010, when PPL acquired E.ON U.S. LLC (since renamed LKE) and its regulated utility subsidiaries Kentucky Utilities Company (KU: Baa1 senior unsecured, stable) and Louisville Gas & Electric (LG&E: Baa1 senior unsecured, stable). KU and LG&E operate primarily in Kentucky, while KU has significantly smaller operations in Virginia and Tennessee. We sometimes refer to these entities as the Kentucky utilities.

Analyst Contacts:

NEW YORK	1.212.553.1653
Laura Schumacher	1.212.553.3853
<i>Vice President-Senior Analyst</i>	
Laura.Schumacher@moodys.com	
A. J. Sabatelle	1.212.553.4136
<i>Senior Vice President</i>	
Angelo.Sabatelle@moodys.com	
Scott Solomon	1.212.553.4358
<i>Vice President-Senior Analyst</i>	
Scott.Solomon@moodys.com	
William (Larry) Hess	1.212.553.3837
<i>Managing Director-Utilities</i>	
William.Hess@moodys.com	



* Debt balances are estimated as of November 16, 2010, prior to Moody's standard adjustments.

Rating Drivers

- » Increased proportion of regulated businesses
- » Generally supportive regulatory environments
- » Volatility and pressure from weak commodities markets
- » Financial metrics appropriate for the rating
- » Reasonable geographic and fuel diversity
- » Significant capital expenditure plan
- » Sound liquidity profile

Rating Rationale

Increased Proportion of Regulated Businesses

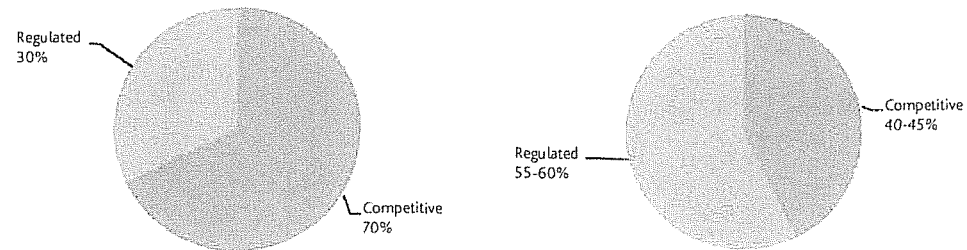
PPL's operations consist primarily of regulated utility businesses in the U.S and the U.K., and non-regulated merchant generation in the United States. In the recent past, PPL's non-regulated operations comprised the majority of its cash flow and assets. In 2009, PPL EU's cash from operations represented approximately 32% of consolidated total cash flow and 23% of assets, while the U.K. operations accounted for approximately 13% of cash flow and 21% of assets. The balance of 55% and 56%, respectively, was generated by PPL Supply's non-regulated merchant generating business in the United States.

PPL's cash flows, from both regulated and non-regulated operations, have historically been relatively stable, reflecting the low-cost nature of the company's generating assets and the Provider of Last Resort (POLR) arrangements between its Pennsylvania subsidiaries. Under the POLR contracts, which expired in December 2009, prices were set in conjunction with electric rate caps in PPL's Pennsylvania service region. While the POLR agreements helped to stabilize cash flows and effectively reduced overall business risk by providing an offset to the inherent potential volatility of PPL's significant non-regulated merchant operation, the POLR contracts also reduced the amount of cash flow that would otherwise have come from unregulated operations. For the first nine months of 2010, the first year of market rates in Pennsylvania, we estimate that cash flow from PPL Supply's merchant generation operations represented over 80% of consolidated cash from operations.

Going forward, we expect increased volatility and pressure from this commodities sensitive business; however, this risk is mitigated to some degree by PPL Supply's hedging strategy, and on a consolidated basis, by PPL's recent acquisition of regulated operations in Kentucky.

As a result of PPL's acquisition of the Kentucky utilities, we anticipate that over 50% of PPL's assets and cash flows will be associated with regulated operations, with roughly half of that 50% expected to come from LKE subsidiaries which is a strong credit positive. Absent the transaction, the regulated contributions would have remained significantly below 50%. The tables below demonstrate PPL's mix of regulated versus unregulated businesses based on its expected EBITDA before and after this acquisition.

FIGURE 1 & 2
Business Mix
 2010E Standalone ⁽¹⁾



(1) Based on mid-point of 2010 forecast

Source: PPL Corporation: April 29, 2010 Presentation – Value/Balance/Growth Acquisition of E.ON U.S.

Generally Supportive Regulatory Environments

As regulated operations represent a significant proportion of PPL's overall business mix, the companies' regulatory relationships are a very important factor in determining its credit quality and rating. Overall, PPL's regulatory relationships continue to generally be supportive of credit quality. PPL EU's transition to competition in Pennsylvania has gone relatively smoothly, aided by a significant decline in commodities prices, which reduced regulated rate shock and encouraged "shopping" by PPL's POLR customers. PPL also took proactive steps to mitigate the potential shock to its customers, introducing phase-in plans that were approved by its regulator. In its U.K. jurisdiction, results of the 2009 regulatory review were generally supportive of WPD's operations for the next several years. Meanwhile, the LKE subsidiaries have historically benefitted from credit supportive relationships with their principal Kentucky regulator which we expect will be maintained under the new PPL ownership.

PPL EU

Moody's generally categorizes the Pennsylvania regulatory framework as being about average for U.S. utilities in terms of supportiveness of credit quality and ability to recover costs and earn returns. PPL EU has historically received reasonable and timely decisions in its transmission and distribution rate cases. In addition, the transition to market rates within PPL EU's service territory has gone relatively smoothly.

Given the magnitude of the rate increase that recently occurred for customers in PPL EU's service territory (approximately 30% for the generation component), we were somewhat cautious about the potential for political intervention; however, this risk has subsided significantly with the passage of time and the reduction in the market price for power. We note, however, that the expiration of generation rate caps applicable to three other large regulated Pennsylvania utilities will not occur until 2011 and some state legislative proposals related to rate caps and rate increase mitigation are still lingering.

The Road to Competition..Smoothing the Bumps

Pennsylvania has been transitioning to a deregulated market for generation since 1998. During this time, PPL EU retained POLR responsibilities in its service territory, and operated under rate caps for generation. Through 2009, PPL EU met its POLR obligation via a Pennsylvania Public Utility Commission (PPUC) approved fixed price power supply agreement with its affiliate PPL Supply. As of January 1, 2010, the rate cap ended and the POLR agreement was terminated as the company transitioned fully into retail market competition; however, PPL EU continues to be the POLR in its service territory.

Until relatively recently, there was a significant amount of regulatory and legislative concern over the potential for rate shock when the generation caps expired in Pennsylvania. In PPL EU's territory rates were at one time expected to increase approximately 40%. There was however, also considerable legislative and regulatory support for the process with the transition ultimately being eased by lower commodities prices along with proactive steps taken by PPL to mitigate rate shock.

Beginning in early 2008, PPL EU conducted a series of electricity purchases through a competitive bidding process. In November 2008, legislation was passed establishing guidelines for all delivery utilities to follow when acquiring power supplies beyond 2010 which includes a prescribed mixture of long-term, short-term and spot purchases. PPL's power purchase plan, which was approved by the PPUC, included a staggered bidding process involving a number of power blocks awarded by PPL EU to suppliers. For its 2010 power requirement, PPL EU completed six planned auctions, securing 100% of the expected needs. The company has also completed five solicitations for the January 2011 through May 2013 period, securing about 80% of its power supply for the first five months of 2011. The price of power procured in the last auction completed in July was \$77.25 per MWh for residential customers, while the average prices for the six 2010 load solicitations was \$99.48 per MWh for residential customers.

In an effort mitigate the customer impact of the anticipated 2010 rate increase, PPL EU took proactive steps and implemented two programs in 2008 and 2009. The advance-payment program, approved by PPUC in August 2008, allowed customers to make prepayments toward their 2010 and 2011 electric bills to enable them to pay a portion of the anticipated increase over 39 months, beginning October 1, 2008. Approximately 10% of the customers took advantage of this plan. PPL EU has also implemented a second "opt-in" program, whereby customers could elect to defer any 2010 rate increase in excess of 25% over one to two years. At December 31, 2009, PPL EU had recorded a liability of \$36 million for these programs. Given the decline in wholesale power prices (around 22% lower in PPL EU's latest solicitation versus initial 2010 procurements), the risk of additional cash deferrals is now significantly lower.

An additional mitigant to rate shock is the fact that approximately 30% of PPL EU's customers have selected an alternate competitive electric supplier, which represents about 48% of the total retail load in its service territory. Generation rates for these consumers rates are generally around 10% lower than they would have been with PPL EU as their provider. Customer "shopping", however, should have limited impact on the operating results of PPL EU, as cost of power for generation is ultimately passed through to customers without margin.

PPL EU's transmission and distribution rate proceedings have generally been non-contentious. Pennsylvania distribution cases have typically been rendered in less than one year with authorized increases in excess of two thirds of the requested amounts. In its current case, filed March 2010, PPL EU requested a \$114.7 million revenue increase, based on 11.75% ROE and 48.37% equity ratio. Although the requested increase represents a 13.4% increase in distribution rates, PPL EU estimated that, after consideration of the lower prices of power procured for 2011 versus 2010, its customers' all-in costs would increase by only approximately 2.4%. Under terms of a settlement agreement reached in August 2010, PPL EU will receive a base rate increase of \$77.5 million (approximately two thirds of the originally requested amount). The settlement was signed by PPL EU, the Pennsylvania Office of Consumer Advocate (OCA), and the PUC Office of Trial Staff, and an Administrative Law Judge (ALJ) has recommended the settlement be approved. The company anticipates a PPUC decision by the end of 2010, with new rates effective January 2011.

Transmission rates are determined by the Federal Energy Regulatory Commission (FERC). In October 2008, FERC granted PPL EU's request to establish its transmission rates via a forward-looking formula with annual true-ups, which FERC has encouraged as a means to promote investment

in transmission. FERC has also awarded incentive rate treatment for PPL EU's participation in a large PJM approved transmission project. The PPUC allows PPL EU rider recovery of any FERC approved transmission charges within its Pennsylvania retail rates.

KU and LG&E

The inclusion of the Kentucky utilities in the consolidated PPL family is viewed positively in terms of overall regulatory supportiveness. Over 90% of LKE's cash flow is generated by its operations in Kentucky, a regulatory environment Moody's considers to be relatively supportive to long-term credit quality with KU and LG&E's regulatory relationships viewed as above the average for U.S. state regulated utilities.

In Kentucky, rate cases are generally required to be settled within one year, construction work in progress is generally allowed in rate base, and the Kentucky Public Service Commission (KPSC) has approved various tracking mechanisms that provide for timely cost recovery, and return on investment outside of a rate case, which significantly reduces regulatory lag.

In its July 2010 order the KPSC approved electric and gas rate increases for LG&E and KU which totaled approximately 75% of the amounts requested in January 2010. The approved ROE ranges were 9.75% - 10.75%. As part of the KPSC approval of PPL's acquisition, the utilities have agreed to a base rate moratorium through January 2013, and a sharing of any earnings in excess of 10.75%. The agreement has no impact on the utilities' ability to seek rate adjustments through their existing fuel and environmental cost adjustment mechanisms.

Approved tracking mechanisms in LG&E's and KU's electric rates include a Fuel Adjustment Clause (FAC), a Environmental Cost Recovery Surcharge (ECR) and a Demand-Side Management Cost Recovery Mechanism (DSM). The FAC is adjusted monthly and allows the company to adjust rates for the difference between the fuel cost component of base rates and the actual fuel costs. Additional charges (or credits) to customers occur if actual fuel costs exceed (or are below) the embedded cost component. The KPSC requires public hearings at six-month intervals to examine past fuel adjustments.

The ECR provides LG&E and KU recovery of costs associated with complying with the Federal Clean Air Act and any other environmental requirement which applies to coal combustion wastes and byproducts. This is an important factor given that the two Kentucky utilities continue to invest significantly in emission control devices. Proceedings are conducted every six-months to evaluate the operation of the ECR. Their rates also include a DSM provision which includes a rate mechanism that provides for concurrent recovery of DSM costs and provides an incentive for implementing DSM programs.

LG&E's natural gas rates contain a Gas Supply Clause (GSC) that provides for quarterly rate adjustments to reflect the expected cost of gas supply in that quarter. The GSC also includes a mechanism whereby any over (or under) recoveries of gas supply costs from prior quarters is refunded (or recovered) from ratepayers.

WPD

Moody's scores WPD's regulatory environment as above average as compared to most U.S. state regulated utilities because it is well established and very transparent. The electricity distribution sector in Great Britain is regulated by the Office of Gas & Electricity Markets (Ofgem) under the Electricity Act 1989, the Utilities Act 2000 and the Energy Act 2004 and 2008. Ofgem has a track record of taking a sophisticated and iterative approach, including shared financial models. The regulatory framework is based on five-yearly settlements that define the companies' revenue entitlement based on

an assumption of efficient costs (which in turn stems from benchmarking against peers as well as independent cost assessment) and a fair return on its capital employed (or RAV) which incorporates the required investments. Under this framework, the regulated electricity distribution network operators (DNOs) are subject to efficiency targets. Thus, a key challenge for management is to ensure that its DNO subsidiaries Western Power Distribution (South Wales) (WPD South Wales) and Western Power Distribution South West (WPD South West) remain well positioned, in terms of relative efficiency and capital structure, to accommodate the outcome of future price reviews.

The Final Proposals announced by Ofgem in December 2009 set the price limits for the DNOs in Great Britain for the five-year regulatory period from 1 April 2010 to 31 March 2015 ('DPCR5'). Over that period, WPD South Wales and WPD South West will be allowed to raise prices (after revenue profiling) by 6.2% and 7.5% per annum above inflation, respectively, mainly to fund substantial increases in network investments. Total expenditure allowed by the regulator was only about 1% lower than the DNOs' combined request. This compares favorably with the total allowance for the whole industry, which was 8.4% lower than requested, and reflects the strong level of cost efficiency at WPD South Wales and WPD South West.

While the headline return allowed by Ofgem of 4.0% (post-tax) is materially lower than in the previous regulatory period ('DPCR4'), Moody's notes that the DNOs have been allowed some additional income for, among other things, DPCR5 cost forecasting under the Information Quality Incentive (IQI) mechanism and historical quality of service (CI & CML). For the WPD Group, such additional revenues could amount close to £80 million (in 2007/08 prices) in aggregate over the price control period. The Final Proposals also provide a number of incentives that could significantly improve returns for the best performing companies in the form of additional revenues and the retention of certain cost efficiency savings.

In addition, revenue risk has been somewhat reduced as the volume revenue driver that existed in the previous regulatory period (where revenue allowance was partly linked to the volume of electricity distributed) has been removed for DPCR5. DNOs continue to have very limited exposure to power prices and continue to benefit from a correction factor aimed at offsetting the potential mismatch between allowed and collected revenues.

Volatility and Pressure from Weak Commodities Markets

With the recent Kentucky utilities acquisition PPL's merchant generation business still comprises a significant percentage of its consolidated operations. Although PPL's consolidated cash flows should be more stable and predictable as a result of the acquisition, PPL Supply remains susceptible to volatility and pressure as a result of its exposure to commodity price cycles.

Through 2009, PPL Supply was selling the majority of its output under fixed price contracts with its affiliate, PPL EU. As a result of this arrangement, PPL Supply's cash flows were relatively predictable, but not as robust as would be expected for a Baa2 rated independent unregulated wholesale generating company.

2010 marks the first year that PPL Supply has been able to sell the majority of its generation supply at market rates, and although market prices have declined from the highs experienced in 2008, the company's three year rolling hedge strategy resulted in year to date cash flow that is much more robust than prior years. As market prices have declined, so have the values for which PPL Supply has been

able to hedge its future production. As a result, cash flow in 2011 and 2012 is expected to be significantly lower than what is anticipated for calendar year 2010.

PPL has indicated its strong intent to maintain credit metrics appropriate for its ratings. To the extent PPL Supply's cash flow remains under pressure, it may require management to alter capital expenditure and financing plans for this subsidiary, in order to maintain the current Baa2 senior unsecured rating.

The table below summarizes PPL Supply's hedged position as of October 2010¹. Although, PPL's expected hedge prices have declined, the values still remain somewhat greater than market prices. For example, at the time the data below was presented, PPL Supply saw PJM around the clock average prices at \$41 in 2011 and \$43 in 2012 versus an expected average price in the east of \$63 in 2011 and \$64 in 2012. If market prices remain at these levels, pressure on PPL Supply's cash flows will continue. For 2012, which is less hedged, PPL Supply is more susceptible to additional margin deterioration. Cash flow in these years may be more similar to what was experienced in 2008 and 2009.

TABLE 1
PPL Supply Segment Asset Hedge Positions

	2010	2011	2012
Baseload			
Expected Generation * (Million MWhs)	50.3	51.4	54.7
East	41.7	43.1	46.2
West	8.6	8.3	8.5
Current Hedges (%)	100%	97%	68%
East	100%	98%	63%
West	100%	94%	94%
Average Hedged Price (Energy Only) (\$/MWh)	\$ 59	\$ 56	\$ 58
East	\$ 60	\$ 56	\$ 59
West	\$ 50	\$ 54	\$ 54
Expected Average Price (Fully Loaded) (\$/MWh)	\$ 68	\$ 61	\$ 62
East **	\$ 71	\$ 63	\$ 64
West	\$ 50	\$ 54	\$ 54
% Hedged through Swaps/Options Energy Transactions	97%	96%	67%
% Hedged through Load-following Transactions	3%	1%	1%
Intermediate / Peaking			
Expected Generation (Million MWhs)	6.7	5.3	5.3
Current Hedges (%)	87%	1%	0%

As of October 20, 2010

* Represents expected sales based on current business plan assumptions

** Represents energy, capacity, congestion, and other revenues

Source: PPL Corporation. 2010 3rd Quarter Earnings Slide (October 28, 2010)

¹ PPL's longer dated hedges are primarily options based. This strategy is intended to reduce margin requirements, protect downside risk and preserves some upside; however, it also creates some variability in the hedged values. The hedged prices presented represent probabilistic outcomes based on individual hedge parameters and PPL's view of the likely movement of forward market prices. Although PPL generally establishes a floor at prevailing market levels, depending on factors such as time to exercise and market volatility, hedges may be expected to settle at values that are different than the floor or ceiling prices at the time the hedge was put in place.

Financial Metrics Appropriate for the Rating

PPL consolidated credit metrics are expected to remain within the Baa ranges identified in Moody's August 2009 Rating Methodology for Regulated Electric and Gas Utilities. PPL's consolidated ratio of cash flow excluding changes in working capital (CFO pre-WC) to debt, calculated in accordance with Moody's standard analytical adjustments, and including the Kentucky utilities, is expected to remain in the mid-teens, while its interest coverage ratio is expected to stay above the 4 times level. At PPL EU, credit metrics are expected to decline significantly from their current robust levels, with CFO pre-WC to debt moving into the low-to-mid teens. The credit metrics of PPL Supply are calculated on a consolidated basis, incorporating its ownership of WPD. Although WPD provides a source of stable regulated cash flows, it is also more highly leveraged than would be appropriate for a similarly rated merchant generation company. In 2009, WPD contributed approximately 30% of PPL Supply's CFO pre-WC and represented approximately 35% of its long-term debt outstanding as of December 31st. For the twelve months ended September 30, 2010, we estimate the ratio of PPL Supply's CFO pre-WC/debt excluding WPD to be approximately 27%.

TABLE 2
CFO Pre-WC Interest Coverage

	2007	2008	2009	LTM 9/30/2010
PPL Corporation	4.0x	3.7x	4.4x	4.2x
PPL Electric Utilities Corp.	5.5x	5.5x	4.9x	3.8x
PPL Energy Supply, LLC	4.4x	3.3x	3.4x	4.6x
Western Power Distribution Holdings Ltd.	3.2x	3.5x	3.6x	NA

TABLE 3
(CFO Pre-WC - Dividends) / Debt

	2007	2008	2009	LTM 9/30/2010
PPL Corporation	16%	11%	13%	14%
PPL Electric Utilities Corp.	28%	23%	15%	12%
PPL Energy Supply, LLC	9%	4%	0%	9%
Western Power Distribution Holdings Ltd.	12%	15%	13%	NA

TABLE 4
CFO Pre-WC / Debt

	2007	2008	2009	LTM 9/30/2010
PPL Corporation	21%	16%	19%	19%
PPL Electric Utilities Corp.	35%	28%	29%	18%
PPL Energy Supply, LLC	22%	15%	13%	22%
Western Power Distribution Holdings Ltd.	14%	17%	14%	NA

TABLE 5
Debt / Total Capitalization

	2007	2008	2009	LTM 9/30/2010
PPL Corporation	51%	59%	55%	53%
PPL Electric Utilities Corp.	45%	50%	43%	42%
PPL Energy Supply, LLC	46%	54%	54%	41%
Western Power Distribution Holdings Ltd.	76%	66%	72%	NA

TABLE 6
Baa-rated parent companies (sorted by 3-year average)

Company	Unsec. Rating	Outlook	CFO Pre-WC / Debt			
			5yr Avg	3yr Avg	2009	LTM 2Q10
Exelon Corporation	Baa1	Stable	32.3%	34.1%	36.0%	32.6%
Duke Energy Corporation	Baa2	Stable	24.7%	27.7%	22.5%	21.5%
PG&E Corporation	Baa1	Stable	24.5%	26.7%	26.1%	23.3%
Sempra Energy	Baa1	Stable	24.3%	23.3%	22.0%	20.0%
Entergy Corporation	Baa3	Stable	22.0%	21.9%	21.8%	27.5%
Public Service Enterprise Group	Baa2	Stable	17.6%	20.2%	19.1%	21.3%
Xcel Energy	Baa1	Stable	19.8%	20.0%	20.1%	20.7%
PPL Corporation	Baa3	Stable	18.6%	18.8%	18.8%	17.5%
Ameren Corporation	Baa3	Stable	18.9%	17.3%	20.8%	22.8%
Edison International	Baa2	Stable	18.8%	17.3%	18.1%	18.7%
SCANA Corporation	Baa2	Negative	17.0%	15.4%	11.9%	16.8%
FirstEnergy Corp.	Baa3	Stable	16.5%	15.2%	15.7%	14.6%
American Electric Power Company	Baa2	Stable	15.4%	15.1%	17.6%	16.5%
Progress Energy	Baa2	Stable	15.4%	15.1%	16.9%	16.0%
MidAmerican Energy Holdings Co.	Baa1	Stable	12.7%	13.7%	16.6%	15.5%
Dominion Resources	Baa2	Stable	14.5%	12.6%	18.1%	12.2%

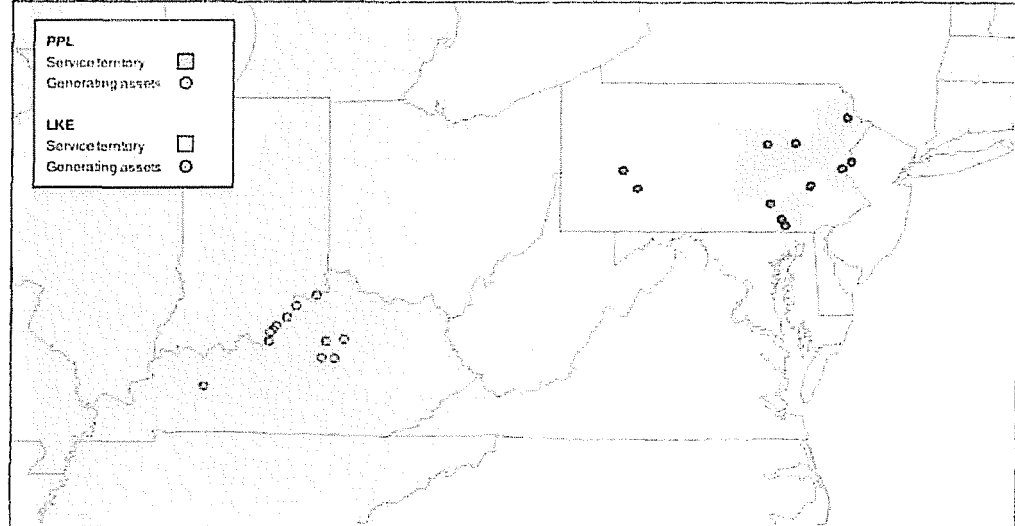
Source: Moody's

Strategically Positioned and Relatively Diverse Generation Portfolio

With approximately 10,700 MWs of wholesale generation resources located primarily within the highly liquid and transparent PJM market along with the strategic positioning of PPL Supply's assets in Montana, we consider PPL's wholesale market and competitive position to be relatively strong. PPL also has generating facilities in New Jersey, Vermont, and New Hampshire.

PPL's regulated operations are conducted in Pennsylvania, the U.K., Kentucky, Tennessee and Virginia, with its regulated generation assets concentrated in Kentucky.

FIGURE 3
U.S. Service Territories



Note: PPL's pre-acquisition territory on the map only includes regulated and unregulated activities in Pennsylvania
Source: PPL Corporation, April 29, 2010 Presentation – Value/Balance/Growth Acquisition of LKE

PPL benefits from a relatively diverse portfolio of fuel resources, including coal, nuclear, gas, and hydro, albeit with a significant exposure to carbon intense fuels, which has been increased as a result of its acquisition of the Kentucky utilities that produce over 90% of their energy from coal.

TABLE 7
PPL Generation Assets

(Pre-Acquisition)	Total System Capacity (MW)*	
By Fuel Type		
Nuclear	2,206	21%
Coal	4,179	39%
Natural Gas	1,383	13%
Natural Gas / Oil	2,137	20%
Hydro	776	7%
Other	57	1%
Total	10,738	100%
By Location		
Pennsylvania	9,443	88%
Montana	1,286	12%
New Jersey	5	0%
Vermont	3	0%
New Hampshire	1	0%
Total	10,738	100%

* Winter rating system capacity at December 31, 2009. Excludes assets that were held for sale or that have been divested in Connecticut, New York, Maine, Pennsylvania, and Illinois

Source: PPL Corporation

TABLE 7
PPL Generation Assets

(Pre-Acquisition)	Total System Capacity (MW)*	
<i>(Assets in Kentucky)</i>		
By Fuel Type		
Nuclear	-	0%
Coal	5,267	70%
Natural Gas	2,164	29%
Hydro	76	1%
Total	7,507	100%

Source: LKE

Significant Capital Expenditure Plan

For the three year period of 2010 to 2012, PPL plans to invest a total of about \$7.2 billion in capital expenditures, comprised of approximately \$5.3 billion for its non-Kentucky subsidiaries and \$1.9 billion for the LKE subsidiaries. Significant components of the capital budget include plans for approximately 239 MW of incremental capacity at PPL Energy Supply (primarily hydro and nuclear uprates) and PPL EU's replacement of aging transmission and distribution assets along with its PJM-approved transmission project involving the joint construction of a 150-mile, 500-KV line between its Susquehanna substation in eastern Pennsylvania and the Roseland substation in northern New Jersey.

The \$1.9 billion plan for the LKE subsidiaries relates to on-going construction of distribution assets, and the redevelopment of the Ohio Falls hydroelectric facility at LG&E, ash pond and landfill projects, and the installation of Flue Gas Desulfurization systems at several of KU's generating units. Continuing regulatory support for the regulated operations' capital projects and PPL management's well-balanced financing strategy will be integral to the company's future credit profile.

TABLE 8
Capital Expenditures: 2010 - 2012

(\$ Million)	2010	2011	2012	Total 2010-2012
PPL Family (ex LKE)				
Generating facilities	\$671	\$673	\$507	\$1,851
Transmission & Distribution	675	853	913	2,441
Environmental	63	19	99	181
Other	115	108	106	329
Sub-Total	\$1,524	\$1,653	\$1,625	\$4,802
Nuclear Fuel	151	173	171	495
Total	\$1,675	\$1,826	\$1,796	\$5,297
LG&E and KU Energy	\$610	\$651	\$661	\$1,922
Total	\$2,285	\$2,477	\$2,457	\$7,219

Sources: PPL Corp 10-Q (3Q 2010) & E.ON US Acquisition Presentation (April 29, 2010)

Sound Liquidity Profile

PPL maintains an adequate liquidity profile, with sufficient credit facilities to support its operations. On a consolidated basis in 2009, cash flow from operations of approximately \$1.9 billion was sufficient to cover PPL's outlays including approximately \$1.2 billion of capital expenditures and approximately \$520 million of common stock dividends. In 2010, cash flow is expected to be well in excess of \$2 billion which will be more than sufficient to cover capital expenditures and dividends for the year. In 2011, primarily as result of lower merchant power prices, PPL's consolidated cash flows are anticipated to decline, and are not expected to cover planned capital expenditures (including those at LKE) and common dividends. Shortfalls are expected to be met via a combination of debt and equity financing.

During 2010, PPL's acquisition of LKE required approximately \$6.8 billion which was funded via a balanced combination of debt and equity. In June 2010, PPL completed the sale of 103.5 million shares of common stock and issued approximately \$1.15 billion of equity linked debt securities, generating total proceeds of approximately \$3.5 billion in permanent capital. Also in June PPL obtained a new \$4 billion credit facility at PPL Supply, which was executed on October 19th with approximately \$3 billion drawn to initially complete the LKE acquisition on November 1st. PPL subsequently issued approximately \$1.5 billion of first mortgage bonds at KU, \$535 million of first mortgage bonds at LG&E and \$875 million of senior unsecured notes at LKE which were used to repay the PPL Supply credit facility. On November 18th, PPL reduced the size of PPL Supply's revolver to \$3 billion.

As a holding company, PPL's primary source of liquidity is the dividends it receives from its operating subsidiaries. In 2009, PPL received dividends of approximately \$1.2 billion, including approximately \$940 million from PPL Supply plus approximately \$290 million from PPL EU, which was more than sufficient to cover its overhead costs, interest expense at PPL Capital Funding of approximately \$40 million, as well as dividends to common shareholders of approximately \$520 million. We anticipate 2010 full year dividend funds will again be sufficient to cover overhead costs, interest expenses at PPL Capital Funding and PPL's common stock dividends. Going forward, we expect total dividends from subsidiaries (including LKE) to be approximately \$900 million, sufficient to cover common dividends of approximately \$700 million and parent level interest expense of approximately \$145 million.

While PPL has no parent level debt outstanding, it does fully guarantee all of the debt at PPL Capital, which has no debt maturities until 2047. At the subsidiary level, PPL EU's nearest debt maturity is November 2013, when \$400 million of senior secured notes are due. At LKE, the nearest maturities are \$400 million of senior unsecured notes due 2015, and \$250 million of first mortgage bonds at each of KU and LGE also due in 2015. PPL Supply's nearest debt maturity is \$500 million of senior notes due November 2011. At PPL's U.K. subsidiaries, there is no maturing debt until 2017. The U.K. subsidiary debt continues to be non-recourse to PPL Supply or PPL.

As of September 30, 2010, PPL's subsidiaries had external liquidity facilities totaling approximately \$4.6 billion in committed facilities to support their short-term liquidity needs, of which approximately \$4.1 billion was immediately available. These facilities were scheduled to expire between 2011 and 2013.

TABLE 9
Liquidity Profile as of September 30, 2010

(\$ Million / £ Million)	Cash and Cash Equivalents	Credit Facility	Expiration Date	Total Capacity	Borrowings & LCs	Unused Capacity
PPL Corporation	\$4,853	None		NA	NA	NA
PPL Energy Supply, LLC ^{[1][2]}	\$4,442	5-year Credit Facility	Jun-12	\$3,225	\$5	\$3,220
		3-year Bilateral Credit Facility	Mar-13	\$200	\$85	\$115
		5-year Structured Credit Facility	Mar-11	\$300	\$143	\$157
				\$3,725	\$233	\$3,492
PPL Electric Utilities Corp. ^[3]	\$297	5-year Credit Facility	May-12	\$190	\$13	\$177
		Asset-backed Credit Facility	Jul-11	\$150	\$0	\$150
WPD Holdings Ltd.	£188	3-year Credit Facility	Jul-12	£210	£0	£210
		5-year Credit Facility	Jan-13	£150	£121	£29
		Uncommitted Credit Facilities		£63	£3	£60
Total ^[4]				\$4,698	\$431	\$4,266

[1] Credit facility information includes domestic facilities only. Cash-on-hand information includes cash held by WPD Holdings

[2] In October 2010, PPL Energy Supply terminated the \$3.2 billion 5-year facility and installed a \$4 billion facility. PPL Energy Supply subsequently borrowed \$3.2 billion from the new revolver to help fund a portion of financings required for E.ON U.S. acquisition

[3] Out of the \$340 million facility capacity, the \$190 million 5-year facility expiring in May 2012 has been replaced by a new \$200 million facility expiring December 31, 2014, upon the close of E.ON U.S. transaction

[4] USD to UK Pounds conversion rate was approximately 1.496, implied by PPL's disclosure of liquidity figures in both currencies in its 3Q 2010 10-Q.

In conjunction with the E.ON U.S. transaction, PPL replaced and extended the majority of its domestic facilities. PPL Supply's previous \$3.2 billion 5-year facility was replaced by a new \$4 billion facility expiring December 2014, and PPL EU's previous \$190 million facility was replaced by a new \$200 million syndicated facility also expiring December 2014. PPL also established a \$400 million four-year credit facility at each of LG&E and KU.

In addition to the new \$4 billion 5-year facility (subsequently reduced to \$3 billion), in November 2010, PPL Supply's marketing subsidiary, PPL Energy Plus LLC, put in place an \$800 million secured energy marketing and trading facility, guaranteed by PPL Supply, which company will be able to use to satisfy collateral posting obligations with counterparties participating in the facility. The facility expires in October 2015.

PPL's credit facilities each contain one financial covenant; a maximum debt to capitalization ratio of 65% at PPL Supply and 70% at LG&E and KU. None of these facilities, however, contain a material adverse change (MAC) clause.

TABLE 10
Domestic Credit Facilities as of November 1, 2010 (Post Acquisition)

Entity	Facility	Expiration Date	Total Facilities
<i>(\$ millions)</i>			
PPL Energy Supply, LLC	Multi-year Credit Facility	Dec-14	\$ 4000 *
	3-year Bilateral Credit Facility	Mar-13	200
	Secured Trading Facility	Sep-15	800
			5,000
PPL Electric Utilities Corp.	Multi-year Credit Facility	Dec-14	200
	Asset-backed Credit Facility	Jul-11	150
Louisville Gas & Electric	Multi-year Credit Facility	Dec-14	400
Kentucky Utilities	Multi-year Credit Facility	Dec-14	400
Total Domestic Credit Facilities			\$6,150

* Reduced to \$3 billion as of November 18, 2010

Conclusion

PPL Corporation is well positioned at its Baa3 Issuer Rating. The rating and stable outlook is supported by the additional regulatory scale, diversity and cash flow predictability that comes from its acquisition of the Kentucky utilities and our expectation that going forward, over 50% of PPL's assets and cash flows will be associated with regulated operations, a strong credit positive. Regulatory relationships will continue to be a key factor driving ratings, particularly as PPL implements significant capital expenditure programs at all of its utility subsidiaries. PPL's wholesale generating subsidiary, PPL Supply, benefits from a relatively strong market and competitive position stemming from its base-load generation portfolio which is located primarily near load serving entities within the highly liquid and transparent PJM market. However, the company still faces challenges from weakened commodities markets which are likely to put pressure on its credit metrics and may require management to alter capital expenditure and/or financing plans to maintain PPL Supply's current Baa2 senior unsecured rating.

Appendix – Key Financials

PPL Corporation (\$ Thousands, as Adjusted)					
	2006	2007	2008	2009	LTM3Q10
Interest Expense	\$516,236	\$576,020	\$611,169	\$532,483	\$668,964
CFO	\$1,860,149	\$1,562,472	\$1,622,326	\$1,914,660	\$2,354,917
Change in w/c	\$161,000	\$(178,000)	\$(9,000)	\$106,000	\$189,000
CFO-w/c	\$1,699,149	\$1,740,472	\$1,631,326	\$1,808,660	\$2,165,917
Change in other A&L	\$(5,000)	\$(110,000)	\$(87,000)	\$(3,000)	\$(193,000)
FFO	\$1,704,149	\$1,850,472	\$1,718,326	\$1,811,660	\$2,358,917
Dividends	\$(394,816)	\$(453,472)	\$(489,660)	\$(515,660)	\$(517,917)
CFO-w/c-dividends	\$1,304,333	\$1,287,000	\$1,141,667	\$1,293,000	\$1,648,000
RCF (FFO-Div)	\$1,309,333	\$1,397,000	\$1,228,667	\$1,296,000	\$1,841,000
CapEx	\$(1,431,333)	\$(1,702,000)	\$(1,741,667)	\$(1,297,000)	\$(1,453,000)
FCF	\$34,000	\$(593,000)	\$(609,000)	\$102,000	\$384,000
As Rpt STD	\$42,000	\$92,000	\$679,000	\$639,000	\$181,000
As Rpt Gross Debt	\$7,835,000	\$7,568,000	\$7,838,000	\$7,143,000	\$8,839,000
As Rpt Total Debt	\$7,877,000	\$7,660,000	\$8,517,000	\$7,782,000	\$9,020,000
Change in Debt		\$(217,000)	\$857,000	\$(735,000)	\$1,238,000
Pension Adjustment	\$370,000	\$69,000	\$904,000	\$1,290,000	\$1,290,000
Lease Adjustment	\$423,730	\$417,071	\$470,916	\$478,430	\$478,430
Other Adjustment	\$301,000	\$51,000	\$51,000	\$51,000	\$751,000
Total Adjustments	\$1,094,730	\$537,071	\$1,425,916	\$1,819,430	\$2,519,430
Total Adj Debt	\$8,971,730	\$8,197,071	\$9,942,916	\$9,601,430	\$11,539,430
Minority Interest	\$60,000	\$19,000	\$319,000	\$319,000	\$268,000
Total Adj Equity	\$5,122,000	\$5,761,592	\$4,987,069	\$5,410,592	\$7,538,592
Deferred Tax Liability (LT)	\$2,331,000	\$2,180,408	\$1,742,931	\$2,143,408	\$2,458,408
Total Adj Capitalization	\$16,484,730	\$16,158,071	\$16,991,916	\$17,474,430	\$21,804,430
(CFO-w/c + Interest) / Interest	4.3x	4.0x	3.7x	4.4x	4.2x
(CFO-w/c) / Debt	18.9%	21.2%	16.4%	18.8%	18.8%
FFO / Debt	19.0%	22.6%	17.3%	18.9%	20.4%
(CFO-w/c - Dividends) / Debt	14.5%	15.7%	11.5%	13.5%	14.3%
RCF / Debt	14.6%	17.0%	12.4%	13.5%	16.0%
Debt / Capitalization	54.4%	50.7%	58.5%	54.9%	52.9%
FCF / Debt	0.4%	-7.2%	-6.1%	1.1%	3.3%

PPL Electric Utilities Corporation

(\$ Thousands, as Adjusted)

	2006	2007	2008	2009	LTM3Q10
Interest Expense	\$160,526	\$142,813	\$140,324	\$143,108	\$123,997
CFO	\$579,474	\$560,188	\$640,188	\$286,188	\$328,188
Change in w/c	\$15,000	\$(76,000)	\$13,000	\$(275,000)	\$(21,000)
CFO-w/c	\$564,474	\$636,188	\$627,188	\$561,188	\$349,188
Change in other A&L	\$(13,000)	\$1,000	\$11,000	\$1,000	\$(58,000)
FFO	\$577,474	\$635,188	\$616,188	\$560,188	\$407,188
Dividends	\$(110,141)	\$(129,188)	\$(108,188)	\$(284,188)	\$(126,188)
CFO-w/c-dividends	\$454,333	\$507,000	\$519,000	\$277,000	\$223,000
RCF (FFO-Div)	\$467,333	\$506,000	\$508,000	\$276,000	\$281,000
CapEx	\$(296,333)	\$(286,000)	\$(275,000)	\$(298,000)	\$(363,000)
FCF	\$173,000	\$145,000	\$257,000	\$(296,000)	\$(161,000)
As Rpt STD	\$42,000	\$41,000	\$95,000	\$ -	\$ -
As Rpt Gross Debt	\$1,978,000	\$1,674,000	\$1,769,000	\$1,472,000	\$1,472,000
As Rpt Total Debt	\$2,020,000	\$1,715,000	\$1,864,000	\$1,472,000	\$1,472,000
Change in Debt		\$(305,000)	\$149,000	\$(392,000)	\$ -
Pension Adjustment	\$ -	\$ -	\$264,600	\$309,400	\$309,400
Lease Adjustment	\$66,000	\$ -	\$ -	\$ -	\$ -
Other Adjustment	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
Total Adjustments	\$191,000	\$125,000	\$389,600	\$434,400	\$434,400
Total Adj Debt	\$2,211,000	\$1,840,000	\$2,253,600	\$1,906,400	\$1,906,400
Minority Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Total Adj Equity	\$1,434,000	\$1,461,000	\$1,521,000	\$1,771,000	\$1,815,000
Deferred Tax Liability (LT)	\$814,000	\$763,000	\$767,000	\$769,000	\$811,000
Total Adj Capitalization	\$4,459,000	\$4,064,000	\$4,541,600	\$4,446,400	\$4,532,400
(CFO-w/c + Interest) / Interest	4.5x	5.5x	5.5x	4.9x	3.8x
(CFO-w/c) / Debt	25.5%	34.6%	27.8%	29.4%	18.3%
FFO / Debt	26.1%	34.5%	27.3%	29.4%	21.4%
(CFO-w/c - Dividends) / Debt	20.5%	27.6%	23.0%	14.5%	11.7%
RCF / Debt	21.1%	27.5%	22.5%	14.5%	14.7%
Debt / Capitalization	49.6%	45.3%	49.6%	42.9%	42.1%
FCF / Debt	7.8%	7.9%	11.4%	-15.5%	-8.4%

PPL Energy Supply, LLC

(\$ Thousands, as Adjusted)

	2006	2007	2008	2009	LTM3Q10
Interest Expense	\$307,216	\$363,000	\$445,317	\$389,640	\$452,027
CFO	\$1,331,667	\$1,115,000	\$1,088,966	\$1,481,072	\$1,907,072
Change in w/c	\$140,000	\$(124,000)	\$78,000	\$533,000	\$299,000
CFO-w/c	\$1,191,667	\$1,239,000	\$1,010,966	\$948,072	\$1,608,072
Change in other A&L	\$(14,000)	\$(85,000)	\$(170,701)	\$(261,928)	\$(250,928)
FFO	\$1,205,667	\$1,324,000	\$1,181,667	\$1,210,000	\$1,859,000
Dividends *	\$(712,000)	\$(759,000)	\$(750,000)	\$(943,000)	\$(968,000)
CFO-w/c-dividends	\$479,667	\$480,000	\$260,966	\$5,072	\$640,072
RCF (FFO-Div)	\$493,667	\$565,000	\$431,667	\$267,000	\$891,000
CapEx	\$(1,037,667)	\$(1,379,000)	\$(1,431,667)	\$(968,000)	\$(1,056,000)
FCF	\$(418,000)	\$(1,023,000)	\$(1,092,701)	\$(429,928)	\$(116,928)
As Rpt STD	\$-	\$51,000	\$584,000	\$639,000	\$181,000
As Rpt Gross Debt	\$5,376,000	\$5,070,000	\$5,196,000	\$5,031,000	\$5,562,000
As Rpt Total Debt	\$5,376,000	\$5,121,000	\$5,780,000	\$5,670,000	\$5,743,000
Change in Debt		\$(255,000)	\$659,000	\$(110,000)	\$73,000
Pension Adjustment	\$246,000	\$-	\$639,400	\$980,600	\$980,600
Lease Adjustment	\$423,730	\$417,071	\$470,916	\$478,430	\$478,430
Other Adjustment	\$-	\$-	\$-	\$-	\$-
Total Adjustments	\$669,730	\$417,071	\$1,110,316	\$1,459,030	\$1,459,030
Total Adj Debt	\$6,045,730	\$5,538,071	\$6,890,316	\$7,129,030	\$7,202,030
Minority Interest	\$60,000	\$19,000	\$18,000	\$18,000	\$18,000
Total Adj Equity	\$4,518,320	\$5,162,282	\$4,755,304	\$4,529,345	\$8,578,345
Deferred Tax Liability (LT)	\$1,358,680	\$1,402,718	\$1,100,696	\$1,504,655	\$1,784,655
Total Adj Capitalization	\$11,982,730	\$12,122,071	\$12,764,316	\$13,181,030	\$17,583,030
(CFO-w/c + Interest) / Interest	4.9x	4.4x	3.3x	3.4x	4.6x
(CFO-w/c) / Debt	19.7%	22.4%	14.7%	13.3%	22.3%
FFO / Debt	19.9%	23.9%	17.1%	17.0%	25.8%
(CFO-w/c - Dividends) / Debt	7.9%	8.7%	3.8%	0.1%	8.9%
RCF / Debt	8.2%	10.2%	6.3%	3.7%	12.4%
Debt / Capitalization	50.5%	45.7%	54.0%	54.1%	41.0%
FCF / Debt	-6.9%	-18.5%	-15.9%	-6.0%	-1.6%

* Dividends in 2007 adjusted for special dividends to PPL Corp associated with Latin American asset sales.

Western Power Distribution Holdings				
(£ Thousands, as Adjusted)				
	2006	2007	2008	2009
Net Interest Expense	£92,180	£85,988	£79,642	£85,242
Capital Charges	£107,200	£121,400	£122,404	£148,429
CFO	£232,533	£282,333	£289,033	£267,233
Change in w/c	£5,300	£74,900	£59,200	£28,600
CFO-w/c	£227,233	£207,433	£229,833	£238,633
Change in other A&L	£-	£-	£-	£-
FFO	£227,233	£207,433	£229,833	£238,633
Dividends	£(15,000)	£(33,500)	£(30,000)	£(18,800)
CFO-w/c-dividends	£212,233	£173,933	£199,833	£219,833
RCF (FFO-Div)	£212,233	£173,933	£199,833	£219,833
CapEx	£(180,033)	£(208,633)	£(211,733)	£(221,133)
FCF	£37,500	£40,200	£47,300	£27,300
As Rpt STD	£8,600	£8,800	£10,300	£9,100
As Rpt Gross Debt	£1,063,400	£1,211,400	£1,129,500	£1,300,600
As Rpt Total Debt	£1,072,000	£1,220,200	£1,139,800	£1,309,700
Change in Debt		£148,200	£(80,400)	£169,900
Pension Adjustment	£172,900	£160,800	£90,300	£329,400
Lease Adjustment	£12,000	£15,600	£17,400	£19,200
Other Adjustment	£91,300	£89,400	£74,200	£(9,500)
Total Adjustments	£276,200	£265,800	£181,900	£339,100
Total Adj Debt	£1,348,200	£1,486,000	£1,321,700	£1,648,800
Minority Interest	£-	£-	£-	£-
Total Adj Equity	£77,300	£150,000	£342,300	£362,800
Deferred Tax Liability (LT)	£308,900	£322,800	£325,600	£264,500
Total Adj Capitalization	\$ 1,734,400	\$ 1,958,800	\$ 1,989,600	\$ 2,276,100
Adj Net Debt	£1,343,800	£1,330,500	£1,252,000	£1,644,400
RAV (Regulatory Asset Value)	£1,587,200	£1,669,600	£1,694,900	£1,772,900
(CFO-w/c + Interest) / Interest	3.5x	3.4x	3.9x	3.8x
(CFO-w/c) / Debt	16.9%	14.0%	17.4%	14.5%
FFO / Debt	16.9%	14.0%	17.4%	14.5%
(CFO-w/c - Dividends) / Debt	15.7%	11.7%	15.1%	13.3%
RCF / Debt	15.7%	11.7%	15.1%	13.3%
Debt / Capitalization	77.7%	75.9%	66.4%	72.4%
Adjusted ICR	2.3x	2.0x	2.3x	2.1x
Net Debt / RAV	84.7%	79.7%	73.9%	92.8%
FFO / Net Debt	16.9%	15.6%	18.4%	14.5%
RCF / Capex	1.2x	0.8x	0.9x	1.0x

Louisville Gas and Electric Company

(\$ Thousands, as Adjusted)

	2006	2007	2008	2009	LTM3Q10
Interest Expense	\$45,688	\$52,467	\$68,509	\$52,716	\$49,981
CFO	\$337,333	\$191,333	\$193,000	\$324,000	\$215,000
Change in w/c	\$88,000	\$(46,000)	\$(72,000)	\$53,000	\$(113,000)
CFO-w/c	\$249,333	\$237,333	\$265,000	\$271,000	\$328,000
Change in other A&L	\$(14,000)	\$(38,000)	\$47,000	\$(16,000)	\$(5,000)
FFO	\$263,333	\$275,333	\$218,000	\$287,000	\$333,000
Dividends	\$(99,000)	\$(69,000)	\$(40,000)	\$(80,000)	\$(55,000)
CFO-w/c-dividends	\$150,333	\$168,333	\$225,000	\$191,000	\$273,000
RCF (FFO-Div)	\$164,333	\$206,333	\$178,000	\$207,000	\$278,000
CapEx	\$(149,333)	\$(206,333)	\$(247,000)	\$(190,000)	\$(171,000)
FCF	\$89,000	\$(84,000)	\$(94,000)	\$54,000	\$(11,000)
As Rpt STD	\$68,000	\$78,000	\$222,000	\$170,000	\$122,000
As Rpt Gross Debt	\$820,000	\$984,000	\$896,000	\$896,000	\$896,000
As Rpt Total Debt	\$888,000	\$1,062,000	\$1,118,000	\$1,066,000	\$1,018,000
Change in Debt		\$174,000	\$56,000	\$(52,000)	\$(48,000)
Pension Adjustment	\$52,000	\$13,000	\$143,000	\$116,000	\$116,000
Lease Adjustment	\$30,000	\$30,000	\$36,000	\$36,000	\$36,000
Other Adjustment	\$-	\$-	\$-	\$-	\$-
Total Adjustments	\$82,000	\$43,000	\$179,000	\$152,000	\$152,000
Total Adj Debt	\$970,000	\$1,105,000	\$1,297,000	\$1,218,000	\$1,170,000
Minority Interest	\$-	\$-	\$-	\$-	\$-
Total Adj Equity	\$1,164,000	\$1,161,000	\$1,234,000	\$1,253,000	\$1,315,000
Deferred Tax Liability (LT)	\$333,000	\$342,000	\$360,000	\$373,000	\$416,000
Total Adj Capitalization	\$2,467,000	\$2,608,000	\$2,891,000	\$2,844,000	\$2,901,000
(CFO-w/c + Interest) / Interest	6.5x	5.5x	4.9x	6.1x	7.6x
(CFO-w/c) / Debt	25.7%	21.5%	20.4%	22.2%	28.0%
FFO / Debt	27.1%	24.9%	16.8%	23.6%	28.5%
(CFO-w/c - Dividends) / Debt	15.5%	15.2%	17.3%	15.7%	23.3%
RCF / Debt	16.9%	18.7%	13.7%	17.0%	23.8%
Debt / Capitalization	39.3%	42.4%	44.9%	42.8%	40.3%
FCF / Debt	9.2%	-7.6%	-7.2%	4.4%	-0.9%

Kentucky Utilities Company
(\$ Thousands, as Adjusted)

	2006	2007	2008	2009	LTM3Q10
Interest Expense	\$43,905	\$59,232	\$83,044	\$83,950	\$85,835
CFO	\$227,000	\$318,000	\$298,000	\$266,667	\$376,667
Change in w/c	\$(46,000)	\$(1,000)	\$(10,000)	\$(87,000)	\$(72,000)
CFO-w/c	\$273,000	\$319,000	\$308,000	\$353,667	\$448,667
Change in other A&L	\$(25,000)	\$(6,000)	\$(5,000)	\$7,000	\$104,000
FFO	\$298,000	\$325,000	\$313,000	\$346,667	\$344,667
Dividends	\$-	\$-	\$-	\$-	\$(50,000)
CFO-w/c-dividends	\$273,000	\$319,000	\$308,000	\$353,667	\$398,667
RCF (FFO-Div)	\$298,000	\$325,000	\$313,000	\$346,667	\$294,667
CapEx	\$(351,000)	\$(749,000)	\$(692,000)	\$(522,667)	\$(362,667)
FCF	\$(124,000)	\$(431,000)	\$(394,000)	\$(256,000)	\$(36,000)
As Rpt STD	\$97,000	\$23,000	\$16,000	\$45,000	\$61,000
As Rpt Gross Debt	\$843,000	\$1,264,000	\$1,532,000	\$1,682,000	\$1,682,000
As Rpt Total Debt	\$940,000	\$1,287,000	\$1,548,000	\$1,727,000	\$1,743,000
Change in Debt		\$347,000	\$261,000	\$179,000	\$16,000
Pension Adjustment	\$50,000	\$20,000	\$123,000	\$97,000	\$97,000
Lease Adjustment	\$36,000	\$36,000	\$54,000	\$60,000	\$60,000
Other Adjustment	\$-	\$-	\$-	\$-	\$-
Total Adjustments	\$86,000	\$56,000	\$177,000	\$157,000	\$157,000
Total Adj Debt	\$1,026,000	\$1,343,000	\$1,725,000	\$1,884,000	\$1,900,000
Minority Interest	\$-	\$-	\$-	\$-	\$-
Total Adj Equity	\$1,193,000	\$1,435,000	\$1,744,000	\$1,952,000	\$2,029,000
Deferred Tax Liability (LT)	\$289,000	\$285,000	\$279,000	\$336,000	\$378,000
Total Adj Capitalization	\$2,508,000	\$3,063,000	\$3,748,000	\$4,172,000	\$4,307,000
(CFO-w/c + Interest) / Interest	7.2x	6.4x	4.7x	5.2x	6.2x
(CFO-w/c) / Debt	26.6%	23.8%	17.9%	18.8%	23.6%
FFO / Debt	29.0%	24.2%	18.1%	18.4%	18.1%
(CFO-w/c - Dividends) / Debt	26.6%	23.8%	17.9%	18.8%	21.0%
RCF / Debt	29.0%	24.2%	18.1%	18.4%	15.5%
Debt / Capitalization	40.9%	43.8%	46.0%	45.2%	44.1%
FCF / Debt	-12.1%	-32.1%	-22.8%	-13.6%	-1.9%

Moody's Related Research

Industry Outlook:

- » [U.S. Electric Utilities Stable But Face Increasing Regulatory Uncertainty, July 2010 \(125996\)](#)

Rating Methodologies:

- » [Regulated Electric and Gas Utilities, August 2009 \(118481\)](#)
- » [Unregulated Utilities and Power Companies, August 2009 \(118508\)](#)
- » [Regulated Electric and Gas Networks, August 2009 \(118786\)](#)

Special Comments:

- » [Investment-Grade, Unregulated Power: Not Immune to Rating Pressures, November 2010 \(128985\)](#)
- » [Regulatory Frameworks – Ratings and Credit Quality for Investor-Owned Utilities, June 2010 \(125664\)](#)
- » [Cost Recovery Provisions Key to Investor Owned Utility Ratings and Credit Quality, June 2010 \(122304\)](#)
- » [Liquidity: A Key Component to Investor-Owned Utility Ratings and Credit Quality, September 2010 \(127546\)](#)
- » [Evaluating the Leverage of Unregulated Power Companies, October 2009 \(120835\)](#)

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Author
Laura Schumacher

Associate Analyst
Namsoo Lee

Senior Production Associate
Ginger Kipps

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Attachment to Question No. 6

14 of 22

Arbough

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Rating Action: Moody's downgrades the Issuer Ratings for E.ON U.S. and its subsidiaries

Global Credit Research - 25 Oct 2010

New York, October 25, 2010 -- Moody's Investors Service today downgraded the Issuer Rating of E.ON U.S. LLC (E.ON U.S.) to Baa2 from A3 and the Issuer Ratings of its two utility subsidiaries, Kentucky Utilities Company (KU) and Louisville Gas and Electric Company (LG&E), to Baa1 from A2. Moody's also downgraded KU and LG&E's short-term ratings for variable rate demand debt to Prime-2 from Prime-1. These rating actions conclude the review for possible downgrade that commenced on April 29, 2010. The rating outlooks for E.ON U.S., KU and LG&E are stable.

Separately, Moody's confirmed KU and LG&E's outstanding tax-exempt debt at A2. The rating confirmation considers that, in the case of LG&E, the formerly unsecured debt has been secured with first mortgage bonds provided to the trustee and, while KU's bonds are currently unsecured, the utility intends to secure them in a similar manner over the next week. It is Moody's policy to generally rate first mortgage bonds of investment-grade rated utilities two alpha-numeric ratings higher than its Issuer Rating or senior unsecured debt rating.

RATINGS RATIONALE

The downgrade of E.ON U.S., KU and LG&E's Issuer Ratings follows receipt of several regulatory approvals, most notably from the Kentucky Public Service Commission (KPSC), relating to the proposed sale of E.ON U.S. by E.ON AG (E.ON: A2 senior unsecured) to PPL Corp. (PPL: Baa3 senior unsecured) for approximately \$7.625 billion.

While approval from the FERC remains outstanding, we believe there is a high probability that it will be received and that the transaction will close in a matter of weeks. Upon closing of the transaction, E.ON U.S. will become a subsidiary of PPL and will be renamed LG&E and KU Energy LLC (LKE), with KU and LG&E remaining as distinct and separate operating entities. In the unlikely scenario that the merger is not consummated, the Issuer Ratings for E.ON U.S., LG&E and KU would likely revert back to their respective prior assigned levels.

"E.ON's ownership of E.ON U.S., KU and LG&E was an important factor supporting their prior respective Issuer Ratings" said Moody's Vice President Scott Solomon. "Specifically, E.ON's size, scale and credit profile provided liquidity and financial flexibility in the form of significant inter-company funding along with a liberal dividend policy that strengthened the related company's respective financial position and provided ratings lift".

Today's downgrades were triggered by the expected near-term transfer of ownership and the elimination of any ratings lift. E.ON U.S., KU and LG&E's ratings, however, are well positioned within their newly assigned rating categories and reflective of sound financial metrics and a generally supportive regulatory environment that provides for above-average cost recovery. Fluctuations in KU and LG&E's cost of fuel and purchased power, for instance, are recoverable with minimal regulatory lag while investments and costs borne by the utilities in order to remain compliant with the Clean Air Act are recoverable through an environmental surcharge mechanism.

KU and LG&E's ratio of consolidated cash flow before changes in working capital (CFO pre W/C) to debt and CFO pre-W/C interest coverage for the twelve months ended June 30, 2010, were each approximately 20% and 5.6 times, respectively. Financial metrics for both utilities are expected to trend modestly upward over the near-term due in large part to rate increases that became effective in August 2010. That being said, both utilities are expected to increase their respective dividend payments under PPL ownership. E.ON U.S. is expected to generate consolidated CFO pre-W/C to debt metrics in the mid-to-upper teens and CFO pre-W/C interest coverage above 4 times, placing it firmly in the mid-Baa rating category.

KU and LG&E, combined, had approximately \$2.6 billion of long-term debt outstanding at December 31, 2009. Of this amount, approximately 70% was intercompany debt provided by E.ON affiliates (the remaining 30% is tax-exempt debt that will remain outstanding). While the absolute amount of debt at KU and LG&E is not expected to be impacted by the proposed acquisition, PPL anticipates ultimately refinancing the intercompany debt with first mortgage bond debt offerings at KU and LG&E and senior unsecured debt at LKE (the renamed E.ON U.S.)

Moody's Issuer Ratings are an opinion of the ability of an entity to honor its senior unsecured financial obligations. Specific debt issues may be rated differently and are considered unrated unless rated by Moody's. That being said, it is Moody's expectation that any debt offering by LKE would likely be rated Baa2.

The KPSC's approval of the acquisition included two commitments affecting rates. The first places a moratorium on any base rate increases by KU and LG&E until 1/1/13. The second provision establishes a mechanism under which earnings at the utilities in excess of a 10.75% ROE will be shared equally between ratepayers and shareholders. The agreement has no impact on the utilities' ability to seek rate adjustments through their existing fuel and environmental cost adjustment mechanisms.

The stable outlook considers the modest expected improvement in financial metrics over the near-term and the supportive regulatory environment in which the utilities operate.

Upward pressure may materialize for KU and LG&E if they achieve financial metrics such as CFO pre-W/C to debt in excess of 25% and retained cash flow to debt of greater than 17% on a sustainable basis. LKE's rating may be upgraded if it achieves consolidated CFO pre-W/C to debt in excess of 19% on a sustainable basis.

KU, LG&E and LKE's ratings could be downgraded should the utilities encounter unexpected problems integrating with PPL or if unexpected changes are made to the regulatory compact that currently provides for timely recovery of costs. Financial metrics that may trigger downward rating pressure include, for KU and LG&E, ratios of CFO pre-W/C to debt of below 16% or, in the case of LKE, below 13%.

The principal methodology used in rating E.ON U.S. LLC was Regulated Electric and Gas Utilities rating methodology published in August 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

E.ON U.S. LLC is headquartered in Louisville, Kentucky.

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New York
Scott Solomon
Vice President - Senior Analyst
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-653-0376
SUBSCRIBERS: 212-653-1653

New York
William L. Hess
MD - Utilities
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-653-0376
SUBSCRIBERS: 212-653-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
U.S.A.

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Attachment to Question No. 6

15 of 22

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February 8, 2010

PPL Corp.

Primary Credit Analyst:

Aneesh Prabhu. New York (1) 212-438-1285; aneesh_prabhu@standardandpoors.com

Table Of Contents

Major Rating Factors

Rationale

Outlook

Business Description

Rating Methodology

Business Risk Profile

Financial Risk Profile



PPL Corp.

Major Rating Factors

Strengths:

- Stable cash flow generation through hedging activities,
- The 2010 request for proposals averaged a high \$99 per MWh,
- Well above the \$54 per MWh full requirements prices,
- Regulatory support for the rate mitigation for 2010,
- Some operating diversity in the merchant generation fleet.

Corporate Credit Rating

BBB/Negative/NR

Weaknesses:

- Weaker business risk profile after the expiration of a long-term contract with affiliate PPLEU,
- Lower wholesale power and natural gas prices and higher volatility in energy and commodity prices over the past year,
- Lingering regulatory uncertainty over transition to competitive markets in Pennsylvania,
- Negative free cash flow in 2009, and
- Unanticipated trading operations that resulted in a MTM loss in 2008 raised concerns about risk appetite, tolerance levels and efficacy of risk management.



Rationale

The ratings on PPL Corp. predominantly reflect the business and financial risk profile of supply subsidiary PPL Energy Supply LLC (PPL Energy). Given the legal ring-fencing provisions in place, Standard & Poor's analyzes PPL Electric Utilities Corp. (PPLEU) and Western Power Distribution Holdings Ltd. (WPD) as equity investments, with dividends to PPL as their primary contribution to the consolidated entity. The lower-risk dividends from these two companies, which contribute about 20% to PPL's cash flow, temper the merchant risk from PPL Energy.

The expiration of the long-term PPLEU's POLR supply contract, which hitherto provided cash flow stability, at the end of 2009, has increased volatility of realized margins and PPL's liquidity requirements for collateral. As a result, PPL's and PPL Energy's business risk profiles are "satisfactory" compared with the "strong" position that the company enjoyed under the nine-year POLR supply plan with affiliate PPLEU (business positions of merchant generators are rated from excellent to vulnerable). While PPL's cash flow is expected to improve because the company has contracted much of its 2010 and 2011 generation at price levels that are substantially higher than the capped prices in 2009, the negative outlook reflects execution risks associated with PPL's ability to achieve stronger financial metrics and counter the higher business risk that will come attendant with its greater merchant exposure.

During the past two to three years, PPL Energy has actively reduced its merchant exposure. Because there was uncertainty surrounding the shape and form of PPLEU's post-transition supply procurement, PPL Energy has progressively entered forward swaps/options energy transactions for physical and financial delivery with utilities/financial counterparties. Unlike the contract with PPLEU, these block sales of power have no load following obligations. From a credit standpoint, we view these contracts as less risky because load following contracts can result in larger liquidity requirements, should prices move adversely from the prices contracted. Furthermore, these

contracts expose PPL Energy's margins to market risks, including, but not limited to, load shaping, fuel, and volume risks.

PPL Energy's generation is currently about 99% hedged in 2010. Also, the bulk of total projected margin is under contract through 2011 with more than 88% of generation hedged in that year. Yet, the company is exposed to the vicissitudes of the wholesale merchant markets because its fleet is essentially a price taker. The hedged percentage drops off to about 55% in 2012 and points to the need for PPL Energy to constantly enter into new contracts to mitigate cash flow volatility. While PPL Energy has hedged a high proportion of its economic generation at expected average prices of \$68-\$70 per MWh, and at margins consistent with its business plans, these forward contracts were partly entered into when market prices were still high. Margins will likely erode, should the economic slowdown linger (forward prices are already lower) and as contracts roll off and can only be renewed at lower price levels.

Despite major regulatory risks having ebbed, PPL's business profile is somewhat tempered by uncertainty about the future of competitive markets in Pennsylvania. The Pennsylvania legislation and the Pennsylvania Public Utilities Commission (PPUC) have generally been supportive of deregulation, and there have been no significant opposition to the transition to markets or to the implementation of new rates. Still, the increase in supply costs for PPLEU's POLR requirement results in a 27% increase in overall rates—an increase that we view as material. The increase in PPLEU's rates is all the more conspicuous, in our view, because the rates will increase disproportionately compared with supply cost increases of other utilities that are also coming off their transition plans.

Recognizing the regulatory risk posed by a rate shock, in 2008, PPLEU filed a rate smoothing plan that offers customers a phase-in plan to blend into higher rates in 2010 by making additional payments during October 2008 through 2009. The plan was approved by the PPUC, which we believe has mitigated regulatory risks to an extent as it results in relatively moderate (5%-8%) annual increments to customer bills during 2008-2012, instead of a one-time increase in 2010. As a result of such deferral plans, we believe the transition to market presents a diminished probability of major adverse legislative or regulatory outcomes.

The low price embedded in the rates in 2009 were expected to pressure margins as they reflect a historic cost structure that is adjusted by an inflationary factor but does not reflect current costs. Yet, we expect financial metrics to improve in 2009 compared with the 2008 levels as operational issues have been resolved and coal prices have declined since the highs in 2008. We estimate PPL's (including PPLEU and WPD as equity investments) adjusted funds from operation (FFO) to debt to improve to about 24.7% from about 16% in 2008. While FFO to debt has improved, it remains low compared with the expectation of 30%-35%: measures that are more consistent with the company's "satisfactory" business risk profile. Ratings are not affected because we expect a significant improvement in the company's financial measures as it exits its capped supply transition period, but our negative outlook captures the current weak financial ratios. Supporting the financial measures, however, is the expectation of a modest free cash flow positive position in 2009.

Short-term credit factors

Standard & Poor's views PPL's financial flexibility as adequate, in light of expected debt maturities and available credit facilities. PPL Energy, excluding WPD, has strong liquidity, with \$4.11 billion in credit facilities, \$3.2 billion of which matures beyond 2011. As of Dec. 31, 2009, there was about \$947 million in LOCs and draws under these facilities, leaving about \$3.15 billion available. Debt maturities at PPL Capital Funding and PPL Energy should be manageable over the next few years, with only a \$500 million maturity at PPL Energy in 2011 and about \$735 million in 2013. Non-discretionary capital expenditure in 2010 aggregates approximately \$550 million, which

includes environmental expenditure at Brunner Island and replacement of components at Martin's Creek and Montour. Still, discretionary spending at the hydro units at Holtwood and Montana (Project Rainbow) project could be substantial.

Outlook

The negative outlook on PPL reflects its weak financial measures. An outlook revision to stable will be predicated on PPL's financial risk profile improving in 2010, with FFO to debt reaching a range of 31%-33%. Although the forward curve is in contango, recent around-the-clock prices in the PJM have been in the low-\$50 area per MWh for 2011 and 2012, and lower than PPL's average hedged price of about \$60 per MWh. To maintain ratings, PPL will need to maneuver through potential longer-term depressed market conditions and generate a steady level of cash flow consistent with its debt burden that also allows internal funding of its investment program in a manner that preserves credit quality. The ratings could be lowered if FFO to debt levels do not improve to levels that approach 30%, especially if the company does not achieve a positive free cash flow position.

Business Description

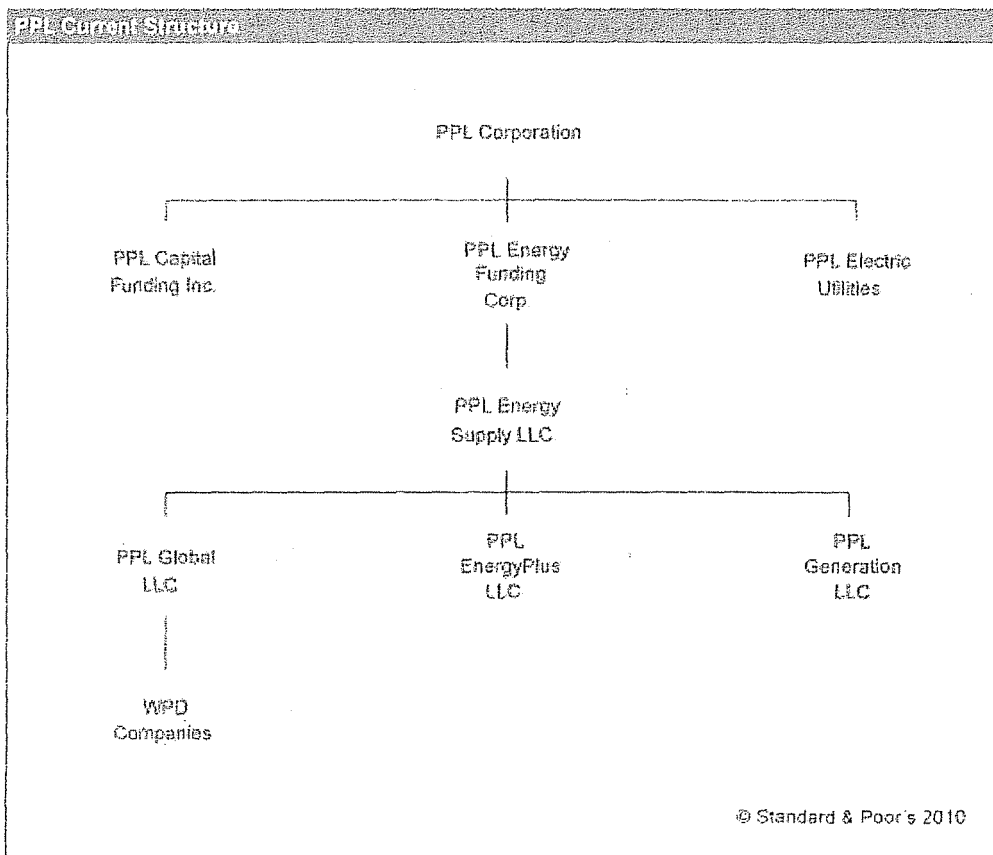
PPL is an Allentown, Pa.-based energy company that owns both regulated and unregulated businesses. The U.S.-based regulated businesses consist of PPLEU, an electricity distribution company for 1.4 million customers in central and eastern Pennsylvania. Other regulated businesses, such as a gas distribution company in Pennsylvania, were divested in 2008.

PPL also owns PPL Energy, an intermediate holding company for both regulated and unregulated operations. The regulated operations of PPL Energy are housed under PPL Global, which provides electric delivery service in the U.K. PPL Global's significant investment is in WPD, a U.K.-based electricity transmission and distribution (T&D) subsidiary providing service to 2.6 million users. WPD companies accounted for 27,700 GWh of electricity deliveries. In 2007, PPL Global divested its significant international investments in Chile and Bolivia for about \$850 million.

PPL Energy's unregulated operations include PPL Energy Plus LLC, an electricity and gas marketer for owned generation and purchased power, PPL Generation LLC, which owns and operates PPL's 10,433 MW merchant generation fleet, and PPL Montana LLC, a project-financed subsidiary with about 1,287 MW of merchant generation assets in the Mid-Columbia market. Compared with 2009, PPL's generation reflects the loss of about 60 MW from scrubber installation (de-rating from internal usage) and the closure of two 150 MW old fossil plants. However, about 175 MW of planned uprate projects are currently underway for completion by 2011.

PPL Energy operates predominantly base-load coal and nuclear merchant generation assets in the PJM (9,587 MW, inclusive of the Ironwood toll), PJM West (585 MW), Mid-Columbia (1,286 MW), and New England Power Pool (260 MW). The GenCo has agreed to sell its interest in its New York assets at Shoreham and Edgewood (159 MW) and its nine hydroelectric facilities in Maine (51 MW).

The chart below presents the various entities in the PPL family of companies.



Rating Methodology

The ratings on PPL primarily reflect PPL Energy's business risk profile but also the quality of cash flow of the distributions/dividends that arrive from PPLEU and WPD. Due to various degrees of legal and structural insulation, we treat PPLEU and WPD as equity investments in our analysis. Only the predictability of the expected dividend streams is incorporated into PPL's business risk analysis. On average, these regulated distributions have historically provided about 20% of total cash flow through 2009, but are expected to provide about 15% in future years. The dividends from PPLEU and WPD are assessed for their stability given that all available cash flow is first used to satisfy their own needs before any cash is up-streamed to the parent.

On account of legal ring-fencing provisions in place, PPLEU is rated on a stand-alone basis. However, due to significant business interrelations, we view its default risk as insulated, but not isolated, from the effects of parent PPL. Consequently, Standard & Poor's has determined that the utility can be rated at most two notches above PPL, but only if the utility's stand-alone credit quality merits such separation. Our approach also deconsolidates WPD given the existence of ring-fencing and the fact that the company is domiciled in the U.K. under the regulatory jurisdiction of the Office of Gas and Electricity Markets (OFGEM). OFGEM has emphasized that its regulatory oversight is designed to protect the credit quality of a regulated utility from unregulated parents.

While PPL Montana is project financed and its debt is non-recourse to the parent, PPL has managed PPL Montana as part of its core operations and has provided a financial support through the availability of a \$100 million line of credit. As a result, we consider a measure of parental support in addition to PPL Montana's stand-alone credit profile in determining that entity's credit ratings.

Business Risk Profile

Under the plan approved by the PPUC in 1998, PPLEU restructured into an electricity T&D company, with the generation assets housed under PPL Energy, a separate unregulated affiliate. The PPUC required PPLEU to operate as the provider-of-last-resort (POLR) supplier until 2010, with the cost of power passed through to ratepayers. To provide time to transition to market, the restructuring plan also required PPL Energy to enter a long-term supply arrangement to serve PPLEU's POLR load.

PPLEU's POLR obligation hitherto provided stability to cash flow through the end of 2009.

PPL's business risk profile is largely predicated on PPL Energy's business risk profile because of the dominance of PPL Energy's cash flow in the parent's overall cash flow. PPL Energy's cash flow contribution had averaged 70% of PPL's over the past few years. WPD and PPLEU are included only as equity investments in this calculation.

Because of the full requirements contract with PPLEU at capped prices through 2009 (see table 1 below), PPL Energy experienced relatively low variability in cash flow. The POLR contract with PPLEU provided the GenCo with price certainty on about 40,000 GWh, or about 70%, of its expected economic production of about 55,000 GWh. The low-operating risk, the long-term nature of the supply contract, and the GenCo's position as the incumbent utility provider allowed us to assign a "strong" business risk profile to PPL between 2001 and 2009.

Table 1

Annual Capped POLR Supply Prices									
	2002	2003	2004	2005	2006	2007	2008	2009	
\$/MWh	42.30	42.70	44.10	44.10	47.80	48.40	49.10	50.20	

While cash flows have increased post transition, so too have merchant risks.

In 2009, we revised the business profile risk of the company to "satisfactory" from "strong" in expectation of the inevitable increase in cash flow volatility in realized margins as PPL Energy's entire generation becomes merchant. We expect the increase in PPL's business risk to be offset to a large extent by an improvement in the company's financial risk profile as a result of higher realized margins in 2010 and beyond. The full requirements contract went into effect back in 2001 as part of the restructuring. Because a historic cost basis was used as a reference, the annual capped prices were not related to actual market prices during the transition period. Although the prices had annual cap adjustments, these increments were pre-determined and not adjusted based on actual escalations in costs.

Power costs and volatility have since increased and the full requirements capped prices have plummeted, especially in the 2006-2008 period. However, wholesale around-the-clock prices were in the range of \$60-69 per MWh in 2007 and have declined to about \$50 per MWh by first quarter 2010. Full requirements prices can add an incremental 60%-80% premium over wholesale prices. While wholesale merchant net revenues have been eroded in 2010 because of lower demand and natural gas price, compared with the high-price period in 2007 and 2008, full requirement prices are still in the \$85-\$90 per MWh range (see table 2 below).

During the past two to three years, PPL Energy has actively reduced its merchant exposure. Because there was

uncertainty surrounding the shape and form of PPLEU's post-transition supply procurement, PPL Energy has progressively entered forward swaps/options energy transactions for physical and financial delivery with utilities/financial counterparties. Unlike the contract with PPLEU these block sales of power have no load following obligations and are less risky.

PPL Energy's generation is currently about 99% hedged in 2010. Also, the bulk of total projected margin is under contract through 2011 with more than 88% of generation hedged in that year. However, the hedged percentage drops off to about 55% in 2012 and may force PPL Energy to constantly enter into new contracts to mitigate cash flow volatility. While PPL Energy has hedged a high proportion of its economic generation at expected average prices between \$68 and \$70 per MWh, and at margins consistent with its business plans, these forward contracts were partly entered into when market prices were still high. Margins will likely erode, should the recessionary slowdown linger (forward prices are already lower) and as contracts roll off and can only be renewed at lower price levels.

PPLEU's native load still offers incumbent opportunity.

PPL Energy's current strategy is to enter into short- to medium-term block power contracts for the output of its merchant generation. However, with a number of financial institutions withdrawing from the power markets, it's unlikely, or at best unclear, that PPL Energy will be able to continue hedging its generation through swaps/options transactions in 2012 and beyond.

PPLEU's load still offers PPL Energy the opportunity to hedge its generation in load following contracts. The results of PPLEU's 2010 request for proposal (RFP) prices--six for 850 MW each--have determined a full requirements price (see table 2) averaging about \$99 per MWh: significantly higher than the rates embedded in the erstwhile POLR contract. To be clear, these volumes are not contracted with PPL Energy. Rather, PPL Energy Plus (the marketing arm of the PPL group) won some, but not a significant part of the RFPs in which other supply providers also participated. Yet, the results provide anecdotal evidence that PPL Energy has opportunities to hedge its generation at prices significantly higher than the \$54 per MWh it received in 2009.

Table 2

PPLEU's RFP Prices									
Supply period	PPLEU RFP solicitation outcomes								
	2010	2010	2010	2010	2010	2010	2011	2011	2011
RFP date	July 7, 2010	Oct. 7, 2010	March 8, 2010	Sept. 8, 2010	March 9, 2010	Oct. 9, 2010	Aug. 8, 2010	Oct. 9, 2010	Jan. 10, 2010
(\$/MWh)									
ATC price	62.5	63.9	68.9	71.5	53	51	57.2	57.7	50.9
Full requirements premium	35.5	41.1	40	40.8	33.8	31	31.5	38.3	37.8
Auction result	98	105	108.9	112.3	86.8	82	88.6	96	88.7
Full requirements premium (%)	56.7	64.4	58.0	57.1	63.8	60.8	55.0	66.3	74.3

Full requirements premium includes gross receipt taxes and line losses

Portions of PPL Energy's projected output (450 MW) are also committed to NorthWestern until mid-2014, and to various requirements contracts with other transmission and distribution companies. PPL Energy also has existing requirements contracts with the New Jersey Basic Generation Service through 2012. It has also won requirements contracts in the auction markets in Ohio, Maryland, and Delaware for various volumes and periods through 2012.

From a credit standpoint, we view block sales as less risky compared with full requirements obligations because load following contracts can result in larger liquidity requirements, should prices fall from the prices contracted. Furthermore, these contracts expose PPL Energy's margins to market risks, including, but not limited to, load shaping, fuel, and volume risks. Not having to service load following obligations in the current environment is viewed as favorable. For instance, almost 21% of PPLEU's native load is currently shopping, significantly up from the stable 3%-4% level through the transition period when customers paid considerably lower rates.

Lingering regulatory uncertainty in Pennsylvania.

Despite easing of major regulatory risks, PPL's business profile is somewhat tempered by uncertainty about the future of competitive markets in Pennsylvania. The Pennsylvania legislation and the PPUC have generally been supportive of deregulation, and there have been no significant opposition to the transition to markets or to the implementation of new rates. Still, risks could arise from the meaningful increase in customer rates in 2010 over 2009.

In May 2007, PPLEU received approval from the PPUC for six regularly scheduled RFPs, which were held twice a year in March and September 2007-2009, for its 2010 POLR supply requirements. We viewed the phased RFPs as credit supportive for PPLEU and PPL Energy, as each RFP would establish a portion of the supply prices and was expected to mitigate the potential for a rate shock in 2010 by blending in supply prices over time. Conversely, the three-year procurement period also provided PPL with adequate time to adjust its capital structure if supply prices had declined.

The RFP supply procurement proceeded on schedule and four RFPs were completed before the impact of the financial crisis and the ensuing economic slowdown harmed the power markets. Wholesale power prices declined dramatically compared to the prices prevailing around June 2008, when most commodity markets peaked. Table shows our calculations of the blended load following pricing in PPLEU's RFPs and an estimate of the pricing that can be expected currently in the forward markets.

Table 3

Residential And Small Customer (Load Following Component) Example*				
Full requirements price	2009 (\$/MWh)	2010 (\$/MWh)	2010 (% of total)	Prevailing forward markets (\$/MWh)
ATC energy		60	67	50
Load shape/congestion		6	7	4.2
Capacity price†		15	17	15
Volumetric risk		4.3	5	4
Customer migration risk		1	1	0.7
Ancillary		3	3	3
Credit risk		0.5	1	1.2
Net full requirements/load following‡	48.1	90	100	78
Line losses	4.1	5.4		5
4.4% gross receipt tax adder	2.1	4		3.4
Full requirements price	54.3	99.1		86.5

*Illustration is the average of the six RFPs completed for 2010. †Based on \$150 per MW-day and a load factor of 50%. ‡2009 full requirements price is all inclusive based on the negotiated POLR contract price. Source: PPL Presentations and S&P estimates

We believe that the material decline in wholesale prices compared with the average price established through the

RFPs poses lingering regulatory risks. Expiring competitive transition charges (CTC) in 2009 of about \$11 per MWh soften the impact of the increasing supply component on the overall customer charge in 2010. Still, the increase in supply costs for PPLEU's POLR requirement results in a 27% hike (see table 4) in overall rates--an increase that we view as significant. The increase in PPLEU's rates is all the more conspicuous, in our view, because PPLEU's rates will rise disproportionately compared with supply cost hikes of other utilities that are also coming off their transition plans. This is because PPL's transition to market was ahead of other Pennsylvania utilities by a year (2010, while most others are 2011). As a result, PPLEU's post-transition supply procurement started before the credit crisis, during which prices were still high.

Table 4

Residential Customer (1,000 kWh Per Month)			
	2009	2010	Year-over-year increase (%)
(\$/MWh)			
Distribution	34.8	32.1	
Transmission	7.5	5.4	
Energy and capacity*	54.3	99.1 [†]	82.5
CTC	10.8	-	
ITC	0	-	
STAS: state taxes	0	0	
Total bill	107.5	136.6	27.1

*Ancillaries included in energy and capacity charge †Based on six solicitations

Recognizing the regulatory risk posed by a rate shock, in 2008, PPLEU filed a rate smoothing plan that offers customers a phase-in plan to blend into higher rates in 2010 by making additional payments during October 2008 through 2009. The plan was approved by the PPUC, which we believe has mitigated regulatory risks to an extent as it results in relatively moderate (5%-8%) annual increments to customer bills during 2008-2012, instead of a one-time increase in 2010. As a result of such deferral plans, we believe the transition to market presents a diminished probability of major adverse legislative or regulatory outcomes.

Supply procurement after 2010 has also been addressed, which we view favorably. The PPUC has approved the company's electricity purchase plan for 2011, 2012, and the first five months of 2013 in six auctions. The procurement format includes the purchase of electricity supply for 2011 to mid-2013 four times a year, beginning in the third quarter of 2009 (August-July cycle). The procurement plan will solicit contracts for 12 and 24 months increments and spot purchase with a predominant proportion of residential and small commercial customer needs contracted from fixed-price contracts. The price established in three concluded RFPs (table 2) have been higher than our expectations.

Legacy low-cost generation assets are favorable but fuel costs have been on the rise.

While risks for gross margin erosion exist from the recessionary environment, and from low natural gas prices, in the long term, we expect PPL Energy's low-cost, base-load generation assets to benefit from a combination of increasing load factors and as gas increasingly sets the marginal cost of power in both the PJM and Mid-Columbia markets. We estimate that almost 6,000 MW of PPL's eastern base load generation has a dispatch cost (including emission and variable O&M) below \$28 per MWh.

To ensure a measure of cash flow stability, the company also hedges fuel requirements, on a rolling basis, to match

its forward sales. Uranium is fully contracted through the 2015-2016 with more than 10 suppliers. PPL Energy requires about 9 million tons of coal in the East, split about 7.5 million tons for the wholly-owned Montour and Brunner Island units and 1.5 million tons for Keystone and Conemaugh (which is procured by the operator, Reliant Energy). Eastern coal requirement is almost entirely hedged for 2010 at levels that match up power sales hedges through 2012, although exposure to coal prices increases after 2010. The company maintains strong sourcing availability and coal is supplied from five diverse regions and through 12 different contracts. In 2007, PPL Energy also signed a contract that will provide one-third of its eastern coal requirement through 2018 and provide fuel supply stability.

Still, the percentage of supply to wholly-owned plants at fixed base prices has declined from 100% in past years to about 93% in 2010 and is expected to be about just 28% and 5% for 2011 and 2012, respectively. The rest will be subject to price collars (with a maximum price to limit exposure). Additionally, there is no ability to hedge any costs associated with new mining regulations of mines, which are added to base price. Owing to extreme volatility and a sharp spike in coal prices during 2008, PPL Energy's coal costs exceeded estimates. While coal prices have declined from record highs, the company remains exposed to volatility in prices.

Supply and pricing in the West is not a significant risk as both Colstrip and Corette are either mine mouth facilities or located in close proximity to coal supplies. Supply volumes are also hedged to a high level through 2012.

Operating performance has been satisfactory with some exceptions.

PPL Energy's strategy relies significantly on the operating performance of its merchant generation assets, as out-of-service units expose PPL Energy to open market purchases to meet its contractual obligations. Consequently, the company requires considerable capital expenditures to ensure efficient and reliable operation. PPL Energy's generation assets have generally demonstrated good reliability and availability, with equivalent availability of about 90%. However, in 2008, PPL Energy experienced lower coal plant availability due to the collapse of the substructure surrounding the Montour Unit 1 cooling tower and tube leaks at Brunner Island from superheater performance issues. The Montour unit 1 cooling tower substructure has since been replaced and the Brunner superheater project was also accelerated and completed by first half 2009.

The fleet's generation capacity has increased modestly. In July 2008, PPL Energy acquired the 665 MW AES Ironwood toll in PJM. The first phase of nuclear uprates at Susquehanna unit 1 was completed in 2008, while unit 2 uprate of about 145 MW was completed in 2009. However, the fleet loses about 60 MW from derating after the scrubbers are fully installed.

We view PPL as a forerunner among its peers on environmental compliance. In anticipation of stricter emissions standards, PPL Energy spent about half of its \$2.8 billion capital expenditure during 2006-2008 on emissions control equipment for its larger coal-fired units, Brunner Island and Montour (at \$360-\$390 per kW on about 3,000 MW). The scrubbers at the Montour units were commissioned in 2008, as was the scrubber at Brunner unit 3. The scrubbers at Brunner units 1 and 2 were completed on schedule and budget by the second quarter of 2009. With the Keystone scrubber being commissioned in 2010, all units will be scrubbed. However, Brunner Unit 3 and Conemaugh units 1 and 2 still need SCRs.

WPD's performance was strong, while PPL Montana met our expectation despite operating hiccups.

WPD has two major operating subsidiaries, Western Power Distribution (South West) and Western Power Distribution (South Wales) that distribute electricity to more than 2.6 million customers. The distribution companies have strong business risk profiles that benefit from transparent regulation, a large and mostly residential customer

base that provides for revenue and cash flow stability, and their positions as monopoly distributors of electricity. Margins have improved due to market stability, consistent growth, and favorable customer mix.

An established regulatory environment underpins predictable cash flows during the 2005-2010 regulatory period. In late 2004, the companies received a favorable rate determination for the next five-year rate cycle. The utilities receive revenue recovery on a formula of "RPI minus X": RPI is the retail price index (a measure of inflation) and "X" is an efficiency factor. Like all U.K. distribution network operators, however, WPD is exposed to the risk of the regulatory reset every five years. The regulatory risk was underscored in the Office of Gas and Electricity Markets' (OFGEM) August 2009 initial proposals for the 2010-2015 period. The proposed cost of capital is lower than that allowed in other recent regulatory settlements. In addition, the total expenditure allowance is also lower than requested in the companies' final business plans. If implemented as proposed, the reset could harm WPD's financial risk profile.

WPD's operating performance is solid, as illustrated by the two operating companies' outperformance of the key service targets in the latest regulatory assessment (August 2009) by OFGEM. WPD's capital expenditure was in line with regulatory targets in 2009. Despite the favorable regulatory outcome so far, WPD's financial metrics and its subsidiaries are expected to remain low but stable. PPL's strategy is to receive dividends from WPD while providing a minimal level of support.

PPL Montana supplied NorthWestern Inc. with 450 MW at an average of \$32 per MWh through July 2007. The below-market nature of the contract paved the way for an extension. While pricing for the supply is materially higher and started at about \$45 per MWh and will increase to about \$53 per MWh by 2014, the volumes under contract will be lower. Under the term of the contract, PPL Montana is providing varying supply, from a high of 325 MW, on peak, in 2007, down to 200 MW on peak in 2014. Still, with the leveraged lease down to \$200 million, the level of debt supports PPL Montana's rating (please see full report on RatingsDirect published Jan. 26, 2010).

Profitability

PPL's profitability is largely driven by the PPL Energy's supply portfolio's performance, which is projected to increase to about 85% of cash flow after 2010. PPL Energy endeavors to ensure margin and cash flow stability by entering into short- to intermediate-term contracts for the expected output of its plants, while hedging a large portion of the expected fuel to be used. We expect 2010 and 2011 to have relatively low variability but with increasing open exposure in 2012. Risks are significantly higher in 2013 and beyond because of potential carbon risks. The forward strip is not liquid and forward prices are still weak.

Financial Risk Profile

Accounting

Due to various degrees of legal and structural insulation, PPL Electric Utilities and WPD are treated as equity investments in Standard & Poor's analysis. As a result, we analyze PPL's credit measures after deconsolidating PPLEU and WPD from PPL, resulting in the removal of nearly \$1.57 billion of PPLEU's debt and about \$1.94 billion of debt at the WPD companies.

As of Sept. 30, 2009, PPL had \$392 million associated with the retirement of long-lived assets as a liability in its consolidated balance sheet as required under SFAS 143 (accounting for asset retirement obligations). Of that

amount, \$328 million relate to accrued nuclear decommissioning expenses for PPL Energy's 90% interest in the Susquehanna station. The aggregate fair value of the related nuclear plant decommissioning trust fund was \$425 million as of Sept. 30, 2009.

PPL Energy's subsidiary, PPL Montana, leases a 50% interest in Colstrip units 1 and 2 and a 30% interest in unit 3 under four 36-year, non-cancellable operating leases. These operating leases are not recorded on PPL Energy's balance sheet, and as a result, Standard & Poor's capitalizes these leases resulting in the addition of about \$200 million of off-balance-sheet debt equivalent.

In addition, in June 2008, PPL Energy Plus agreed to acquire the 664 MW AES Ironwood long-term tolling agreement. We impute a \$325 million debt related to this tolling agreement.

Corporate governance/Risk tolerance/Financial policies

Standard & Poor's views PPL's financial policy as somewhat aggressive from a bondholder's perspective due to management's emphasis on shareholder returns in the recent past. In 2007-2008, despite its substantial capital expenditure program that resulted in a negative free cash flow, management chose to use about \$713 million of the \$850 million in sale proceeds from the Latin American divestitures for buying back stock even as the increase in capital spending to address environmental needs necessitated the use of external debt financing. Because of the decline in power prices, we do not expect any share repurchase through the forecast period (2013).

Cash flow adequacy

In 2008, PPL's financial performance and cash flow generation deteriorated from a combination of higher-than-expected coal costs, impact on cash flow from lower coal plant availability due to a major outage at Montour tube leaks at Brunner Island, and from mark-to-model loss on proprietary trading, and marketing losses on forward off-peak energy purchases for 2009-2012.

We expected financial metrics to improve somewhat in 2009 as the issues mentioned above were resolved but did not expect a significant upward momentum because rates were still capped. With coal cost declining and the operational issues resolved, PPL's (including PPLEU and WPD as equity investments) adjusted FFO to debt improved to about 24.7% from about 16% in 2008. While FFO to debt has improved, it remains low compared to the expectation of 30%-35%: measures that are more consistent with the company's business risk profile of "satisfactory". Yet, ratings were not affected because we expect a significant improvement in the company's financials as it exits its capped supply transition period. Our negative outlook reflects the weak financial metrics. Supporting the financial measures, however, is the expectation of a modest free cash flow positive position in 2009 for PPL.

The company expects an improvement in its financial ratios in 2010 largely from the repricing of its generation portfolio after the end of the rate cap period with PPLEU. From a credit perspective, not only has PPL Energy hedged a large portion of its generation through 2012, it has removed much of the variability in cash flow associated with volumetric risks from changing demand under full requirements load obligations. We view the decision not to pursue load following deals as favorable under the prevailing lower price environment. For instance, because of the significant decline in market prices, about 21%, or about 300,000, of PPLEU's customers are currently shopping, up from a fairly stable 4% through much of the capped period. However, PPL's generation does carry basis risk between the delivery hub and the generation busbar. PPL's hedges through block sales using hedges and swaps incorporate the value for capacity, energy and ancillary services, but leave out the riskier load following premium associated with full requirements contracts. The company has also indicated that a large proportion of the hedges

are collars, which provide upside should commodity prices recover. The hedge price incorporates the cost of options, which are currently at their floor value due to depressed market prices.

With almost all and 88% of economic generation hedged for 2010 and 2011, respectively, we expect an improvement in credit measures and adjusted FFO to debt could reach 30%-32%. While these financial ratios are on the lower end of the 'BBB' rating, a positive free cash flow position (after dividends and capital expenditures) will be considered adequate to maintain these ratings.

Still, PPL will need to maneuver through potentially longer-term depressed market conditions and generate a steady level of cash flow consistent with its debt burden that also allows internal funding of its investment program in a manner that preserves credit quality. Although the forward curve is in contango, recent around-the-clock prices in the PJM have been in the low-\$50 per MWh area for 2011 and 2012, and lower than PPL's average hedged price of about \$60 per MWh (energy only). We estimate that on an open EBITDA basis, PPL's generation would make \$2.1 billion - \$2.2 billion in gross margin in 2012 based on the current forward curve. Yet, should prices move down by 2 standard deviations (5th percentile) we expect gross margins to decline to \$1.85 billion - \$1.95 billion because of the exposure of about 45% of the fleet's economic generation to market prices.

Liquidity and liability management

PPL's ability to buttress performance in 2009 is most notable in its liquidity management. Below are some of the liquidity enhancing steps taken by the company:

- Limiting of spending on the Bell Bend project to the construction and operating license application (COLAS) related costs.
- The return of \$300 million in collateral held by PPLEU relating to the expiration of the long-term contract.
- A one time dividend of \$200 million from the after tax completion transition charges (CTC) revenues received by PPLEU during 2009.
- A \$200 million distribution received from the recapitalization of subsidiary WPD.

Standard & Poor's views PPL's financial flexibility as adequate due to expected debt maturities and available credit facilities. PPL Energy, excluding WPD, has strong liquidity, with \$4.11 billion in credit facilities, \$3.2 billion of which matures beyond 2011. As of Dec 31, 2009, there was about \$947 million in LOCs and draws under these facilities, leaving about \$3.15 billion available. Debt maturities at PPL Capital Funding and PPL Energy should be manageable over the next few years, with only a \$500 million maturity at PPL Energy in 2011 and about \$735 million in 2013.

Based on Standard & Poor's liquidity adequacy ratio, which captures the effects of an adverse credit and market event on a company's primary liquidity sources, PPL's coverage has improved to more than 3.5x, in large part due to declining power prices. The computation assumes a downside scenario in which PPL would have to post enough collateral to cover its entire negative mark-to-market exposure, while accounting for an adverse movement in power and gas prices.

While liquidity is adequate for the moment, there has been a broader reduction in market liquidity due to prevailing credit conditions. As all generation is now on market, PPL Energy's liquidity requirements for collateral could increase with rising market prices. Thus, PPL Energy's ability to hedge margins will be constrained by its ability to increase overall liquidity levels.

Non-discretionary capital expenditure in 2010 will be approximately \$550 million, which includes environmental expenditure at Brunner Island and replacement of components at Martin's Creek and Montour. Still, discretionary spending at the hydro units at Holtwood and Montana (Project Rainbow) project could be substantial.

Capital structure/Asset protection

Adjusted debt to capital remains on the edge for the current rating at about 60% as of the end of 2009. Any improvement in debt leverage will likely be the result of retained earnings and not from decrease in debt levels, as PPL will rely on debt financing for a portion of its planned capital-spending program.

Rating: BBB-/Asset: February 8, 2010	
PPL Corp.	
Corporate Credit Rating	BBB/Negative/NR
Junior Subordinated (1 Issue)	BB+
Preference Stock (1 Issue)	BB+
Senior Unsecured (1 Issue)	BBB
Senior Unsecured (3 Issues)	BBB-
Corporate Credit Ratings History	
27-Jan-2009	BBB/Negative/NR
13-May-2004	BBB/Stable/NR
06-Sep-2002	BBB/Negative/NR
Financial Risk Profile	Significant
Related Entities	
PPL Electric Utilities Corp.	
Issuer Credit Rating	A-/Negative/A-2
Commercial Paper	
Local Currency	A-2
Preference Stock (1 Issue)	BBB
Preferred Stock (8 Issues)	BBB
Senior Secured (13 Issues)	A-
Senior Secured (2 Issues)	A/Developing
PPL Energy Supply LLC	
Issuer Credit Rating	BBB/Negative/NR
Senior Unsecured (9 Issues)	BBB
PPL Montana LLC	
Senior Secured (1 Issue)	BBB-/Stable
Western Power Distribution Holdings Ltd.	
Issuer Credit Rating	BBB-/Negative/A-3
Senior Unsecured (2 Issues)	BBB-
Western Power Distribution (South Wales) PLC	
Issuer Credit Rating	BBB+/Negative/A-2
Senior Unsecured (2 Issues)	BBB+
Western Power Distribution (South West) PLC	
Issuer Credit Rating	BBB+/Negative/A-2
Senior Unsecured (3 Issues)	BBB+

Ratings Detail for PPL Corp. (cont.)

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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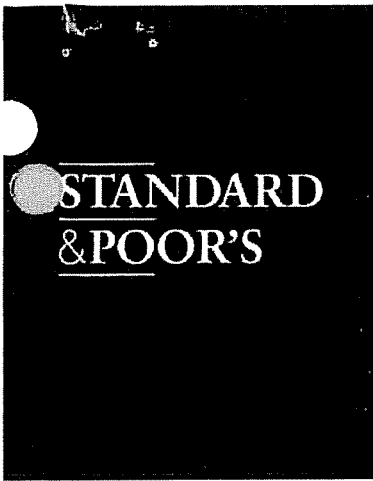
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Attachment to Question No. 6

16 of 22

Arbough



Global Credit Portal

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March 2, 2011

Research Update:

PPL Corp. Is Lowered To 'BBB' And Placed On CreditWatch Negative After Acquisition Announcement

Primary Credit Analyst:

Gerrit Jepsen, CFA, New York (1) 212-438-2529, gerrit_jepsen@standardandpoors.com

Secondary Contacts:

Aneesh Prabhu, New York (1) 212-438-1285, aneesh_prabhu@standardandpoors.com

Barbara A Eiseman, New York (1) 212-438-7666, barbara_eiseman@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

CreditWatch

Related Criteria And Research

Ratings List

Research Update:

PPL Corp. Is Lowered To 'BBB' And Placed On CreditWatch Negative After Acquisition Announcement

Overview

- We lowered our ratings on diversified energy company PPL Corp. (PPL) and its affiliates PPL Energy Supply (PPL Energy), LG&E and KU Energy LLC (LKE), Louisville Gas & Electric Co. (LG&E), and Kentucky Utilities Co. (KU) to 'BBB' from 'BBB+'.
- We lowered the rating on PPL subsidiary PPL Electric Utilities (PPLEU) to 'BBB' from 'A-'.
- At the same time we placed all the 'BBB' ratings on CreditWatch with negative implications.
- The short-term ratings on Kentucky Utilities, Louisville Gas & Electric, and PPLEU are 'A-3'.
- The downgrades and CreditWatch listing follow PPL's proposed acquisition of E.ON UK's Central Networks West PLC (CNW) and Central Networks East PLC (CNE).

Rating Action

On March 2, 2011, Standard & Poor's Ratings Services lowered the corporate credit ratings on PPL Corp. (PPL) and its affiliates PPL Energy Supply (PPL Energy), LG&E and KU Energy LLC (LKE), Louisville Gas & Electric Co. (LG&E), and Kentucky Utilities Co. (KU) to 'BBB' from 'BBB+' and placed these ratings on CreditWatch with negative implications. We also lowered the rating on PPL subsidiary PPL Electric Utilities (PPLEU) to 'BBB' from 'A-'. The ratings actions follow PPL's planned acquisition of E.ON UK's Central Networks West PLC (CNW) and Central Networks East PLC (CNE), two distribution networks in the United Kingdom. The CreditWatch listing is directly related to the execution of the financing plan for the acquisition, which includes a commitment by the company for a substantial issuance of equity. Resolution of the CreditWatch will depend on the ability of the company to complete its financing activities consistent with our expectations for the 'BBB' ratings. Allentown, Pa.-based PPL has about \$12.7 billion of long-term debt, including \$1.63 billion of junior subordinated notes.

The CreditWatch listing will remain until demonstrated progress on the permanent financing plan has been executed in line with our expectations. The acquisition requires large permanent financing that has attendant execution risks, and we will monitor PPL's ability to finalize this permanent financing. We could remove the CreditWatch listing and assign a stable outlook if financing is consistent with our expectation. We could lower the ratings if PPL is unable to fully execute its permanent financing plan in a

credit-supportive manner consistent with our expectations for 'BBB' ratings.

Rationale

PPL's purchase price of E.ON UK's Central Networks utilities includes the assumption of \$800 million of public debt and cash of \$5.6 billion (excluding related transaction expenses and fees) that will be funded through a combination of cash, common equity issuance at PPL, unsecured debt at CNW and CNE, and unsecured debt at an intermediate holding company (generically called UK Holdings) that will own CNW and CNE. In addition, PPL will issue equity units at PPL Capital Funding, which will likely receive high equity credit under our rating criteria. This acquisition will raise PPL's regulated cash flows to approximately 75% from the current level of 60%. Before PPL bought the Kentucky utilities, its regulated cash flows comprised less than 30%. The ratings change reflects our revisions, in accordance with our criteria, of PPL's business risk profile to excellent from strong and the company's financial risk profile to aggressive from significant.

Our revision of the business profile to excellent reflects the addition of fully regulated distribution utilities that have credit-supportive U.K. regulation and no commodity exposure, since power for retail customers is procured by nonaffiliated retail suppliers. The Central Networks utilities are contiguous to PPL's existing U.K. utilities. After the acquisition of CNE and CNW, we expect U.K. operations to be about 30% of PPL's consolidated cash flow. With this transaction, we are viewing all of PPL's utility assets as part of a consolidated entity, whereas previously we considered only the quality of the utility's dividends to its parent. The stability of CNE and CNW along with existing utility assets in the U.K., Kentucky, and Pennsylvania, which we assess as excellent, will more than offset the business risk profile, which we assess as satisfactory, of PPL Energy's merchant generation, resulting in an excellent business profile. We expect the merchant generation business to comprise less than 25% of pro forma consolidated cash flows.

Our revision of the financial risk profile to aggressive reflects in part the company's financial policies toward acquisitions, including funding with aggressive levels of hybrid securities. Furthermore, due to the company's strategy to focus on fully regulated operations and also expand its U.K. presence, we are incorporating consolidated financial measures for PPL in our analysis. When reviewing the financial metrics, we are now including all cash flows and debt obligations from the U.K. utilities and PPLEU in PPL's financial measures. We expect consolidated financial measures, including ratios of debt to EBITDA, funds from operations (FFO) to total debt, and debt to capital, to range in the aggressive category of our financial risk profile. Debt to EBITDA should range between 4x and 5x, while we expect the percentage of FFO to debt to be in the mid-teens. These measures will support ratings at the 'BBB' level on successful completion of the permanent financing.

Short-term credit factors

Standard & Poor's currently views PPL's liquidity as strong under its corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Our assessment of liquidity as strong supports PPL's 'BBB' issuer credit rating. Projected sources of liquidity--mainly operating cash flow and available bank lines--exceed projected uses--mainly necessary capital expenditures, debt maturities, and common dividends--by more than 1.5x. The ratio of sources over uses would be positive even after a 50% EBITDA decline. Additional factors that support the liquidity are PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and its generally prudent risk management.

CreditWatch

The CreditWatch listing will remain until demonstrated progress on the permanent financing plan has been executed in line with our expectations. The acquisition requires large permanent financing that has attendant execution risks, and we will monitor PPL's ability to finalize this permanent financing. We could remove the CreditWatch listing and assign a stable outlook if financing is consistent with our expectation. We could lower the ratings if PPL is unable to fully execute its permanent financing plan in a credit-supportive manner consistent with our expectations for 'BBB' ratings.

Related Criteria And Research

- "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded," May 27, 2009
- "2008 Corporate Criteria: Analytical Methodology," April 15, 2008
- "2008 Corporate Criteria: Ratios And Adjustments," April 15, 2008

Ratings List

Downgraded; CreditWatch Action

	To	From
PPL Corp. Corporate Credit Rating	BBB/Watch Neg/--	BBB+/Stable/--
PPL Capital Funding Inc. Senior Unsecured	BBB-/Watch Neg	BBB
Junior Subordinated	BB+/Watch Neg	BBB-
PPL Energy Supply LLC Corporate Credit Rating	BBB/Watch Neg/--	BBB+/Stable/--
Senior Unsecured	BBB/Watch Neg	BBB+
PPL Electric Utilities Corp. Corporate Credit Rating	BBB/Watch Neg/A-3	A-/Stable/A-2

Research Update: PPL Corp. Is Lowered To 'BBB' And Placed On Credit Watch Negative After Acquisition Announcement

Senior Secured	BBB+/Watch Neg	A-
Recovery Rating	1	1
Preference Stock	BB+/Watch Neg	BBB
Commercial Paper	A-3/Watch Neg	A-2
LG&E and KU Energy LLC		
Corporate Credit Rating	BBB/Watch Neg/--	BBB+/Stable/--
Senior Unsecured	BBB-/Watch Neg	BBB
Louisville Gas & Electric Co.		
Corporate Credit Rating	BBB/Watch Neg/--	BBB+/Stable/--
Senior Secured	A-/Watch Neg	A
Recovery Rating	1+	1+
Kentucky Utilities Co.		
Corporate Credit Rating	BBB/Watch Neg/A-3	BBB+/Stable/A-2
Senior Secured	A-/Watch Neg	A
Recovery Rating	1+	1+

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The McGraw-Hill Companies

Attachment to Question No. 6

17 of 22

Arbough

April 28, 2010

Research Update:

**PPL Corp. 'BBB' Credit Rating
Placed On Watch Positive On
Planned Acquisition Of E.ON U.S.
LLC**

Primary Credit Analysts:

Aneesh Prabhu, New York (1) 212-438-1285, aneesh_prabhu@standardandpoors.com
Gerrit Jepsen, CFA, New York (1) 212-438-2529, gerrit_jepsen@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

CreditWatch

Related Research And Research

Ratings List

Research Update:

PPL Corp. 'BBB' Credit Rating Placed On Watch Positive On Planned Acquisition Of E.ON U.S. LLC

Overview

- We placed the 'BBB' corporate credit ratings on diversified energy company, PPL Corp. (PPL), and affiliate PPL Energy Supply LLC (PPL Energy) on CreditWatch with positive implications.
- The CreditWatch listing follows PPL's proposed acquisition of E.ON U.S. LLC, the parent company of Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co (LGE).
- We affirmed the 'A-' corporate credit rating on utility affiliate PPL Electric Utilities (PPLEU).
- The transaction requires approvals by state regulators in Kentucky, Virginia, and Tennessee, and by the Federal Energy Regulatory Commission.

Rating Action

On April 28, 2010, Standard & Poor's Ratings Services placed its 'BBB' corporate credit ratings on PPL and affiliate PPL Energy on CreditWatch with positive implications following the planned acquisition of E.ON U.S. The CreditWatch listing indicates that we could either raise or affirm the ratings following the completion of our review. At the same time, we are affirming the 'A-' corporate credit ratings on PPLEU. The outlook on PPLEU is negative. We are also affirming the 'BBB+' corporate credit ratings on KU and LGE (see separate research update).

Allentown, Pa.-based PPL has about \$4.7 billion of long-term debt at the end of 2009, excluding debt at PPLEU and the Western Power Distribution (WPD) group of companies.

Rationale

PPL will fund the all-cash \$7.625 billion (excluding \$250 million in related transaction expenses/fees) acquisition through a combination of cash on hand, common equity issuance at PPL, first-mortgage bonds at KU and LGE, and unsecured debt at Kentucky Holdings, KU's intermediate holding company. In addition, PPL will issue equity units at PPL Capital Funding, which will likely receive high equity credit under our rating criteria. The enterprise value includes the assumption of \$925 million of tax-exempt pollution control revenue bonds at KU and LGE. We consider the acquisition as large for the company, but note that the transaction will include significant amount of equity financing and utilize about \$435 million of tax benefits.

Our CreditWatch listing factors the inclusion of KU and LGE's business

risk profiles into PPL's portfolio. The acquisition would include these two fully regulated vertically-integrated electric utilities serving customers in Louisville and its surrounding area. The strengths of these utilities include relatively predictable utility operations and associated cash flows, constructive regulatory environment, and competitive rates. The offsetting factor is the reliance on mostly all coal-fired generation, but the assets are up to date for current environmental requirements and have a significant proportion of future capital spending through 2014 approved in rates.

The inclusion of the two utilities businesses will rebalance PPL's portfolio towards a greater regulated mix. With regulated operations contributing 60%-65% of the overall cash flow after the acquisition compared with about 30% in 2009, the "excellent" business risk profile of the utility businesses will more than offset the "satisfactory" business risk profile of the generation business. This will result in a pro forma "strong" consolidated business risk profile. We expect consolidated debt to EBITDA and debt to capital ratios to range in the "significant" financial risk profile category. Projected FFO to debt at 23.5%-25% will likely support ratings at the higher end of the 'BBB' category on successful completion of the acquisition.

Current ratings on PPL predominantly reflect PPL Energy's business and financial risk profiles. Given the legal ring-fencing provisions in place, Standard & Poor's analyzes PPLEU and WPD as equity investments, with dividends to PPL as their primary contribution to the consolidated entity. The lower-risk dividends from these two companies, which contribute about 20% to PPL's cash flow, temper the merchant risk from PPL Energy.

The expiration of PPLEU's long-term provider-of-last-resort (POLR) supply contract, which hitherto provided cash flow stability, has increased volatility of realized margins and PPL's liquidity requirements for collateral. As a result, PPL's and PPL Energy's business risk profiles are "satisfactory" compared with the "strong" position that the company enjoyed under the nine-year POLR supply plan with PPLEU. While PPL's cash flow is expected to improve because the company has contracted much of its 2010 and 2011 generation at price levels that are substantially higher than the capped prices in 2009, existing ratings also reflect a backwardated EBITDA profile and execution risks associated with PPL's ability to achieve stronger financial metrics and counter the higher business risk that will come attendant with its greater merchant exposure.

Short-term credit factors

Standard & Poor's views PPL's financial flexibility as adequate, in light of expected debt maturities and available credit facilities. PPL Energy, excluding WPD, has strong liquidity, with \$4.11 billion in credit facilities, \$3.2 billion of which matures beyond 2011. As of Dec. 31, 2009, there was about \$947 million in LOCs and draws under these facilities, leaving about \$3.15 billion available. Debt maturities at PPL Capital Funding and PPL Energy should be manageable during the next few years, with only a \$500 million maturity at PPL Energy in 2011 and about \$735 million in 2013.

Non-discretionary capital expenditure in 2010 aggregates approximately \$550 million, which includes environmental expenditure at Brunner Island and replacement of components at Martin's Creek and Montour. Still, discretionary spending at the hydro units at Holtwood and Montana (Project Rainbow) project

could be substantial.

CreditWatch

The CreditWatch listing will remain until transaction closing, with periodic updates. At financial close, we could raise the ratings on PPL and PPL Energy by one notch if financing is consistent with our expectation. However, material changes to the expected financial risk profile and cash flow generation capability of the pro forma company could stem this upward momentum. The acquisition requires large permanent financing that has attendant execution risks. We will monitor PPL's ability to finalize permanent financing, which will also influence the CreditWatch listing.

Related Research And Research

Criteria Methodology: Business Risk/Financial Risk Matrix Expanded

Ratings List

Ratings Affirmed; CreditWatch Action

	To	From
PPL Corp. PPL Energy Supply LLC Corporate Credit Rating	BBB/Watch Pos/--	BBB/Negative/--
PPL Capital Funding Inc. Senior Unsecured	BBB-/Watch Pos	BBB-
Junior Subordinated	BB+/Watch Pos	BB+
PPL Capital Funding Trust I Preference Stock	BB+/Watch Pos	BB+
PPL Energy Supply LLC Senior Unsecured	BBB/Watch Pos	BBB
Ratings Affirmed		
PPL Electric Utilities Corp. Corporate Credit Rating	A-/Negative/A-2	
PPL Capital Trust Preferred Stock	BBB	
PPL Electric Utilities Corp. Senior Secured	A-	

Research Update: PPL Corp. 'BBB' Credit Rating Placed On Watch Positive On Planned Acquisition Of E.ON U.S. LLC

Recovery Rating	1
Preferred Stock	BBB
Preference Stock	BBB
Commercial Paper	A-2

1

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The McGraw-Hill Companies

Attachment to Question No. 6

18 of 22

Arbough

**STANDARD
& POOR'S**

Global Credit Portal
RatingsDirect

Research

Summary:

PPL Corp.

28-Jul-2010

Credit Rating: BBB/Watch Pos/NR

Rationale

Standard & Poor's 'BBB' corporate credit ratings on PPL and affiliate PPL Energy are on CreditWatch with positive implications following the planned acquisition of E.ON U.S. LLC. The CreditWatch listing indicates that we could either raise or affirm the ratings after we complete our review.

Allentown, Pa.-based PPL had about \$4.7 billion of long-term debt at the end of 2009, excluding debt at PPL Electric Utilities Corp. (PPLEU) and the Western Power Distribution (WPD) group of companies.

When PPL announced the E.ON transaction in April 2010, it had proposed to fund the all-cash \$7.625 billion (excluding \$250 million in related transaction expenses/fees) acquisition through a combination of cash on hand, common equity issuance at PPL, first-mortgage bonds at Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LGE), unsecured debt at Kentucky Holdings, and issuance of equity units at PPL Capital Funding. PPL will issue equity units at PPL Capital Funding. These units will receive high equity credit under our rating criteria. The enterprise value also includes assumption of \$925 million of tax-exempt pollution control revenue bonds at KU and LGE. We consider the acquisition as large for the company, but note that the transaction includes a significant amount of equity financing and has about \$435 million of tax benefits.

In June 2010, PPL successfully raised about \$2.4 billion of common equity and placed \$1.12 billion worth of equity units. We view PPL's ability to raise almost \$3.5 billion in equity and equity-like funds to partly finance the acquisition as supportive of credit quality.

Our CreditWatch listing factors the inclusion of KU and LGE's business risk profiles into PPL's portfolio. The acquisition would include these two fully regulated vertically-integrated electric utilities serving customers in Louisville and its surrounding area. The strengths of these utilities include relatively predictable utility operations and associated cash flows, a constructive regulatory environment, and competitive rates. The offsetting factor is the reliance on mostly all coal-fired generation, but the assets are up to date for current environmental requirements and have a significant proportion of future capital spending through 2014 approved in rates.

The inclusion of the two utilities businesses will rebalance PPL's portfolio toward a greater regulated mix. With regulated operations contributing 60% to 65% of the overall cash flow after the acquisition compared with about 30% in 2009, the "excellent" business risk profile of the utility businesses will more than offset the "satisfactory" business risk profile of the generation business. This will result in a pro forma "strong" consolidated business risk profile. We expect consolidated debt to EBITDA and debt to capital ratios to range in the "significant" financial risk profile category. Projected funds from operations (FFO) to debt at 23.5% to 25% will likely support ratings at the higher end of the 'BBB' category on successful completion of the acquisition.

PPL has made a host of commitments to the Kentucky Public Service Commission (PSC), including agreeing to retain the LGE/KU headquarters in Louisville for another 15 years, promising no merger-related job cuts and agreeing to keep the utilities' current management. Still, we believe that the transaction has risks. While PPL has asserted that the

transaction is not predicated on merger synergies, the PSC has asked the company to explain why it has not undertaken a detailed analysis of potential merger synergies. The PSC is also exploring whether PPL's operations in Pennsylvania poses KU to market risks associated with operating in restructured electricity markets. Hearings on the merger are scheduled in September 2010 and a final order expected by late September. We also note that LGE and KU have related rate cases pending with the PSC.

Current ratings on PPL mostly reflect PPL Energy's business and financial risk profiles. Given the legal ring-fencing provisions in place, Standard & Poor's analyzes PPLEU and WPD as equity investments, with dividends to PPL as their primary contribution to the consolidated entity. The lower-risk dividends from these two companies, which contribute about 20% to PPL's cash flow, temper the merchant risk from PPL Energy.

The expiration of PPLEU's long-term provider-of-last-resort (POLR) supply contract, which hitherto provided cash flow stability, has increased volatility of realized margins and PPL's liquidity requirements for collateral. As a result, PPL's and PPL Energy's business risk profiles are "satisfactory" compared with the "strong" position that the company enjoyed under the nine-year POLR supply plan with PPLEU. While PPL's cash flow is expected to improve because the company has contracted much of its 2010 and 2011 generation at price levels that are substantially higher than the capped prices in 2009, existing ratings also reflect a backwardated EBITDA profile and execution risks associated with PPL's ability to achieve stronger financial metrics and counter the higher business risk that will come attendant with its greater merchant exposure.

Short-term credit factors

Standard & Poor's views PPL's financial flexibility as adequate, in light of expected debt maturities and available credit facilities. PPL Energy, excluding WPD, has strong liquidity, with \$4.11 billion in credit facilities, \$3.2 billion of which matures beyond 2011. As of Dec. 31, 2009, there was about \$947 million in letters of credit and draws under these facilities, leaving about \$3.15 billion available. Debt maturities at PPL Capital Funding and PPL Energy should be manageable during the next few years, with only a \$500 million maturity at PPL Energy in 2011 and about \$735 million in

13.

Nondiscretionary capital expenditures in 2010 total about \$550 million, which includes environmental spending at the Brunner Island plant and replacement of components at the Martin's Creek and Montour plants. Still, discretionary spending at the hydro units at Holtwood and Montana (Project Rainbow) project could be substantial.

CreditWatch

The CreditWatch listing will remain until the transaction closes, with periodic updates. At financial close, we could raise the ratings on PPL and PPL Energy by one notch. However, material changes to the cash flow generation capability of the pro forma company or its expected financial risk profile could stem this upward momentum.

Related Criteria And Research

Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, published May 27, 2009.

Primary Credit Analyst: Aneesh Prabhu, New York (1) 212-438-1285;
aneesh_prabhu@standardandpoors.com

Secondary Credit Analyst: Swami Venkataraman, CFA, San Francisco (1) 415-371-5071;
swami_venkataraman@standardandpoors.com

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Attachment to Question No. 6

19 of 22

Arbough

October 27, 2010

Research Update:

**PPL Corp. Upgraded To 'BBB+' And
Off Credit Watch On Expected
Closing Of E.ON Acquisition**

Primary Credit Analysts:

Gerrit Jepsen, CFA, New York (1) 212-438-2529, gerrit_jepsen@standardandpoors.com
Aneesh Prabhu, New York (1) 212-438-1285, aneesh_prabhu@standardandpoors.com

Secondary Contact:

Barbara A Eiseman, New York (1) 212-438-7666, barbara_eiseman@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

Outlook

Related Criteria And Research

Ratings List

Research Update:

PPL Corp. Upgraded To 'BBB+' And Off CreditWatch On Expected Closing Of E.ON Acquisition

Overview

- We resolved the CreditWatch listing on diversified energy company PPL Corp. and affiliate PPL Energy Supply LLC (PPL Energy) on the expected Nov. 1, 2010, acquisition of E.ON U.S. LLC and its utility subsidiaries, Louisville Gas & Electric Co. (LG&E) and Kentucky Utilities Co. (KU), for \$7.625 billion.
- We are upgrading PPL and PPL Energy to 'BBB+' from 'BBB' to reflect the pro forma consolidated company's expected stronger credit profile due to a reconfigured business strategy that we expect will garner at least two-thirds of the projected operating cash flows from fully regulated utilities. The outlooks are stable.
- We are revising the outlook on utility affiliate PPL Electric Utilities (PPLEU) to stable from negative and affirming the 'A-' corporate credit rating.
- We are affirming the 'BBB+' corporate credit ratings on E.ON, LG&E, and KU. The outlooks are stable.
- We are raising the issue rating to 'A/A-2' from 'BBB+' and assigning a '1+' recovery rating on LG&E's approximately \$575 million of outstanding tax-exempt pollution control bonds to reflect the addition of first mortgage bonds as collateral and their secured status.

Rating Action

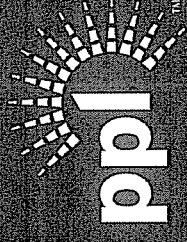
On Oct. 27, 2010, Standard & Poor's Ratings Services raised the corporate credit ratings on PPL and PPL Energy to 'BBB+' from 'BBB'. At the same time, we removed the ratings from CreditWatch with positive implications, where we put them on April 28, 2010, following the acquisition announcement. The outlooks are stable. We affirmed the 'A-' rating on PPLEU and revised the outlook to stable from negative. In addition, we affirmed the 'BBB+' ratings on LG&E and KU, and their parent, E.ON U.S. The outlooks are stable. Also, we raised the ratings on LG&E's approximately \$575 million of tax-exempt pollution control revenue bonds to 'A' from 'BBB+' to reflect the addition of first mortgage bonds as collateral for the duration of the bonds. For these newly collateralized bonds, we are assigning a recovery rating of '1+', reflecting our highest expectation of full recovery of principal (100% recovery) in a default scenario. Following the closing of acquisition, E.ON U.S. will change its name to LG&E and KU Energy LLC.

The upgrade reflects our opinion of an improved credit profile of the consolidated company following the acquisition closing. The inclusion of regulated LG&E and KU into the PPL portfolio is expected to contribute at

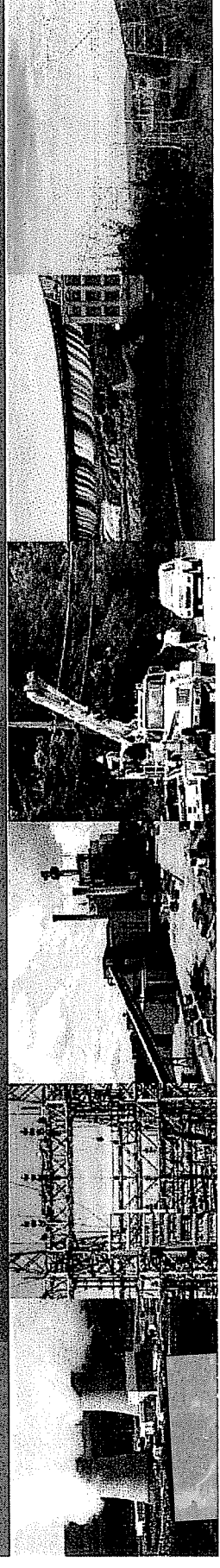


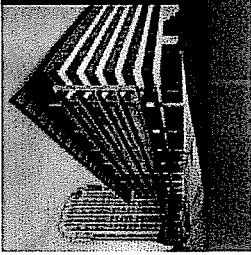
Acquisition of Central Networks

Strategic and Immediately Accretive Transaction



PPL Corporation
March 2, 2011

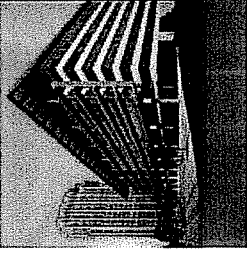




Cautionary Statements and Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.





Agenda

Introduction

Jim Miller

Chairman, President & CEO, PPL

Business Overview

Robert Symons

CEO, WPD

Transaction Overview

Paul Farr

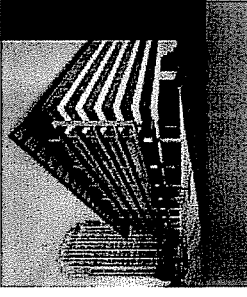
Executive Vice President & CFO, PPL

Concluding Remarks

Jim Miller

Chairman, President & CEO, PPL





Transaction Overview

Transaction

- Purchase price of £4.0 billion (\$6.4 billion); £3.5 billion (\$5.6 billion) cash and £500 million (\$800 million) assumed debt
 - \$1.70 – \$1.90 billion of PPL common stock
 - \$750 – \$950 million of convertible equity units
 - \$2.95 – \$3.25 billion (£1.85 – £2.03 billion) of unsecured debt
- Acquisition of Central Networks East plc and Central Networks West plc (together Central Networks)
- Central Networks is the second largest Distribution Network Operator (“DNO”) in the U.K., serving 5 million customers
- Contiguous with PPL’s WPD operations

Regulatory Approvals

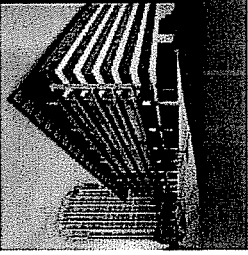
- No regulatory approvals required

Timing

- The transaction is expected to close in early April 2011

Note: Based on assumed exchange rate of \$1.60 / GBP.





Highly Strategic Transaction

- PPL achieves a highly regulated business mix
 - Project 75% of EBITDA from regulated businesses by 2013
 - U.K. electric distribution networks compare favorably to FERC-regulated independent transmission
 - Regulator-approved 5-year forward-looking revenues based on pre-approved capital expenditure plan
 - No volumetric risk
 - Additional incentives for operational efficiency and high-quality service
- Opportunity to leverage WPD's best-in-class management
 - Experience with rapid and successful integration of an acquired network
 - Highly confident in ability to achieve synergy targets
 - Creates largest U.K. electric distribution network operator by asset base



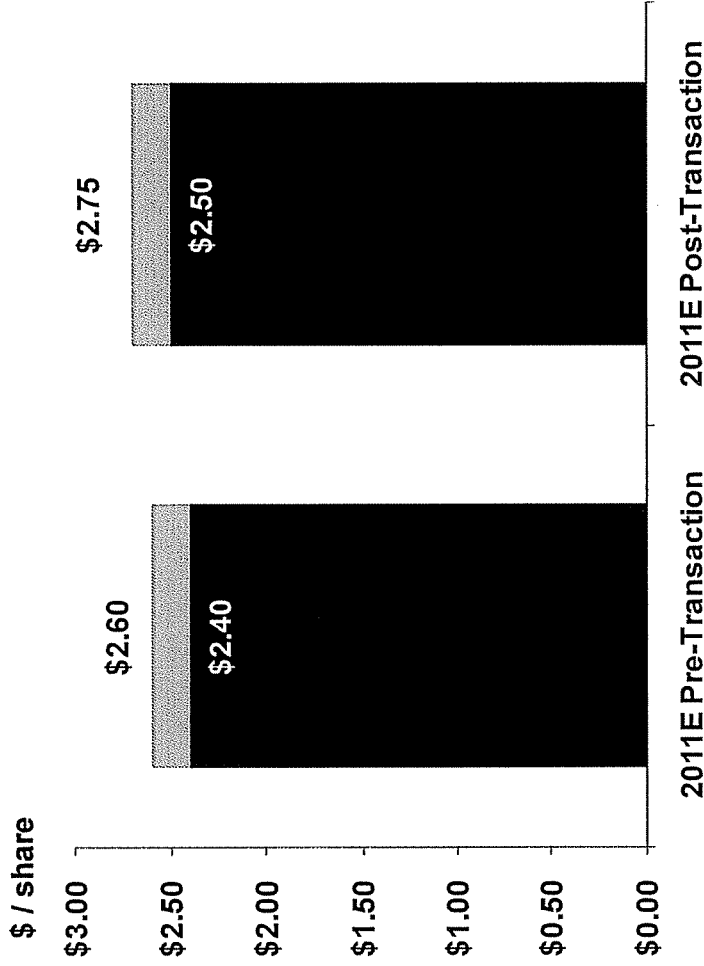


Compelling for Shareholders

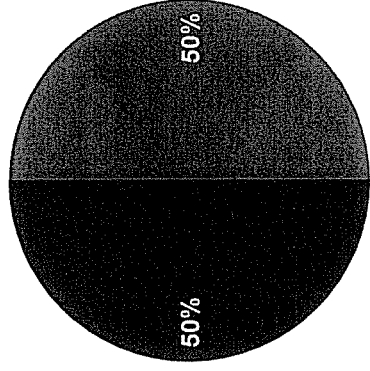
- Delivers immediate and significant benefits to PPL shareholders
- Immediately and significantly accretive ⁽¹⁾
 - 2011 – \$0.10 - \$0.15 per share
 - 2012 – \$0.23 - \$0.27 per share
 - 2013 – \$0.32 - \$0.38 per share
- Strong value for shareholders
 - Attractive valuation
 - Unique ability to create and retain synergies
 - Provides future dividend flexibility
- Enhances quality of future earnings
 - Post-transaction, approximately two-thirds of regulated capital expenditures earn returns subject to minimal or no regulatory lag
- Able to complete the acquisition on an expedited timeline

(1) Accretion includes effects of equity to fund the acquisition; assumes transaction close in early April 2011 (performance and shares on partial year basis for 2011).

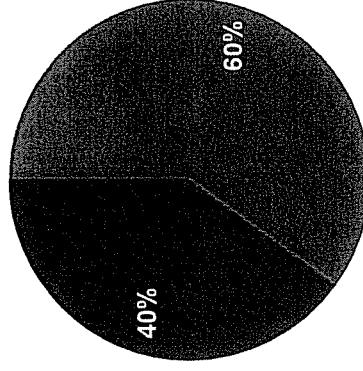
Increasing 2011 Earnings Guidance



2011E Pre-Transaction⁽¹⁾



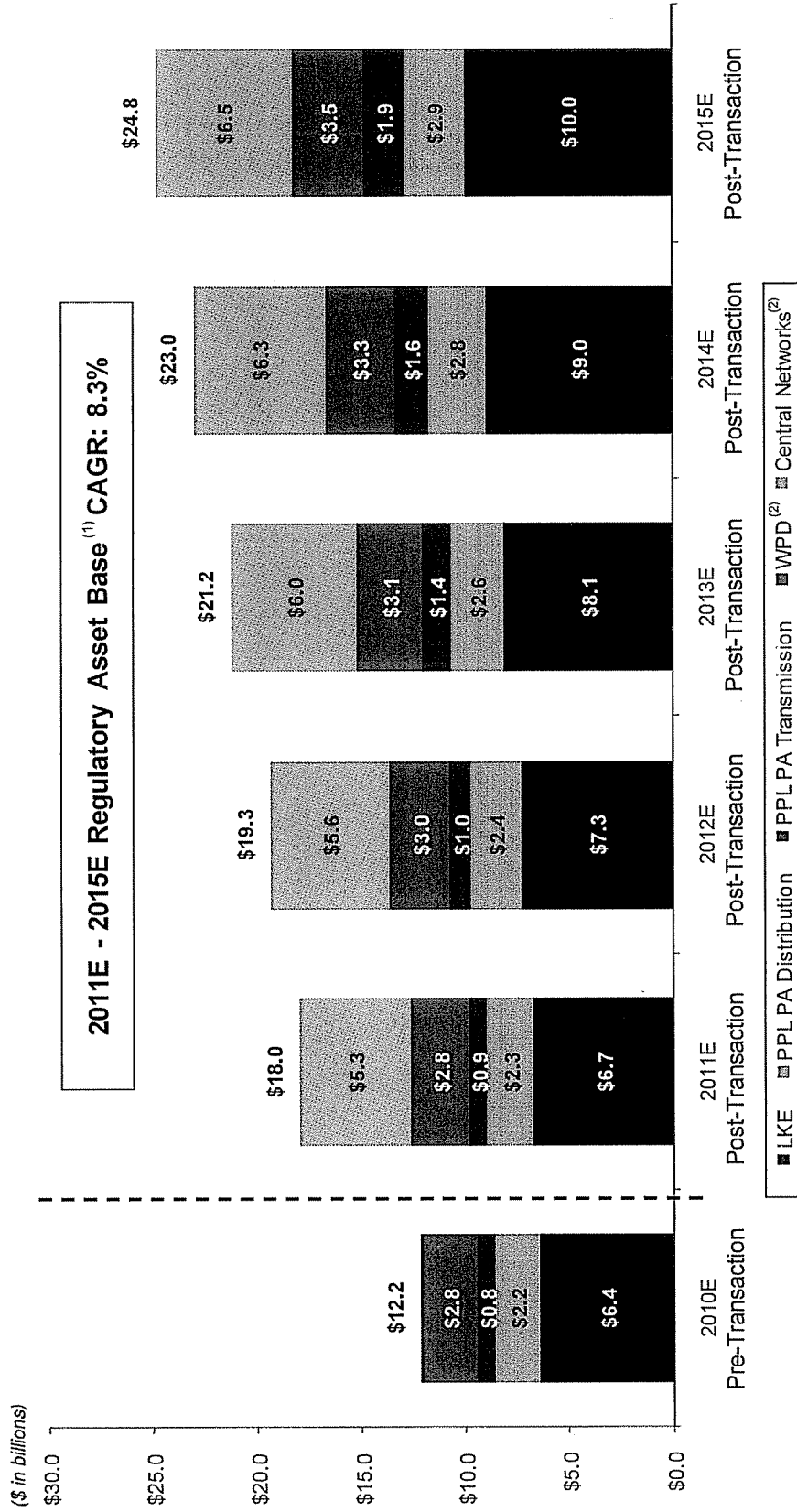
2011E Post-Transaction⁽¹⁾



Note: Excludes special items related to the transaction, does not reflect final determination of purchase accounting and assumes transaction close in early April 2011 (performance and shares on partial year basis).
 (1) Based on midpoint of guidance range.



Increased Scale with Attractive Growth



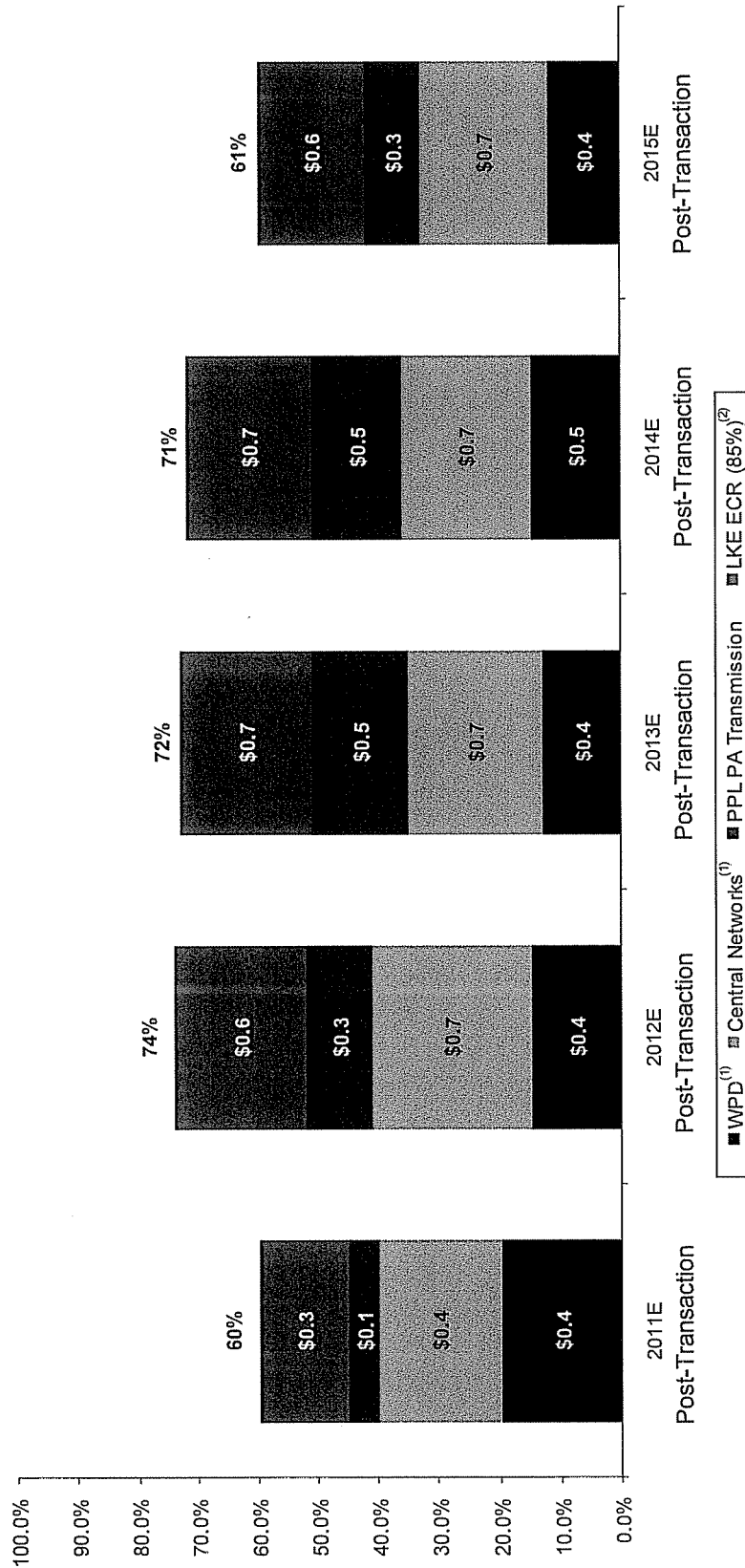
(1) Represents capitalization for LKE since LG&E and KU rate constructs are based on capitalization. Represents Regulatory Asset Value (RAV) for WPD and Central Networks.

(2) Figures based on assumed exchange rate of \$1.60 / GBP and are as of year-end December 31.



Real-Time Recovery of Majority of Regulated Capex Spending

Approximately two-thirds of regulated capital expenditures earn returns subject to minimal or no regulatory lag



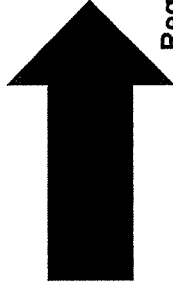
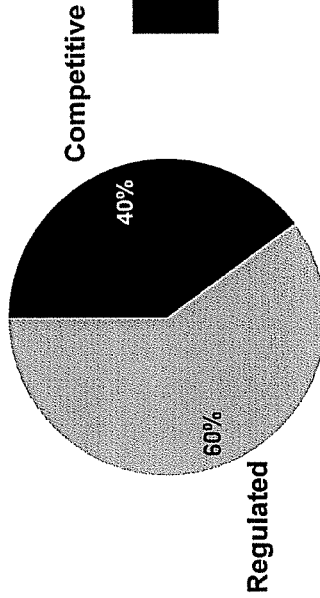
Note: \$ in billions.
 (1) Figures based on assumed exchange rate of \$1.60 / GBP.
 (2) Assumes approximately 85% of Environmental Capex of LKE runs through the ECR mechanism.



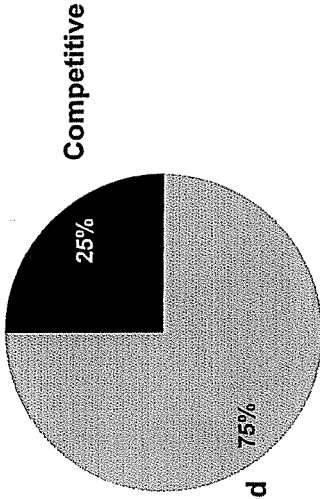
Predominantly Regulated Business Mix

EBITDA Projection ⁽¹⁾

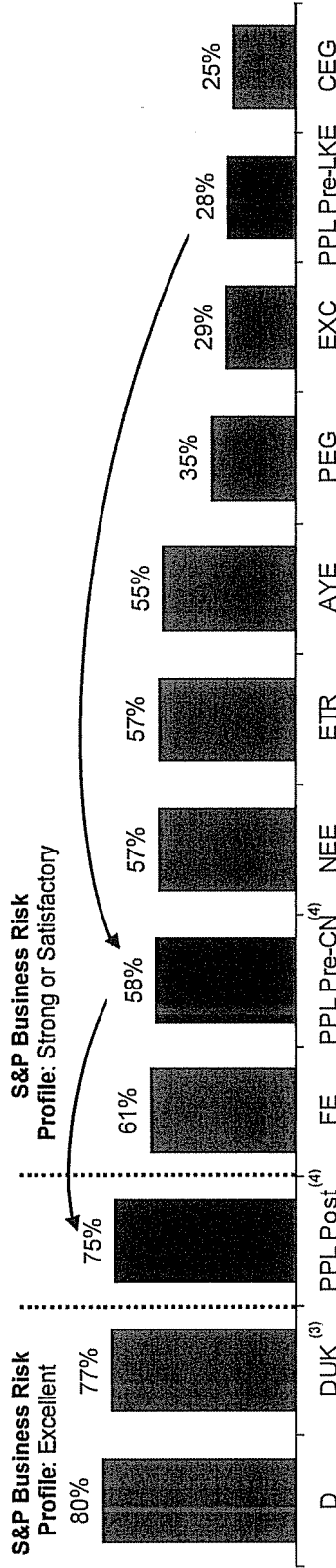
2011 Pre-Transaction



2013 Post-Transaction

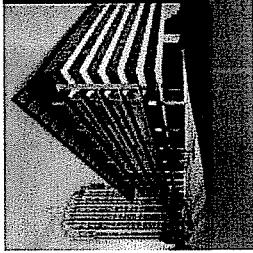


Regulated Cash Flow ⁽²⁾



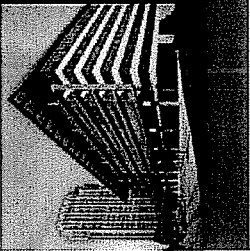
(1) Approximate projections.
 (2) "Does The Shale Gas Glut Pose A Threat To U.S. Integrated Power Merchants' Credit Quality?" Standard & Poor's, October 22, 2010. Based on EBIT estimate from company presentation.
 (3) PPL estimates; CN pre-transaction figure based on 2011 FFO; post-transaction figure based on 2013 FFO for the combined entity, which includes full realization of synergies.
 (4)





International Regulated Overview





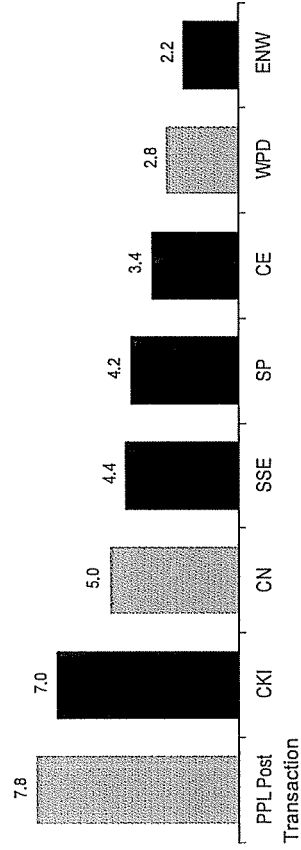
U.K. Networks Overview

(\$ in billions)

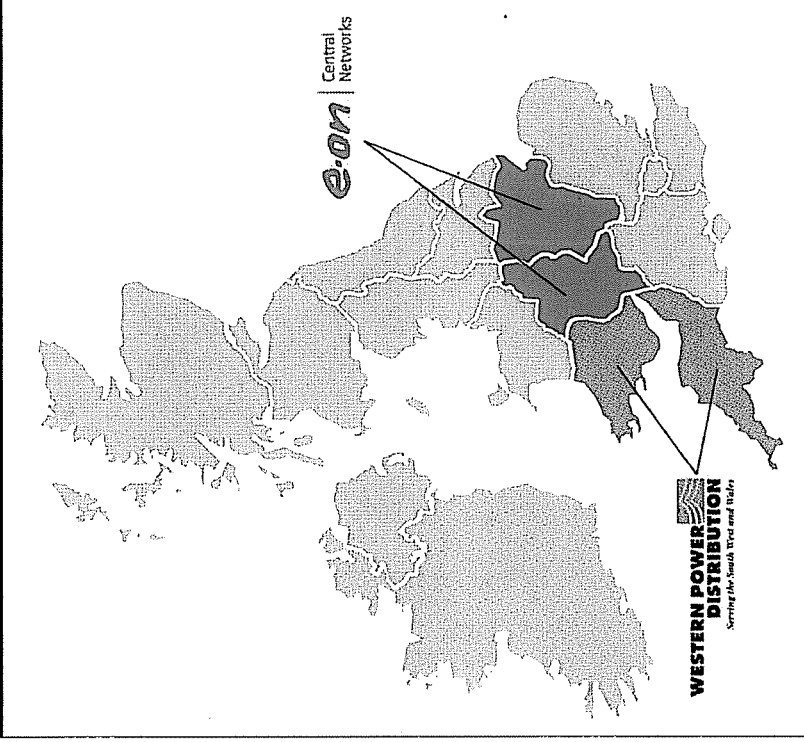
	WPD	Central Networks	Combined
RAV ⁽¹⁾	\$2.8	\$5.0	\$7.8
Utility customers (m)	2.6	5.0	7.6
Network miles	~52,000	~83,000	~135,000

(\$ in billions)

Regulated Asset Value⁽¹⁾



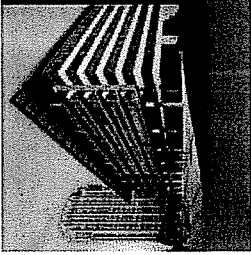
Service Territory



Note: Based on \$1.60 / GBP exchange rate.

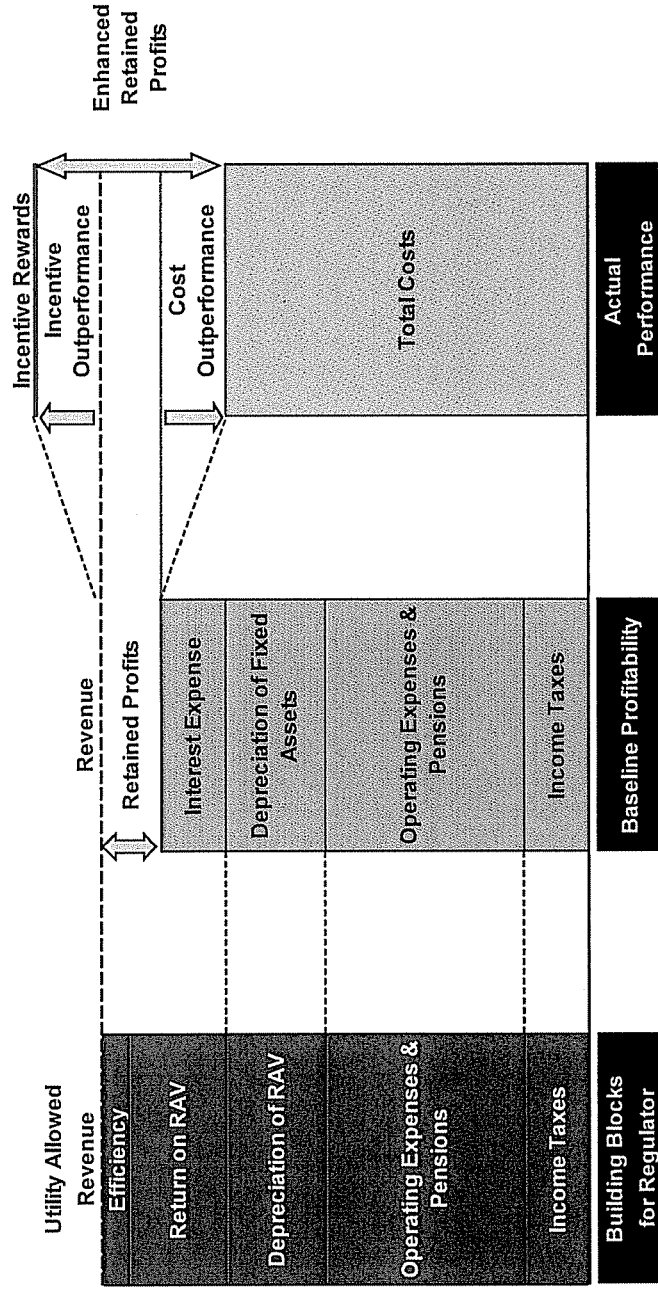
(1) Figures as per Office for Gas and Electric Markets ("Ofgem") final proposals, adjusted for inflation, year-end 3/31/2011.

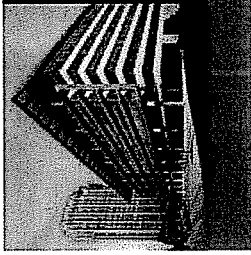




Performance Incentive-Based U.K. Electricity Distribution Regulation

- The U.K.'s Office of Gas and Electricity Markets (Ofgem) determines rates for a 5-year period on the basis of:
 - Efficiently incurred operating costs
 - A 5-year forward assessment and funding of capital expenditures
 - A return on and a return of capital through depreciation of the regulated asset value
 - Incentive revenue geared to outperformance

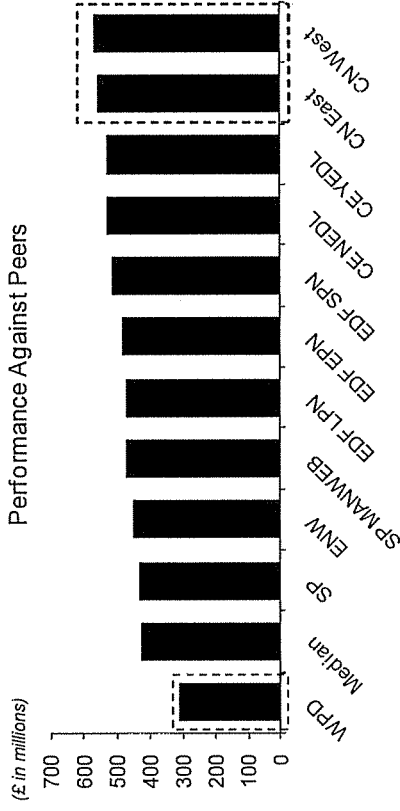




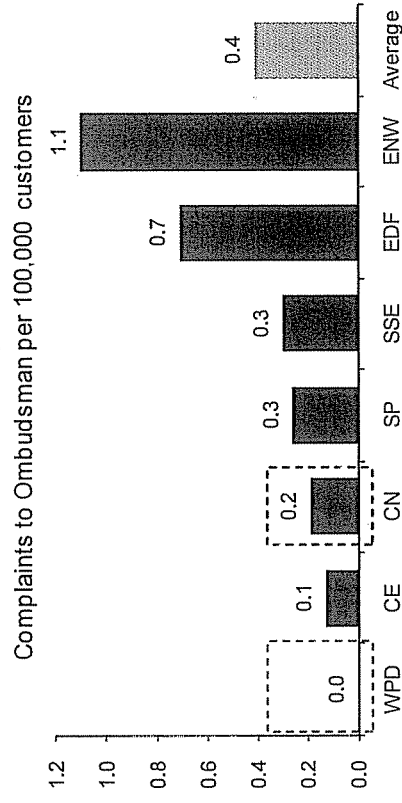
WPD: Best-in-Class U.K. Performance

- Best reliability among 14 distribution companies
- Highest incentive payments for surpassing regulatory targets
- Most capital efficient in sector
- Awarded \$250m efficiency allowance in DPCR5
- 6 years with no customer complaints to regulator
- Awarded the U.K. Customer Excellence Standard (18 consecutive years of recognition)

Capex Efficiency in DPCR5⁽¹⁾
Performance Against Peers

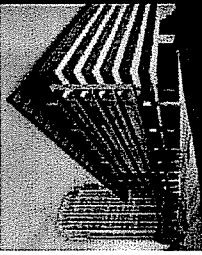


Customer Complaints⁽²⁾



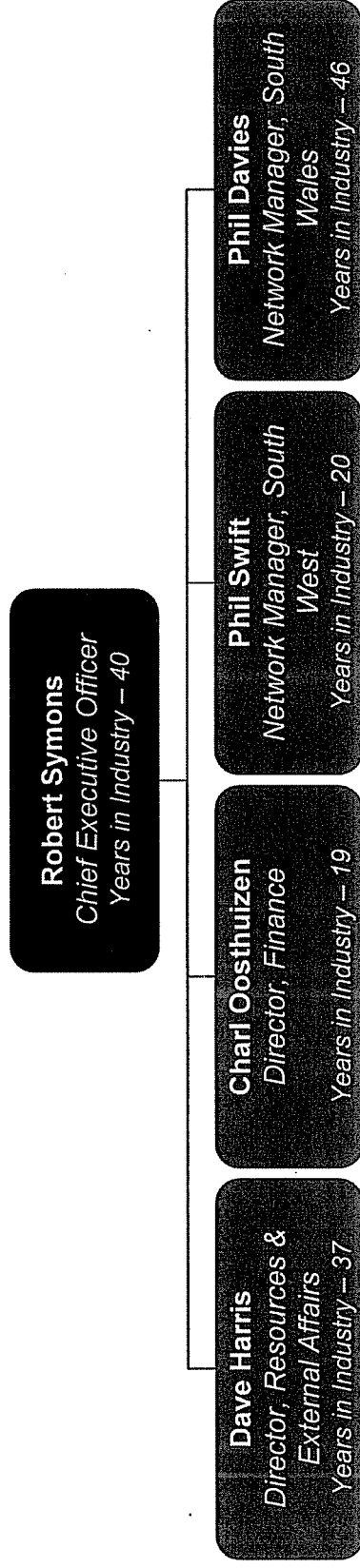
(1) Ofgem data extrapolated to WPD spend volume.
(2) Ombudsman management information.

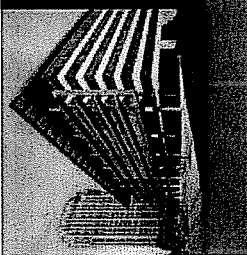




Management's Record of Delivery

- The same management team brought about the successful merger of South Wales and South West within the same timeframes
- Synergies are a direct parallel to the South Wales transaction
- Assessment of efficiencies lie within known boundaries





WPD is the Best-In-Class Operator

U.K. Electric Distribution Network Operator Rankings

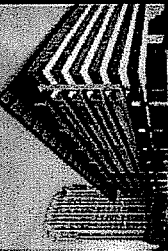
	Base RORE ⁽¹⁾			Customer Service			Overall Average Rank ⁽²⁾
	Operational Costs	Allowed Totex	Customer Interruptions	Customer Minutes Lost			
WPD	1	2	3	1	1		
SSE	2	1	5	4	2		
ENW	5	4	1	2	3		
MidAmerican	3	3	6	6	4		
Scottish Power	6	6	2	3	5		
Central Networks	4	7	7	5	6		
CKI	7	5	4	7	7		

Source: *Ofgem.*

(1) *Return on Regulated Equity.*

(2) *Based on average across all categories.*

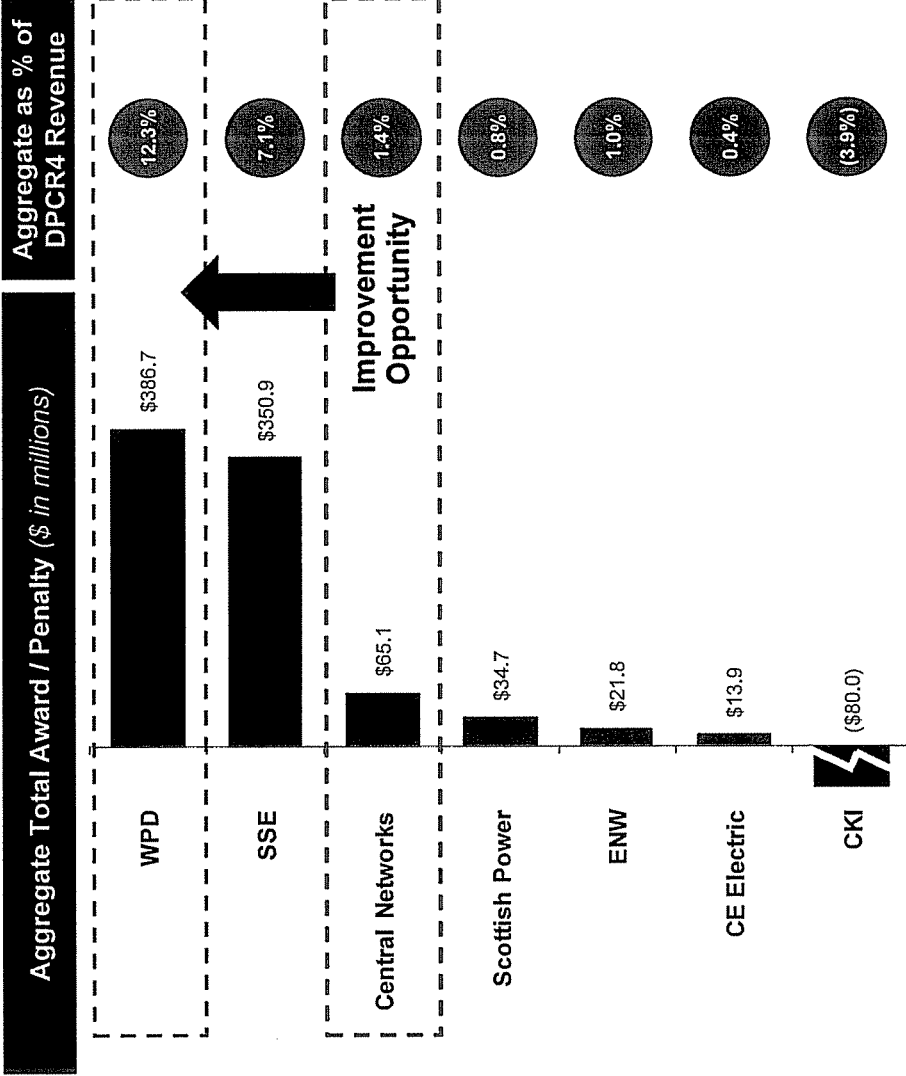




WPD Performance Rewards Top in Industry

WPD Rewards

\$18.7	Customer Minutes Lost ("CML") Targets tougher than benchmark
29.0	Supply restoration best practice
3.0	Telephone & Discretionary
26.7	Customers Interrupted
51.2	Annual CML Incentives
3.9	Associated Interest
\$132.5	Total DPCR4
\$80.6	CML Targets tougher than benchmark
51.0	Forecasting Accuracy (Information Quality Incentive ("IQI"))
110.4	Capital Cost Efficiency (pre-IQI)
12.2	Operating Cost Efficiency
\$254.2	Total DPCR5
\$386.7	Total DPCR4 & DPCR5
	Rewards during DPCR4
	Rewards secured for DPCR5



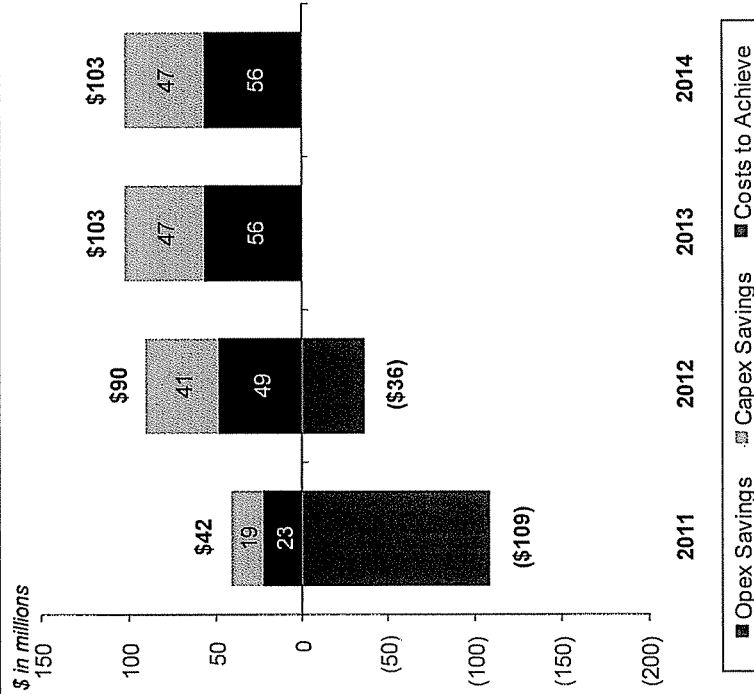
Source: Ofgem data.
Note: Figures based on assumed exchange rate of \$1.60 / GBP.



Significant Synergy Opportunity

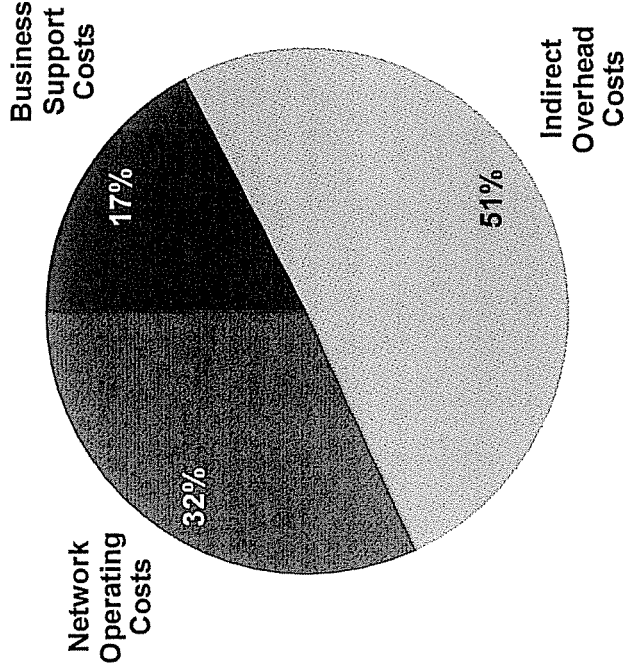
100% Synergies retained through end of current rate period ⁽¹⁾; 47% in following rate period ⁽²⁾

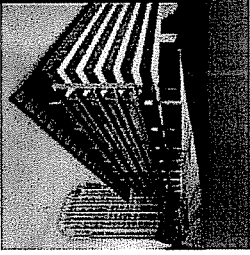
Estimated Annual Pre-Tax Synergies



Note:
 (1) Figures based on assumed exchange rate of \$1.60 / GBP.
 (2) Ends in March 2015.
 Expected to end in March 2023.

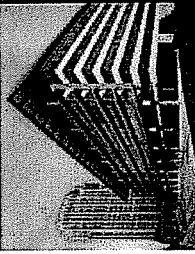
Opex Synergies by Category





Transaction Overview and Timing





Transaction Financing / Structure

Timing

- Expected to close early April 2011

Committed Acquisition Facility

- Committed acquisition facility from Bank of America Merrill Lynch and Credit Suisse
 - Expected to be drawn in full at closing to fund acquisition
 - Plan to complete equity capital offering in the second quarter of 2011 after finalizing U.S. GAAP financials

Permanent Financing

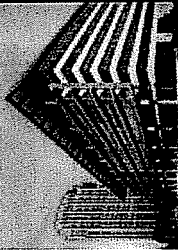
- \$1.70 – \$1.90 billion of PPL common stock
- \$750 – \$950 million of convertible equity units
- \$2.25 – \$2.45 billion (£1.41 – £1.53 billion) of unsecured debt at Central Networks operating entities
- \$700 – \$800 million (£438 – £500 million) of senior unsecured debt at a U.K. holding company above Central Networks

Note: Based on assumed exchange rate of \$1.60 / GBP.

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20





Financial Impact

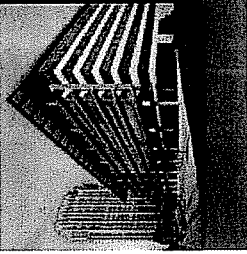
Earnings

- Immediately and significantly accretive ⁽¹⁾
 - 2011 – \$0.10 - \$0.15 per share
 - 2012 – \$0.23 - \$0.27 per share
 - 2013 – \$0.32 - \$0.38 per share
- Significantly greater earnings accretion expected as efficiencies and financial benefits of the transaction are fully realized
- Able to retain synergies in full through March 2015 and 47% through March 2023

Credit

- Low business risk and design of financing plan maintain investment grade credit profile
- Expecting Baa1 / BBB ratings at Central Networks operating entities
- Financing plan has been discussed with rating agencies

⁽¹⁾ Accretion includes effects of equity to fund the acquisition; assumes transaction close in early April 2011 (performance and shares on partial year basis for 2011).



Favorable U.K. Regulatory Framework

U.K. Electric Distribution Network

FERC-Regulated Independent Transmission

Regulatory construct

Form of regulation Rate of return and incentive / performance based Rate of return based with RoE incentives

Rate setting mechanism Forward looking Forward looking

Frequency of rate setting Every 5 years Annual formula-rate filing

Recovery lag None Minimal

Volumetric risk None Minimal

Rates of return

Nominal RoE at Utility Level 10% - 14% subject to performance 11% - 14% including RoE incentives

Adjusted for inflation on a rolling basis

RoE adders / incentives Ability to achieve sustained higher returns through: RTO membership

Cost outperformance Independent status

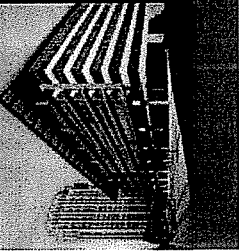
Performance incentives Project complexity

No performance incentives

Holding company leverage Low 20% holding company effective RoE Low 20% holding company effective RoE

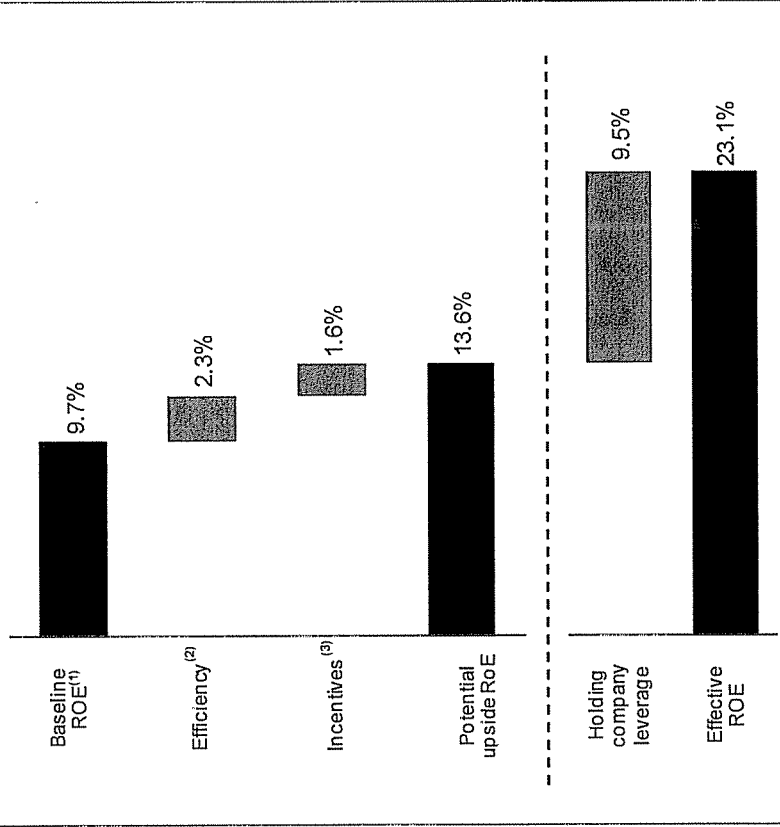
U.K. regulation compares favorably to FERC-regulated independent transmission



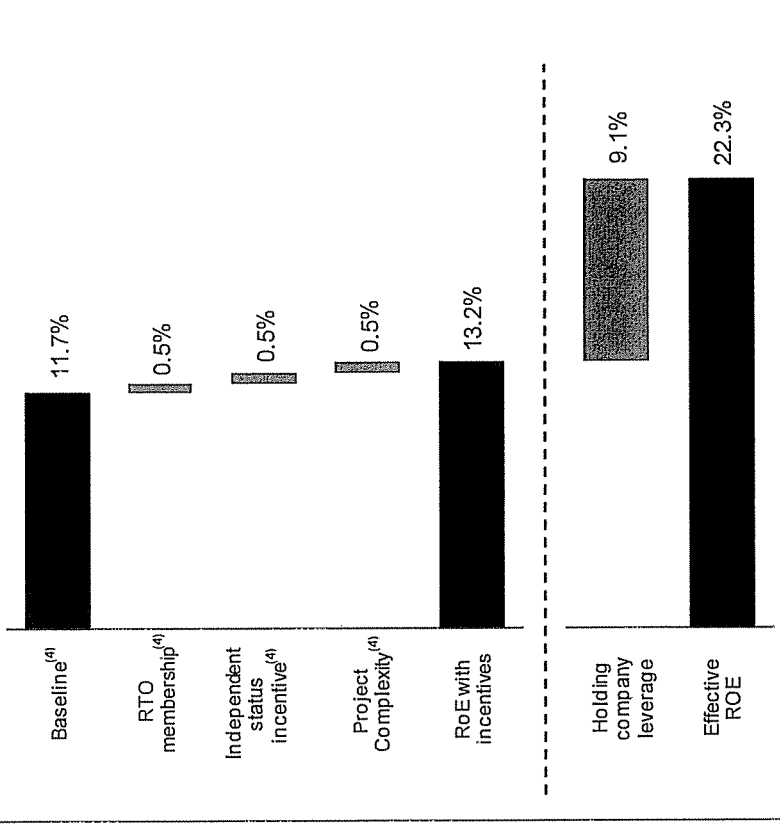


Estimated Equity Returns for an Efficient U.K. Operator vs. FERC

U.K. Electric Distribution Network Operator Example

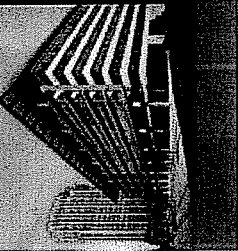


FERC-Regulated Independent Transmission Example



(1) Assumes 3% of inflation per annum; inflation adjustment figured off of HM Treasury publication on a rolling basis
 (2) Based on efficiency levels achieved by SSE and WPD. § 4.10 of DPCR5 Final Proposals decision document dated 12/7/2009.
 (3) Mid-point of Ofgem's estimate of incentives upside. § 4.11 of DPCR5 Final Proposals decision document dated 12/7/2009.
 (4) Source: FERC.





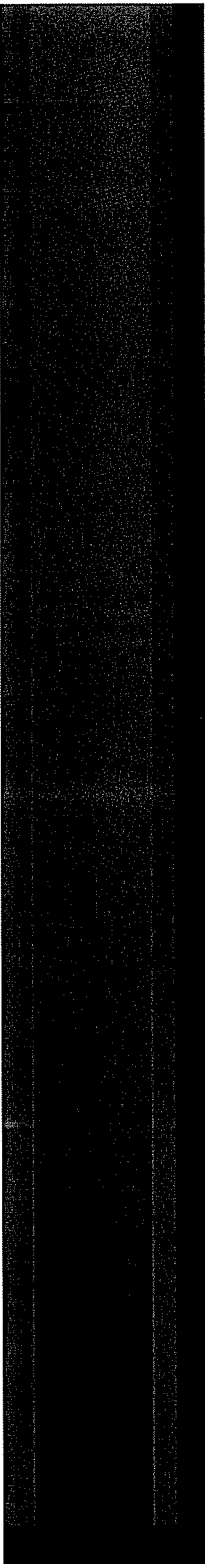
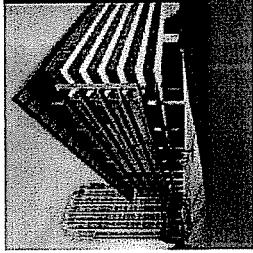
Significant Growth in International Regulated Earnings

	2011E	2012E	2013E
<i>(\$ in millions)</i>			
International Regulated Segment (Pre-Transaction) ⁽¹⁾			
Revenue	\$800 - \$890	\$840 - \$930	\$910 - \$1,010
Net Income	\$210 - \$230	\$190 - \$210	\$220 - \$250
Addition of Central Networks ⁽²⁾	<u>4/1 - 12/31/2011</u>		
Revenue	\$800 - \$890	\$1,250 - \$1,380	\$1,320 - \$1,450
Net Income ⁽³⁾	\$220 - \$250	\$305 - \$335	\$380 - \$420
Post-Transaction Revenue	\$1,600 - \$1,780	\$2,090 - \$2,310	\$2,230 - \$2,460
Post-Transaction Net Income ⁽³⁾	\$430 - \$480	\$495 - \$545	\$600 - \$670

Note: Figures based on assumed exchange rate of \$1.60 / GBP.

- (1) PPL business plan allocates certain corporate expenses to International Regulated Segment; future allocation of expenses may increase but will have no impact on consolidated earnings.
- (2) PPL business plan assumes transaction close in early April 2011 (performance and shares on partial year basis for 2011).
- (3) Excludes special transaction-related expenses in the years ending December 2011 and 2012.





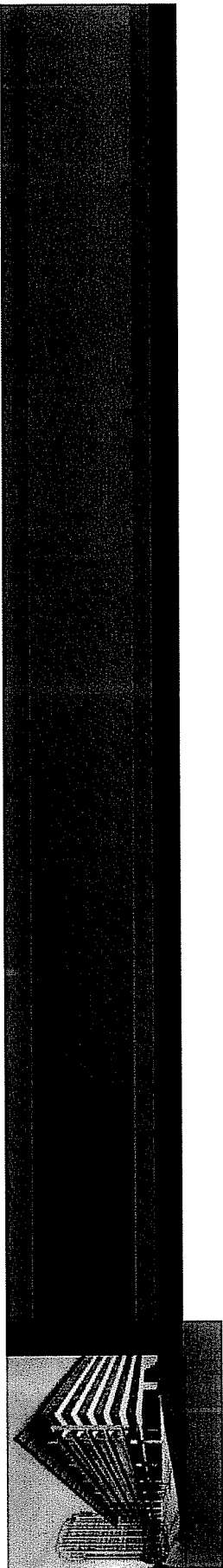
Concluding Remarks





Concluding Remarks

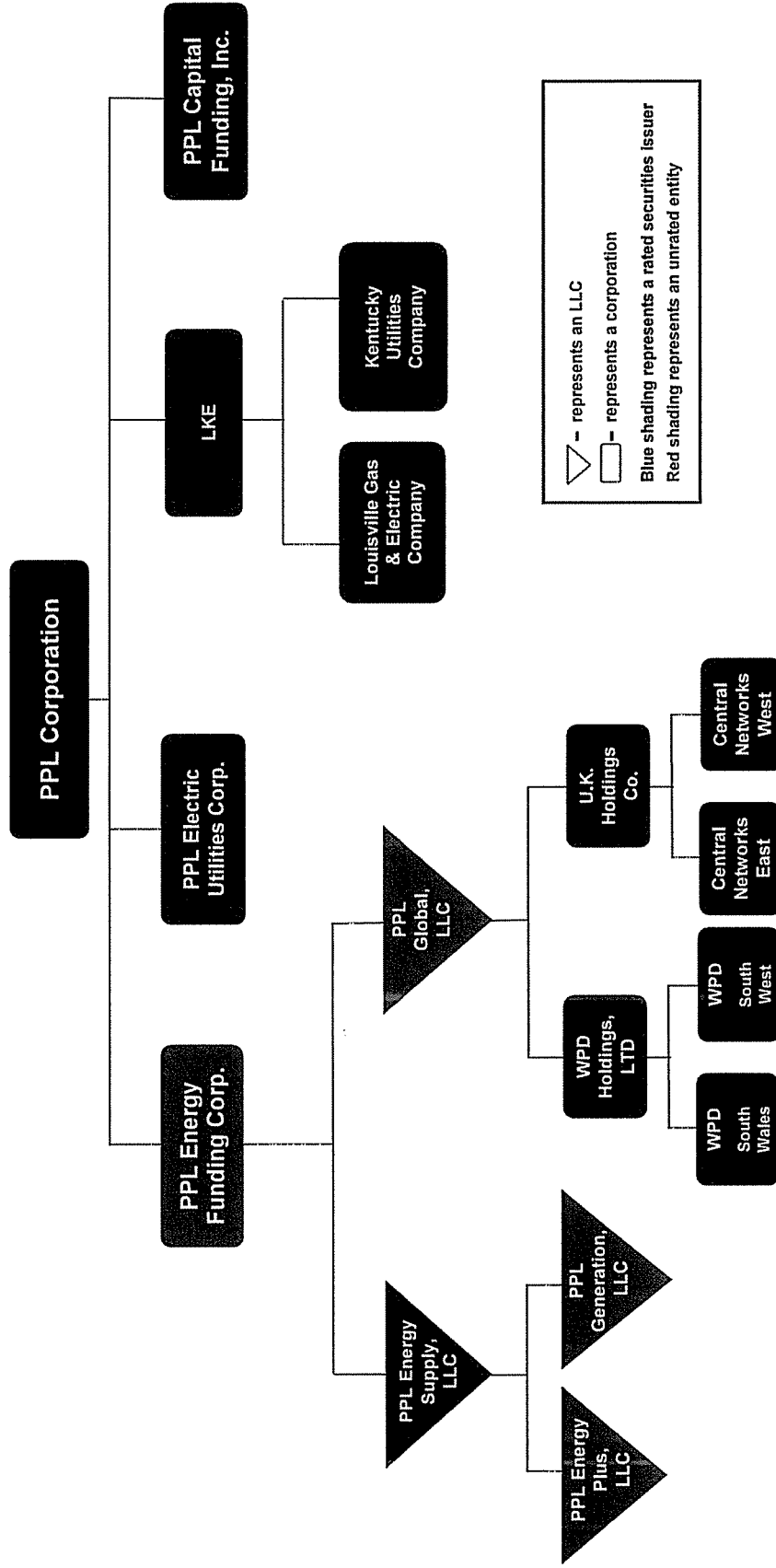
- Immediately accretive to earnings and valuation
 - Significant achievable synergies
- Complementary business in highly favorable regulatory framework
 - U.K. regulation compares favorably to FERC-regulated independent transmission
- Leverages PPL's best-in-class U.K. management team
 - Highly confident in ability to successfully integrate and achieve synergy targets
- Achieves highly regulated business mix
 - Project 75% of EBITDA from regulated businesses by 2013
- Further strengthens business risk profile
- Enhances quality of future earnings



Appendix



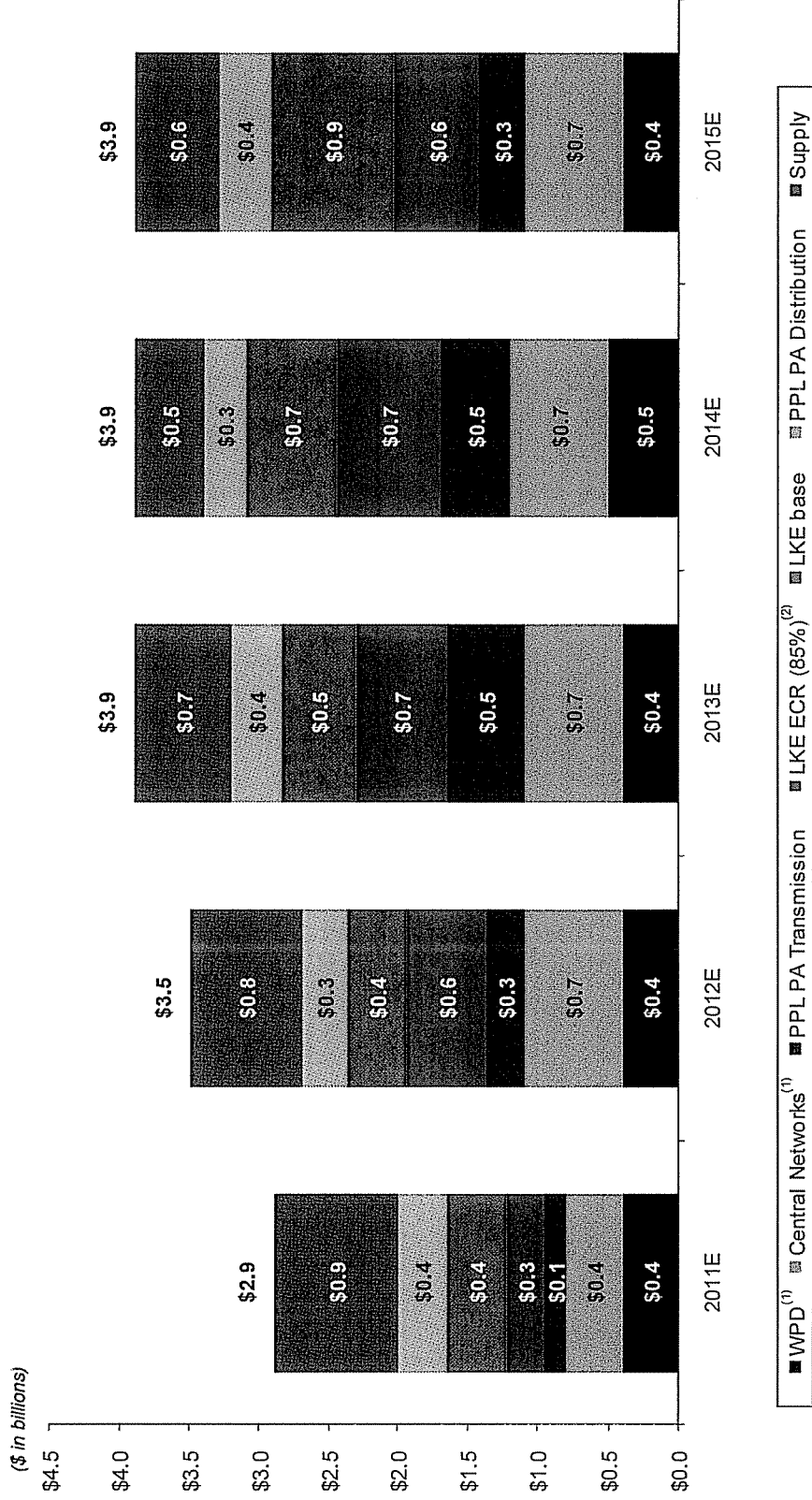
Pro Forma Corporate Structure



▽ represents an LLC
 □ represents a corporation
 Blue shading represents a rated securities issuer
 Red shading represents an unrated entity



Capital Expenditures by Segment



(1) Figures based on assumed exchange rate of \$1.60 / GBP.

(2) Assumes approximately 85% of Environmental Capex of LKE runs through the ECR mechanism.

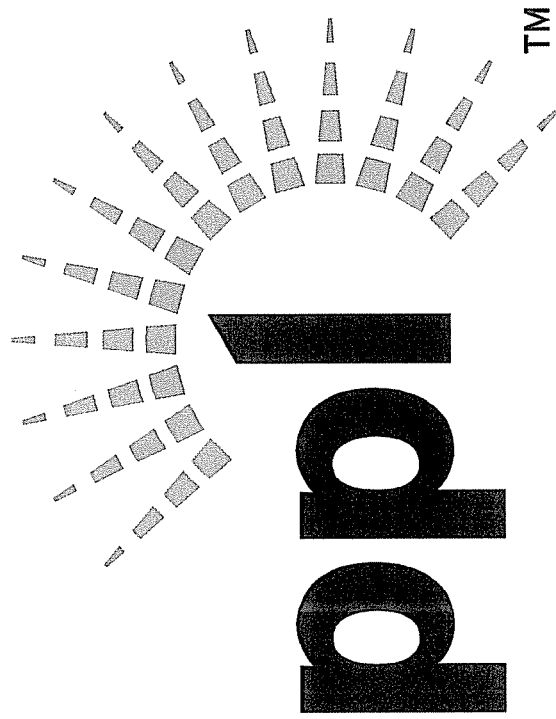
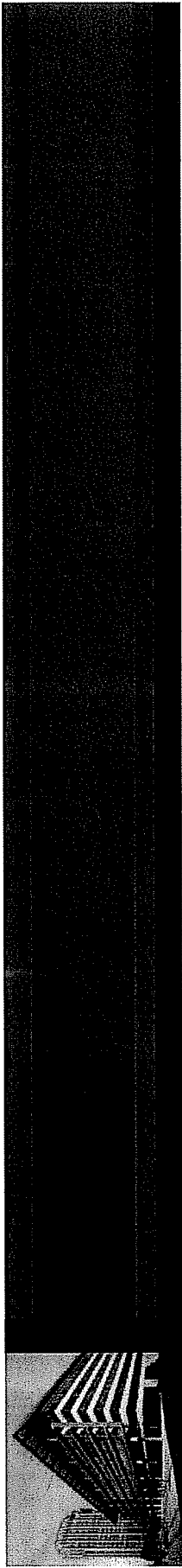




Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future events and their timing, including the acquisition ("Acquisition") by PPL Corporation of Central Networks East plc and Central Networks West plc (Collectively, "Central Networks"), the expected results of operations of Central Networks or PPL Corporation both before or following PPL Corporation's acquisition of Central Networks, as well as statements as to future earnings, the timing or extent of realizing synergistic and other benefits from the Acquisition, energy prices, margins and sales, growth, revenues, expenses, cash flow, credit profile, ratings, financing, asset disposition, marketing performance, hedging, regulation, corporate strategy and generating capacity and performance, are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these expectations, assumptions and statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: capital market conditions, including their effect on permanent financing of the Acquisition, and decisions regarding capital structure; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; stock price performance; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation, Central Networks and of their subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset acquisitions and dispositions; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; the impact of state, federal or foreign investigations applicable to PPL Corporation, Central Networks and their subsidiaries; the outcome of litigation against PPL Corporation, Central Networks and their subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation, Central Networks and their subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax or environmental legislation or regulation; and the commitments and liabilities of PPL Corporation, Central Networks and of their subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.





Attachment to Question No. 4

4 of 8

Arbough

least two-thirds of overall operating cash flow compared with existing majority of cash flow coming from unregulated operations. In our opinion, the excellent business risk profiles of the regulated utilities will more than offset PPL Energy's satisfactory business risk profile. This results in a pro forma strong consolidated business risk profile. We expect consolidated debt to EBITDA and debt to capital ratios to range in the significant financial risk profile category.

Rationale

For the \$6.7 billion cash portion of the \$7.625 billion acquisition (excluding \$250 million in related transaction expenses/fees), PPL will use cash on hand, approximately \$2 billion of LG&E and KU debt, and \$800-\$900 million of senior unsecured debt at LG&E and KU Energy LLC (intermediate holding company) that will ultimately be issued. In order to complete the acquisition, PPL will draw down its PPL Energy credit facility by about \$3 billion after which it is expected to conduct permanent financing that will be used to repay the short-term outstanding debt. PPL has also issued \$2.4 billion of common equity and PPL Capital Funding issued \$1.1 billion of equity units that receive high equity credit under our rating criteria.

Allentown, Pa.-based PPL has about \$4.7 billion of long-term debt excluding debt at PPLEU and the Western Power Distribution (WPD) group of companies. Excluding PPLEU and WPD debt, pro forma PPL debt is expected to be about \$9 billion.

LG&E and KU are fully regulated vertically-integrated electric utilities serving customers in Louisville and its surrounding area. The strengths of these utilities include relatively predictable utility operations and associated cash flows, constructive regulatory environment, and competitive rates. The offsetting factor is the reliance on a fleet of mostly coal-fired generation, but the assets are up to date for current environmental requirements and have a significant proportion of future capital spending through 2014 approved in rates.

For PPL Energy, the expiration of PPLEU's long-term provider-of-last-resort (POLR) supply contract, which hitherto provided cash flow stability, has increased volatility of realized margins and liquidity requirements for collateral. While PPL Energy's cash flow is expected to improve because it has contracted much of its 2010 and 2011 generation at substantially higher prices than in 2009, Ratings also reflect a backward-dated EBITDA profile and execution risks associated with PPL Energy's ability to achieve stronger financial metrics and counter the higher business risk that will come attendant with its greater merchant exposure. Market fundamentals also have weakened. The expected tightening of reserve margins in the PJM Interconnection has not materialized because of the economic slowdown. Some drop in demand has depressed RPM prices (rest of RTO price) as well as auctions/RFPs of neighboring utilities (FirstEnergy, Allegheny). We consider PPL's financial risk profile to be significant, with adjusted financial measures expected to be in line for the rating. We expect that financial measures will continue at current levels as full cost recovery following the acquisition. We expect consolidated debt to EBITDA and debt to capital ratios

to range in the significant financial risk profile category. Projected FFO to debt in the 22%-23% range is expected to support ratings at the higher end of the 'BBB' category.

Short-term credit factors

The short-term rating on PPL and affiliates is 'A-2'. Standard & Poor's views PPL's liquidity as strong under its corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.5x. Sources over uses would be positive even after a 50% EBITDA decline. Additional factors that support the liquidity are PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management. We will assess the pro forma liquidity of newly combined company once bank credit facilities and other short-term financing have been finalized.

Outlook

The stable outlook on PPL and its subsidiaries, and those of LG&E and KU, reflect our expectation that management will maintain a strong business profile by focusing on its regulated utilities and not increase unregulated operations beyond current levels. The outlook also reflects expectations that cash flow protection and debt leverage measures will be in line for the rating. Specifically, our baseline forecast includes FFO to total debt of about 23%, debt to EBITDA under 4x, and debt leverage to total capital of about 52%, consistent with our expectations for the 'BBB+' rating. Given the company's mostly regulated focus, we expect that PPL will avoid any meaningful rise in business risk by reaching constructive regulatory outcomes and not expand its unregulated operations. We could lower the ratings if unregulated cash flow expectations lag due to weaker demand for power in the PJM market or forecasted financial measures are not sustained at expected levels. Although unlikely over the intermediate term, we could raise ratings if the business risk profile moves further towards excellent and financial measures exceed our base line forecast on a consistent basis, including FFO to total debt in excess of 23%, debt to EBITDA below 4x, and debt to total capital around 50%.

Related Criteria And Research

- 2008 Corporate Criteria: Analytical Methodology
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded
- 2008 Corporate Criteria: Ratios And Adjustments
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers

Ratings List

Upgraded; CreditWatch/Outlook Action

	To	From
PPL Corp.		
PPL Energy Supply LLC		
Corporate Credit Rating	BBB+/Stable/--	BBB/Watch Pos/--
PPL Capital Funding Inc.		
Senior Unsecured	BBB	BBB-/Watch Pos
Junior Subordinated	BBB-	BB+/Watch Pos
PPL Capital Funding Trust I		
Preference Stock	BBB-	BB+/Watch Pos
PPL Energy Supply LLC		
Senior Unsecured	BBB+	BBB/Watch Pos

Ratings Affirmed/Outlook Action

PPL Electric Utilities Corp.		
Corporate Credit Rating	A-/Stable/A-2	A-/Negative/A-2
Senior Secured	A-	
Recovery Rating	1	
Preference Stock	BBB	
Commercial Paper	A-2	

Ratings Affirmed

E.ON U.S. LLC		
Louisville Gas & Electric Co.		
Kentucky Utilities Co.		
Corporate credit rating	BBB+/Stable/--	

Upgraded

	To	From
--	----	------

Louisville Gas & Electric Co.		
\$575M tax-exempt pollution control bonds	A/A-2	BBB

Rating Assigned

Louisville Gas & Electric Co.		
Recovery rating	1+	

Research Update: PPL Corp. Upgraded To 'BBB+' And Off CreditWatch On Expected Closing Of E.ON Acquisition

Complete ratings information is available to RatingsDirect subscribers on the Global Credit Portal at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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The McGraw-Hill Companies

Attachment to Question No. 6

20 of 22

Arbough

November 15, 2010

PPL Corp.

Primary Credit Analyst:

Gerrit Jepsen, CFA, New York (1) 212-438-2529, gerrit_jepsen@standardandpoors.com

Secondary Contact:

Barbara A Eiseman, New York (1) 212-438-7666, barbara_eiseman@standardandpoors.com

Table Of Contents

Major Rating Factors

Rationale

Outlook

Related Criteria And Research



PPL Corp.

Major Rating Factors

Strengths:

- Regulated utilities produce recurring operating cash flow;
- Low-cost coal and nuclear generation;
- Operating diversity in merchant generation fleet; and,
- Merchant generation has been contributing stable cash flow due to hedging activities.


Corporate Credit Rating

BBB+/Stable/NR

Weaknesses:

- More than one-third of consolidated cash flow from riskier unregulated operations;
- Exposure to potentially stricter environmental standards, especially regarding carbon dioxide; and
- Cash flow erosion from lower power prices.

Rationale



The ratings on PPL Corporation reflect the regulated cash flows of vertically integrated utility subsidiaries Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LG&E), along with dividend payments from PPL Electric Utilities Corp. (PPL) and Western Power Distribution Holdings Ltd. (WPD), both of which we, for our analysis, consider as equity investments of PPL. When determining PPL's credit quality, we consider the predictability of PPL's and WPD's dividend contributions to PPL since the utilities are considered to be insulated from the rest of PPL through structural enhancements that restrict, to some extent, the utilities' business and financial activities. In conjunction with these regulated cash flows is the higher business risk of unregulated generation owned through PPL Energy Supply LLC (PPL Energy). After incorporating these various affiliates, we consider PPL's business risk profile to be 'strong'. Allentown, Pa.-based PPL has about \$9 billion of long-term debt excluding that of WPD and PPL.

PPL's strong business risk profile reflects 'excellent' business risk profiles for the vertically integrated utilities KU and LG&E, and electric T&D utility PPL and WPD's electric distribution utilities. PPL Energy's business risk profile is considered 'satisfactory', reflecting the merchant status of the generation portfolio. LG&E and KU, subsidiaries of PPL's intermediate holding company LG&E and KU Energy LLC, serve electric and natural gas customers scattered throughout Kentucky, including Louisville and Lexington. The strengths of these utilities include relatively predictable utility operations with steady cash flows, constructive cost recovery, and relatively low rates derived from low-cost coal-fired generation. Although generation is mostly coal-fired, the plants meet current environmental requirements and have a significant amount of capital spending through 2014 that should be recoverable through rates. PPL is a low-risk regulated electric T&D utility that serves about 1.4 million customers in central and eastern Pennsylvania. Residential and commercial customers comprise about 80% of the utility's sales. PPL's credit profile benefits from an automatic adjustment mechanism for recovery of future transmission-related costs and a rate rider that provides for the pass through of power costs to ratepayers outside a base rate proceeding. The future of competitive power markets in Pennsylvania continues to temper the utility's business profile. PPL's insulation does not isolate it from PPL's credit quality, and lower ratings on PPL could

result in lower ratings on PPLEU. WPD is a United Kingdom-based holding company that serves 2.6 million customers through electric distribution subsidiaries Western Power Distribution (South West) PLC and Western Power Distribution (South Wales) PLC.

PPL Energy is the intermediate holding company for WPD and roughly 11,500 MW of unregulated generation that consists of well-located low-cost nuclear and coal plants. With the expiration at the end of 2009 of a long-term supply contract with affiliate PPLEU, PPL Energy's cash flow is expected to improve since most of its 2010 and 2011 generation is under contract at substantially higher prices. However, there is increased margin volatility and greater collateral requirements that require more liquidity. Credit quality is negatively affected from lingering uncertainty surrounding the competitive generation market in Pennsylvania. Potential systemic negative drivers include low natural gas prices that would affect the dark spread between coal and natural gas fired generation assets and a significantly more restrictive environmental standard than currently expected. We consider PPL's financial risk profile to be 'significant' and expect adjusted financial measures to be in line for the rating. For our forecasts of PPL, we consider PPLEU and WPD as equity investments and remove all their outstanding debt when we deconsolidate these two affiliates from PPL. Projected funds from operation (FFO) to debt in the 22%-23% range and debt to total capital of about 52% would support ratings at the higher end of the 'BBB' category. Projected debt to EBITDA around 4x would further support the rating. Projected free operating cash flow is expected to be positive, but with net cash flow (FFO less dividends) projected to be less than capital spending levels, external financing would be necessary. FFO interest coverage is projected to exceed 5x.

Short-term credit factors

Standard & Poor's views PPL's liquidity as 'strong' under its corporate liquidity methodology, which categorizes liquidity in five standard descriptors. 'Strong' liquidity supports PPL's 'BBB+' issuer credit rating. Projected sources of liquidity, mainly operating cash flow and available bank lines, exceed projected uses, mainly necessary capital expenditures, debt maturities, and common dividends, by more than 1.5x. Sources over uses would be positive even after a 50% EBITDA decline. Additional factors that support the liquidity are PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and generally prudent risk management. Debt maturities at PPL's funding entity PPL Capital Funding and PPL Energy should be manageable during the next few years, with a \$500 million maturity at PPL Energy in 2011 and about \$735 million in 2013. For PPLEU, the only significant maturity through 2014 is a \$400 million issuance due in 2013.

Outlook

The stable outlook on PPL and its affiliates reflect our expectation that management will maintain a strong business profile by focusing on its regulated utilities and not increasing unregulated operations beyond current levels. The outlook also reflects expectations that cash flow protection and debt leverage measures will be in line for the rating. Specifically, our baseline forecast includes FFO to total debt of about 23%, debt to EBITDA under 4x, and debt leverage to total capital of about 52%, consistent with our expectations for the 'BBB+' rating. Given the company's mostly regulated focus, we expect that PPL will avoid any meaningful rise in business risk by reaching constructive regulatory outcomes and not expanding its unregulated operations. We could lower the ratings if unregulated cash flow expectations lag due to weaker demand for power in the PJM market, or forecasted financial measures are not sustainable at expected levels. Although unlikely over the intermediate term, we could raise ratings if the business risk profile is considered 'excellent' and financial measures exceed our base line forecast on a consistent basis,

including FFO to total debt in excess of 23%, debt to EBITDA below 4x, and debt to total capital around 50%.

Table 1.

PPL Corp. -- Peer Comparison*				
Industry Sector: Energy				
	PPL Corp.	Allegheny Energy Inc.	FirstEnergy Corp.	Public Service Enterprise Group Inc.
Rating as of Nov 8, 2010	BBB+/Stable/--	BBB-/Stable/--	BBB-/Stable/--	BBB/Stable/A-2
--Average of past three fiscal years--				
(Mil. \$)				
Revenues	3,174.5	3,260.6	13,095.3	12,061.4
Net income from cont oper	351.1	400.2	1,219.0	1,380.4
Funds from operations (FFO)	992.0	793.3	2,506.1	2,231.4
Capital expenditures	999.8	976.9	2,652.6	1,599.3
Cash and short-term investments	464.7	302.5	516.0	337.4
Debt	4,834.9	4,288.6	16,572.5	8,389.1
Preferred stock	250.0	0.0	0.0	80.0
Equity	2,758.6	2,844.1	8,605.7	7,719.8
Debt and equity	7,593.5	7,132.7	25,178.2	16,108.8
Adjusted ratios				
EBIT interest coverage (x)	2.8	3.2	2.5	5.8
FFO int. cov (X)	4.8	3.8	3.1	5.4
FFO/debt (%)	20.5	18.5	15.1	26.6
Discretionary cash flow/debt (%)	(7.9)	(6.6)	(5.4)	0.6
Net cash flow / capex (%)	48.6	73.4	69.9	99.5
Total debt/debt plus equity (%)	63.7	60.1	65.8	52.1
Return on common equity (%)	11.8	13.7	13.2	18.6
Common dividend payout ratio (un-adj) (%)	139.7	19.0	53.5	46.5

*Fully adjusted (including postretirement obligations).

Table 2.

PPL Corp. -- Financial Summary*					
Industry Sector: Energy					
	--Fiscal year ended Dec. 31--				
	2009	2008	2007	2006	2005
Rating history	BBB/Negative/--	BBB/Stable/--	BBB/Stable/--	BBB/Stable/--	BBB/Stable/--
(Mil. \$)					
Revenues	3,548.2	3,787.6	2,187.7	2,847.6	2,298.9
Net income from continuing operations	30.2	466.3	556.7	436.5	316.1
Funds from operations (FFO)	1,274.7	720.8	980.4	913.7	699.6
Capital expenditures	704.8	1,260.2	1,034.2	781.9	449.4
Cash and short-term investments	311.3	765.4	317.5	800.6	254.1
Debt	5,110.2	5,572.6	3,822.0	3,469.8	3,670.1
Preferred stock	250.0	250.0	250.0	0	0
Equity	2,875.4	2,726.6	2,673.9	2,903.0	2,317.2

Table 2.

PPL Corp. -- Financial Summary* (cont.)					
Debt and equity	7,985.6	8,299.2	6,495.8	6,372.8	5,987.4
Adjusted ratios					
EBIT interest coverage (x)	1.2	3.5	3.8	3.6	2.5
FFO int cov (x)	5.9	3.6	5.0	4.8	4.5
FFO/debt (%)	24.9	12.9	25.7	26.3	19.1
Discretionary cash flow/debt (%)	10.0	(18.1)	(17.1)	(4.8)	(1.0)
Net Cash Flow / Capex (%)	105.1	16.9	48.8	64.5	99.0
Debt/debt and equity (%)	64.0	67.1	58.8	54.4	61.3
Return on common equity (%)	(0.5)	16.8	19.1	15.8	13.1
Common dividend payout ratio (un-adj) (%)	1,723.7	105.3	82.5	93.7	0

*Fully adjusted (including postretirement obligations)

Table 3.

Reconciliation Of PPL Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. \$)*										
--Fiscal year ended Dec. 31, 2009--										
PPL Corp. reported amounts										
	Debt	Shareholders' equity	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Cash flow from operations	Dividends paid	Capital expenditures
Reported	4,198.5	2,607.4	458.3	458.3	232.2	190.5	1,365.5	1,365.5	517.0	703.8
Standard & Poor's adjustments										
Operating leases	773.5	--	112.5	41.2	41.2	41.2	71.3	71.3	--	43.0
Intermediate hybrids reported as debt	(250.0)	250.0	--	--	--	(16.8)	16.8	16.8	16.8	--
Postretirement benefit obligations	324.8	--	32.8	32.8	32.8	0.4	17.5	17.5	--	--
Accrued interest not included in reported debt	63.4	--	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	42.0	(42.0)	(42.0)	--	(42.0)
Share-based compensation expense	--	--	--	23.0	--	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	(9.0)	--	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	(475.8)	--	--
Minority interests	--	18.0	--	--	--	--	--	--	--	--

Table 3.

Reconciliation Of PPL Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. \$)* (cont.)										
US decommissioning fund contributions	--	--	--	--	--	--	(26.0)	(26.0)	--	--
Other	--	--	--	--	--	--	347.5	347.5	--	--
Total adjustments	911.7	268.0	145.3	97.0	65.0	66.9	385.0	(90.8)	16.8	1.0

Standard & Poor's adjusted amounts

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	5,110.2	2,875.4	603.6	555.3	297.2	257.4	1,750.5	1,274.7	533.8	704.8

*PPL Corp. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts

Related Criteria And Research

- 2008 Corporate Criteria: Analytical Methodology
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded
- 2008 Corporate Criteria: Ratios And Adjustments
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers

Ratings Detail (As of November 15, 2010)

PPL Corp.

Corporate Credit Rating	BBB+/Stable/NR
Junior Subordinated (2 Issues)	BBB-
Preference Stock (1 Issue)	BBB-
Senior Unsecured (3 Issues)	BBB

Corporate Credit Ratings History

27-Oct-2010	BBB+/Stable/NR
28-Apr-2010	BBB/Watch Pos/NR
27-Jan-2009	BBB/Negative/NR

Business Risk Profile

Strong

Financial Risk Profile

Significant

Related Entities**Kentucky Utilities Co.**

Issuer Credit Rating	BBB+/Stable/A-2
Senior Secured (3 Issues)	A
Senior Secured (7 Issues)	A/A-2

LG&E and KU Energy LLC

Issuer Credit Rating	BBB+/Stable/--
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Ratings Detail (As of November 15, 2018) (Cont.)

Senior Unsecured (2 Issues)	BBB
Louisville Gas & Electric Co.	
Issuer Credit Rating	BBB+/Stable/NR
Senior Secured (2 Issues)	A
Senior Secured (11 Issues)	A/A-2
Senior Unsecured (1 Issue)	A/A-2
PPL Electric Utilities Corp.	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
<i>Local Currency</i>	A-2
Preference Stock (1 Issue)	BBB
Senior Secured (6 Issues)	A-
Senior Secured (2 Issues)	A/Developing
PPL Energy Supply LLC	
Issuer Credit Rating	BBB+/Stable/NR
Senior Unsecured (12 Issues)	BBB+
PPL Montana LLC	
Senior Secured (1 Issue)	BBB-/Stable
Western Power Distribution Holdings Ltd.	
Issuer Credit Rating	BBB-/Stable/A-3
Senior Unsecured (2 Issues)	BBB-
Western Power Distribution (South Wales) PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured (3 Issues)	BBB+
Western Power Distribution (South West) PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured (4 Issues)	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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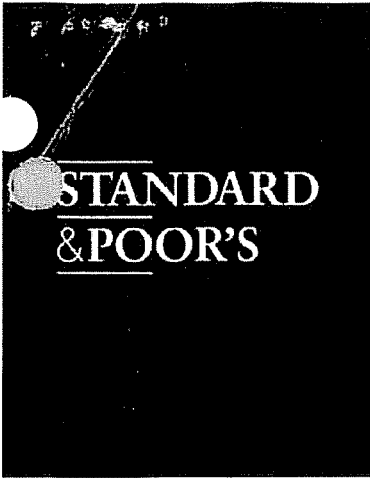
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Attachment to Question No. 6

21 of 22

Arbough



Global Credit Portal

RatingsDirect®

April 15, 2011

Research Update:

PPL Corp. And U.K. Affiliates Are Taken Off CreditWatch, Ratings Are Affirmed

Primary Credit Analysts:

Gerrit Jepsen, CFA, New York (1) 212-438-2529, gerrit_jepsen@standardandpoors.com
Beatrice de Taisne, CFA, London (44) 20-7176-3938, beatrice_de_taisne@standardandpoors.com

Secondary Credit Analysts:

Barbara A Eiseman, New York (1) 212-438-7666, barbara_eiseman@standardandpoors.com
Karin Erlander, London (44) 20-7176-3584, karin_erlander@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

Outlook

Related Criteria And Research

Ratings List

Research Update:

PPL Corp. And U.K. Affiliates Are Taken Off CreditWatch, Ratings Are Affirmed

Overview

- We resolved the CreditWatch with negative implications and affirmed the 'BBB' ratings on diversified energy company PPL Corp. and its affiliates PPL Electric Utilities (PPLEU), PPL Energy Supply (PPL Energy), LG&E and KU Energy LLC (LKE), Louisville Gas & Electric Co. (LG&E), and Kentucky Utilities Co. (KU). The outlook on the ratings is stable.
- At the same time, we resolved the CreditWatch listing and affirmed the 'BBB' ratings on PPL's U.K. affiliates: PPL WW Holdings Ltd. (intermediate holding company formerly known as Western Power Distribution Holdings Ltd.) and PPL WW's distribution network operators (DNOs) Western Power Distribution (South Wales) and Western Power Distribution (South West); and the new intermediate holding company PPL WEM Holdings PLC and its DNOs Western Power Distribution (West Midlands) and Western Power Distribution (East Midlands). The outlook on all the ratings is stable.
- We raised the short-term ratings on KU, LG&E, PPLEU, Western Power Distribution (East Midlands), Western Power Distribution (West Midlands), PPL WEM, PPL WW, Western Power Distribution (South Wales), and Western Power Distribution (South West) to 'A-2' from 'A-3', and we removed the CreditWatch listing.
- The ratings actions and CreditWatch actions come as the result of PPL's recently completed common stock and equity offerings.

Rating Action

On April 15, 2011, Standard & Poor's Ratings Services affirmed its 'BBB' corporate credit ratings on PPL Corp. and its affiliates PPL Electric Utilities (PPLEU), PPL Energy Supply (PPL Energy), LG&E and KU Energy LLC (LKE), Louisville Gas & Electric Co. (LG&E), and Kentucky Utilities Co. (KU). At the same time, we removed the ratings from CreditWatch with negative implications, where we put them on March 2, 2011, following the acquisition announcement. (See "PPL Corp. Is Lowered To 'BBB' And Placed On CreditWatch Negative After Acquisition Announcement," published March 2, 2011.) We also resolved the CreditWatch listings and affirmed the 'BBB' ratings on PPL's U.K. affiliates: PPL WW Holdings Ltd. (intermediate holding company formerly known as Western Power Distribution Holdings Ltd.) and PPL WW's distribution network operators (DNOs) Western Power Distribution (South Wales) and Western Power Distribution (South West); and the new intermediate holding company PPL WEM Holdings PLC and its DNOs Western Power Distribution (West Midlands) and Western Power Distribution (East Midlands). The outlook on all the ratings is stable. We raised the short-term ratings on KU, LG&E, PPLEU, Western Power Distribution (WPD) (East Midlands), WPD (West Midlands), PPL WEM, PPL WW, WPD

Research Update: PPL Corp. And U.K. Affiliates Are Taken Off CreditWatch, Ratings Are Affirmed

(South Wales), and WPD (South West) to 'A-2' from 'A-3'.

Allentown, Pa.-based PPL has about \$12.7 billion of long-term debt, including \$1.63 billion of junior subordinated notes. Including all junior subordinated notes, we estimate pro forma debt to be roughly \$16.6 billion.

The ratings affirmations and removal of the CreditWatch listings follow PPL's recently completed offerings of 92 million shares (after exercise of the overallotment option) of PPL common stock (roughly \$2.3 billion of gross proceeds), and 19.55 million (after exercise of the overallotment option) of equity units (roughly \$978 million of gross proceeds), to which we assign high equity content.

PPL completed the equity financing as part of the permanent financing plan for the completed acquisition of E.ON U.K.'s Central Networks West PLC and Central Networks East PLC. The CreditWatch listing was directly related to the execution of the financing plan for the acquisition, which included the company's commitment of a substantial issuance of equity. PPL will use proceeds from both issuances to repay a portion of a £3.6 billion 364-day bridge facility that funded the acquisition April 1. The company will repay the remaining balance on the bridge loan with proceeds from future permanent debt issuances as indicated by PPL.

Rationale

For the cash portion of its acquisition of E.ON U.K.'s Central Networks, PPL issued the common stock and equity units and expects to issue unsecured debt at intermediate holding company PPL WEM Holdings PLC and its two new operating subsidiaries, WPD (West Midlands) and WPD (East Midlands). PPL's regulated cash flows should rise to approximately 75% from 60% before it completes the acquisition. Before PPL bought the Kentucky utilities, its regulated cash flows comprised less than 30%. Due to the potential cash flow contribution to the consolidated PPL family from the enlarged U.K. operations, we believe that the U.K. group is now a core part of PPL's strategy. Therefore, we matched the ratings on all these entities with our rating on PPL. We rate PPL WW's senior unsecured debt one notch lower than its long-term rating to reflect structural subordination. We would take the same approach to rating any debt PPL WEM issues. For more information on the rating methodology for the U.K. group, please see "U.K. OpCos WPD West And East Midlands Downgraded To 'BBB/A-3' On New Owner; New HoldCo Rated 'BBB/A-3'; On Watch Neg," published April 12, 2011.

Our assessment of the business profile as excellent reflects the addition of fully regulated distribution utilities that have credit-supportive U.K. regulation and no commodity exposure, since power for retail customers is procured by nonaffiliated retail suppliers. The new DNOs are contiguous to the U.K. utilities PPL's already owns. We expect U.K. operations to be about 30% of PPL's consolidated cash flow. The stability of U.K. cash flows, which are wires-only distribution utilities, along with existing utility assets in Kentucky and Pennsylvania, all of which we assess as excellent, will more than

offset the business risk profile of PPL Energy's merchant generation, which we assess as satisfactory, resulting in an excellent business profile overall. We expect the merchant generation business to comprise less than 25% of pro forma consolidated cash flows.

We consider the financial risk profile to be aggressive, which reflects in part the company's financial policies toward acquisitions, including funding with aggressive levels of hybrid securities. The consolidated financial measures include all cash flows and debt obligations from the U.K. utilities and PPLEU in PPL's financial measures. We expect consolidated financial measures, including ratios of debt to EBITDA, funds from operations (FFO) to total debt, and debt to capital, to range into the aggressive category of our financial risk profile. Debt to EBITDA should range between 4x and 5x, while we expect the percentage of FFO to debt to be in the mid-teens. These measures will support ratings at the 'BBB' level on successful completion of all the permanent financing.

Liquidity

Standard & Poor's currently believes PPL's liquidity is adequate under its corporate liquidity methodology, which categorizes liquidity in five standard descriptors. (See "Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers," published July 2, 2010.) Our assessment of PPL's liquidity supports our 'BBB' issuer credit rating on the company. Its projected sources of liquidity--mainly operating cash flow and available bank lines--exceed its projected uses--mainly necessary capital expenditures, debt maturities, and common dividends--by about 1.2x over the next 12 to 18 months. We expect net sources to remain positive, even if EBITDA declines more than 15%. Compliance with financial covenants could survive a 15% drop in EBITDA, in our view. Further supporting our liquidity assessment is PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and its generally prudent risk management.

Outlook

The stable outlook on our ratings on PPL and its all rated subsidiaries reflects our expectation that management will maintain an excellent business profile by focusing on its regulated utilities and will not increase unregulated operations beyond current levels. The outlook also reflects our expectations that cash flow protection and debt leverage measures will be in line for the rating. Specifically, our baseline forecast includes FFO to total debt of around 15%, debt to EBITDA between 4x and 5x, and debt leverage to total capital under 60%, consistent with our expectations for the 'BBB' rating. Given the company's mostly regulated focus, we expect that PPL will avoid any meaningful rise in business risk by reaching constructive regulatory outcomes and limit its unregulated operations to existing levels. We could lower the ratings if PPL cannot sustain consolidated financial measures of FFO to total debt of at least 12%, debt to EBITDA below 5x, and debt leverage under 62%. This could occur if market power prices continue to remain weak due to ongoing depressed demand. Although unlikely over the intermediate term, we

could raise ratings if the business profile further strengthens and if financial measures exceed our base line forecast on a consistent basis, including FFO to total debt in excess of 20%, debt to EBITDA below 4x, and debt to total capital around 50%.

Related Criteria And Research

- U.K. OpCos WPD West And East Midlands Downgraded To 'BBB/A-3' On New Owner; New HoldCo Rated 'BBB/A-3'; On Watch Neg, April 12, 2011
- U.K.-Based WPD Operating Cos Downgraded To 'BBB/A-3' And Placed On Watch Neg After Same Action On U.S. Parent PPL, March 3, 2011
- Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers, July 2, 2010
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Corporate Ratings Criteria 2008: Analytical Methodology, April 15, 2008
- Corporate Ratings Criteria 2008: Ratios And Adjustments, April 15, 2008

Ratings List

Ratings Affirmed; CreditWatch Action; Upgraded

	To	From
PPL Corp.		
PPL Energy Supply LLC		
LG&E and KU Energy LLC		
Corporate Credit Rating	BBB/Stable/--	BBB/Watch Neg/--
Kentucky Utilities Co.		
Western Power Distribution (South West) PLC		
Western Power Distribution (South Wales) PLC		
WPD West Midlands PLC		
WPD East Midlands PLC		
PPL WW Holdings Ltd.		
PPL WEM Holdings PLC		
PPL Electric Utilities Corp.		
Louisville Gas & Electric Co.		
Corporate Credit Rating	BBB/Stable/A-2	BBB/Watch Neg/A-3
Kentucky Utilities Co.		
Senior Secured	A-	A-/Watch Neg
Recovery Rating	1+	
LG&E and KU Energy LLC		
Senior Unsecured	BBB-	BBB-/Watch Neg
Louisville Gas & Electric Co.		
Senior Secured	A-	A-/Watch Neg
Recovery Rating	1+	

Research Update: PPL Corp. And U.K. Affiliates Are Taken Off CreditWatch, Ratings Are Affirmed

PPL Capital Funding Inc.		
Senior Unsecured	BBB-	BBB-/Watch Neg
Junior Subordinated	BB+	BB+/Watch Neg
PPL Electric Utilities Corp.		
Senior Secured	BBB+	BBB+/Watch Neg
Recovery Rating	1	
Preference Stock	BB+	BB+/Watch Neg
PPL Energy Supply LLC		
Senior Unsecured	BBB	BBB/Watch Neg
PPL WEM Holdings PLC		
Senior Unsecured	BBB-	BBB-/Watch Neg
PPL WW Holdings Ltd.		
Senior Unsecured	BBB-	BBB-/Watch Neg
WPD East Midlands PLC		
Senior Unsecured	BBB	BBB/Watch Neg
WPD West Midlands PLC		
Senior Unsecured	BBB	BBB/Watch Neg
Western Power Distribution (South Wales) PLC		
Senior Unsecured	BBB	BBB/Watch Neg
Western Power Distribution (South West) PLC		
Senior Unsecured	BBB	BBB/Watch Neg

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Attachment to Question No. 6

22 of 22

Arbough

PPL Corp.

Primary Credit Analyst:

Gerrit Jepsen, CFA, New York (1) 212-438-2529; gerrit_jepsen@standardandpoors.com

Secondary Contact:

Barbara A Eiseman, New York (1) 212-438-7666; barbara_eiseman@standardandpoors.com

Table Of Contents

Major Rating Factors

Rationale

CreditWatch

Related Criteria And Research



PPL Corp.

Major Rating Factors

Strengths:

- Regulated utilities generate steady operating cash flow;
- Low-cost coal and nuclear generation;
- Operating diversity in merchant generation power plants; and,
- Rolling hedging strategy for merchant generation results in stable cash flow.


Corporate Credit Rating

BBB/Watch Neg/NR

Weaknesses:

- Materially riskier unregulated operations;
- Acquisitive, with aggressive use of hybrid securities for partial funding;
- Exposure to pending environmental standards, especially regarding carbon dioxide; and
- Cash flow erosion from lower power prices.


Rationale



The ratings on PPL Corp. and affiliates Kentucky Utilities Co. (KU), Louisville Gas & Electric Co. (LG&E), LG&E and KU Energy LLC (LKE), PPL Electric Utilities Corp. (PPELU), PPL Energy Supply LLC (PPL Energy), Western Power Distribution (South West) PLC, and Western Power Distribution (South Wales) PLC are on CreditWatch with negative implications. Affiliate Western Power Distribution Holdings Ltd. is on CreditWatch with developing implications. The CreditWatch listings followed PPL's planned acquisition of E.ON UK's Central Networks West PLC (CNW) and Central Networks East PLC (CNE), two distribution networks in the U.K. The CreditWatch listing directly relates to the execution of the financing plan for the acquisition, which includes a commitment by the company for a substantial issuance of equity. Resolution of the CreditWatch will depend on the company's ability to complete its financing activities consistent with our expectations for the 'BBB' ratings.

Allentown, Pa.-based PPL has about \$13.4 billion of debt, including \$1.63 billion of junior subordinated notes.

PPL's purchase price of Central Networks utilities includes the assumption of \$800 million of public debt and cash of \$5.6 billion (excluding related transaction expenses and fees) that it will fund initially through a bridge loan and ultimately through a combination of cash, common equity issuance at PPL, unsecured debt at CNW and CNE, and unsecured debt at an intermediate holding company (generically UK Holdings) that will own CNW and CNE. In addition, PPL will issue equity units at PPL Capital Funding, which will likely receive high equity credit under our rating criteria. This acquisition will raise PPL's regulated cash flows to about 75% from the current 60%. Before PPL bought the Kentucky utilities, its regulated cash flows were less than 30%. The ratings change reflects our revisions, in accordance with our criteria, of PPL's business risk profile to excellent from strong and the company's financial risk profile to aggressive from significant.



The excellent business profile reflects the addition of fully regulated distribution utilities that have credit-supportive U.K. regulation and no commodity exposure, since power for retail customers is procured by nonaffiliated retail suppliers. The Central Networks utilities are contiguous to PPL's existing U.K. utilities. After the acquisition of CNE and CNW, we expect U.K. operations to be about 30% of PPL's consolidated cash flow. With this transaction, we

are viewing all of PPL's utility assets as part of a consolidated entity, whereas previously we considered only the quality of the utility's dividends to its parent. The stability of CNE and CNW, along with existing utility assets in the U.K., Kentucky, and Pennsylvania, which we assess as excellent, will more than offset the satisfactory business risk profile of PPL Energy's merchant generation, resulting in a consolidated business profile of excellent. We expect the merchant generation business to contribute less than 25% of pro forma consolidated cash flows.

Our revision of the financial risk profile to aggressive reflects in part the company's financial policies toward acquisitions, including funding with aggressive levels of hybrid securities. Furthermore, due to the company's strategy of focusing on fully regulated operations and also expanding its U.K. presence, we are incorporating consolidated financial measures for PPL in our analysis. When reviewing the financial metrics, we are now including all cash flows and debt obligations from the U.K. utilities and PPLEU in PPL's financial measures. We expect consolidated financial measures, including ratios of debt to EBITDA, funds from operations (FFO) to total debt, and debt to capital, to range in the aggressive category of our financial risk profile. Debt to EBITDA should range between 4x and 5x, while we expect the percentage of FFO to debt to be in the mid-teens. These measures will support ratings at the 'BBB' level when the company successfully completes its permanent financing.

Short-term credit factors

Standard & Poor's currently views PPL's liquidity as strong under its corporate liquidity methodology, which categorizes liquidity in five standard descriptors. Our assessment of liquidity as strong supports PPL's 'BBB' issuer credit rating. Projected sources of liquidity--mainly operating cash flow and available bank lines--exceed projected uses--mainly necessary capital expenditures, debt maturities, and common dividends--by more than 1.5x. The ratio of sources over uses would be positive even after a 50% EBITDA decline. Additional factors that support the liquidity are PPL's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending, its sound bank relationships, its solid standing in credit markets, and its generally prudent risk management.

CreditWatch

The CreditWatch listing will remain until the company demonstrates progress on the permanent financing plan in line with our expectations. The acquisition requires large permanent financing that has attendant execution risks, and we will monitor PPL's ability to finalize this permanent financing. We could remove the CreditWatch listing and assign a stable outlook if financing is consistent with our expectation. We could lower the ratings if PPL can't fully execute its permanent financing plan in a credit-supportive manner consistent with our expectations for 'BBB' ratings.

Related Criteria And Research

- 2008 Corporate Criteria: Analytical Methodology
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded
- 2008 Corporate Criteria: Ratios And Adjustments
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers

Table 1

PPL Corp. -- Peer Comparison*				
Industry Sector: Energy				
	PPL Corp.	FirstEnergy Corp.	Public Service Enterprise Group Inc.	Ameren Corp.
Rating as of March 17, 2011	BBB/Watch Neg/--	BBB-/Stable/--	BBB/Stable/A-2	BBB-/Stable/A-3
--Average of past three fiscal years--				
(Mil. \$)				
Revenues	5,285.6	13,266.0	11,995.5	7,522.3
Net income from cont. oper	483.9	1,044.0	1,466.6	452.0
Funds from operations (FFO)	1,560.7	2,675.2	2,494.4	1,836.9
Capital expenditures	1,177.4	2,352.5	1,874.5	1,668.3
Cash and short-term investments	721.6	812.7	290.2	419.7
Debt	8,598.5	17,675.4	8,875.7	9,223.1
Preferred stock	333.3	0.0	53.3	88.7
Equity	4,776.7	8,451.0	8,533.8	7,619.0
Debt and equity	13,375.2	26,126.4	17,409.5	16,842.1
Adjusted ratios				
EBIT interest coverage (x)	2.7	2.4	6.2	3.0
FFO int. cov (X)	4.8	3.2	6.0	4.6
FFO/debt (%)	18.2	15.1	28.1	19.9
Discretionary cash flow/debt (%)	(1.2)	(2.5)	1.0	(2.8)
Net cash flow / capex (%)	86.6	85.2	97.1	85.0
Total debt/debt plus equity (%)	64.3	67.7	51.0	54.8
Return on common equity (%)	12.7	10.9	17.5	5.6
Common dividend payout ratio (un-adj) (%)	111.4	64.2	46.0	95.0

*Fully adjusted (including postretirement obligations)

Table 2

PPL Corp. -- Financial Summary*					
Industry Sector: Energy					
	--Fiscal year ended Dec. 31--				
	2010	2009	2008	2007	2006
Rating history	BBB+/Stable/--	BBB/Negative/--	BBB/Stable/--	BBB/Stable/--	BBB/Stable/--
(Mil. \$)					
Revenues	8,521.0	3,548.2	3,787.6	2,187.7	2,847.6
Operating income (bef. D&A)	2,565.0	603.6	1,260.4	1,121.9	1,016.3
Operating income (after D&A)	1,944.9	306.2	1,018.2	934.4	795.3
Net income from continuing operations	955.0	30.2	466.3	556.7	436.5
Funds from operations (FFO)	2,686.6	1,274.7	720.8	980.4	913.7
Capital expenditures	1,567.0	704.8	1,260.2	1,034.2	781.9
Free operating cash flow	763.6	1,045.7	(503.3)	(178.1)	242.2
Discretionary cash flow	180.8	511.9	(1,011.0)	(653.8)	(166.8)
Cash and short-term investments	1,088.0	311.3	765.4	317.5	800.6
Debt	15,112.8	5,110.2	5,572.6	3,822.0	3,469.8

Table 2

PPL Corp. – Financial Summary* (cont.)					
Preferred stock	500.0	250.0	250.0	250.0	0.0
Equity	8,728.0	2,875.4	2,726.6	2,673.9	2,903.0
Debt and equity	23,840.8	7,985.6	8,299.2	6,495.8	6,372.8
Adjusted ratios					
EBIT interest coverage (x)	3.0	1.2	3.5	3.8	3.6
EBIT interest coverage (x)†	3.0	1.2	1.6	3.8	3.6
EBITDA interest coverage (x)	3.8	2.2	4.4	4.5	4.4
FFO int. cov. (x)	4.8	5.9	3.6	5.0	4.8
FFO/debt (%)	17.8	24.9	12.9	25.7	26.3
Free operating cash flow/debt (%)	5.1	20.5	(9.0)	(4.7)	7.0
Discretionary cash flow/debt (%)	1.2	10.0	(18.1)	(17.1)	(4.8)
Net cash flow / capex (%)	134.3	105.1	16.9	48.8	64.5
Debt/debt and equity (%)	63.4	64.0	67.1	58.8	54.4
Return on common equity (%)	17.0	(0.5)	16.8	19.1	15.8
Common dividend payout ratio (un-adj.) (%)	63.4	1,723.7	105.3	82.5	93.7

*Fully adjusted (including postretirement obligations) †Postretirement obligations using actual returns

Table 3

Reconciliation Of PPL Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. \$)*							
-- Fiscal year ended Dec. 31, 2010 --							
PPL Corp. reported amounts							
	Debt	Shareholders' equity	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations
Reported	13,357.0	8,478.0	2,422.0	2,422.0	1,866.0	593.0	2,033.0
Standard & Poor's adjustments							
Operating leases	662.0	--	115.0	50.9	50.9	50.9	64.1
Intermediate hybrids reported as debt	(250.0)	250.0	--	--	--	(16.8)	16.8
Postretirement benefit obligations	1,177.8	--	28.0	28.0	28.0	--	243.8
Accrued interest not included in reported debt	166.0	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	30.0	(30.0)
Share-based compensation expense	--	--	--	26.0	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--
US decommissioning fund contributions	--	--	--	--	--	--	(14.0)
Other	--	--	--	--	--	--	17.0
Total adjustments	1,755.8	250.0	143.0	104.9	78.9	64.2	297.6

Table 3

Reconciliation Of PPL Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. \$)* (cont.)**Standard & Poor's adjusted amounts**

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations
Adjusted	15,112.8	8,728.0	2,565.0	2,526.9	1,944.9	657.2	2,330.6

*PPL Corp. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of March 22, 2011)***PPL Corp.**

Corporate Credit Rating	BBB/Watch Neg/NR
Junior Subordinated (2 Issues)	BB+/Watch Neg
Senior Unsecured (3 Issues)	BBB-/Watch Neg

Corporate Credit Ratings History

02-Mar-2011	BBB/Watch Neg/NR
27-Oct-2010	BBB+/Stable/NR
28-Apr-2010	BBB/Watch Pos/NR
27-Jan-2009	BBB/Negative/NR

Business Risk Profile

Excellent

Financial Risk Profile

Aggressive

Related Entities**Kentucky Utilities Co.**

Issuer Credit Rating	BBB/Watch Neg/A-3
Senior Secured (5 Issues)	A-/A-3
Senior Secured (2 Issues)	A-/NR
Senior Secured (3 Issues)	A-/Watch Neg

LG&E and KU Energy LLC

Issuer Credit Rating	BBB/Watch Neg/--
Senior Unsecured (2 Issues)	BBB-/Watch Neg

Louisville Gas & Electric Co.

Issuer Credit Rating	BBB/Watch Neg/A-3
Senior Secured (11 Issues)	A-/A-3
Senior Secured (1 Issue)	A-/NR
Senior Secured (2 Issues)	A-/Watch Neg

PPL Electric Utilities Corp.

Issuer Credit Rating	BBB/Watch Neg/A-3
Commercial Paper	
Local Currency	A-3/Watch Neg
Preference Stock (1 Issue)	BB+/Watch Neg
Senior Secured (8 Issues)	BBB+/Watch Neg

PPL Energy Supply LLC

Issuer Credit Rating	BBB/Watch Neg/NR
----------------------	------------------

Ratings Detail / As of March 22, 2011* (cont)

Senior Unsecured (12 Issues)	BBB/Watch Neg
PPL Montana LLC	
Senior Secured (1 Issue)	BBB-/Positive
Western Power Distribution Holdings Ltd.	
Issuer Credit Rating	BBB-/Watch Dev/A-3
Senior Unsecured (2 Issues)	BBB-/Watch Neg
Western Power Distribution (South Wales) PLC	
Issuer Credit Rating	BBB/Watch Neg/A-3
Senior Unsecured (3 Issues)	BBB/Watch Neg
Western Power Distribution (South West) PLC	
Issuer Credit Rating	BBB/Watch Neg/A-3
Senior Unsecured (4 Issues)	BBB/Watch Neg

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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The McGraw-Hill Companies

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**THE APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR CERTIFICATES OF PUBLIC)
CONVENIENCE AND NECESSITY AND)
APPROVAL OF ITS 2011 COMPLIANCE PLAN) CASE NO. 2011-00161
FOR RECOVERY BY ENVIRONMENTAL)
SURCHARGE)**

**KENTUCKY UTILITIES COMPANY
RESPONSE TO THE
ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS
DATED AUGUST 18, 2011**

**ONE PAPER COPY
QUESTION NO. 4**

FILED: SEPTEMBER 1, 2011

KENTUCKY UTILITIES COMPANY

Response to Attorney General's Supplemental Data Requests Dated August 18, 2011

Case No. 2011-00161

Question No. 4

Witness: Daniel K. Arbough / Counsel

- Q-4. Please provide copies of all presentations made to rating agencies and/or investment firms by PPL and/or the Company between January 1, 2011 and the present. If this information has been provided in response to another data request, please indicate the appropriate data request number, the document title, and the page number(s).
- A-4. Reference is made to the objections filed on August 24, 2011. Without waiver of these objections, the Company is providing copies of three rating agency presentations made during 2011 under seal and pursuant to a petition for confidential protection. Also, the Companies are providing copies of additional presentations on CD in folder titled Question No. 4.

Attachment to Question No. 4

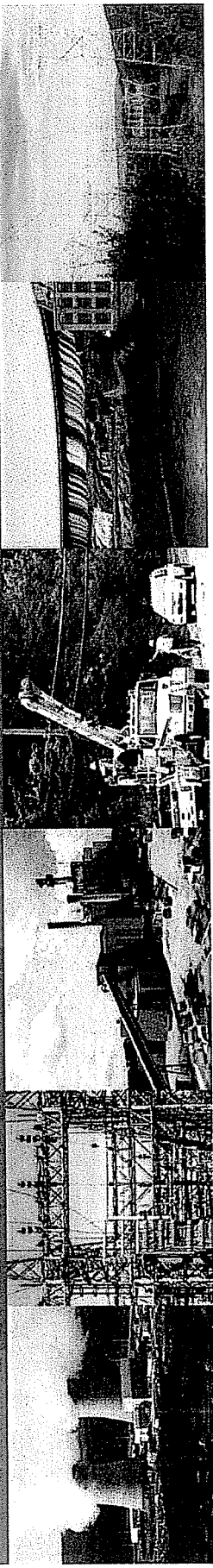
1 of 8

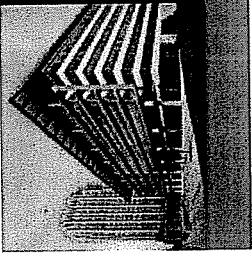
Arbough



4th Quarter Earnings Call
February 4, 2011

PPL Corporation

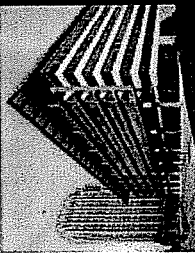




Cautionary Statements and Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.





Agenda

Fourth Quarter 2010 Earnings and 2011 Earnings
Forecast and Outlook

J. H. Miller

Operational Review

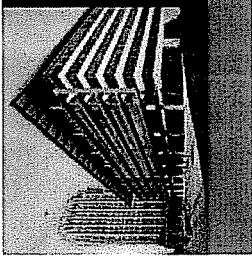
W. H. Spence

Segment Results and Financial Overview

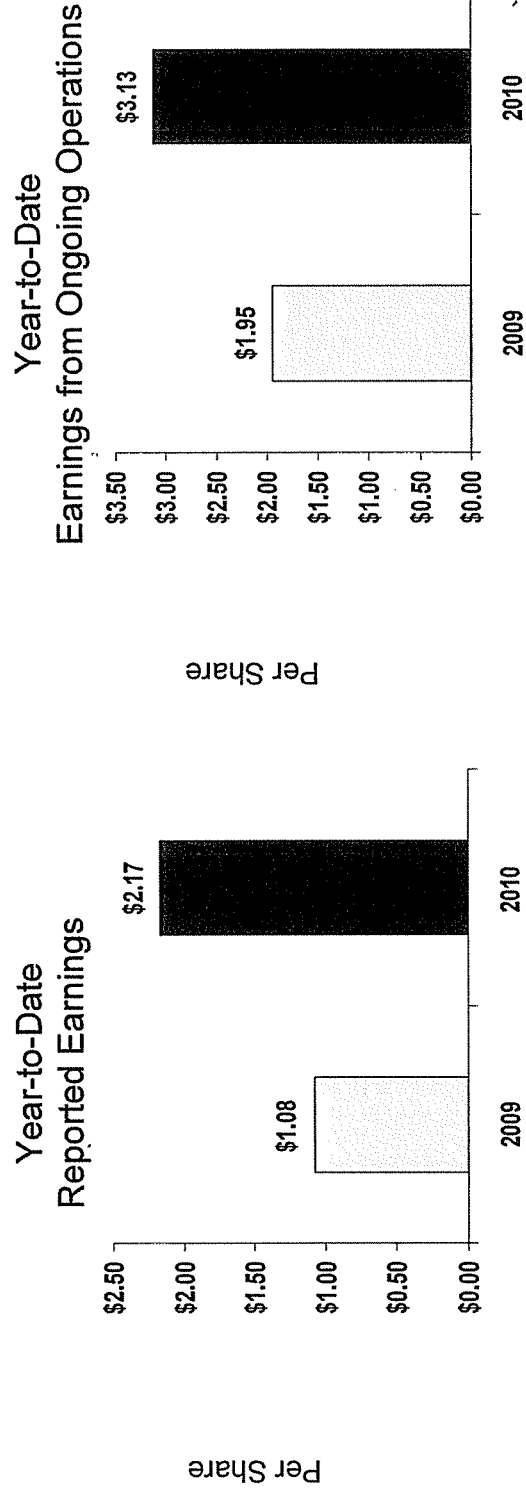
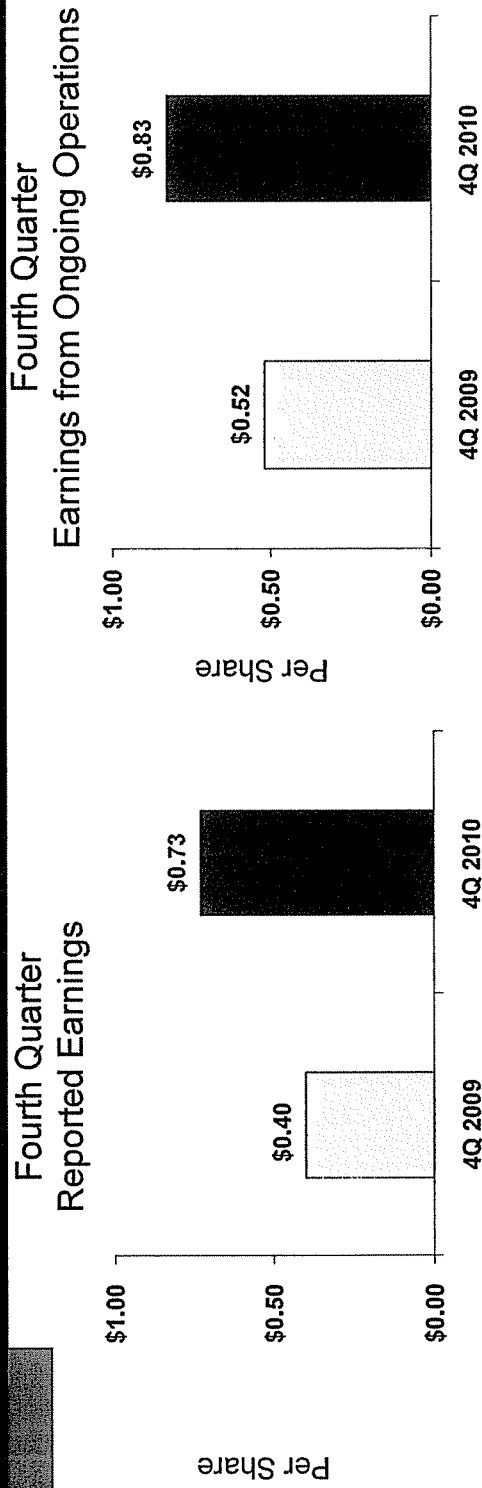
P. A. Farr

Q&A



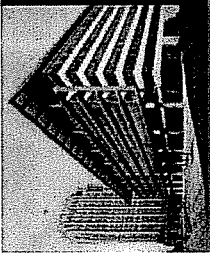


Earnings Results



Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



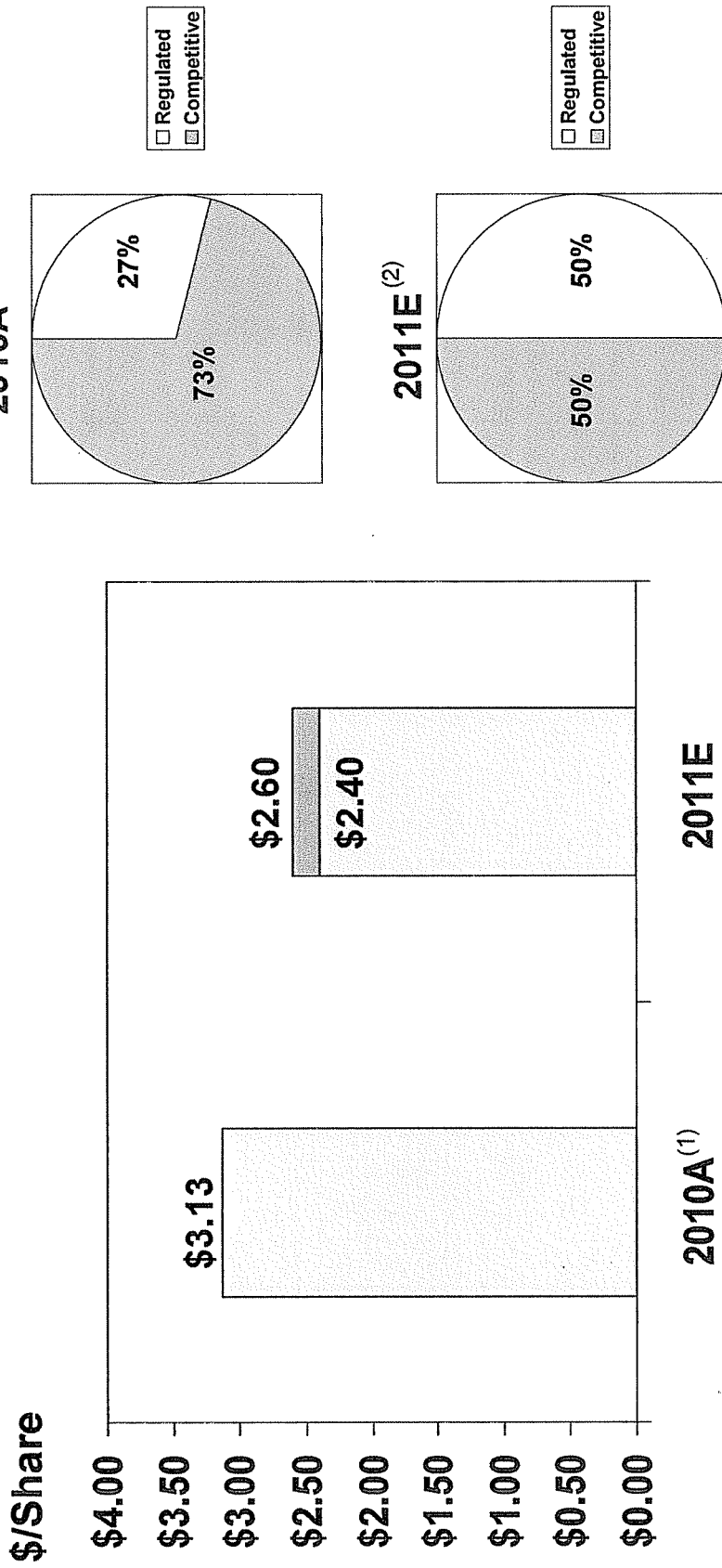


PPL: Poised for Additional Growth

- Three high-performing utilities with tangible rate base growth
- Well-positioned supply business with in-the-money hedges and growth as market recovers
- Strong track record of execution



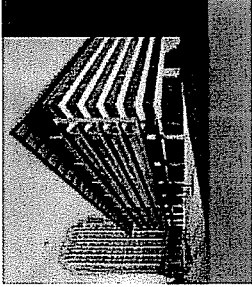
2011 Earnings Forecast



(1) See appendix for reconciliation of earnings from ongoing operations to reported earnings.

(2) Based on mid-point of forecasted earnings range.



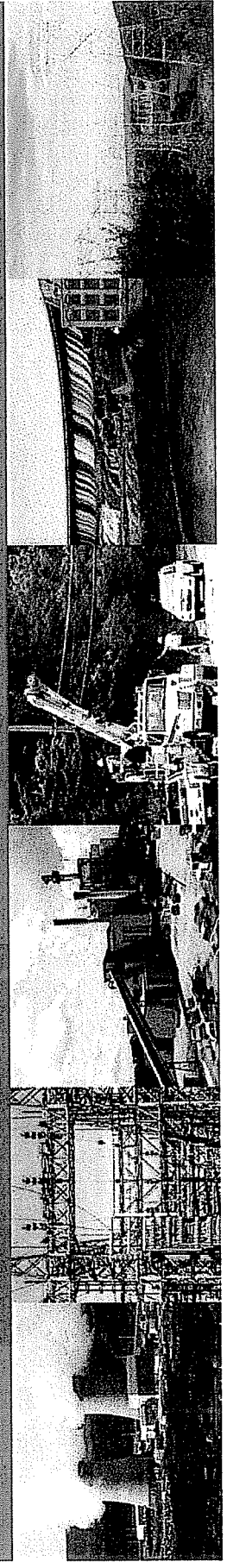


Our Strengths

- Strong regulatory relationships
- Best in class reliability, customer service
- Strong operating performance – regulated and competitive
- Strong carbon and other environmental position
- Excellent cost-management
- Knowledgeable, dedicated employees
- Strong dividend with opportunity for growth



PPL companies





Kentucky Regulated Segment Key Business and Value Drivers

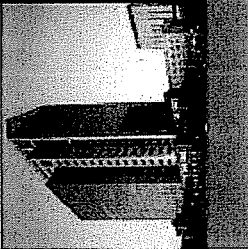
- Excellent customer service
- Superior cost position and operational excellence
- Constructive regulatory environment
- Low rates and an opportunity for growth

LG&E and KU Are Among Best Performing Utilities in the U.S.



Significant EPA Regulations Impacting Kentucky

- Environmental compliance spending associated with coal combustion is recoverable through the ECR.
 - \$2.9 billion recovered via mechanism since inception
- NO_x, SO₂, Mercury, Particulate Regulations will increase capital spending.
- Exact remediation and incremental cost will not be known until final regulations on all pollutants are completed.



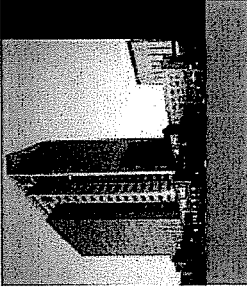
Current State of Environmental Controls Kentucky Regulated Major Coal Plant Sites

Control Device Addresses	Low Nox Burners		SCR/SNCR		Scrubbers		Closed Cycle Cooling Tower		Dry Handling/Disposal/Beneficial Use	
	NO _x	NO _x	NO _x	SO ₂	SO ₂	Water Intake	Water Intake	Coal Combustion Residuals (CCRs) ⁽²⁾		
Trimble County	Unit 1	✓	✓	✓	✓	✓			(1)	
	Unit 2	✓	✓	✓	✓	✓			(1)	
Ghent	Unit 1	✓	✓	✓	✓	✓			(1)	
	Unit 2	✓	✓	✓	✓	✓			(1)	
	Unit 3	✓	✓	✓	✓	✓			(1)	
	Unit 4	✓	✓	✓	✓	✓			(1)	
Brown	Unit 1	✓	✓	✓	✓	✓			✓	
	Unit 2	✓	✓	✓	✓	✓			✓	
	Unit 3	✓	✓	(3)	✓	✓			✓	
Mill Creek	Unit 1	✓	✓	✓	✓	✓			✓	
	Unit 2	✓	✓	✓	✓	✓			✓	
	Unit 3	✓	✓	✓	✓	✓			✓	
	Unit 4	✓	✓	✓	✓	✓			✓	
Cane Run	Unit 4	✓	✓	✓	✓	✓			✓	
	Unit 5	✓	✓	✓	✓	✓			✓	
	Unit 6	✓	✓	✓	✓	✓			✓	

✓ = Installed
= Under consideration

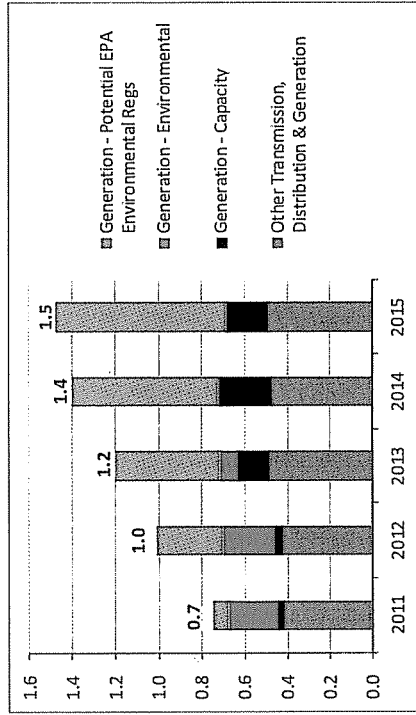
- (1) Dry handling disposal construction approved by KPSC and permitting underway at Trimble and Ghent.
- (2) Wet ash impoundments exist at all plants.
- (3) Construction underway. Scheduled to be in service 2012.



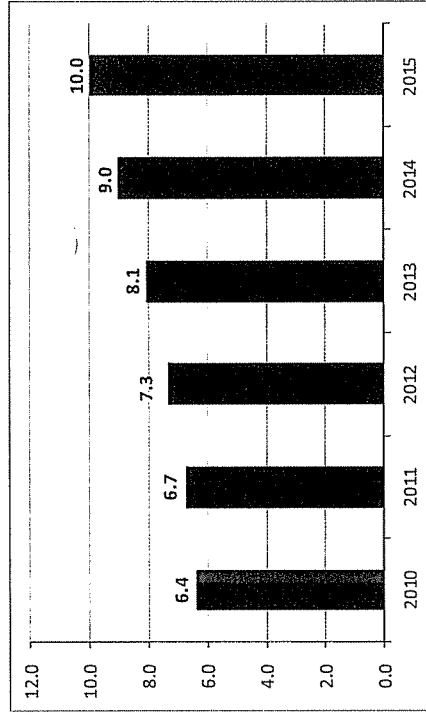


Kentucky Regulated Capital Expenditures and Rate Base Growth

Estimated Annual CAPEX
\$ Billions



Estimated Rate Base (Utility Capitalization) (1)
\$ Billions



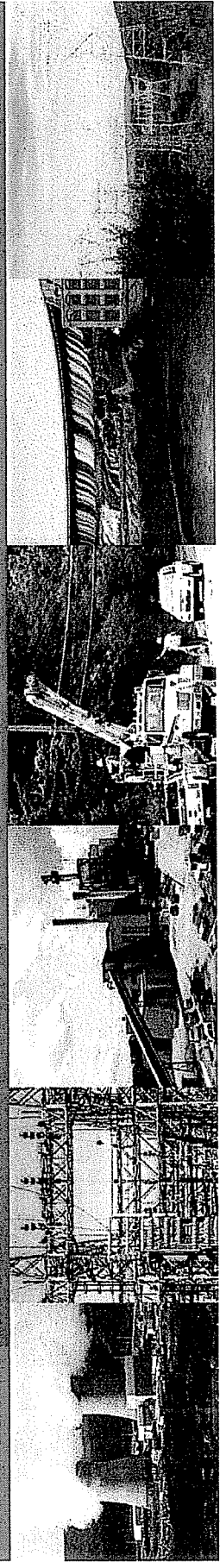
CAGR (2011-2015)
10.5%

(1) Represents year-end amounts





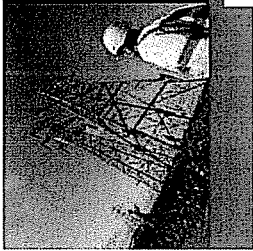

**WESTERN POWER
DISTRIBUTION**



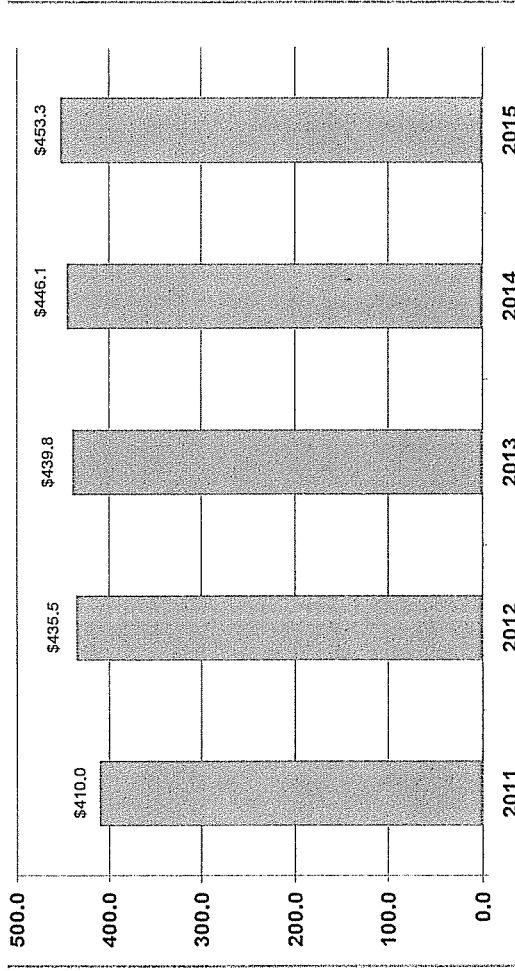


International Regulated Segment Key Business and Value Drivers

- Electricity distribution businesses are regulated by the UK's Office of Gas and Electricity Markets (Ofgem).
 - Current price control period is April 1, 2010 to March 31, 2015.
- Business growth is driven by capital investment in aging infrastructure and load-related assets.
 - \$2.0 billion investment in current price control period (2010 – 2015); 31% higher than previous price control period.
- Regulatory Incentive mechanisms provide opportunity for enhanced returns.
 - Customer service and reliability.
 - Cost efficiency.
 - \$240 million awarded during DPCR5 and \$130 million awarded during DPCR4 reviews

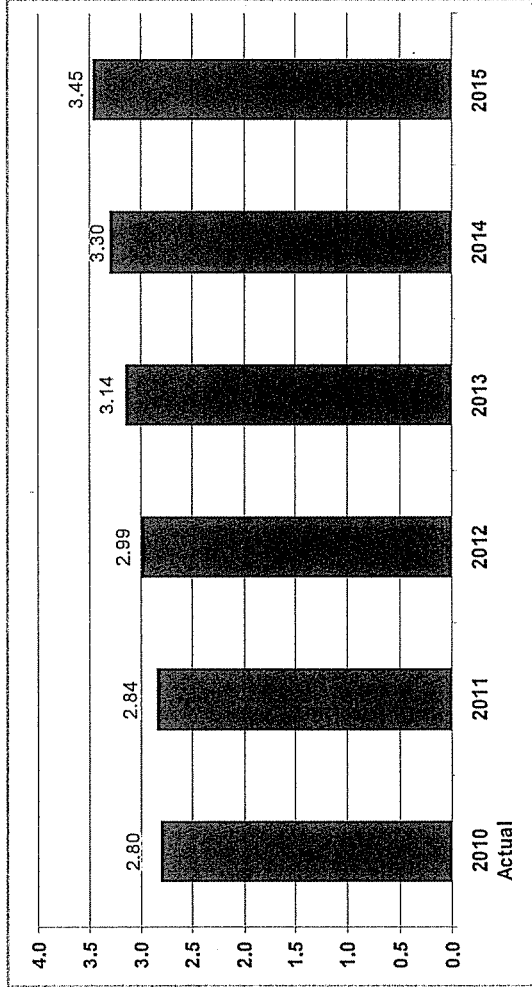


International Regulated Segment Capital Expenditures and Rate Base Growth



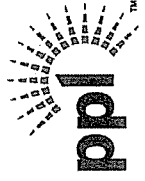
**Estimated
Annual CAPEX**
\$ Millions

Regulatory Period (DPCR5)
\$2.0 BB



**Estimated
RAV (1)**
\$ Billions

CAGR (2011-2015)
5.0%

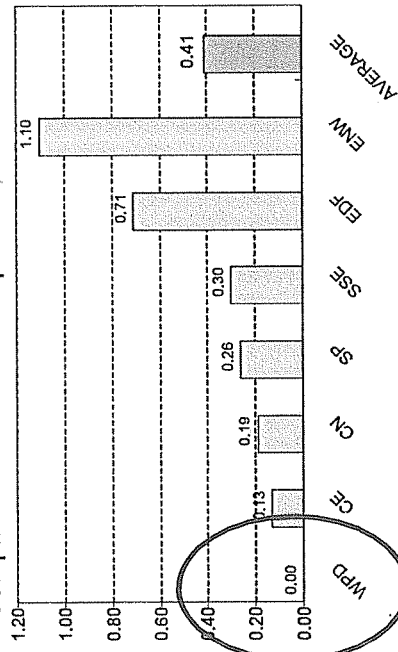


(1) Represents year-end amounts

Outstanding Operational Performance

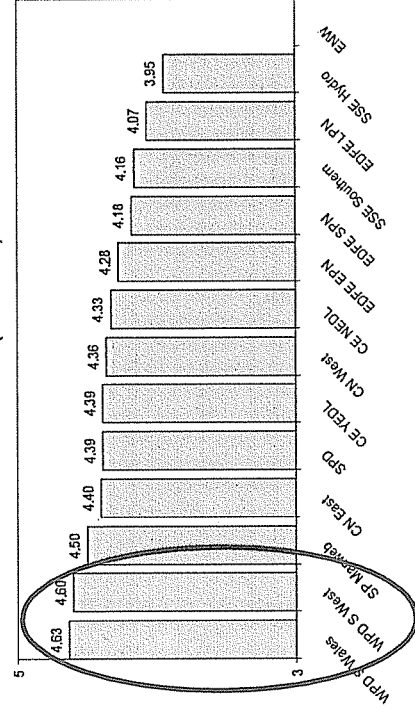
Ombudsman Complaints

Complaints to Ombudsman per 100,000 customers



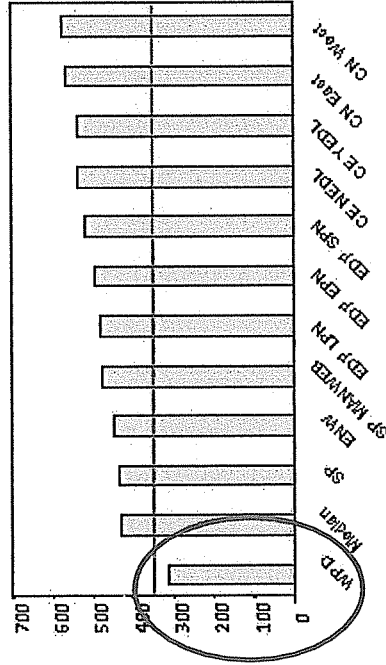
Ofgem Telephony Incentive Scheme

Score (out of 5)



Capex Efficiency in DPCR5

Performance against Peers



1 Hour Restoration Rate

Year ended 31 March 1999	-	51.9%
Year ended 31 March 2001	-	57.6%
Year ended 31 March 2003	-	80.0%
Year ended 31 March 2005	-	84.8%
Year ended 31 March 2007	-	84.6%
Year ended 31 March 2008	-	85.5%
Year ended 31 March 2009	-	86.3%
Year to date 31 December 2010	-	87.4%

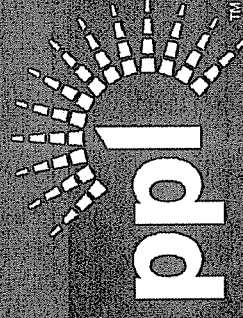
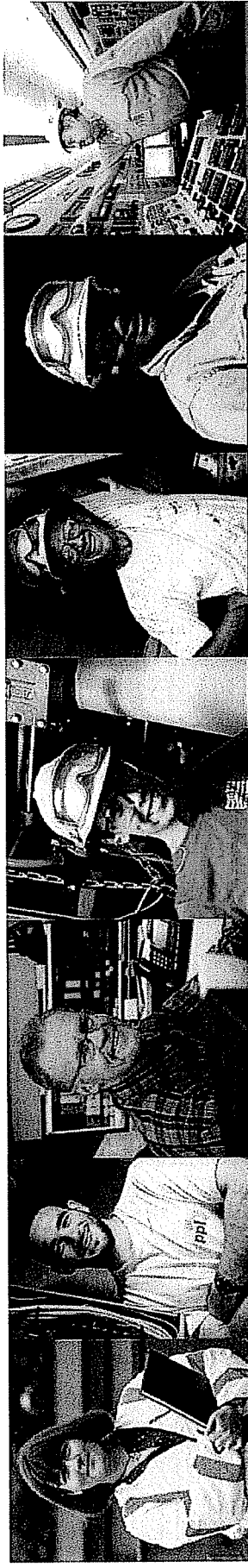
Best in UK



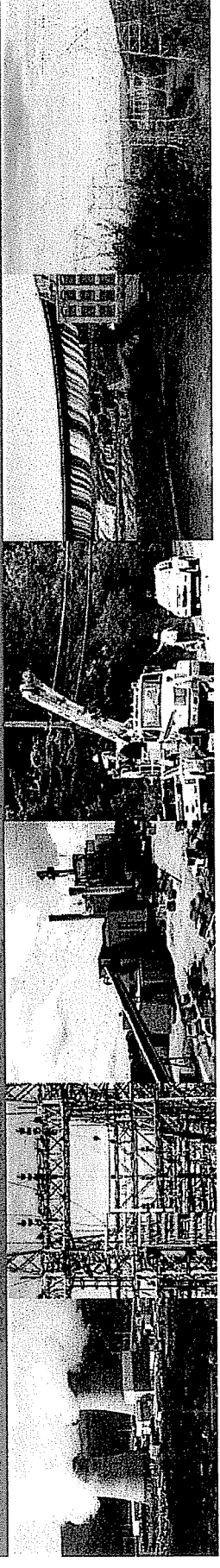
International - Modeling Parameters

Revenues (£)	<ul style="list-style-type: none"> Regulated Revenues escalate 6.9% annually plus inflation; Energy-related business revenue escalate at inflation
Operation and Maintenance (£)	<ul style="list-style-type: none"> Operation and Maintenance expense (excluding pension expense) escalates at inflation
Pension Expense (£)	<ul style="list-style-type: none"> Pension expense increases from £20 million in 2011 to £55 million in 2012 and beyond
Depreciation Expense (£)	<ul style="list-style-type: none"> Depreciation expense escalates at about 7% per annum
Real Estate Taxes plus Energy-related Business Expense (£)	<ul style="list-style-type: none"> Real Estate taxes and Energy-related Business expense escalates at inflation
Interest Expense (£)	<ul style="list-style-type: none"> Interest Expense primarily fixed except for £251 million of index-linked debt escalating at inflation
Income Taxes (£)	<ul style="list-style-type: none"> Effective tax rate of about 25% for Q4 2010 and beyond
Foreign Currency Assumption	<ul style="list-style-type: none"> Assumed \$/£ foreign currency exchange rate
=	International Regulated Net Income (\$)





PPL Electric Utilities





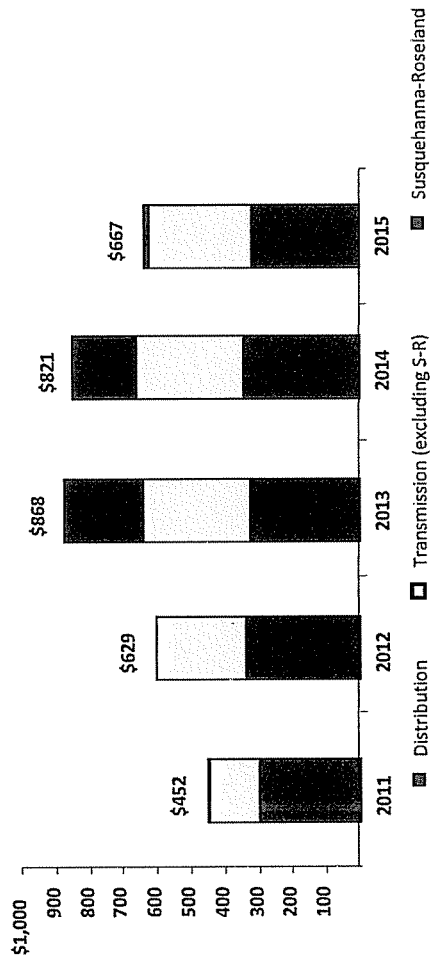
PA Regulated Segment Key Business and Value Drivers

- Superior customer service -
 - 16th JD Power awards, most in nation
 - 1st place JD Power East Region Large Utilities – Business Customers
 - 83% “very satisfied” with customer transactions
- Constructive regulatory relationships
- Attractive future rate base investment opportunities to support reliability
- Rate Base growth from \$3.0 Billion in 2010 to \$4.8 Billion in 2015

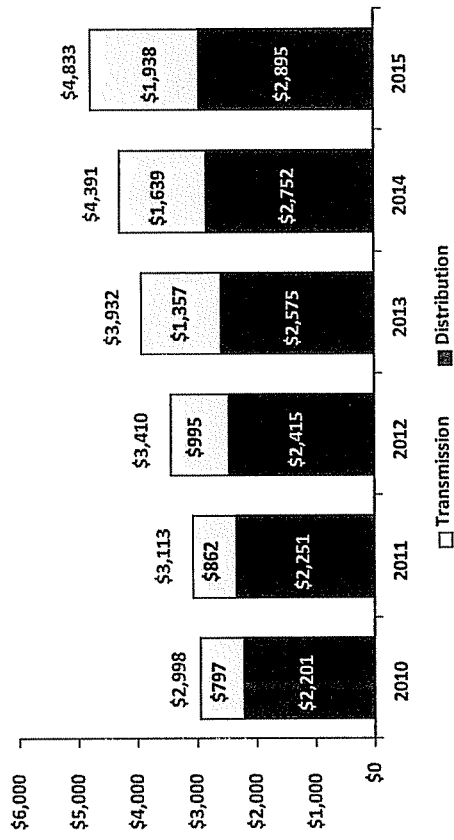


PA Regulated Segment Capex and Rate Base Growth

**Estimated
Annual CAPEX**
\$ Millions



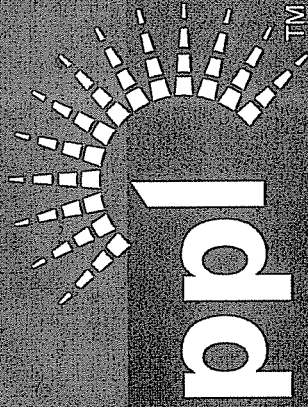
**Estimated Rate
Base (Utility
Capitalization) (1)**
\$ Millions



CAGR (2011-2015)
Distribution = 6.5%
Transmission = 22.5%
Combined = 11.6%

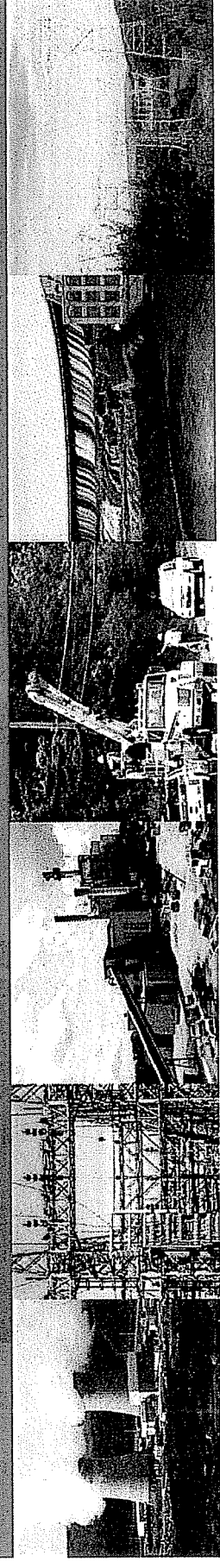
(1) Represents year-end amounts

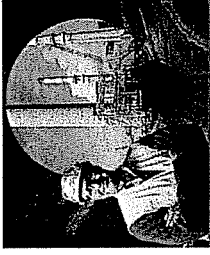




PPL Generation

PPL EnergyPlus





Supply Segment Key Business and Value Drivers

- Our efficient, diverse generating fleet with the ability to meet proposed EPA regulations without substantial increase in capital or operating cost
- Our ability to control spending and optimize operations in a low commodity business cycle
- Current and future capacity additions to our low cost, carbon-free nuclear and hydro facilities
- Our active hedging strategy to protect and enhance the value of our competitive generation fleet
- Improved supply/demand fundamentals



Actively Managing Environmental Uncertainty

Control Device Addresses	Low Nox Burners		SCR/SNCR		Scrubbers		Closed Cycle Cooling Tower		Dry Handling/Disposal/Beneficial Use	
	NO _x		NO _x		SO ₂		Water Intake		Coal Combustion Residuals (CCRs)	
Brunner Island	Unit 1	✓	✓	✓	✓	✓	(3)	✓	✓	✓
	Unit 2	✓	✓	✓	✓	✓	(3)	✓	✓	✓
	Unit 3	✓	✓	✓	✓	✓	(3)	✓	✓	✓
Montour	Unit 1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Unit 2	✓	✓	✓	✓	✓	✓	✓	✓	✓
Colstrip	Unit 1 & 2	✓	(1)	✓	✓	✓	✓	(2)	✓	✓
	Unit 3 & 4	✓	(1)	✓	✓	✓	✓	(2)	✓	✓
Keystone	Unit 1 & 2	✓	✓	✓	✓	✓	✓	✓	✓	✓
Conemaugh	Unit 1 & 2	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ = Installed
 ✓ = Under Consideration

PPL's proactive approach to environmental compliance has made the EPA's pending regulations manageable

- (1) At this time we believe that SCR/SNCRs are not required at Colstrip to meet the proposed NO_x emission units.
- (2) PPL has begun to assess dry handling/disposal of CCRs at Colstrip.
- (3) If required, once through cooling towers could be converted to closed cycle.

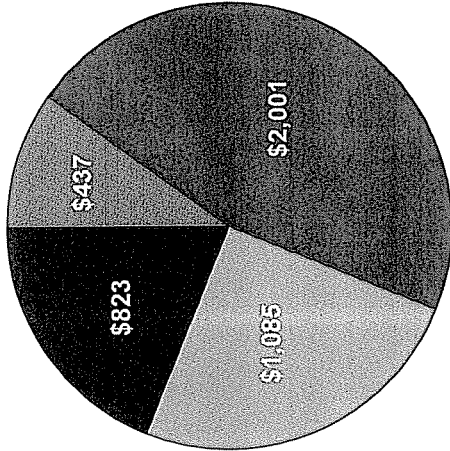




Operating in a Down Commodity Cycle

- **Controlling Capital**
 - Reducing capital spending by over \$500 million over the 5 year plan
- **Optimizing Operation**
 - Operating at minimums during low priced off-peak periods
 - Reducing unit minimums
 - Analyzing fuel options
 - Controlling operating costs

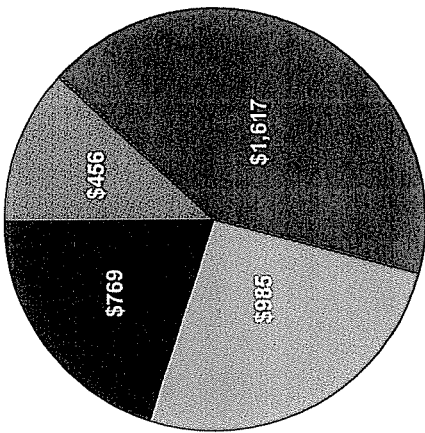
Previous Plan



Total 2010-2014: \$4,346

- Sustenance
- Growth
- Nuclear Fuel
- Environmental & Regulatory

Current Plan



Total 2010-2014: \$3,827

PPL's proactive approach to controlling spending and optimizing operations is maximizing value





Enhancing Value Through Active Hedging

	<u>2011</u>	<u>2012</u>
Baseload		
Expected Generation⁽¹⁾ (Million MWhs)	51.4	54.7
East	43.1	46.2
West	8.3	8.5
Current Hedges (%)	99%	68%
East	100%	63%
West	95%	94%
Average Hedged Price (Energy Only) (\$/MWh) ^{(2) (3)}		
East	\$56	\$59-61
West	\$54	\$53-54
Current Coal Hedges (%)	99%	96%
East	99%	94%
West	100%	100%
Average Hedged Consumed Coal Price (Delivered \$/Ton)		
East	\$73-74	\$76-80
West	\$23-28	\$23-29
Intermediate/Peaking		
Expected Generation⁽¹⁾ (Million MWhs)	6.0	6.2
Current Hedges (%)	34%	7%

Capacity revenues are expected to be \$430 million, \$385 million and \$590 million for 2011, 2012 and 2013, respectively.

As of December 31, 2010

(1) Represents expected sales based on current business plan assumptions

(2) The 2011 average hedge energy prices are based on the fixed price swaps as of December 31, 2010; the prior collars have all been converted to fixed swaps.

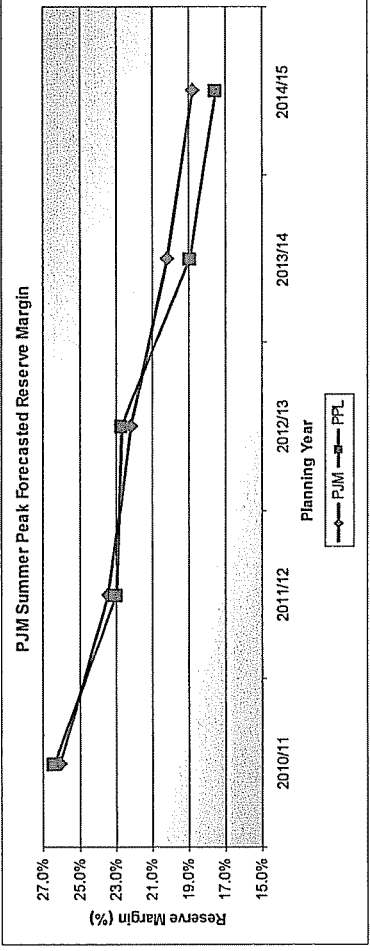
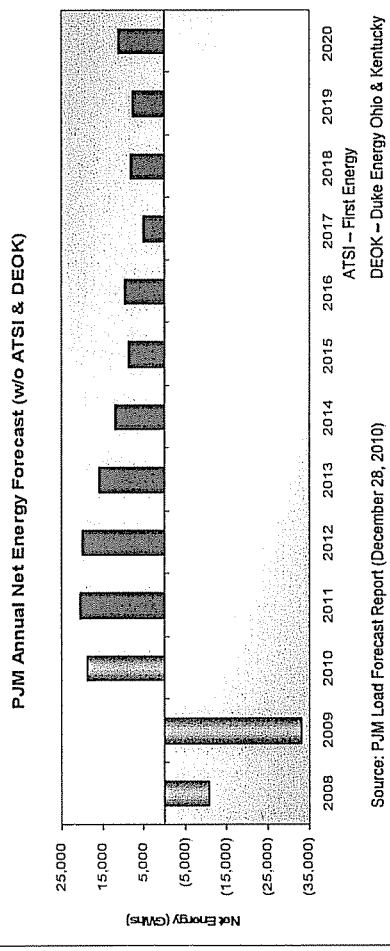
(3) The 2012 ranges of average energy prices for existing hedges were estimated by determining the impact on the existing collars resulting from 2012 power prices at the 5th and 95th percentile confidence levels.





Supply & Demand - Catalysts for Growth

- Economic recovery driving increases in electric demand
- Existing forward prices provide little incentive to build
- Proposed EPA regulations are expected to be a net benefit given our mix of generation

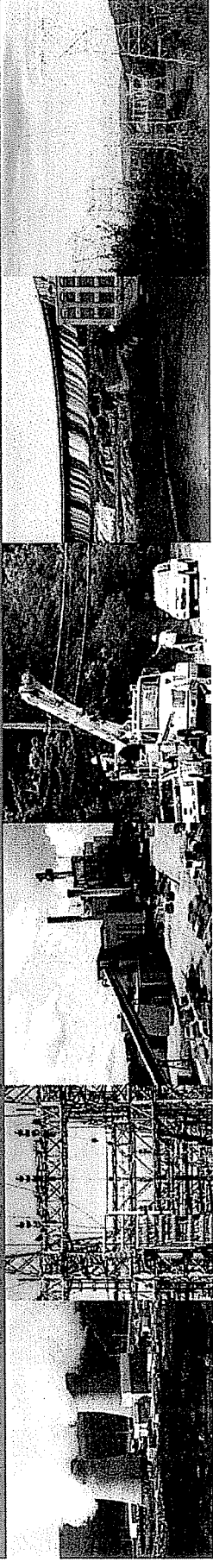


Impact on Coal Capacity			
Date of Report	RFC/PJM	Nationwide	Impact by
PPL Dec-10	5-12 GW		2019
Brattle Nov-2010	12-19 GW	50-65 GW	2020
NERC Oct-2010	3-11 GW	10-35 GW	2018
Credit Suisse Sep-2010	12-24 GW	35-100 GW (60 GW Base)	2017
ICF/INGAA May-2010	25-30 GW	50 GW	2018





Financial Overview



Ongoing Earnings Overview

	Q4		Change
	2010	2009	
Kentucky Regulated	\$0.07	\$0.00	\$0.07
International Regulated	0.07	0.18	(0.11)
Pennsylvania Regulated	0.05	0.09	(0.04)
Supply	0.64	0.25	0.39
Total	\$0.83	\$0.52	\$0.31

	2010		2009	Change
	\$0.06	0.53		
Kentucky Regulated	\$0.06	\$0.00	\$0.06	
International Regulated	0.53	0.72	(0.19)	
Pennsylvania Regulated	0.27	0.35	(0.08)	
Supply	2.27	0.88	1.39	
Total	\$3.13	\$1.95	\$1.18	

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.

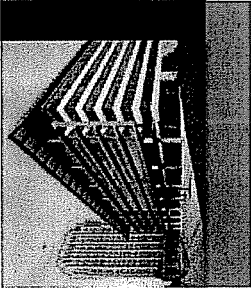


International Regulated Segment Earnings Drivers

	<u>2010</u>
2009 EPS – Ongoing Earnings	<u>\$0.72</u>
Delivery Revenue	0.08
O&M	(0.09)
Financing	(0.10)
Effect of Exchange Rates	0.04
Income Taxes & Other	(0.05)
Dilution	(0.07)
Total	<u>(0.19)</u>
2010 EPS – Ongoing Earnings	<u>\$0.53</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.





Pennsylvania Regulated Segment Earnings Drivers

	<u>2010</u>
2009 EPS – Ongoing Earnings	<u>\$0.35</u>
O&M	(0.06)
Other	0.01
Dilution	(0.03)
Total	<u>(0.08)</u>
2010 EPS – Ongoing Earnings	<u>\$0.27</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.

Supply Segment Earnings Drivers

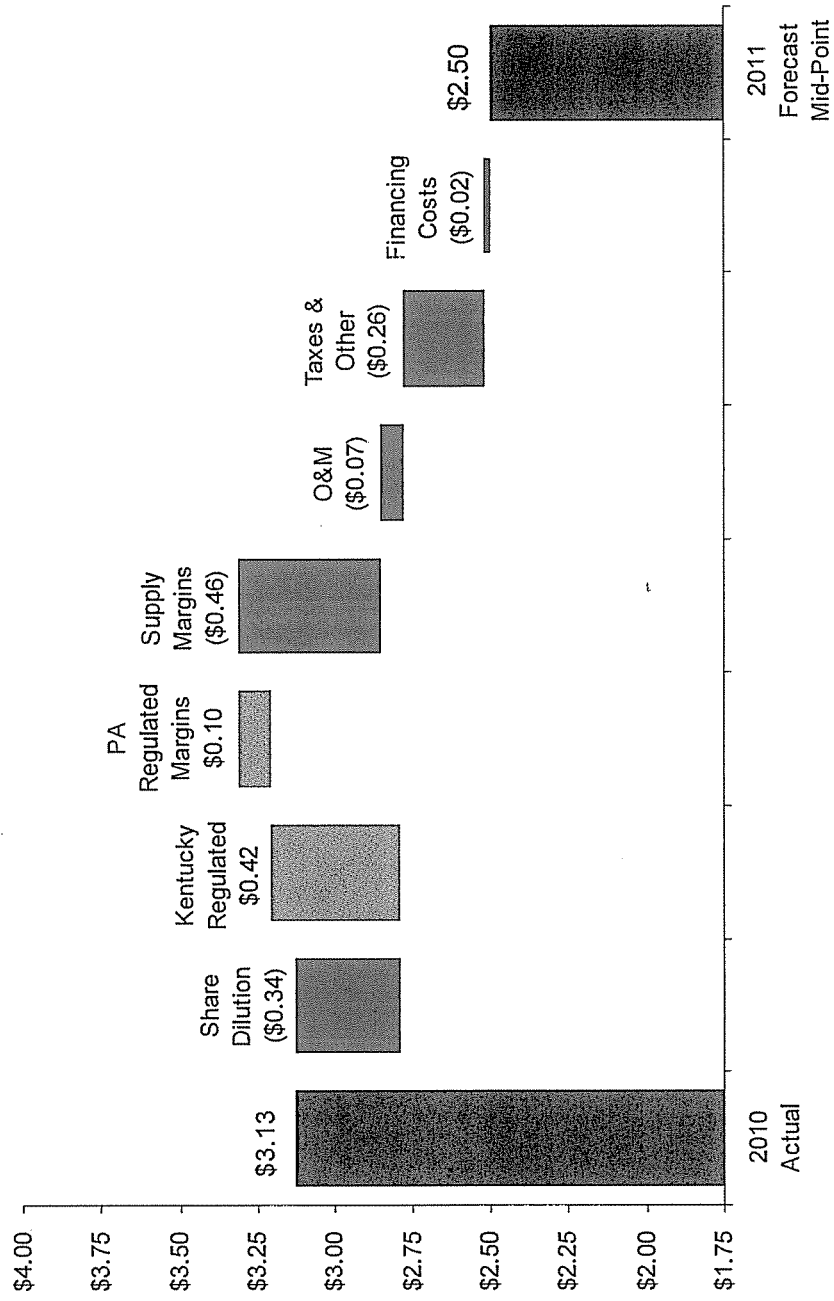
	<u>2010</u>
2009 EPS – Ongoing Earnings	\$0.88
Margins – East	1.56
Margins – West	0.03
O&M	(0.08)
Depreciation	(0.07)
Income Taxes & Other	0.24
Discontinued Operations	0.04
Dilution	(0.33)
Total	<u>1.39</u>
2010 EPS – Ongoing Earnings	<u>\$2.27</u>

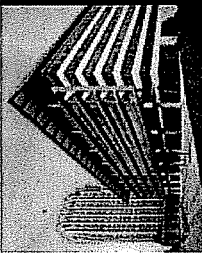


Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.

2010 to 2011 Earnings Walk

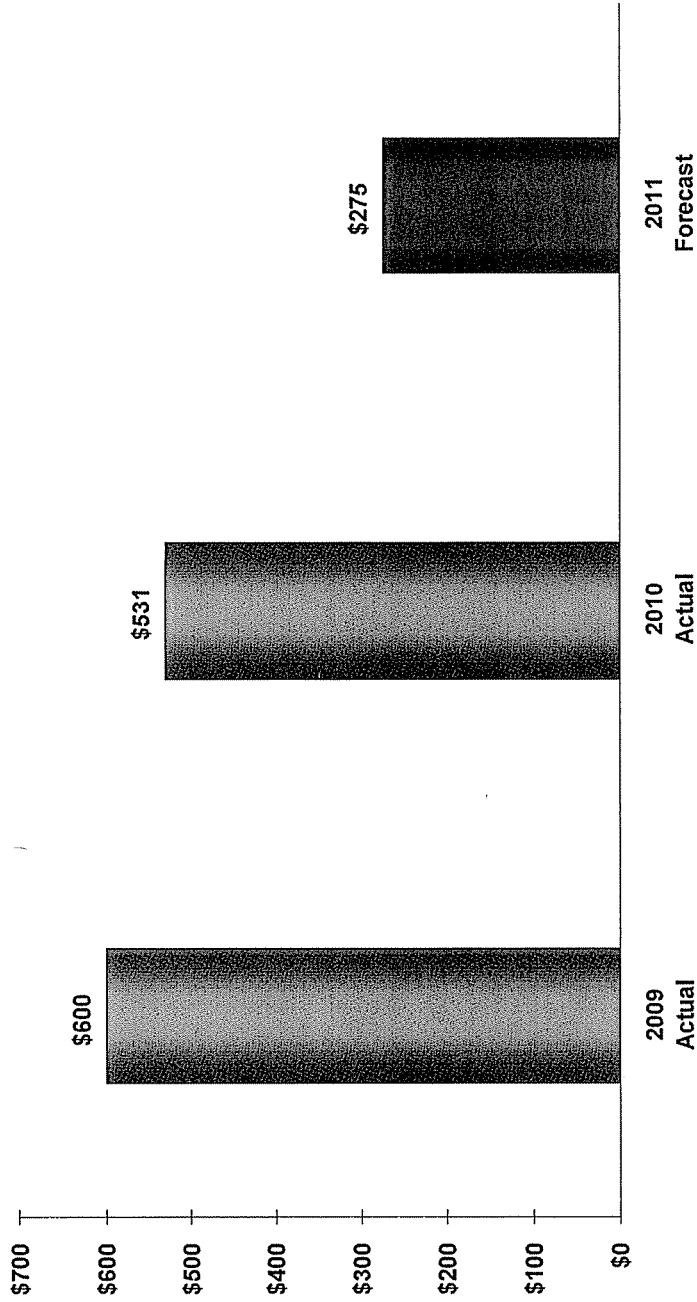
Earnings Per Share





Free Cash Flow before Dividends

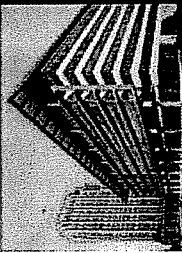
Millions of Dollars



2010 Free Cash Flow includes two months of the results of the Kentucky Regulated segment

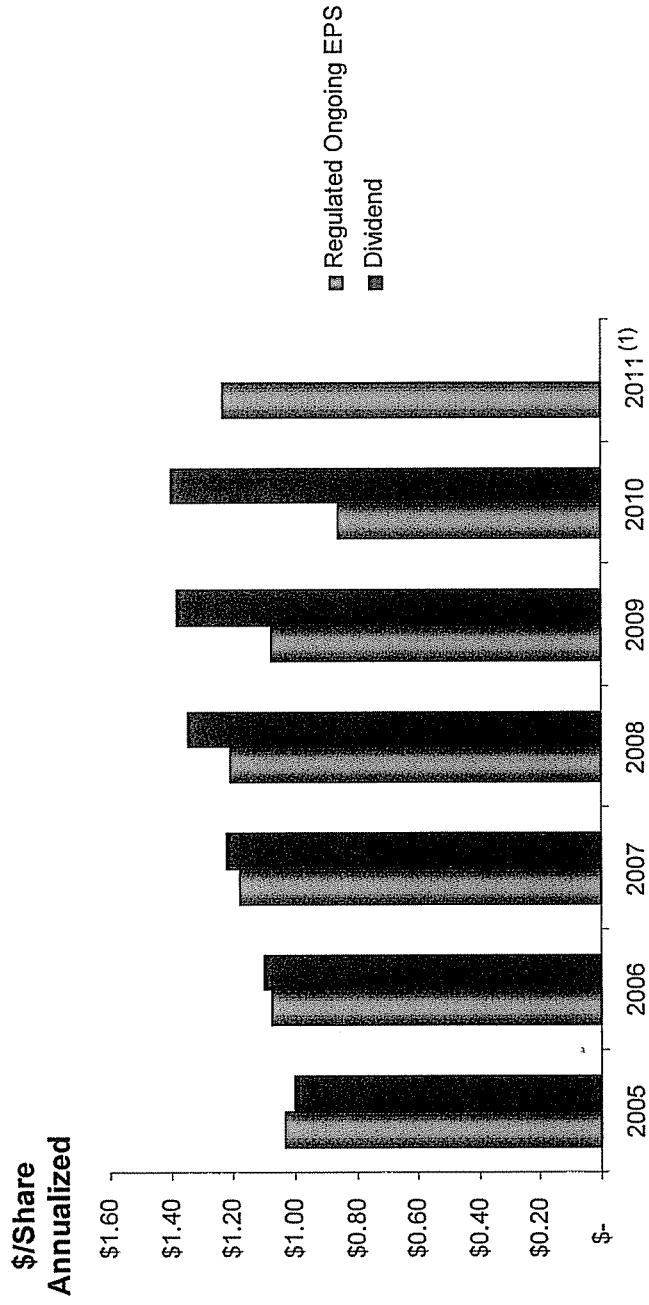
Note: See Appendix for reconciliation of free cash flow before dividends to cash from operations.





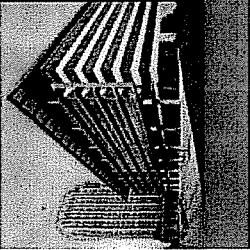
Dividend Profile

A significantly more rate-regulated business mix provides strong support for current dividend and a platform for future growth



(1) Regulated EPS based on mid-point of forecast. Dividend to be determined by Board of Directors.





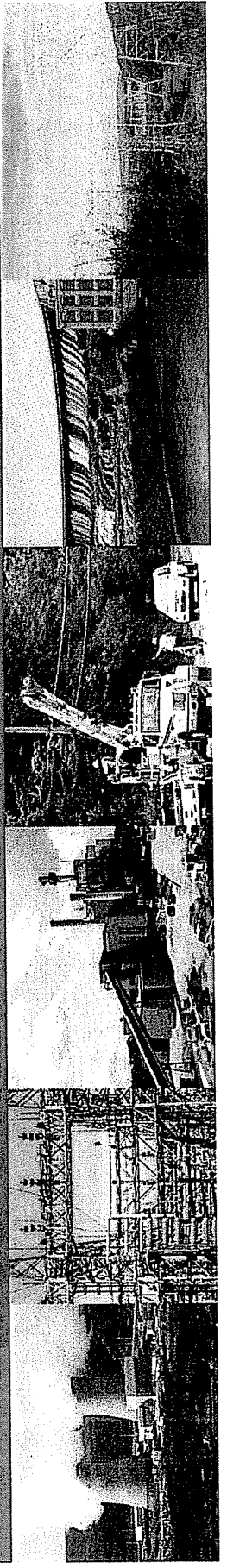
Key Expected Earnings Drivers – 2012 and 2013

- Higher domestic regulated earnings as a result of higher rate bases and planned distribution rate filings
- Continued benefits from WPD's current distribution price control review
- Lower Supply margins as a result of depressed energy prices
- Higher O&M
- Positive Fundamentals in Supply
- Heat rate expansion
- Load recovery





Appendix



Kentucky Rate Mechanisms

- Fuel Adjustment Clause (FAC) – Collects or refunds difference between base rate fuel component and actual fuel cost monthly with a two-month lag
- Gas Supply Clause (GSC) – Actual cost of gas supply passed through to customers with rates reset quarterly based on projected cost with balancing mechanism
 - Performance-Based Rate Component – Utility retains 25% of savings vs. benchmark gas costs
 - Weather Normalization Adjustment (WNA) – Applies to residential and commercial gas customers during winter months
- Environmental Cost Recovery Surcharge (ECR) – Entitled to recovery of and on costs of complying with environmental regulations with a two-month lag
- Construction Work in Progress (CWIP) – Recovery on CWIP included in base rates and ECR
- Demand-Side Management Cost Recovery Mechanism (DSMRM) – Provides for concurrent recovery of DSM costs and provides incentive for implementing DSM programs, including lost revenue



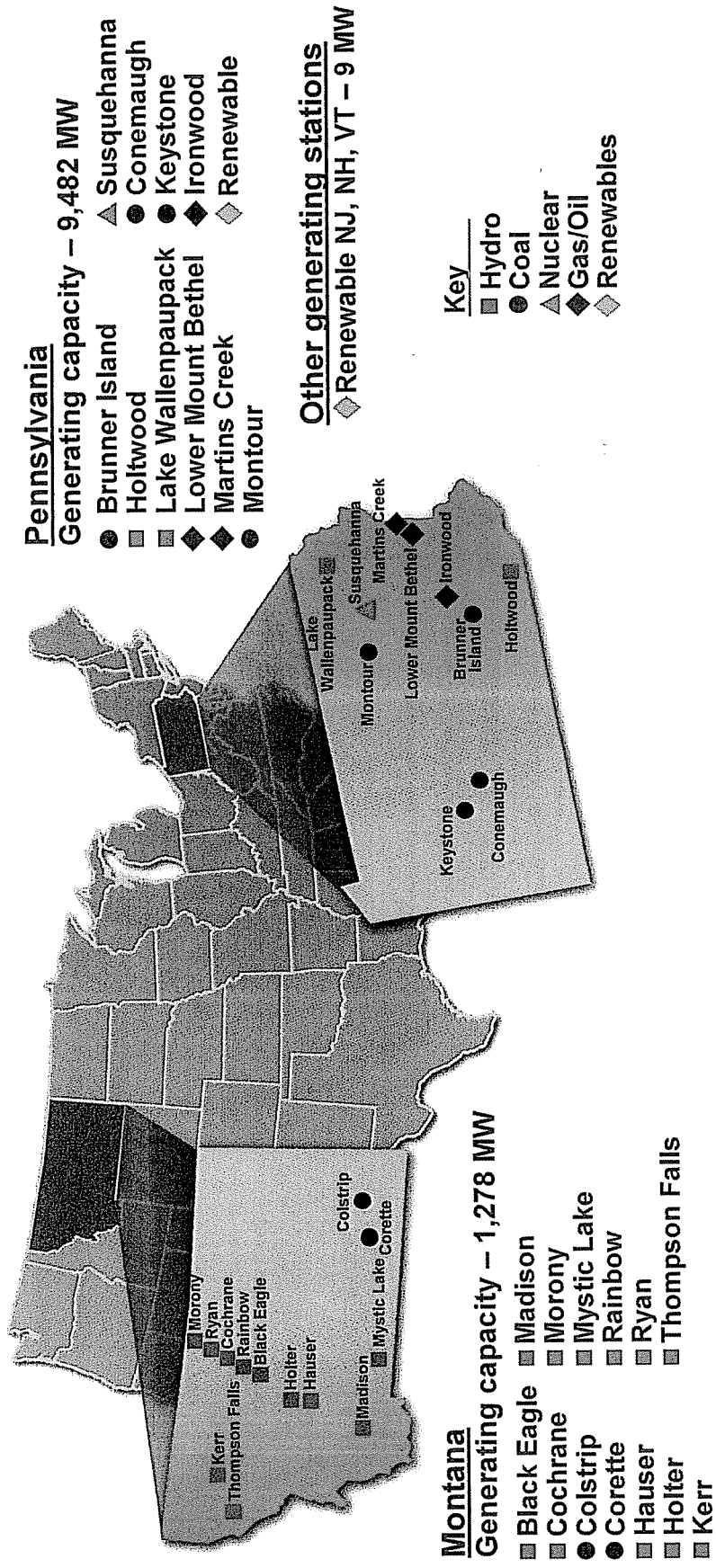


UK Electricity Distribution Regulation

- Electricity distribution revenues are set through a Distribution Price Control Review (DPCR) process.
 - Based on a forward looking assessment of income sufficient to finance an efficient business.
 - Revenues cover operating and capital costs at an efficient level for the service territory.
 - Efficiency is determined through a detailed comparable analysis of all UK electricity distribution companies.
 - Annual adjustments for inflation
 - An incentive / penalty arrangement exists for reliability and customer service levels.
- The revenue that a company can earn in each rate period is the sum of:
 - The Regulator's view of efficient costs,
 - A return on the value of Regulated Asset Value ("RAV"),
 - A return of capital being the depreciation of the RAV, and
 - Incentive payments for performance.
- Rate set through March 31, 2015.



Diverse Competitive Generation Portfolio



Our size, location and diverse mix of competitive generation gives us flexibility to adapt in a variety of market conditions





Market Prices

	2011	2012
<u>ELECTRIC</u>		
<u>PJM</u>		
On-Peak	\$53	\$54
Off-Peak	\$39	\$40
ATC ⁽²⁾	\$46	\$47
<u>Mid-Columbia</u>		
On-Peak	\$35	\$43
Off-Peak	\$27	\$34
ATC ⁽¹⁾	\$31	\$39
<u>GAS</u> ⁽²⁾		
NYMEX	\$4.55	\$5.08
TZ6NNY	\$5.43	\$5.88
<u>PJM MARKET</u>		
HEAT RATE ⁽³⁾	9.76	9.15
CAPACITY PRICES (Per MWD)	\$136.79	\$123.63
<u>EQA</u>	89.2%	90.0%

(1) 24-hour average

(2) NYMEX and TZ6NNY forward gas prices on 12/31/2010

(3) Market Heat Rate = PJM on-peak power price divided by TZ6NNY gas price



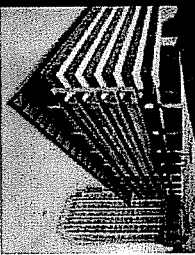
Debt Maturities

	(Millions)				
	2011	2012	2013	2014	2015
PPL Capital Funding	\$0	\$0	\$0 ⁽¹⁾	\$0	\$0
LG&E and KU Energy (Holding Co LKE)	2	0	0	0	400
Louisville Gas & Electric	0	0	0	0	250
Kentucky Utilities	0	0	0	0	250
PPL Electric Utilities	0	0	400	10 ⁽²⁾	100
PPL Energy Supply	500	0	737	300	300 ⁽³⁾
WPD	0	0	0	0	0
Total	\$502	\$0	\$1,137	\$310	\$1,300

Note: As of December 31, 2010

- (1) Excludes \$1.15 billion of junior subordinated notes due 2018 that are a component of PPL's Equity Units and may be put back to PPL Capital Funding if the remarketing in 2013 is not successful
- (2) Bonds defeased in substance in 2008 by depositing sufficient funds with the trustee
- (3) Represents REset Put Securities due 2035 that are required to be put by the holders in October 2015 either for (a) purchase and remarketing by a remarketing dealer or (b) repurchase by PPL Energy Supply.



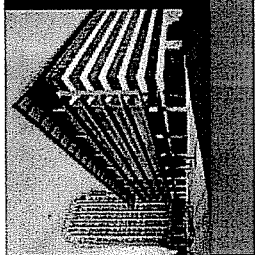


Liquidity Profile

Institution	Facility	Expiration Date	Total Facility (Millions)	Letters of Credit Outstanding (Millions)	Drawn (Millions)	Availability (Millions)
PPL Energy Supply	Syndicated Credit Facility	Dec-2014	\$3,000	\$0	\$350	\$2,650
	3-Year Bilateral Credit Facility	Mar-2013	200	24	0	176
	5-year Structured Credit Facility	Mar-2011	300	161	0	139
			<u>\$3,500</u>	<u>\$185</u>	<u>\$350</u>	<u>\$2,965</u>
PPL Electric Utilities	Syndicated Credit Facility	Dec-2014	\$200	\$13	\$0	\$187
	Asset-backed Credit Facility	Jul-2011	150	0	0	150
			<u>\$350</u>	<u>\$13</u>	<u>\$0</u>	<u>\$337</u>
Louisville Gas & Electric	Syndicated Credit Facility	Dec-2014	\$400	\$0	\$163	\$237
Kentucky Utilities	Syndicated Credit Facility	Dec-2014	\$400	\$198	\$0	\$202
WPD	5-year Credit Facility	Jan-2013	£150	£0	£115	£35
	3-year Credit Facility	Jul-2012	210	0	0	210
	Uncommitted Credit Facilities		63	3	0	60
			<u>£423</u>	<u>£3</u>	<u>£115</u>	<u>£305</u>

Domestic facilities consist of a diverse bank group, with no bank and its affiliates providing an aggregate commitment of more than 12% of the total committed capacity.





Reconciliation of Fourth Quarter Earnings from Ongoing Operations to Reported Earnings

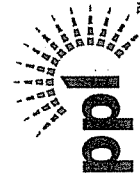
(Millions)

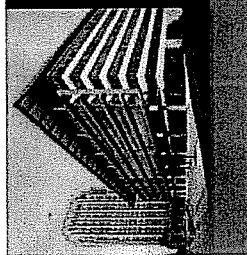
	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Quarter Ending December 31, 2010						
Earnings from Ongoing Operations	\$ 36	\$ 32	\$ 26	\$ 311	\$ (1)	\$ 404
Special items:						
Energy-related economic activity	(1)			(6)		(7)
Foreign currency-related economic hedges		3				3
Sales of assets:						
Maine hydroelectric generation business				15		15
Impairments:						
Impacts from emission allowances				(1)		(1)
LKE acquisition-related costs:				(23)		(23)
Monetization of certain full-requirement sales contracts				(2)		(2)
Anticipated sale of certain non-core generation facilities				(9)		(9)
Discontinued cash flow hedges & ineffectiveness				(6)		(6)
Reduction of credit facility					(6)	(6)
Bridge Facility costs					(8)	(8)
Other acquisition-related costs					(14)	(14)
Other:						
Change in U.K. tax rate		(1)				(1)
LKE discontinued operations	2					2
Montana basin seepage litigation				2		2
Total Special Items	1	2		(30)	(22)	(49)
Reported Earnings *	\$ 37	\$ 34	\$ 26	\$ 281	\$ (23)	\$ 355

Quarter Ending December 31, 2009

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	\$ 70	\$ 34	\$ 94	\$ (57)	\$	\$ 198
Special items:						
Energy-related economic activity						(57)
Foreign currency-related economic hedges		3				3
Sales of assets:						
Maine hydroelectric generation business				22		22
Long Island generation business				1		1
Latin American businesses				(3)		(3)
Interest in Wyman Unit 4		(3)		(4)		(4)
Impairments:						
Impacts from emission allowances				(4)		(4)
Adjustments - nuclear decommissioning trust investments				1		1
Other asset impairments				(2)		(2)
Other:						
Montana hydroelectric litigation			(3)	(3)		(3)
Change in tax accounting method related to repairs				4		1
Total Special Items		70	(3)	(42)		(45)
Reported Earnings *	\$ 36	\$ (38)	\$ (8)	\$ 217	\$ (1)	\$ 206

* Represents net income attributable to PPL Corporation.





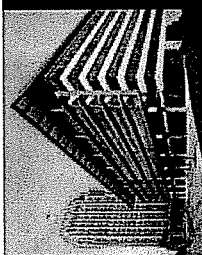
Reconciliation of Fourth Quarter Earnings from Ongoing Operations to Reported Earnings

(Per Share)

	Quarter Ending December 31, 2010					Quarter Ending December 31, 2009						
	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	\$ 0.07	\$ 0.07	\$ 0.05	\$ 0.64	\$	\$ 0.83	\$ 0.07	\$ 0.07	\$ 0.09	\$ 0.25	\$	\$ 0.52
Special Items:				(0.01)		(0.01)				(0.15)		(0.15)
Energy-related economic activity												
Sales of assets:												
Maine hydroelectric generation business												
LKE acquisition-related costs:												
Monetization of certain full-requirement sales contracts												
Discontinued cash flow hedges & ineffectiveness												
Reduction of credit facility												
Bridge Facility costs					\$ (0.01)	(0.01)						
Other acquisition-related costs					(0.03)	(0.03)						
Total Special Items					(0.04)	(0.04)						
Reported Earnings	\$ 0.07	\$ 0.07	\$ 0.05	\$ 0.58	\$ (0.04)	\$ 0.73	\$ 0.07	\$ 0.07	\$ 0.04	\$ 0.58	\$ (0.04)	\$ 0.73
Earnings from Ongoing Operations	\$	\$ 0.18	\$ 0.09	\$ 0.25	\$	\$ 0.52	\$	\$ 0.18	\$ 0.09	\$ 0.25	\$	\$ 0.52
Special Items:												
Energy-related economic activity												
Foreign currency-related economic hedges		0.01				0.01						
Sales of assets:												
Maine hydroelectric generation business												
Latin American businesses		(0.01)				(0.01)						
Interest in Wyman Unit 4												
Impairments:												
Impacts from emission allowances												
Other:												
Montana hydroelectric litigation												
Change in tax accounting method related to repairs			(0.01)			(0.01)						
Total Special Items			(0.01)			(0.01)						
Reported Earnings	\$	\$ 0.18	\$ 0.08	\$ 0.14	\$	\$ 0.40	\$	\$ 0.18	\$ 0.08	\$ 0.14	\$	\$ 0.40
Change in earnings from ongoing operations	\$ 0.07	\$ (0.11)	\$ (0.04)	\$ 0.39	\$	\$ 0.31	\$ 0.07	\$ (0.11)	\$ (0.04)	\$ 0.39	\$	\$ 0.31

Note: Per share amounts are based on diluted shares outstanding. 2010 amounts reflect the dilution associated with the June 2010 issuance of common stock.





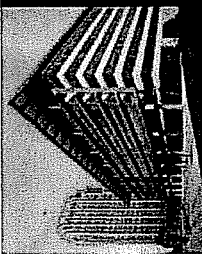
Reconciliation of Year-to-Date Earnings from Ongoing Operations to Reported Earnings



(Millions)

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Year-to-Date December 31, 2010						
Earnings from Ongoing Operations	\$ 25	\$ 230	\$ 115	\$ 990	\$ (2)	\$ 1,358
Special Items:						
Energy-related economic activity	(1)			(121)		(122)
Foreign currency-related economic hedges						1
Sales of assets:		1				15
Maine hydroelectric generation business				15		1
Sundance indemnification				1		
Impairments:						
Impacts from emission allowances				(10)		(10)
LKE acquisition-related costs:						
Monetization of certain full-requirement sales contracts				(125)		(125)
Anticipated sale of certain non-core generation facilities				(64)		(64)
Discontinued cash flow hedges & ineffectiveness				(28)		(28)
Reduction of credit facility				(6)		(6)
Bridge Facility costs					(62)	(62)
Other acquisition-related costs					(22)	(22)
Other:						
Montana hydroelectric litigation				(34)		(34)
Health Care Reform - tax impact				(6)		(6)
Change in U.K. tax rate		18				18
U.S. Tax Court ruling (U.K. Windfall Profits Tax)		12				12
LKE discontinued operations	2					2
Montana basin seepage litigation				2		2
Total Special Items	<u>1</u>	<u>31</u>	<u>115</u>	<u>(378)</u>	<u>(74)</u>	<u>(420)</u>
Reported Earnings*	<u>\$ 26</u>	<u>\$ 261</u>	<u>\$ 115</u>	<u>\$ 612</u>	<u>\$ (76)</u>	<u>\$ 938</u>
Year-to-Date December 31, 2009						
Earnings from Ongoing Operations	\$	\$ 272	\$ 133	\$ 333	\$	\$ 738
Special Items:						
Energy-related economic activity				(225)		(225)
Foreign currency-related economic hedges		1				1
Sales of assets:						
Maine hydroelectric generation business				22		22
Long Island generation business				(33)		(33)
Latin American businesses				(4)		(4)
Interest in Wyman Unit 4				(19)		(19)
Impairments:						
Impacts from emission allowances		(1)	(1)			(6)
Other asset impairments		(2)	(5)	(6)		(13)
Workforce reduction						
Other:						
Montana hydroelectric litigation				(3)		(3)
Change in tax accounting method related to repairs				(21)		(24)
Total Special Items	<u>(29)</u>	<u>(9)</u>	<u>(3)</u>	<u>(23)</u>	<u>(24)</u>	<u>(33)</u>
Reported Earnings*	<u>\$ 243</u>	<u>\$ 124</u>	<u>\$ 124</u>	<u>\$ 40</u>	<u>\$</u>	<u>\$ 407</u>
Change in earnings from ongoing operations	<u>\$ 25</u>	<u>\$ (42)</u>	<u>\$ (18)</u>	<u>\$ 657</u>	<u>\$ (2)</u>	<u>\$ 620</u>

* Represents net income attributable to PPL Corporation.



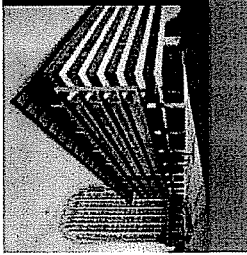
Reconciliation of Year-to-Date Earnings from Ongoing Operations to Reported Earnings

(Per Share)

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Year-to-Date December 31, 2010						
Earnings from Ongoing Operations	\$ 0.06	\$ 0.53	\$ 0.27	\$ 2.27	\$	\$ 3.13
Special Items:						
Energy-related economic activity				(0.27)		(0.27)
Sales of assets:				0.03		0.03
Maine hydroelectric generation business						
Impairments:				(0.02)		(0.02)
Impacts from emission allowances						
LKE acquisition-related costs:				(0.29)		(0.29)
Monetization of certain full-requirement sales contracts				(0.14)		(0.14)
Anticipated sale of certain non-core generation facilities				(0.06)		(0.06)
Discontinued cash flow hedges & ineffectiveness				(0.01)		(0.01)
Reduction of credit facility					(0.12)	(0.12)
Bridge Facility costs					(0.05)	(0.05)
Other acquisition-related costs						
Other:						
Montana hydroelectric litigation				(0.08)		(0.08)
Health Care Reform - tax impact				(0.02)		(0.02)
Change in U.K. tax rate	0.04					0.04
U.S. Tax Court ruling (U.K. Windfall Profits Tax)	0.07					0.07
Total Special Items	\$ 0.06	\$ 0.60	\$ 0.27	\$ (0.88)	\$ (0.17)	\$ (0.95)
Reported Earnings	\$ 0.06	\$ 0.60	\$ 0.27	\$ 1.41	\$ (0.17)	\$ 2.17
Year-to-Date December 31, 2009						
Earnings from Ongoing Operations	\$ 0.72	\$ 0.35	\$ 0.88	\$	\$	\$ 1.95
Special Items:						
Energy-related economic activity				(0.59)		(0.59)
Sales of assets:				0.06		0.06
Maine hydroelectric generation business				(0.09)		(0.09)
Long Island generation business						
Latin American businesses		(0.07)				(0.07)
Interest in Wyman Unit 4				(0.01)		(0.01)
Impairments:						
Impacts from emission allowances				(0.05)		(0.05)
Other asset impairments			(0.01)	(0.01)		(0.01)
Workforce reduction			(0.01)	(0.01)		(0.03)
Other:						
Montana hydroelectric litigation				(0.01)		(0.01)
Change in tax accounting method related to repairs			(0.01)	(0.06)		(0.07)
Total Special Items	\$ (0.08)	\$ (0.02)	\$ (0.77)	\$ 0.11	\$	\$ (0.87)
Reported Earnings	\$ 0.64	\$ 0.33	\$ 0.33	\$ 0.11	\$	\$ 1.08
Change in earnings from ongoing operations	\$ 0.06	\$ (0.19)	\$ (0.08)	\$ 1.39	\$	\$ 1.18

Note: Per share amounts are based on diluted shares outstanding. 2010 amounts reflect the dilution associated with the June 2010 issuance of common stock.





Reconciliation of PPL's Earnings from Ongoing Operations to Reported Earnings

	Forecast		Actual	
	High 2011	Low 2011	2010 [a]	2009
Earnings from Ongoing Operations per share of common stock	\$ 2.60	\$ 2.40	\$ 3.13	\$ 1.95
Special Items:				
Energy-related economic activity			(0.27)	(0.59)
Sales of assets:				
Maine hydroelectric generation business			0.03	0.06
Long Island generation business				(0.09)
Latin American businesses				(0.07)
Interest in Wyman Unit 4				(0.01)
Gas and propane businesses				(0.01)
Impairments:				
Impacts from emission allowances			(0.02)	(0.05)
Adjustments - nuclear decommissioning trust investments				(0.07)
Holtwood hydroelectric plant				(0.04)
Other asset impairments				(0.03)
LKE acquisition-related costs:				(0.01)
Monetization of certain full-requirement sales contracts			(0.29)	
Anticipated sale of certain non-core generation facilities			(0.14)	
Bridge Facility costs			(0.12)	
Discontinued cash flow hedges & ineffectiveness			(0.06)	
Reduction of credit facility			(0.01)	
Other acquisition-related costs			(0.05)	
Workforce reductions				(0.03)
Other:				
Montana hydroelectric litigation			(0.08)	(0.01)
Health Care Reform - tax impact			(0.02)	
Change in U.K. tax rate			0.04	
U.S. Tax Court ruling (U.K. Windfall Profits Tax)			0.03	
Change in tax accounting method related to repairs				(0.07)
Synfuel tax adjustment				(0.04)
Montana basin seepage litigation				(0.01)
Total Special Items			(0.96)	(0.87)
Reported Earnings per share of common stock	\$ 2.60	\$ 2.40	\$ 2.17	\$ 1.08
				\$ 2.47

Note: Amounts are based on diluted shares outstanding.
[a] Reflects the dilution associated with the June 2010 issuance of common stock.



Reconciliation of Year-to-Date Operating Income to Unregulated Gross Energy Margins

(Millions of Dollars)

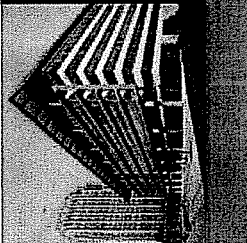
	Year Ended December 31,			Per Share Diluted (after-tax) (a)
	2010	2009	Change	
Eastern U.S., pre-tax	\$ 2,428	\$ 1,406	\$ 1,022	\$ 1.56
Western U.S., pre-tax	342	325	17	0.03
Unregulated gross energy margins, pre-tax	\$ 2,770	\$ 1,731	\$ 1,039	\$ 1.59

	Year Ended December 31,	
	2010	2009
Operating Income	\$ 1,866	\$ 896
Adjustments:		
Utility	(3,668)	(3,902)
Energy-related businesses, net	(26)	(27)
Other operation and maintenance	1,756	1,418
Amortization of recoverable transition costs	-	304
Depreciation	556	455
Taxes, other than income	238	280
Revenue adjustments (b)	920	2,217
Expense adjustments (b)	1,128	90
Unregulated gross energy margins	\$ 2,770	\$ 1,731

(a) Excludes dilution associated with the June 2010 issuance of common stock.

(b) See additional information on the following slide.



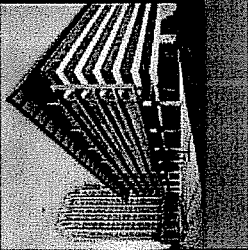


Reconciliation of Year-to-Date Operating Income to Unregulated Gross Energy Margins

(Millions of Dollars)

	Year Ended December 31,	
	2010	2009
<u>Revenue adjustments</u>		
Exclude the impact from the Supply segment's energy-related economic activity	\$ 483	\$ 274
Include PLR revenue from energy supplied to PPL Electric by PPL EnergyPlus	320	1,806
Include gains from the sale of emission allowances/RECs	-	2
Include revenue from Supply segment discontinued operations	117	135
Total revenue adjustments	\$ 920	\$ 2,217
<u>Expense adjustments</u>		
Exclude fuel and energy purchases from the Kentucky Regulated segment	\$ (207)	\$ (109)
Exclude the impact from the Supply segment's energy-related economic activity	63	(44)
Exclude external PLR energy purchases	(1,072)	22
Include expenses from Supply segment discontinued operations	33	19
Include ancillary charges	24	-
Include gross receipts tax	15	-
Other	16	22
Total expense adjustments	\$ (1,128)	\$ (90)





PPL Corporation Reconciliation of Cash from Operations to Free Cash Flow before Dividends

(Millions of Dollars)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash from Operations	\$1,852	\$2,034	\$2,399
Increase (Decrease) in cash due to:			
Capital Expenditures	(1,265)	(1,644)	(2,505)
Sale of Assets	84	161	381
Other Investing Activities – Net	(71)	(20)	0
Free Cash Flow before Dividends	<u>\$ 600</u>	<u>\$ 531</u>	<u>\$ 275</u>





Forward-Looking Information Statement

Statements contained in this news release, including statements with respect to future events and their timing, including statements concerning the acquisition by PPL Corporation of E.ON U.S. LLC and its subsidiaries Louisville Gas and Electric Company and Kentucky Utilities Company (collectively, the "Kentucky Entities"), the expected results of operations of any of the Kentucky Entities or PPL Corporation both before or following PPL Corporation's acquisition of the Kentucky Entities, as well as statements as to future earnings, energy prices, margins and sales, growth, revenues, expenses, cash flow, credit profile, ratings, financing, asset disposition, marketing performance, hedging, regulation, corporate strategy and generating capacity and performance, are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these expectations, assumptions and statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: capital market conditions and decisions regarding capital structure; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; stock price performance; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation, the Kentucky Entities and either of their subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset acquisitions and dispositions; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; the impact of state, federal or foreign investigations applicable to PPL Corporation, the Kentucky Entities and either of their subsidiaries; the outcome of litigation against PPL Corporation, the Kentucky Entities and either of their subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation, the Kentucky Entities and either of their subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax or environmental legislation or regulation; and the commitments and liabilities of PPL Corporation, the Kentucky Entities and each of their subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.





Definitions of Non-GAAP Financial Measures

"Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income attributable to PPL, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that "earnings from ongoing operations," although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making investment decisions. PPL's management also uses "earnings from ongoing operations" in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

"Earnings from ongoing operations" is adjusted for the impact of special items. Special items include:

- *Energy-related economic activity (as discussed below).*
- *Foreign currency-related economic hedges.*
- *Gains and losses on sales of assets not in the ordinary course of business.*
- *Impairment charges (including impairments of securities in the company's nuclear decommissioning trust funds).*
- *Workforce reduction and other restructuring impacts.*
- *Costs and charges related to the acquisition of E.ON U.S.*
- *Other charges or credits that are, in management's view, not reflective of the company's ongoing operations.*

Energy-related economic activity includes the changes in fair value of positions used economically to hedge a portion of the economic value of PPL's generation assets, load-following and retail activities. This economic value is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power). Also included in this special item are the ineffective portion of qualifying cash flow hedges and the premium amortization associated with options classified as economic activity. These items are included in ongoing earnings over the delivery period of the item that was hedged or upon realization. Management believes that adjusting for such amounts provides a better matching of earnings from ongoing operations to the actual amounts settled for PPL's underlying hedged assets. Please refer to the Notes to the Consolidated Financial Statements and MD&A in PPL Corporation's periodic filings with the Securities and Exchange Commission for additional information on energy-related economic activity.

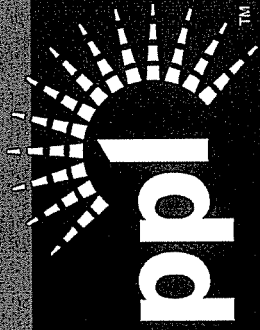
"Free cash flow before dividends" is derived by deducting capital expenditures and other investing activities-net, from cash flow from operations. Free cash flow before dividends should not be considered as an alternative to cash flow from operations, which is determined in accordance with GAAP. PPL believes that free cash flow before dividends, although a non-GAAP measure, is an important measure to both management and investors since it is an indicator of the company's ability to sustain operations and growth without additional outside financing beyond the requirement to fund maturing debt obligations. Other companies may calculate free cash flow before dividends in a different manner.



Attachment to Question No. 4

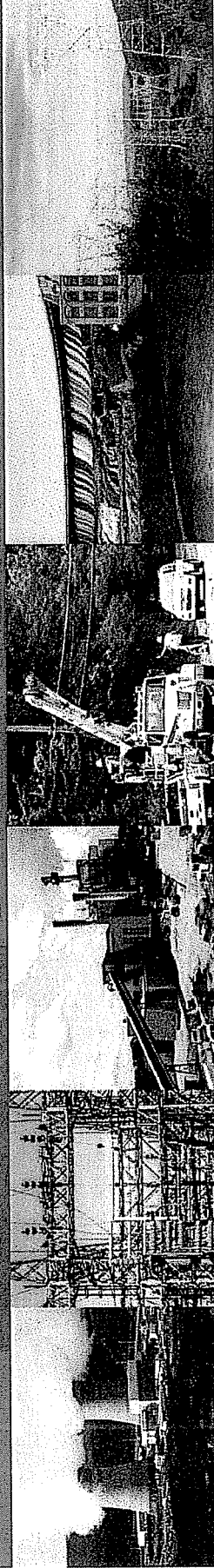
2 of 8

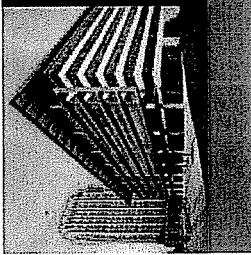
Arbough



Credit Suisse Global Energy Summit
February 8-11, 2011

PPL Corporation

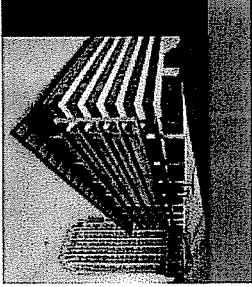




Cautionary Statements and Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.

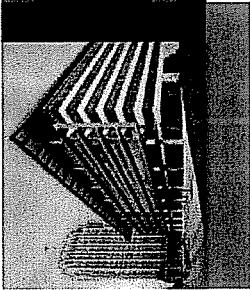




PPL: Poised for Additional Growth

- Three high-performing utilities with tangible rate base growth
- Well-positioned supply business with in-the-money hedges and growth as market recovers
- Strong track record of execution





Our Strengths

- Strong regulatory relationships
- Best in class reliability, customer service
- Strong operating performance – regulated and competitive
- Strong carbon and other environmental position
- Excellent cost-management
- Knowledgeable, dedicated employees
- Strong dividend with opportunity for growth





Kentucky Regulated Segment Key Business and Value Drivers


- Excellent customer service
- Superior cost position and operational excellence
- Constructive regulatory environment
- Low rates and an opportunity for growth

LG&E and KU Are Among Best Performing Utilities in the U.S.



Significant EPA Regulations Impacting Kentucky

- Environmental compliance spending associated with coal combustion is recoverable through the ECR.
 - \$2.9 billion recovered via mechanism since inception
- NO_x, SO₂, Mercury, Particulate Regulations will increase capital spending.
- Exact remediation and incremental cost will not be known until final regulations on all pollutants are completed.

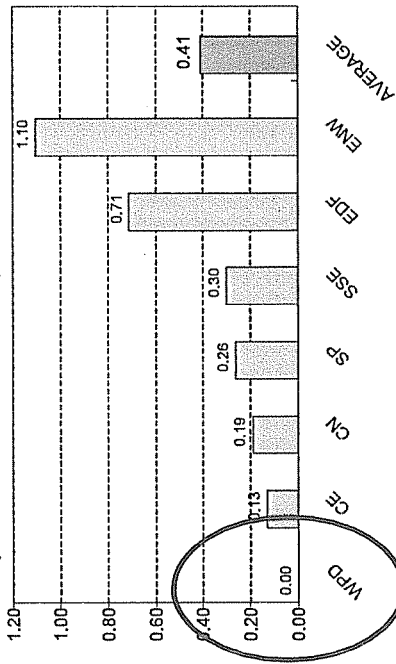


International Regulated Segment Key Business and Value Drivers

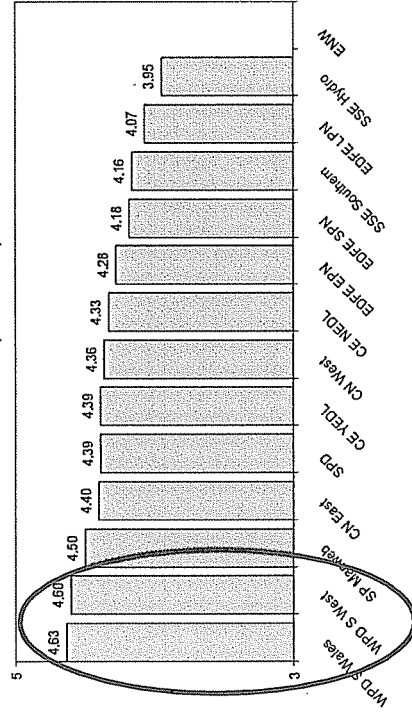
- Electricity distribution businesses are regulated by the UK's Office of Gas and Electricity Markets (Ofgem).
 - Current price control period is April 1, 2010 to March 31, 2015.
- Business growth is driven by capital investment in aging infrastructure and load-related assets.
 - \$2.0 billion investment in current price control period (2010 – 2015); 31% higher than previous price control period.
- Regulatory Incentive mechanisms provide opportunity for enhanced returns.
 - Customer service and reliability.
 - Cost efficiency.
 - \$240 million awarded during DPCR5 and \$130 million awarded during DPCR4 reviews

Outstanding Operational Performance

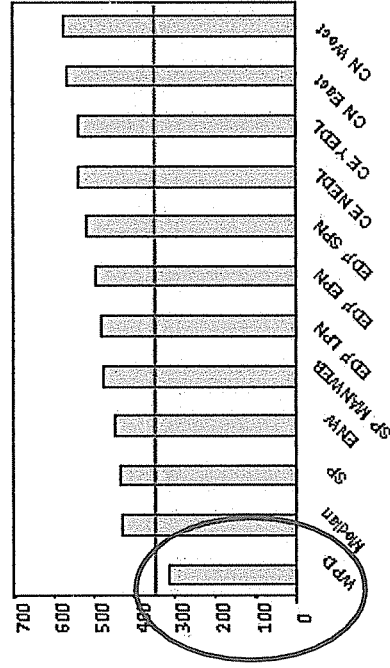
Ombudsman Complaints
Complaints to Ombudsman per 100,000 customers



Ofgem Telephony Incentive Scheme
Score (out of 5)



Capex Efficiency in DPCR5
Performance against Peers

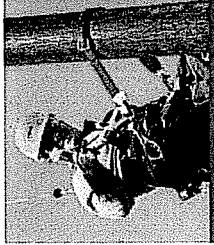


1 Hour Restoration Rate

Year ended 31 March 1999	-	51.9%
Year ended 31 March 2001	-	57.6%
Year ended 31 March 2003	-	80.0%
Year ended 31 March 2005	-	84.8%
Year ended 31 March 2007	-	84.6%
Year ended 31 March 2008	-	85.5%
Year ended 31 March 2009	-	86.3%
Year to date 31 December 2010	-	87.4%

Best in UK



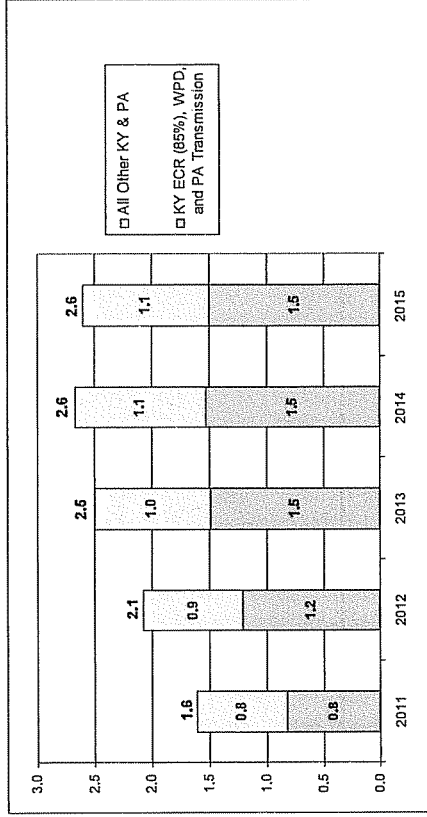


PA Regulated Segment Key Business and Value Drivers

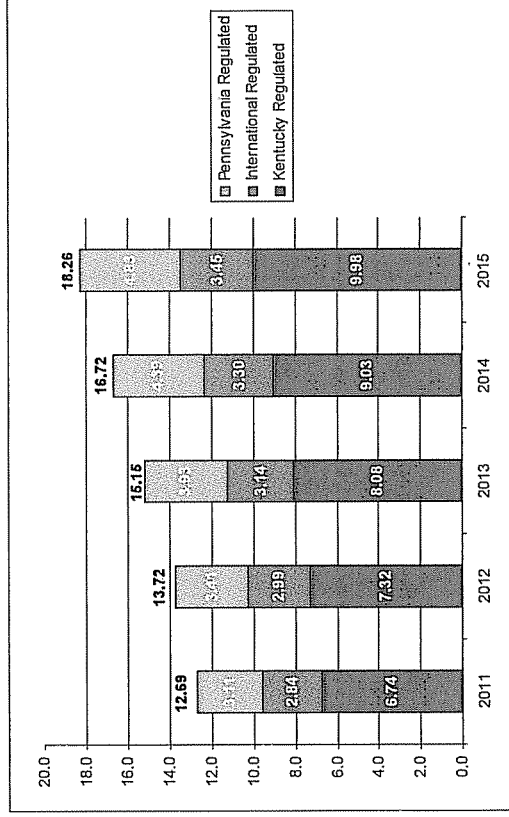
- Superior customer service -
 - 16th JD Power awards, most in nation
 - 1st place JD Power East Region Large Utilities – Business Customers
 - 83% “very satisfied” with customer transactions
- Constructive regulatory relationships
- Attractive future rate base investment opportunities to support reliability
- Rate Base growth from \$3.0 Billion in 2010 to \$4.8 Billion in 2015

Combined Regulated Segments Capex and Rate Base Growth

**Estimated
Annual CAPEX
\$ Billions**



**Estimated Rate
Base (Utility
Capitalization) ⁽¹⁾
\$ Billions**



CAGR (2011-2015)
9.5%



(1) Represents year-end amounts.



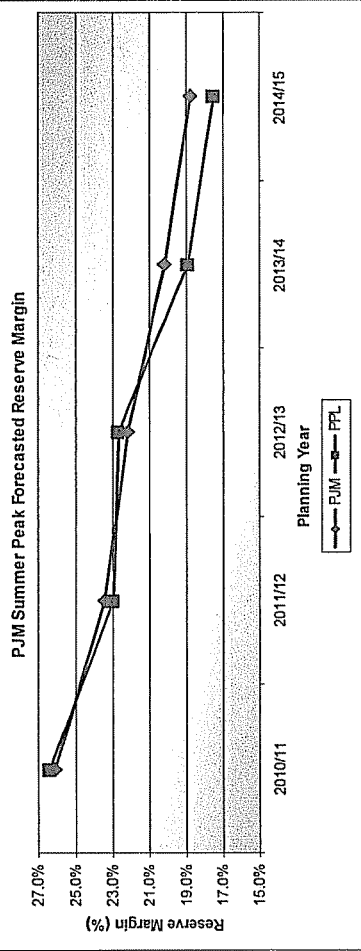
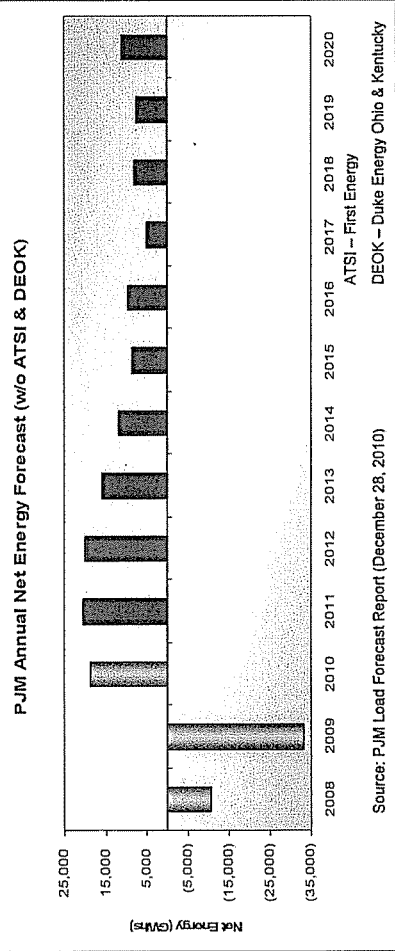
Supply Segment Key Business and Value Drivers

- Our efficient, diverse generating fleet with the ability to meet proposed EPA regulations without substantial increase in capital or operating cost
- Our ability to control spending and optimize operations in a low commodity business cycle
- Current and future capacity additions to our low cost, carbon-free nuclear and hydro facilities
- Our active hedging strategy to protect and enhance the value of our competitive generation fleet
- Improved supply/demand fundamentals



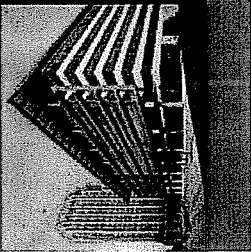
Supply & Demand - Catalysts for Growth

- Economic recovery driving increases in electric demand
- Existing forward prices provide little incentive to build
- Proposed EPA regulations are expected to be a net benefit given our mix of generation



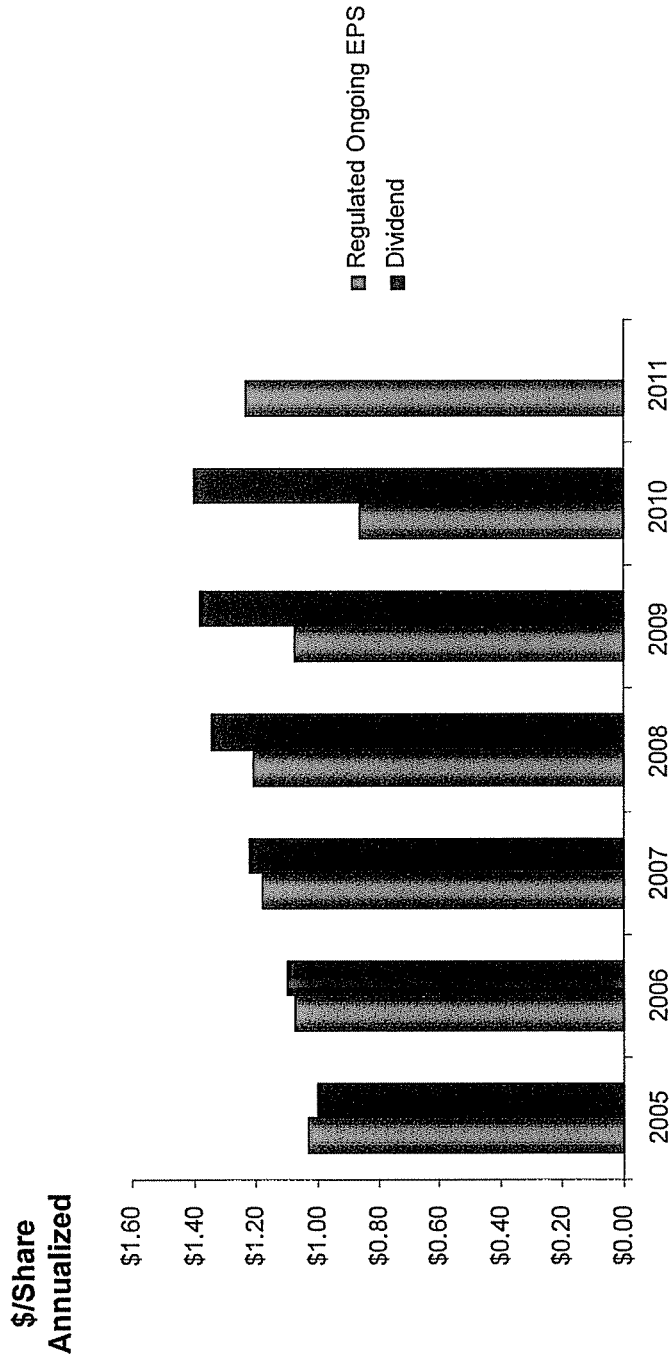
	Date of Report	RFC/PJM	Nationwide	Impact by
PPL	Dec-10	5-12 GW		2019
Brattle	Nov-2010	12-19 GW	50-65 GW	2020
NERC	Oct-2010	3-11 GW	10-35 GW	2018
Credit Suisse	Sep-2010	12-24 GW	35-100 GW (60 GW Base)	2017
ICF/INGAA	May-2010	25-30 GW	50 GW	2018





Dividend Profile

A significantly more rate-regulated business mix provides strong support for current dividend and a platform for future growth

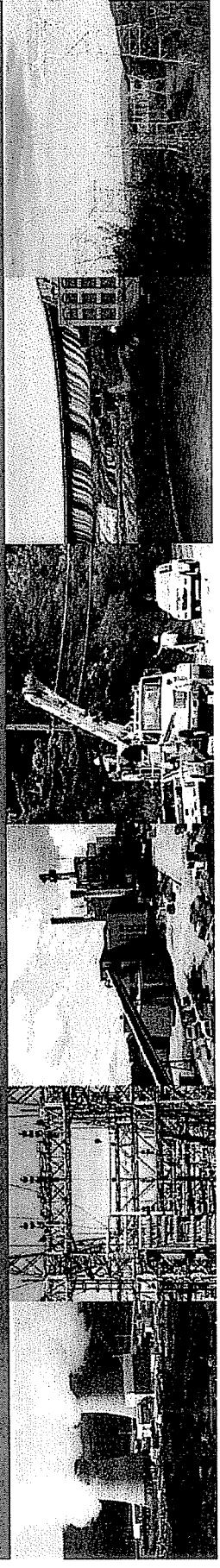


(1) Regulated EPS based on mid-point of forecast. Dividend to be determined by Board of Directors.





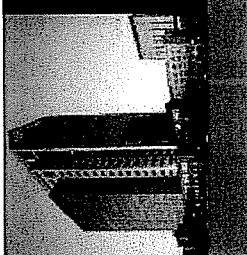
Appendix



Kentucky Rate Mechanisms

- Fuel Adjustment Clause (FAC) – Collects or refunds difference between base rate fuel component and actual fuel cost monthly with a two-month lag
- Gas Supply Clause (GSC) – Actual cost of gas supply passed through to customers with rates reset quarterly based on projected cost with balancing mechanism
 - Performance-Based Rate Component – Utility retains 25% of savings vs. benchmark gas costs
 - Weather Normalization Adjustment (WNA) – Applies to residential and commercial gas customers during winter months
- Environmental Cost Recovery Surcharge (ECR) – Entitled to recovery of and on costs of complying with environmental regulations with a two-month lag
- Construction Work in Progress (CWIP) – Recovery on CWIP included in base rates and ECR
- Demand-Side Management Cost Recovery Mechanism (DSMRM) – Provides for concurrent recovery of DSM costs and provides incentive for implementing DSM programs, including lost revenue





Current State of Environmental Controls Kentucky Regulated Major Coal Plant Sites

Control Device Addresses	Low Nox Burners		SCR/SNCR		Scrubbers		Closed Cycle Cooling Tower		Dry Handling/Disposal/Beneficial Use	
	NO _x	NO _x	NO _x	SO ₂	SO ₂	SO ₂	Water Intake	Water Intake	Coal Combustion Residuals (CCRs) ⁽²⁾	Coal Combustion Residuals (CCRs) ⁽²⁾
Trimble County	Unit 1	✓	✓	✓	✓	✓	✓	✓	(1)	(1)
	Unit 2	✓	✓	✓	✓	✓	✓	✓	(1)	(1)
Ghent	Unit 1	✓	✓	✓	✓	✓	✓	✓	(1)	(1)
	Unit 2	✓	✓	✓	✓	✓	✓	✓	(1)	(1)
	Unit 3	✓	✓	✓	✓	✓	✓	✓	(1)	(1)
	Unit 4	✓	✓	✓	✓	✓	✓	✓	(1)	(1)
Brown	Unit 1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Unit 2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Unit 3	✓	✓	(3)	✓	✓	✓	✓	✓	✓
Mill Creek	Unit 1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Unit 2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Unit 3	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Unit 4	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cane Run	Unit 4	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Unit 5	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Unit 6	✓	✓	✓	✓	✓	✓	✓	✓	✓

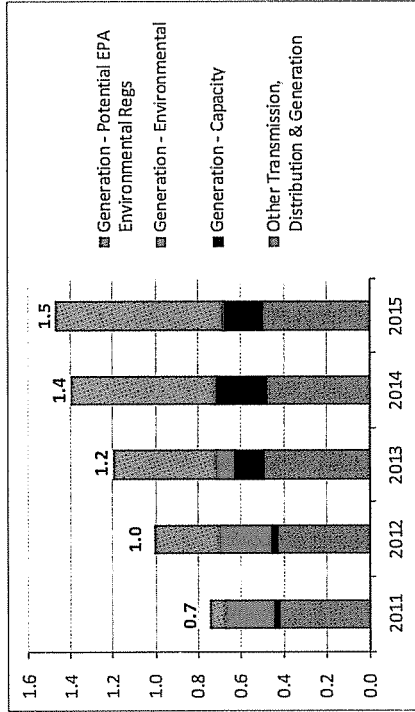
✓ = Installed
 ✗ = Under consideration

- (1) Dry handling disposal construction approved by KPSC and permitting underway at Trimble and Ghent.
- (2) Wet ash impoundments exist at all plants.
- (3) Construction underway. Scheduled to be in service 2012.

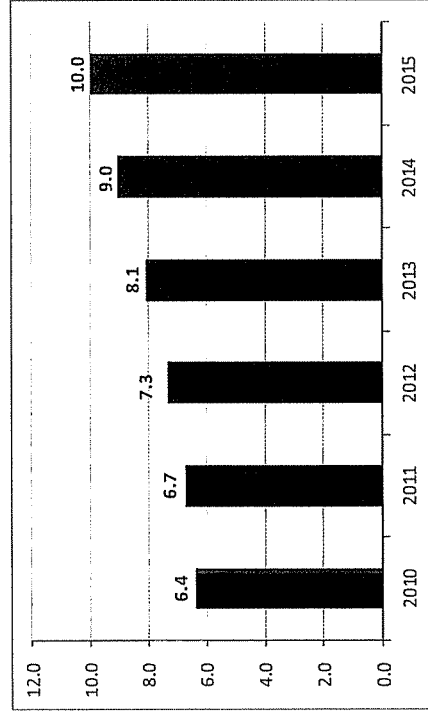


Kentucky Regulated Capital Expenditures and Rate Base Growth

Estimated Annual CAPEX
\$ Billions



Estimated Rate Base (Utility Capitalization) (1)
\$ Billions



CAGR (2011-2015)
10.5%

(1) Represents year-end amounts.





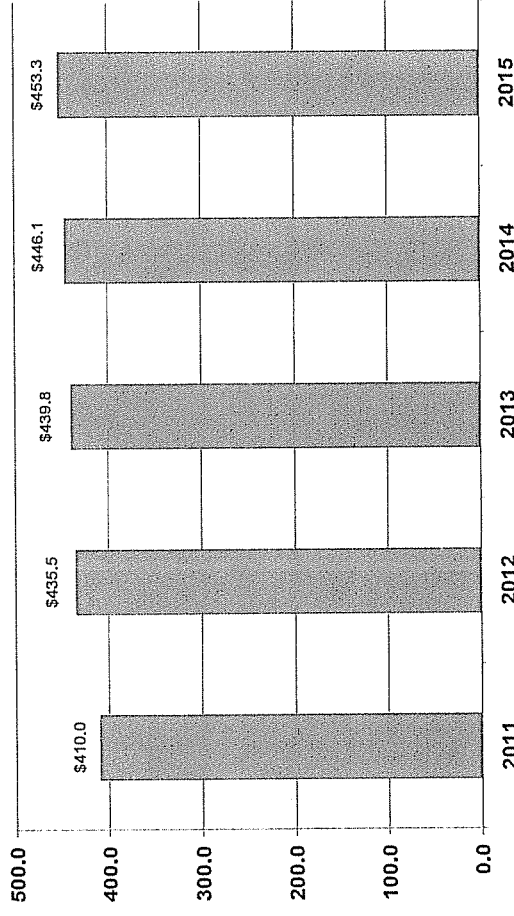
UK Electricity Distribution Regulation

- Electricity distribution revenues are set through a Distribution Price Control Review (DPCR) process.
 - Based on a forward looking assessment of income sufficient to finance an efficient business.
 - Revenues cover operating and capital costs at an efficient level for the service territory.
 - Efficiency is determined through a detailed comparable analysis of all UK electricity distribution companies.
 - Annual adjustments for inflation
 - An incentive / penalty arrangement exists for reliability and customer service levels.
- The revenue that a company can earn in each rate period is the sum of:
 - The Regulator's view of efficient costs,
 - A return on the value of Regulated Asset Value ("RAV"),
 - A return of capital being the depreciation of the RAV, and
 - Incentive payments for performance.
- Rate set through March 31, 2015.



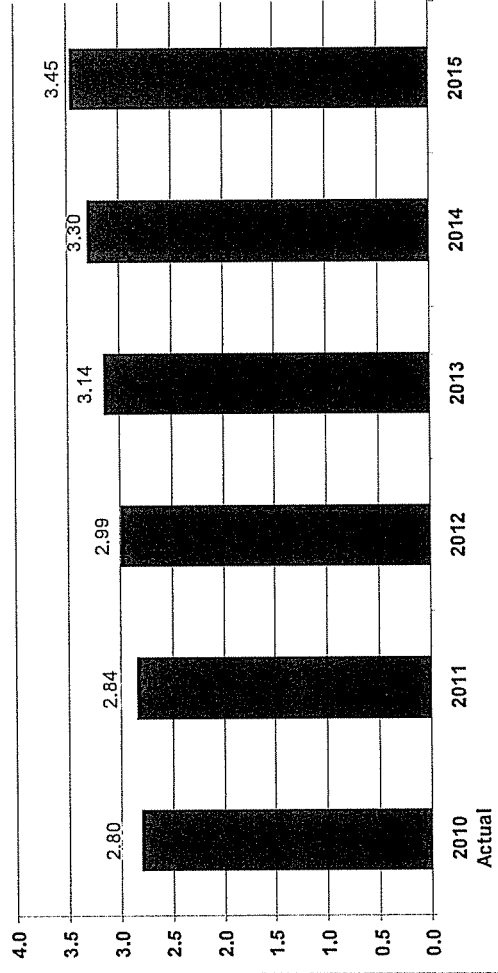
International Regulated Segment Capital Expenditures and Rate Base Growth

**Estimated
Annual CAPEX
\$ Millions**



Regulatory Period (DPCR5)
\$2.0 BB

**Estimated
RAV (1)
\$ Billions**



CAGR (2011-2015)
5.0%



(1) Represents year-end amounts.

International - Modeling Parameters

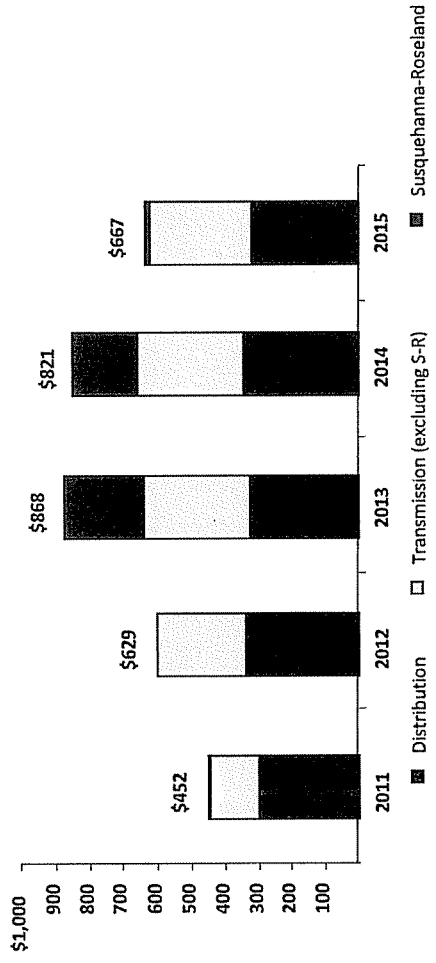
-	Revenues (£)	<ul style="list-style-type: none"> Regulated Revenues escalate 6.9% annually plus inflation; Energy-related business revenue escalate at inflation
-	Operation and Maintenance (£)	<ul style="list-style-type: none"> Operation and Maintenance expense (excluding pension expense) escalates at inflation
-	Pension Expense (£)	<ul style="list-style-type: none"> Pension expense increases from £20 million in 2011 to £55 million in 2012 and beyond
-	Depreciation Expense (£)	<ul style="list-style-type: none"> Depreciation expense escalates at about 7% per annum
-	Real Estate Taxes plus Energy-related Business Expense (£)	<ul style="list-style-type: none"> Real Estate taxes and Energy-related Business expense escalates at inflation
-	Interest Expense (£)	<ul style="list-style-type: none"> Interest Expense primarily fixed except for £251 million of index-linked debt escalating at inflation
-	Income Taxes (£)	<ul style="list-style-type: none"> Effective tax rate of about 25% for Q4 2010 and beyond
X	Foreign Currency Assumption	<ul style="list-style-type: none"> Assumed \$/£ foreign currency exchange rate
=	International Regulated Net Income (\$)	



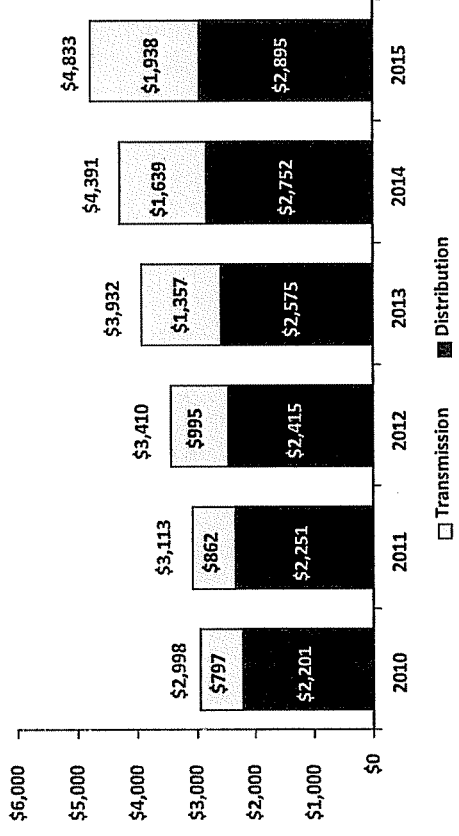


PA Regulated Segment Capex and Rate Base Growth

**Estimated
Annual CAPEX**
\$ Millions



**Estimated Rate
Base (Utility
Capitalization) (1)**
\$ Millions



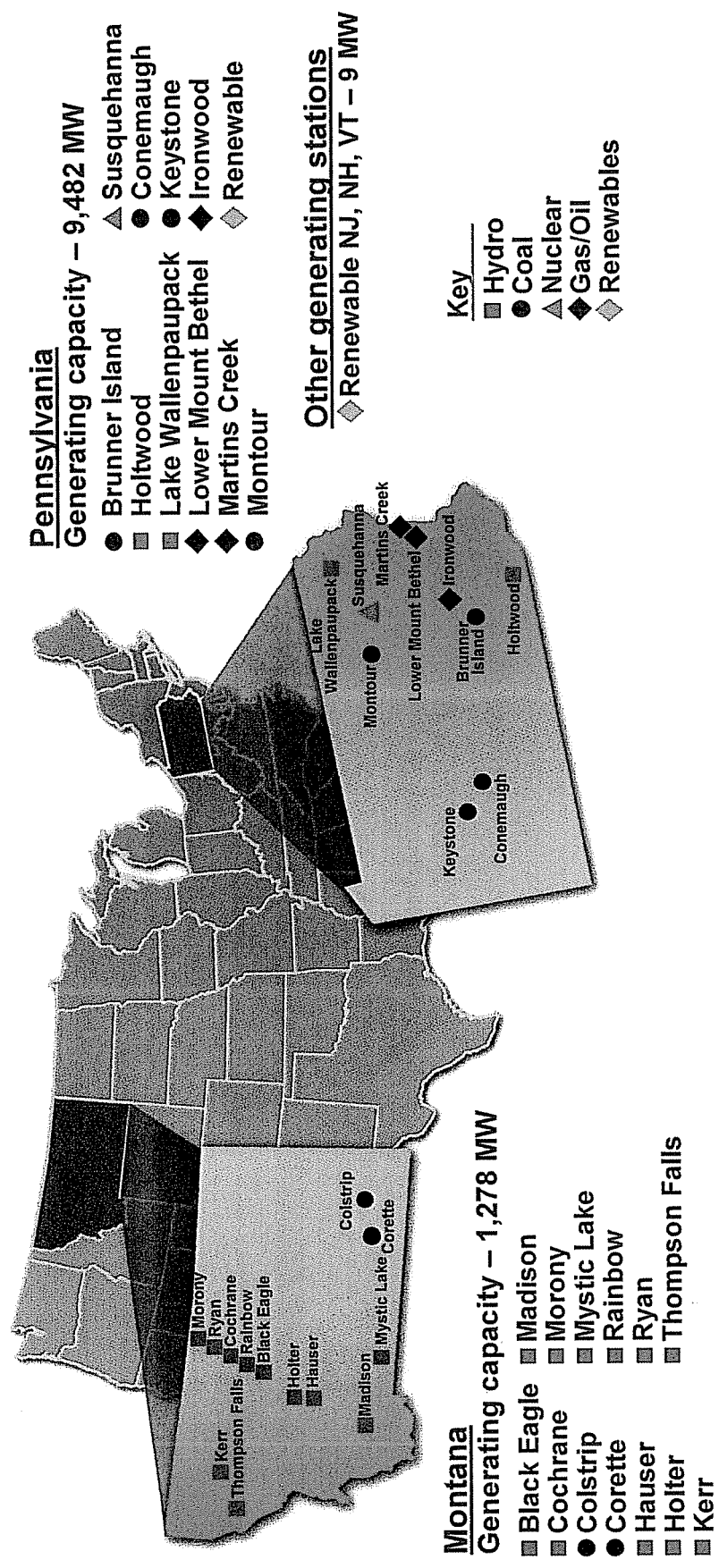
CAGR (2011-2015)
 Distribution = 6.5%
 Transmission = 22.5%
 Combined = 11.6%

(1) Represents year-end amounts.





Diverse Competitive Generation Portfolio



Our size, location and diverse mix of competitive generation gives us flexibility to adapt in a variety of market conditions





Market Prices

	2011	2012
<u>ELECTRIC</u>		
<i>PJM</i>		
On-Peak	\$53	\$54
Off-Peak	\$39	\$40
ATC ⁽²⁾	\$46	\$47
<i>Mid-Columbia</i>		
On-Peak	\$35	\$43
Off-Peak	\$27	\$34
ATC ⁽¹⁾	\$31	\$39
<u>GAS</u> ⁽²⁾		
NYMEX	\$4.55	\$5.08
TZ6NNY	\$5.43	\$5.88
<u>PJM MARKET</u>		
HEAT RATE ⁽³⁾	9.76	9.15
CAPACITY PRICES (Per MWD)	\$136.79	\$123.63
<u>EQA</u>	89.2%	90.0%

(1) 24-hour average.

(2) NYMEX and TZ6NNY forward gas prices on 12/31/2010.

(3) Market Heat Rate = PJM on-peak power price divided by TZ6NNY gas price.





Actively Managing Environmental Uncertainty

Control Device Addresses	Low Nox Burners	SCR/SNCR	Scrubbers	Closed Cycle Cooling Tower	Dry Handling/Disposal/Beneficial Use
	NO _x	NO _x	SO ₂	Water Intake	Coal Combustion Residuals (CCRs)
Brunner Island	Unit 1	✓	✓	(3)	✓
	Unit 2	✓	✓	(3)	✓
	Unit 3	✓	✓	(3)	✓
Montour	Unit 1	✓	✓	✓	✓
	Unit 2	✓	✓	✓	✓
Colstrip	Unit 1 & 2	✓	(1)	✓	(2)
	Unit 3 & 4	✓	(1)	✓	(2)
Keystone	Unit 1 & 2	✓	✓	✓	✓
Conemaugh	Unit 1 & 2	✓	✓	✓	✓

✓ = Installed
 ✓ = Under
 Consideration

PPL's proactive approach to environmental compliance has made the EPA's pending regulations manageable

- (1) At this time we believe that SCR/SNCRs are not required at Colstrip to meet the proposed NO_x emission units.
- (2) PPL has begun to assess dry handling/disposal of CCRs at Colstrip.
- (3) If required, once through cooling towers could be converted to closed cycle.



Operating in a Down Commodity Cycle

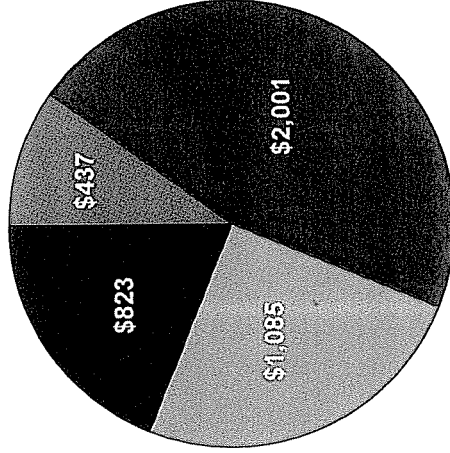
- **Controlling Capital**

- Reducing capital spending by over \$500 million over the 5 year plan

- **Optimizing Operation**

- Operating at minimums during low priced off-peak periods
- Reducing unit minimums
- Analyzing fuel options
- Controlling operating costs

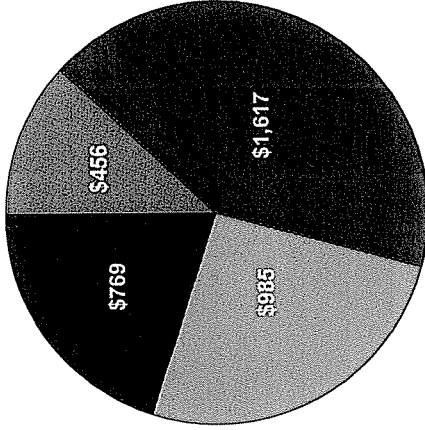
Previous Plan



Total 2010-2014: \$4,346

- Sustenance
- Growth
- Nuclear Fuel
- Environmental & Regulatory

Current Plan



Total 2010-2014: \$3,827

PPL's proactive approach to controlling spending and optimizing operations is maximizing value



Enhancing Value Through Active Hedging

2011 2012

Baseload		
Expected Generation⁽¹⁾ (Million MWhs)		
East	51.4	54.7
West	43.1	46.2
	8.3	8.5
Current Hedges (%)		
East	99%	68%
West	100%	63%
	95%	94%
Average Hedged Price (Energy Only) (\$/MWh) ⁽²⁾ ⁽³⁾		
East	\$56	\$59-61
West	\$54	\$53-54
Current Coal Hedges (%)		
East	99%	96%
West	99%	94%
	100%	100%
Average Hedged Consumed Coal Price (Delivered \$/Ton)		
East	\$73-74	\$76-80
West	\$23-28	\$23-29
Intermediate/Peaking		
Expected Generation⁽¹⁾ (Million MWhs)		
Current Hedges (%)	6.0	6.2
	34%	7%

Capacity revenues are expected to be \$430 million, \$385 million and \$590 million for 2011, 2012 and 2013, respectively.

As of December 31, 2010

(1) Represents expected sales based on current business plan assumptions.

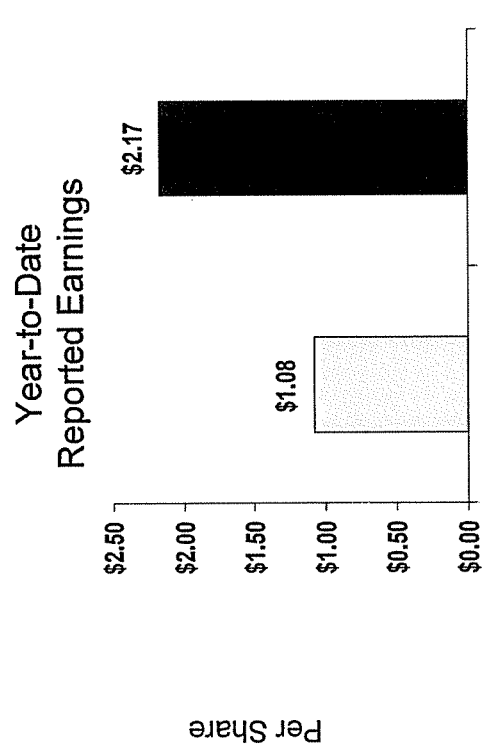
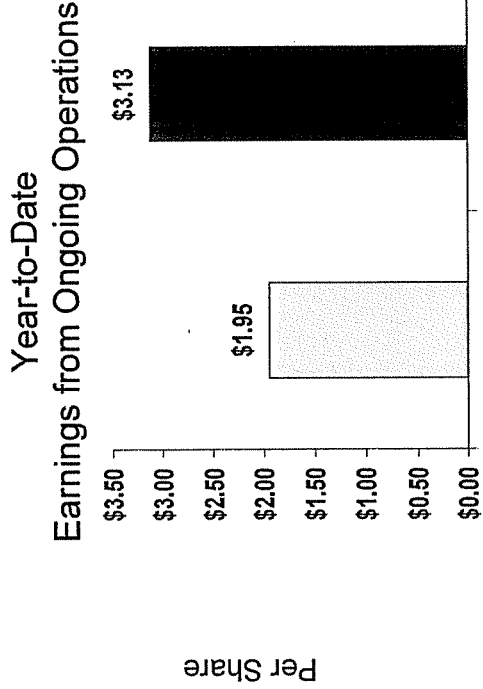
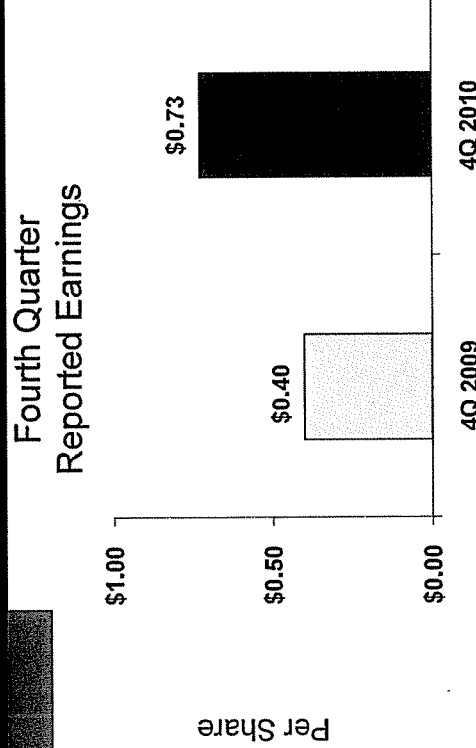
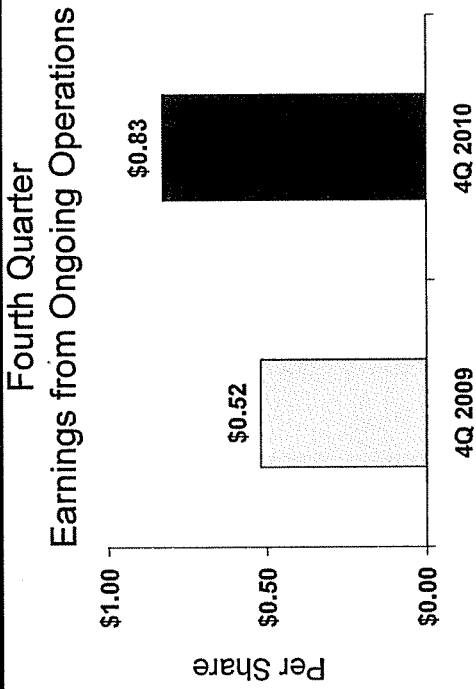
(2) The 2011 average hedge energy prices are based on the fixed price swaps as of December 31, 2010; the prior collars have all been converted to fixed swaps.

(3) The 2012 ranges of average energy prices for existing hedges were estimated by determining the impact on the existing collars resulting from 2012 power prices at the 5th and 95th percentile confidence levels.

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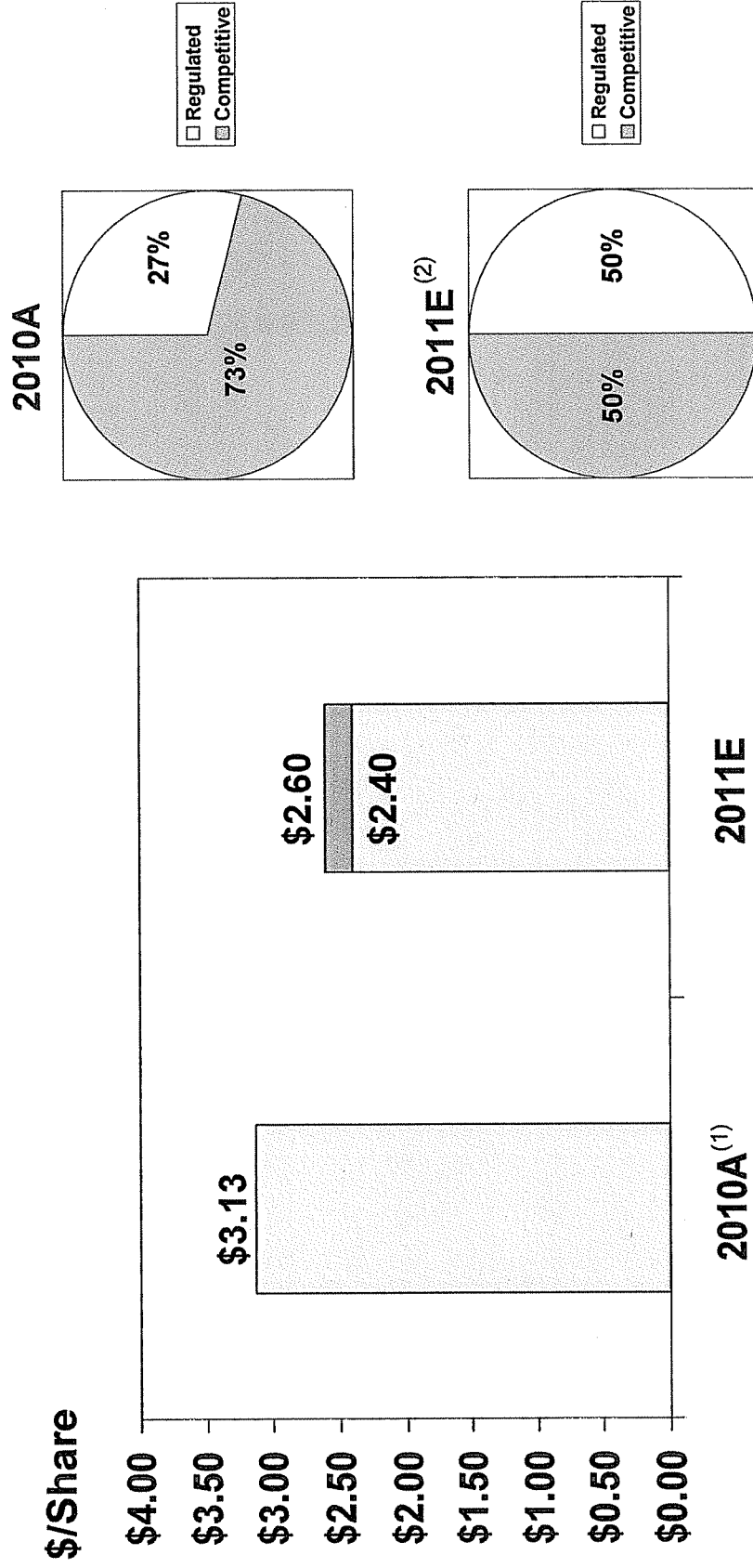
Earnings Results



Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



2011 Earnings Forecast



(1) See appendix for reconciliation of earnings from ongoing operations to reported earnings.
 (2) Based on mid-point of forecasted earnings range.



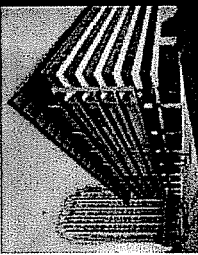
Ongoing Earnings Overview

	Q4		Change
	2010	2009	
Kentucky Regulated	\$0.07	\$0.00	\$0.07
International Regulated	0.07	0.18	(0.11)
Pennsylvania Regulated	0.05	0.09	(0.04)
Supply	0.64	0.25	0.39
Total	\$0.83	\$0.52	\$0.31

	2010		Change
	2010	2009	
Kentucky Regulated	\$0.06	\$0.00	\$0.06
International Regulated	0.53	0.72	(0.19)
Pennsylvania Regulated	0.27	0.35	(0.08)
Supply	2.27	0.88	1.39
Total	\$3.13	\$1.95	\$1.18

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



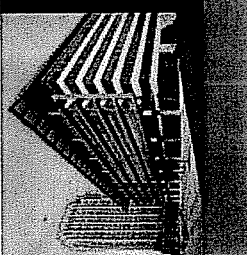


International Regulated Segment Earnings Drivers

	<u>2010</u>
2009 EPS – Ongoing Earnings	<u>\$0.72</u>
Delivery Revenue	0.08
O&M	(0.09)
Financing	(0.10)
Effect of Exchange Rates	0.04
Income Taxes & Other	(0.05)
Dilution	(0.07)
Total	<u>(0.19)</u>
2010 EPS – Ongoing Earnings	<u>\$0.53</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.

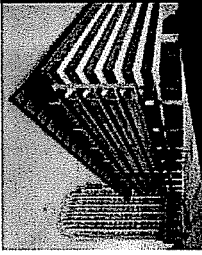




Pennsylvania Regulated Segment Earnings Drivers

	<u>2010</u>
2009 EPS – Ongoing Earnings	<u>\$0.35</u>
O&M	(0.06)
Other	0.01
Dilution	(0.03)
Total	<u>(0.08)</u>
2010 EPS – Ongoing Earnings	<u>\$0.27</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



Supply Segment Earnings Drivers

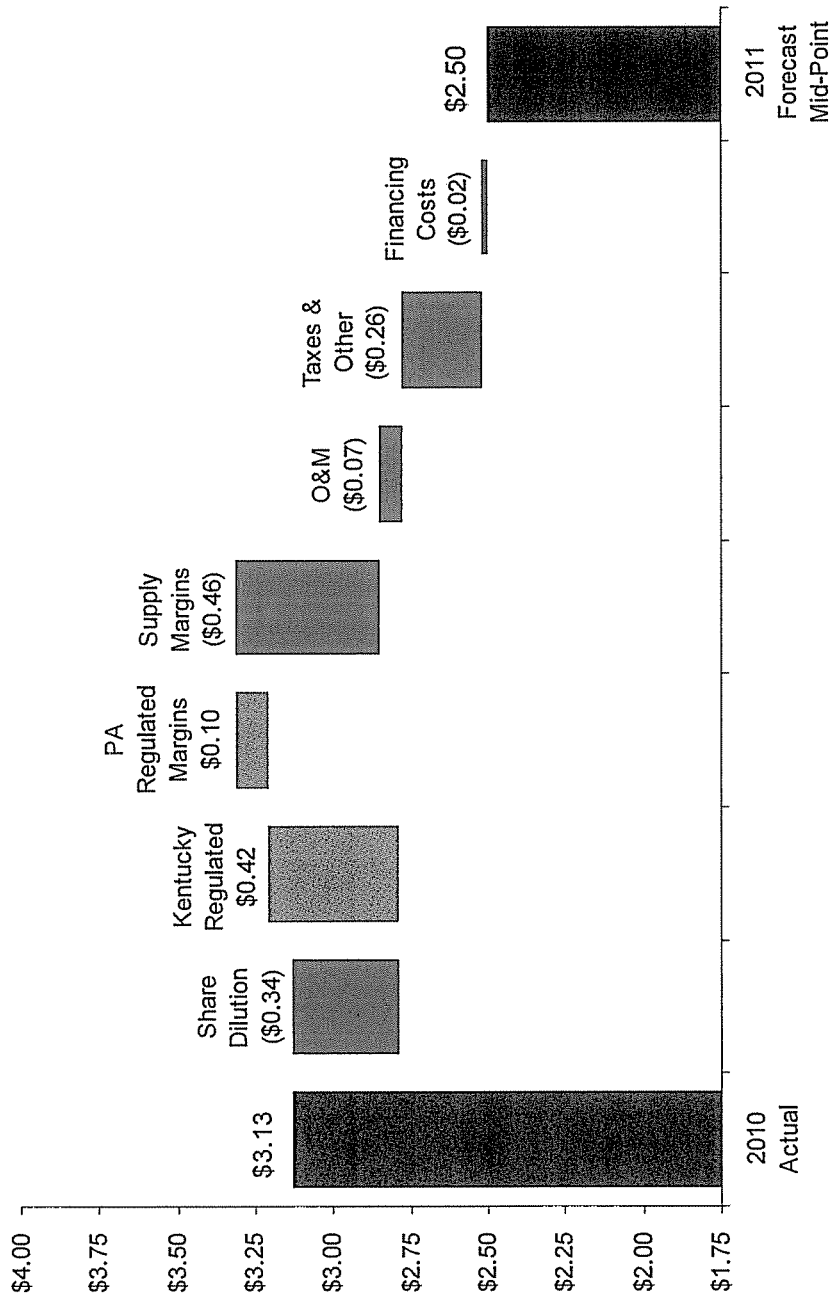
	<u>2010</u>
2009 EPS – Ongoing Earnings	\$0.88
Margins – East	1.56
Margins – West	0.03
O&M	(0.08)
Depreciation	(0.07)
Income Taxes & Other	0.24
Discontinued Operations	0.04
Dilution	(0.33)
Total	<u>1.39</u>
2010 EPS – Ongoing Earnings	<u>\$2.27</u>

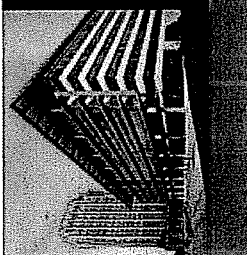
Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



2010 to 2011 Earnings Walk

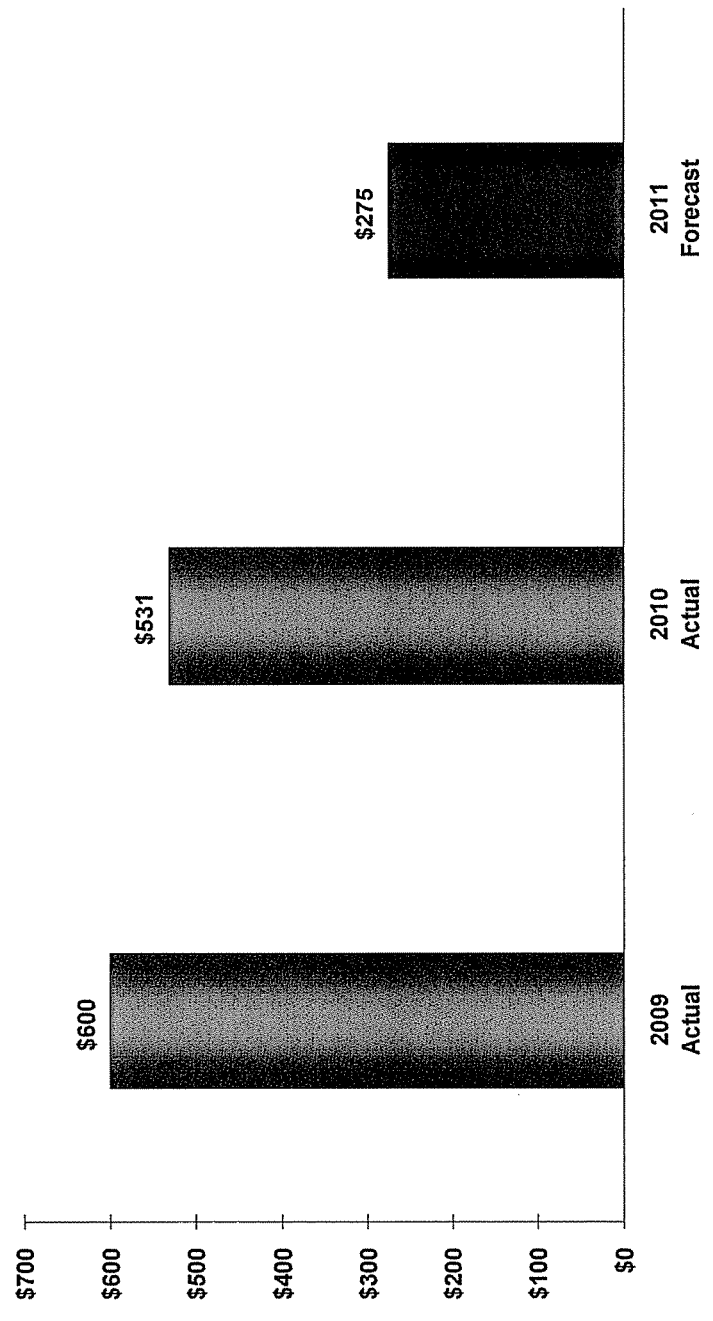
Earnings Per Share





Free Cash Flow before Dividends

Millions of Dollars



2010 Free Cash Flow includes two months of the results of the Kentucky Regulated segment

Note: See Appendix for reconciliation of free cash flow before dividends to cash from operations.



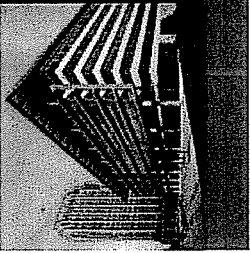
Debt Maturities

	(Millions)				
	2011	2012	2013	2014	2015
PPL Capital Funding	\$0	\$0	\$0 ⁽¹⁾	\$0	\$0
LG&E and KU Energy (Holding Co LKE)	2	0	0	0	400
Louisville Gas & Electric	0	0	0	0	250
Kentucky Utilities	0	0	0	0	250
PPL Electric Utilities	0	0	400	10 ⁽²⁾	100
PPL Energy Supply	500	0	737	300	300 ⁽³⁾
WPD	0	0	0	0	0
Total	\$502	\$0	\$1,137	\$310	\$1,300

Note: As of December 31, 2010

- (1) Excludes \$1.15 billion of junior subordinated notes due 2018 that are a component of PPL's Equity Units and may be put back to PPL Capital Funding if the remarketing in 2013 is not successful.
- (2) Bonds defeased in substance in 2008 by depositing sufficient funds with the trustee.
- (3) Represents REset Put Securities due 2035 that are required to be put by the holders in October 2015 either for (a) purchase and remarketing by a remarketing dealer or (b) repurchase by PPL Energy Supply.



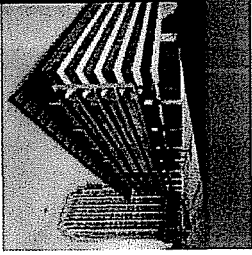


Liquidity Profile

Institution	Facility	Expiration Date	Total Facility (Millions)	Letters of Credit Outstanding (Millions)	Drawn (Millions)	Availability (Millions)
PPL Energy Supply	Syndicated Credit Facility	Dec-2014	\$3,000	\$0	\$350	\$2,650
	3-Year Bilateral Credit Facility	Mar-2013	200	24	0	176
	5-year Structured Credit Facility	Mar-2011	300	161	0	139
			<u>\$3,500</u>	<u>\$185</u>	<u>\$350</u>	<u>\$2,965</u>
PPL Electric Utilities	Syndicated Credit Facility	Dec-2014	\$200	\$13	\$0	\$187
	Asset-backed Credit Facility	Jul-2011	150	0	0	150
			<u>\$350</u>	<u>\$13</u>	<u>\$0</u>	<u>\$337</u>
Louisville Gas & Electric	Syndicated Credit Facility	Dec-2014	\$400	\$0	\$163	\$237
Kentucky Utilities	Syndicated Credit Facility	Dec-2014	\$400	\$198	\$0	\$202
WPD	5-year Credit Facility	Jan-2013	£150	£0	£115	£35
	3-year Credit Facility	Jul-2012	210	0	0	210
	Uncommitted Credit Facilities		63	3	0	60
			<u>£423</u>	<u>£3</u>	<u>£115</u>	<u>£305</u>

Domestic facilities consist of a diverse bank group, with no bank and its affiliates providing an aggregate commitment of more than 12% of the total committed capacity.





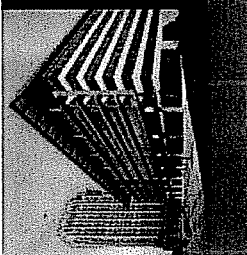
Reconciliation of Fourth Quarter Earnings from Ongoing Operations to Reported Earnings

(Millions)

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Quarter Ending December 31, 2010						
Earnings from Ongoing Operations	\$ 36	\$ 32	\$ 26	\$ 311	\$ (1)	\$ 404
Special items:						
Energy-related economic activity	(1)			(6)		(7)
Foreign currency-related economic hedges		3				3
Sales of assets:						
Maine hydroelectric generation business				15		15
Impairments:						
Impacts from emission allowances				(1)		(1)
LKE acquisition-related costs:						
Monetization of certain full-requirement sales contracts				(23)		(23)
Anticipated sale of certain non-core generation facilities				(2)		(2)
Discontinued cash flow hedges & ineffectiveness				(9)		(9)
Reduction of credit facility				(6)		(6)
Bridge Facility costs					(8)	(8)
Other acquisition-related costs					(14)	(14)
Other:						
Change in U.K. tax rate	2	(1)				(1)
LKE discontinued operations				2		2
Montana basin seepage litigation						
Total Special Items	1	2		(30)	(22)	(49)
Reported Earnings *	\$ 37	\$ 34	\$ 26	\$ 281	\$ (23)	\$ 355
Quarter Ending December 31, 2009						
Earnings from Ongoing Operations	\$ 70	\$ 34	\$ 94	\$ (57)	\$	\$ 198
Special items:						
Energy-related economic activity						(57)
Foreign currency-related economic hedges		3				3
Sales of assets:						
Maine hydroelectric generation business				22		22
Long Island generation business				1		1
Latin American businesses						(3)
Interest in Wyman Unit 4		(3)		(4)		(4)
Impairments:						
Impacts from emission allowances				(4)		(4)
Adjustments - nuclear decommissioning trust investments				1		1
Other asset impairments				(2)		(2)
Other:						
Montana hydroelectric litigation				(3)		(3)
Change in tax accounting method related to repairs			(3)	4		1
Total Special Items		70	31	52		153
Reported Earnings *	\$ 36	\$ (38)	\$ (8)	\$ 217	\$ (1)	\$ 206

* Represents net income attributable to PPL Corporation.





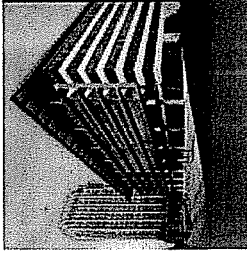
Reconciliation of Fourth Quarter Earnings from Ongoing Operations to Reported Earnings

(Per Share)

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Quarter Ending December 31, 2010						
Earnings from Ongoing Operations	\$ 0.07	\$ 0.07	\$ 0.05	\$ 0.64	\$	\$ 0.83
Special Items:				(0.01)		(0.01)
Energy-related economic activity						
Sales of assets:				0.03		0.03
Maine hydroelectric generation business						
LKE acquisition-related costs:				(0.05)		(0.05)
Monetization of certain full-requirement sales contracts				(0.02)		(0.02)
Discontinued cash flow hedges & ineffectiveness				(0.01)		(0.01)
Reduction of credit facility				\$	(0.01)	(0.01)
Bridge Facility costs					(0.03)	(0.03)
Other acquisition-related costs				(0.06)		(0.10)
Total Special Items				\$ 0.58	\$ (0.04)	\$ 0.73
Reported Earnings	\$ 0.07	\$ 0.07	\$ 0.05	\$ 0.25	\$	\$ 0.52
Quarter Ending December 31, 2009						
Earnings from Ongoing Operations	\$	\$ 0.18	\$ 0.09	\$ 0.25	\$	\$ 0.52
Special Items:				(0.15)		(0.15)
Energy-related economic activity		0.01				0.01
Foreign currency-related economic hedges						
Sales of assets:				0.06		0.06
Maine hydroelectric generation business						
Latin American businesses		(0.01)				(0.01)
Interest in Wyman Unit 4				(0.01)		(0.01)
Impairments:						
Impacts from emission allowances				(0.01)		(0.01)
Other:						
Montana hydroelectric litigation			(0.01)			(0.01)
Change in tax accounting method related to repairs			0.01			0.01
Total Special Items			(0.01)	(0.11)		(0.12)
Reported Earnings	\$ 0.18	\$ 0.08	\$ 0.08	\$ 0.14	\$	\$ 0.40
Change in earnings from ongoing operations	\$ 0.07	\$ (0.11)	\$ (0.04)	\$ 0.39	\$	\$ 0.31

Note: Per share amounts are based on diluted shares outstanding. 2010 amounts reflect the dilution associated with the June 2010 issuance of common stock.





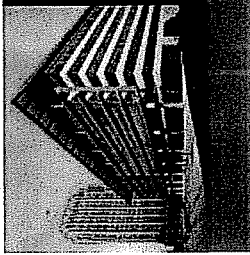
Reconciliation of Year-to-Date Earnings from Ongoing Operations to Reported Earnings



(Millions)

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Year-to-Date December 31, 2010						
Earnings from Ongoing Operations	\$ 25	\$ 230	\$ 115	\$ 990	\$ (2)	\$ 1,358
Special Items:						(122)
Energy-related economic activity	(1)			(121)		1
Foreign currency-related economic hedges						15
Sales of assets:						1
Maine hydroelectric generation business						(10)
Sundance indemnification						(125)
Impairments:						(64)
Impacts from emission allowances						(28)
LIKE acquisition-related costs:						(6)
Monetization of certain full-requirement sales contracts						(52)
Anticipated sale of certain non-core generation facilities						(22)
Discontinued cash flow hedges & ineffectiveness						(34)
Reduction of credit facility						(8)
Bridge facility costs						18
Other acquisition-related costs						12
Other:						2
Montana hydroelectric litigation						2
Health Care Reform - tax impact						(34)
Change in U.K. tax rate						(8)
U.S. Tax Court ruling (U.K. Windfall Profits Tax)						2
LIKE discontinued operations						2
Montana basin in seepage litigation						2
Total Special Items	1	31		2	(378)	(420)
Reported Earnings *	\$ 26	\$ 261	\$ 115	\$ 672	\$ (76)	\$ 938
Year-to-Date December 31, 2009						
Earnings from Ongoing Operations	\$	\$ 272	\$ 133	\$ 333	\$	\$ 738
Special Items:						(225)
Energy-related economic activity						1
Foreign currency-related economic hedges						22
Sales of assets:						(33)
Maine hydroelectric generation business						(27)
Long Island generation business						(4)
Latin American businesses		(27)				(19)
Interest in Wyman Unit 4						(4)
Impairments:						(13)
Impacts from emission allowances		(1)	(1)	(19)		(6)
Other asset impairments		(2)	(5)	(4)		(13)
Workforce reduction				(6)		(3)
Other:						(3)
Montana hydroelectric litigation						(24)
Change in tax accounting method related to repairs		(29)	(3)	(21)		(331)
Total Special Items		243	124	40		407
Reported Earnings *	\$ 25	\$ (42)	\$ (18)	\$ 657	\$ (2)	\$ 620

* Represents net income attributable to PPL Corporation.



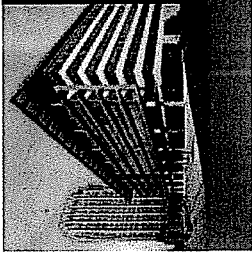
Reconciliation of Year-to-Date Earnings from Ongoing Operations to Reported Earnings

(Per Share)

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Year-to-Date December 31, 2010						
Earnings from Ongoing Operations	\$ 0.06	\$ 0.53	\$ 0.27	\$ 2.27	\$	\$ 3.13
Special Items:				(0.27)		(0.27)
Energy-related economic activity						
Sales of assets:				0.03		0.03
Maine hydroelectric generation business				(0.02)		(0.02)
Impairments:						
Impacts from emission allowances				(0.29)		(0.29)
LKE acquisition-related costs:				(0.14)		(0.14)
Monetization of certain full-requirement sales contracts				(0.06)		(0.06)
Anticipated sale of certain non-core generation facilities				(0.01)		(0.01)
Discontinued cash flow hedges & ineffectiveness						
Reduction of credit facility						
Bridge Facility costs				\$ (0.12)		(0.12)
Other acquisition-related costs				(0.05)		(0.05)
Other:						
Montana hydroelectric litigation				(0.08)		(0.08)
Health Care Reform - tax impact				(0.02)		(0.02)
Change in U.K. tax rate		0.04				0.04
U.S. Tax Court ruling (U.K. Windfall Profits Tax)		0.03				0.03
Total Special Items	\$ 0.07	\$ 0.60	\$ 0.27	\$ (0.86)	\$ (0.17)	\$ (0.96)
Reported Earnings	\$ 0.06	\$ 0.60	\$ 0.27	\$ 1.41	\$ (0.17)	\$ 2.17
Year-to-Date December 31, 2009						
Earnings from Ongoing Operations	\$	\$ 0.72	\$ 0.35	\$ 0.68	\$	\$ 1.95
Special Items:				(0.59)		(0.59)
Energy-related economic activity						
Sales of assets:				0.06		0.06
Maine hydroelectric generation business				(0.09)		(0.09)
Long Island generation business						
Laird American businesses		(0.07)				(0.07)
Interest in Wyman Unit 4				(0.01)		(0.01)
Impairments:						
Impacts from emission allowances				(0.05)		(0.05)
Other asset impairments				(0.01)		(0.01)
Workforce reduction			(0.01)	(0.01)		(0.03)
Other:						
Montana hydroelectric litigation				(0.01)		(0.01)
Change in tax accounting method related to repairs			(0.01)	(0.06)		(0.07)
Total Special Items	\$	\$ (0.06)	\$ (0.02)	\$ (0.77)	\$	\$ (0.87)
Reported Earnings	\$	\$ 0.64	\$ 0.33	\$ 0.11	\$	\$ 1.08
Change in earnings from ongoing operations	\$ 0.06	\$ (0.19)	\$ (0.06)	\$ 1.39	\$	\$ 1.18

Note: Per share amounts are based on diluted shares outstanding. 2010 amounts reflect the dilution associated with the June 2010 issuance of common stock.



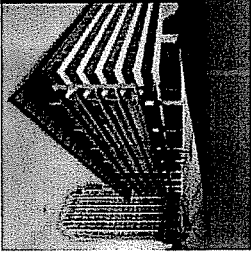


Reconciliation of PPL's Earnings from Ongoing Operations to Reported Earnings

	Forecast		Actual	
	High 2011	Low 2011	2010 [a]	2009
Earnings from Ongoing Operations per share of common stock	\$ 2.60	\$ 2.40	\$ 3.13	\$ 1.95
Special Items:				
Energy-related economic activity			(0.27)	(0.59)
Sales of assets:				
Maine hydroelectric generation business			0.03	0.06
Long Island generation business				(0.09)
Latin American businesses				(0.07)
Interest in Wyman Unit 4				(0.01)
Gas and propane businesses				(0.01)
Impairments:				
Impacts from emission allowances			(0.02)	(0.05)
Adjustments - nuclear decommissioning trust investments				(0.07)
Holtwood hydroelectric plant				(0.04)
Other asset impairments				(0.03)
LKE acquisition-related costs:				(0.01)
Monetization of certain full-requirement sales contracts			(0.29)	
Anticipated sale of certain non-core generation facilities			(0.14)	
Bridge Facility costs			(0.12)	
Discontinued cash flow hedges & ineffectiveness			(0.06)	
Reduction of credit facility			(0.01)	
Other acquisition-related costs			(0.05)	
Workforce reductions				(0.03)
Other:				
Montana hydroelectric litigation			(0.08)	(0.01)
Health Care Reform - tax impact			(0.02)	
Change in U.K. tax rate			0.04	
U.S. Tax Court ruling (U.K. Windfall Profits Tax)			0.03	
Change in tax accounting method related to repairs				(0.07)
Synfuel tax adjustment				(0.04)
Montana basin seepage litigation			(0.96)	(0.01)
Total Special Items			(0.87)	0.45
Reported Earnings per share of common stock	\$ 2.60	\$ 2.40	\$ 2.17	\$ 1.08
				\$ 2.47

Note: Amounts are based on diluted shares outstanding.
 [a] Reflects the dilution associated with the June 2010 issuance of common stock.





Reconciliation of Year-to-Date Operating Income to Unregulated Gross Energy Margins

(Millions of Dollars)

	Year Ended December 31,			Per Share
	2010	2009	Change	Diluted (after-tax) (a)
Eastern U.S., pre-tax	\$ 2,428	\$ 1,406	\$ 1,022	\$ 1.56
Western U.S., pre-tax	342	325	17	0.03
Unregulated gross energy margins, pre-tax	\$ 2,770	\$ 1,731	\$ 1,039	\$ 1.59

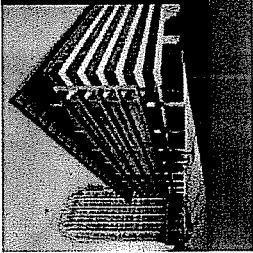
Year Ended December 31,	
2010	2009

Operating Income	\$ 1,866	\$ 896
Adjustments:		
Utility	(3,668)	(3,902)
Energy-related businesses, net	(26)	(27)
Other operation and maintenance	1,756	1,418
Amortization of recoverable transition costs	-	304
Depreciation	556	455
Taxes, other than income	238	280
Revenue adjustments (b)	920	2,217
Expense adjustments (b)	1,128	90
Unregulated gross energy margins	\$ 2,770	\$ 1,731

(a) Excludes dilution associated with the June 2010 issuance of common stock.

(b) See additional information on the following slide.

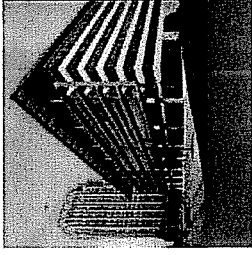




Reconciliation of Year-to-Date Operating Income to Unregulated Gross Energy Margins

(Millions of Dollars)

	Year Ended December 31,	
	2010	2009
<u>Revenue adjustments</u>		
Exclude the impact from the Supply segment's energy-related economic activity	\$ 483	\$ 274
Include PLR revenue from energy supplied to PPL Electric by PPL EnergyPlus	320	1,806
Include gains from the sale of emission allowances/RECs	-	2
Include revenue from Supply segment discontinued operations	117	135
Total revenue adjustments	\$ 920	\$ 2,217
<u>Expense adjustments</u>		
Exclude fuel and energy purchases from the Kentucky Regulated segment	\$ (207)	\$ (109)
Exclude the impact from the Supply segment's energy-related economic activity	63	(44)
Exclude external PLR energy purchases	(1,072)	22
Include expenses from Supply segment discontinued operations	33	19
Include ancillary charges	24	-
Include gross receipts tax	15	22
Other	16	(90)
Total expense adjustments	\$ (1,128)	\$ (90)



PPL Corporation Reconciliation of Cash from Operations to Free Cash Flow before Dividends

(Millions of Dollars)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash from Operations	\$1,852	\$2,034	\$2,399
Increase (Decrease) in cash due to:			
Capital Expenditures	(1,265)	(1,644)	(2,505)
Sale of Assets	84	161	381
Other Investing Activities – Net	(71)	(20)	0
Free Cash Flow before Dividends	<u>\$ 600</u>	<u>\$ 531</u>	<u>\$ 275</u>





Forward-Looking Information Statement

Statements contained in this news release, including statements with respect to future events and their timing, including statements concerning the acquisition by PPL Corporation of E.ON U.S. LLC and its subsidiaries Louisville Gas and Electric Company and Kentucky Utilities Company (collectively, the "Kentucky Entities"), the expected results of operations of any of the Kentucky Entities or PPL Corporation both before or following PPL Corporation's acquisition of the Kentucky Entities, as well as statements as to future earnings, energy prices, margins and sales, growth, revenues, expenses, cash flow, credit profile, ratings, financing, asset disposition, marketing performance, hedging, regulation, corporate strategy and generating capacity and performance, are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these expectations, assumptions and statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements.

The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: capital market conditions and decisions regarding capital structure; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; stock price performance; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation, the Kentucky Entities and either of their subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset acquisitions and dispositions; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; the impact of state, federal or foreign investigations applicable to PPL Corporation, the Kentucky Entities and either of their subsidiaries; the outcome of litigation against PPL Corporation, the Kentucky Entities and either of their subsidiaries; regulatory or economic conditions in states, regions or countries where PPL Corporation, the Kentucky Entities and either of their subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax or environmental legislation or regulation; and the commitments and liabilities of PPL Corporation, the Kentucky Entities and each of their subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.



Definitions of Non-GAAP Financial Measures

“Earnings from ongoing operations” should not be considered as an alternative to reported earnings, or net income attributable to PPL, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that “earnings from ongoing operations,” although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management’s view of PPL’s fundamental earnings performance as another criterion in making investment decisions. PPL’s management also uses “earnings from ongoing operations” in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

“Earnings from ongoing operations” is adjusted for the impact of special items. Special items include:

- *Energy-related economic activity (as discussed below).*
- *Foreign currency-related economic hedges.*
- *Gains and losses on sales of assets not in the ordinary course of business.*
- *Impairment charges (including impairments of securities in the company’s nuclear decommissioning trust funds).*
- *Workforce reduction and other restructuring impacts.*
- *Costs and charges related to the acquisition of E.ON U.S.*
- *Other charges or credits that are, in management’s view, not reflective of the company’s ongoing operations.*

Energy-related economic activity includes the changes in fair value of positions used economically to hedge a portion of the economic value of PPL’s generation assets, load-following and retail activities. This economic value is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power). Also included in this special item are the ineffective portion of qualifying cash flow hedges and the premium amortization associated with options classified as economic activity. These items are included in ongoing earnings over the delivery period of the item that was hedged or upon realization. Management believes that adjusting for such amounts provides a better matching of earnings from ongoing operations to the actual amounts settled for PPL’s underlying hedged assets. Please refer to the Notes to the Consolidated Financial Statements and MD&A in PPL Corporation’s periodic filings with the Securities and Exchange Commission for additional information on energy-related economic activity.

“Free cash flow before dividends” is derived by deducting capital expenditures and other investing activities-net, from cash flow from operations. Free cash flow before dividends should not be considered as an alternative to cash flow from operations, which is determined in accordance with GAAP. PPL believes that free cash flow before dividends, although a non-GAAP measure, is an important measure to both management and investors since it is an indicator of the company’s ability to sustain operations and growth without additional outside financing beyond the requirement to fund maturing debt obligations. Other companies may calculate free cash flow before dividends in a different manner.



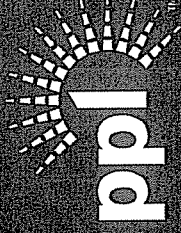
Attachment to Question No. 4

3 of 8

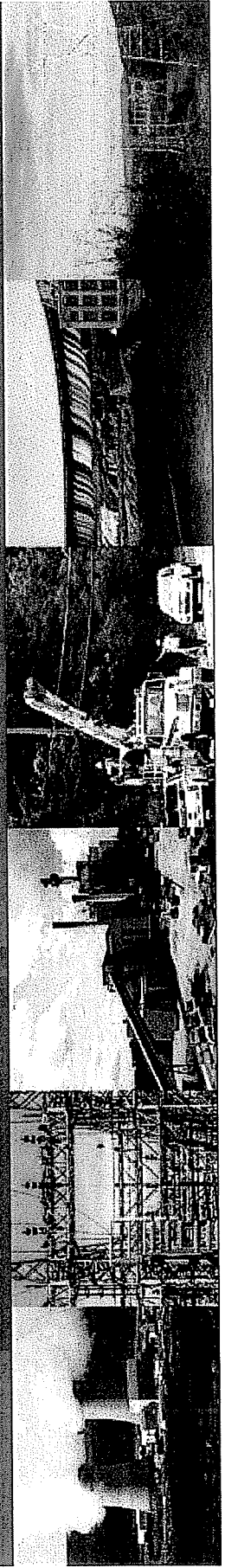
Arbough

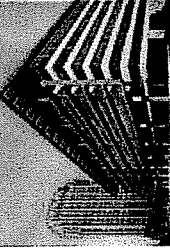


Morgan Stanley Conference



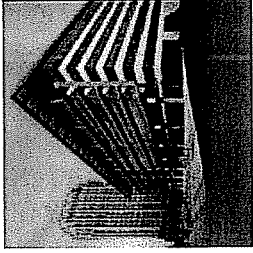
PPL Corporation
March 10, 2011





Cautionary Statements and Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.



Agenda

Introduction

Jim Miller

Chairman, President & CEO, PPL

Business Overview

Robert Symons

CEO, WPD

Transaction Overview

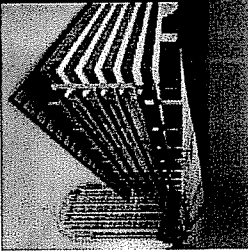
Paul Farr

Executive Vice President & CFO, PPL

Concluding Remarks

Jim Miller

Chairman, President & CEO, PPL



Transaction Overview

Transaction

- Purchase price of £4.0 billion (\$6.4 billion); £3.5 billion (\$5.6 billion) cash and £500 million (\$800 million) assumed debt
 - \$1.70 – \$1.90 billion of PPL common stock
 - \$750 – \$950 million of convertible equity units
 - \$2.95 – \$3.25 billion (£1.85 – £2.03 billion) of unsecured debt
- Acquisition of Central Networks East plc and Central Networks West plc (together Central Networks)
- Central Networks is the second largest Distribution Network Operator (“DNO”) in the U.K., serving 5 million customers
- Contiguous with PPL’s WPD operations

Regulatory Approvals

- No regulatory approvals required

Timing

- The transaction is expected to close in early April 2011

Note: Based on assumed exchange rate of \$1.60 / GBP.

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Highly Strategic Transaction

- PPL achieves a highly regulated business mix
 - Project 75% of EBITDA from regulated businesses by 2013
 - U.K. electric distribution networks compare favorably to FERC-regulated independent transmission
 - Regulator-approved 5-year forward-looking revenues based on pre-approved capital expenditure plan
 - No volumetric risk
 - Additional incentives for operational efficiency and high-quality service
- Opportunity to leverage WPD's best-in-class management
 - Experience with rapid and successful integration of an acquired network
 - Highly confident in ability to achieve synergy targets
 - Creates largest U.K. electric distribution network operator by asset base



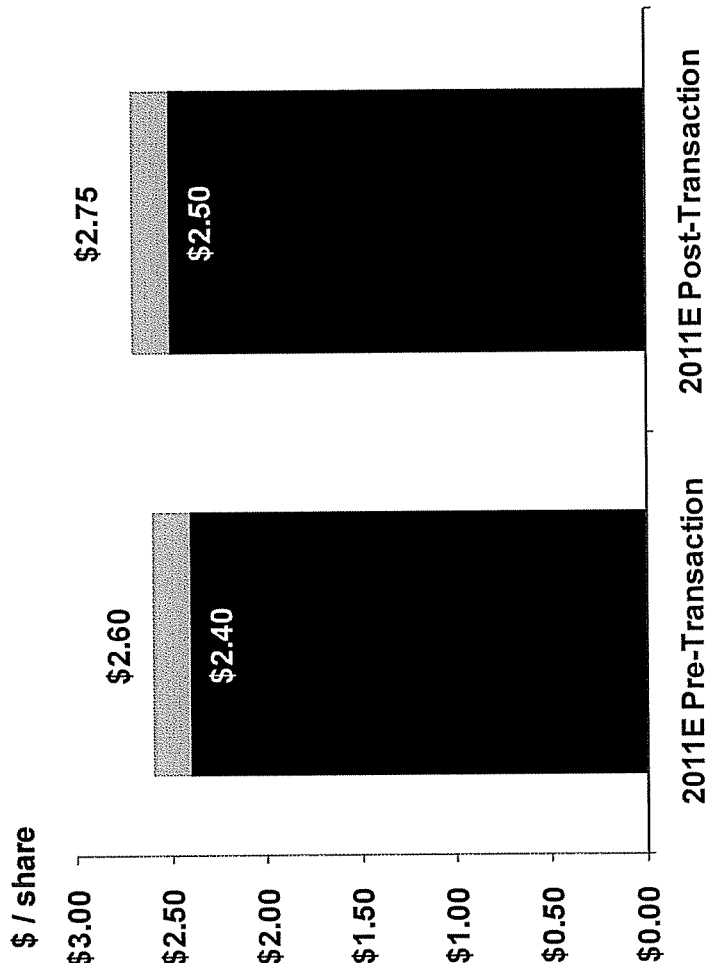


Compelling for Shareholders

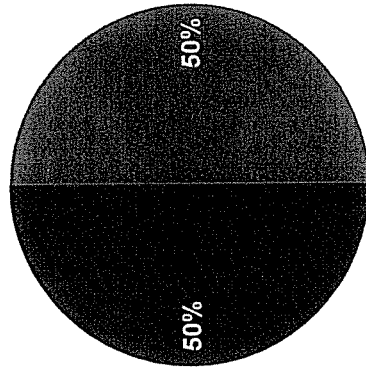
- Delivers immediate and significant benefits to PPL shareholders
- Immediately and significantly accretive ⁽¹⁾
 - 2011 – \$0.10 - \$0.15 per share
 - 2012 – \$0.23 - \$0.27 per share
 - 2013 – \$0.32 - \$0.38 per share
- Strong value for shareholders
 - Attractive valuation
 - Unique ability to create and retain synergies
 - Provides future dividend flexibility
- Enhances quality of future earnings
 - Post-transaction, approximately two-thirds of regulated capital expenditures earn returns subject to minimal or no regulatory lag
- Able to complete the acquisition on an expedited timeline

(1) Accretion includes effects of equity to fund the acquisition; assumes transaction close in early April 2011 (performance and shares on partial year basis for 2011).

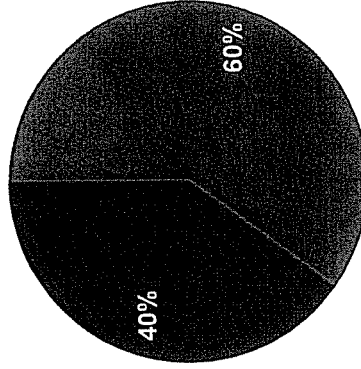
Increasing 2011 Earnings Guidance



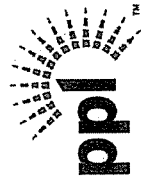
2011E Pre-Transaction⁽¹⁾



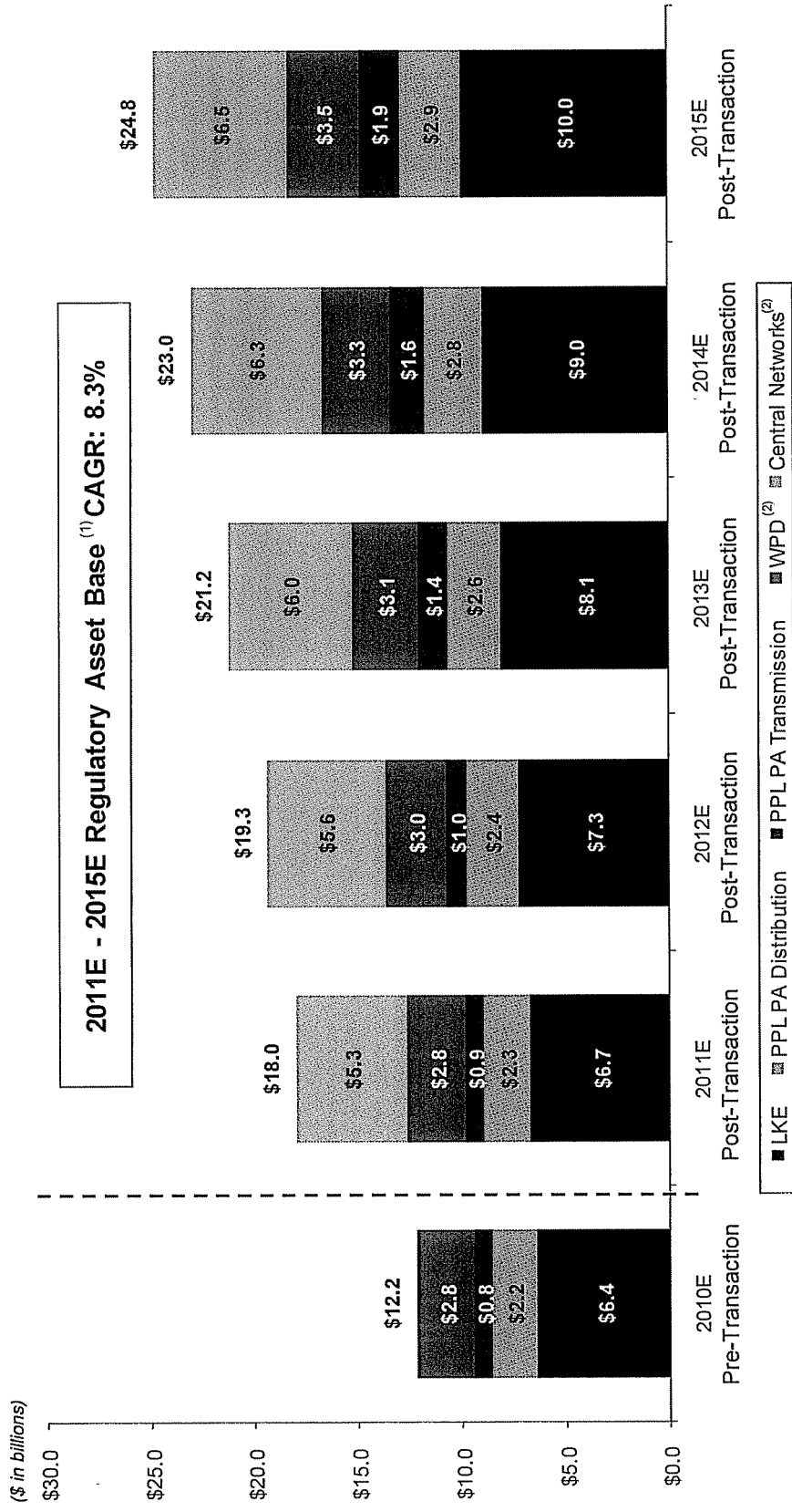
2011E Post-Transaction⁽¹⁾



Note: Excludes special items related to the transaction. does not reflect final determination of purchase accounting and assumes transaction close in early April 2011 (performance and shares on partial year basis).
 (1) Based on midpoint of guidance range.



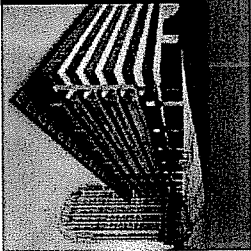
Increased Scale with Attractive Growth



(1) Represents capitalization for LKE since LG&E and KU rate constructs are based on capitalization. Represents Regulatory Asset Value (RAV) for WPD and Central Networks.

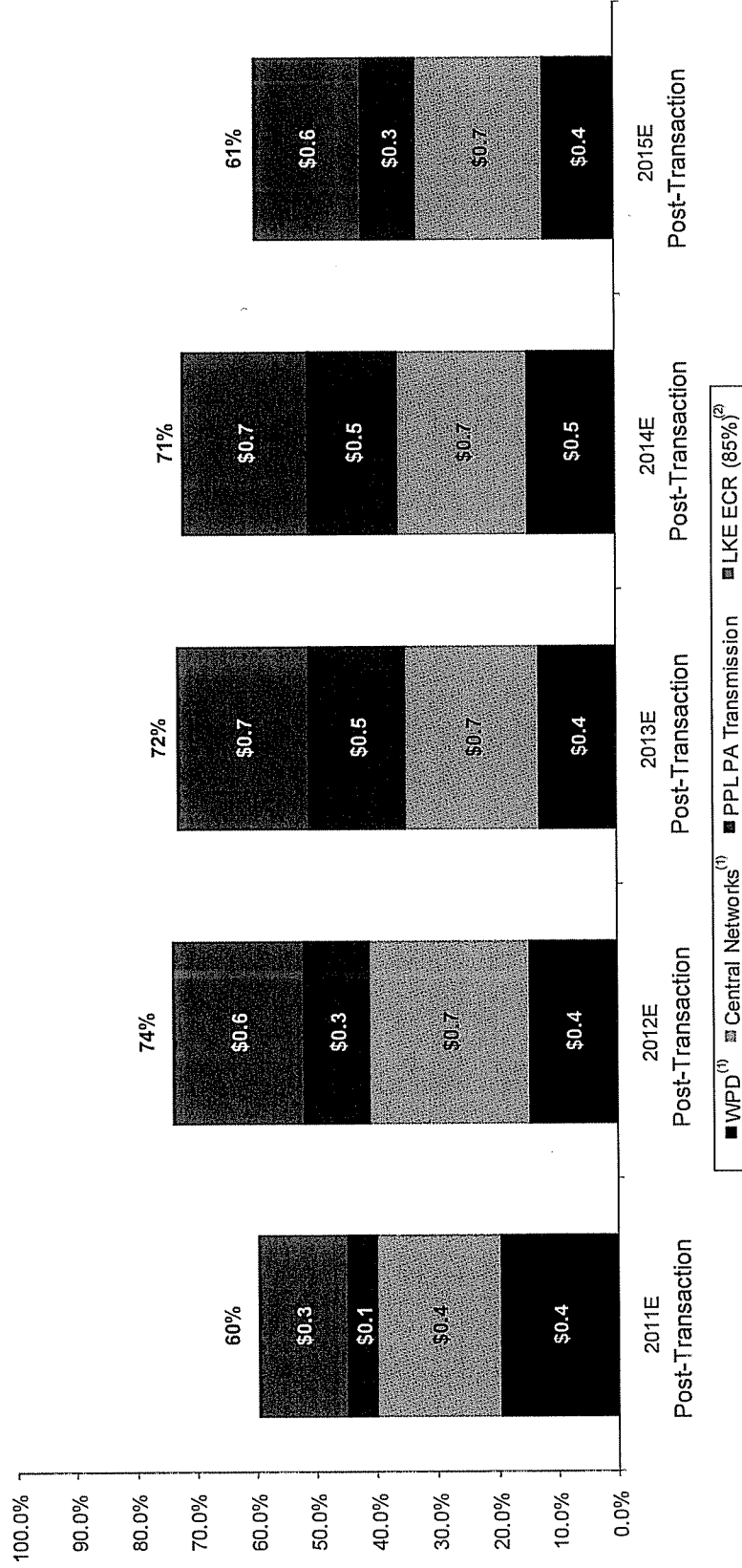
(2) Figures based on assumed exchange rate of \$1.60 / GBP and are as of year-end December 31.





Real-Time Recovery of Majority of Regulated Capex Spending

Approximately two-thirds of regulated capital expenditures earn returns subject to minimal or no regulatory lag



Note: \$ in billions.

(1) Figures based on assumed exchange rate of \$1.60 / GBP.

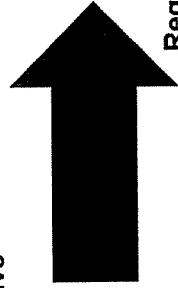
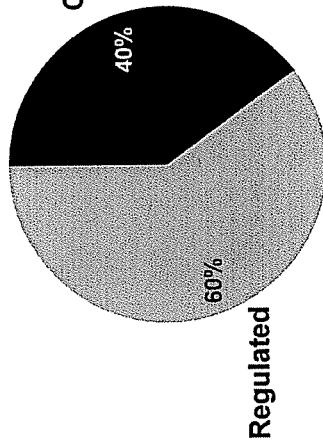
(2) Assumes approximately 85% of Environmental Capex of LKE runs through the ECR mechanism.



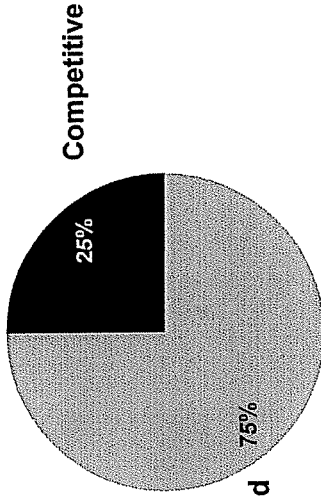
Predominantly Regulated Business Mix

EBITDA Projection (1)

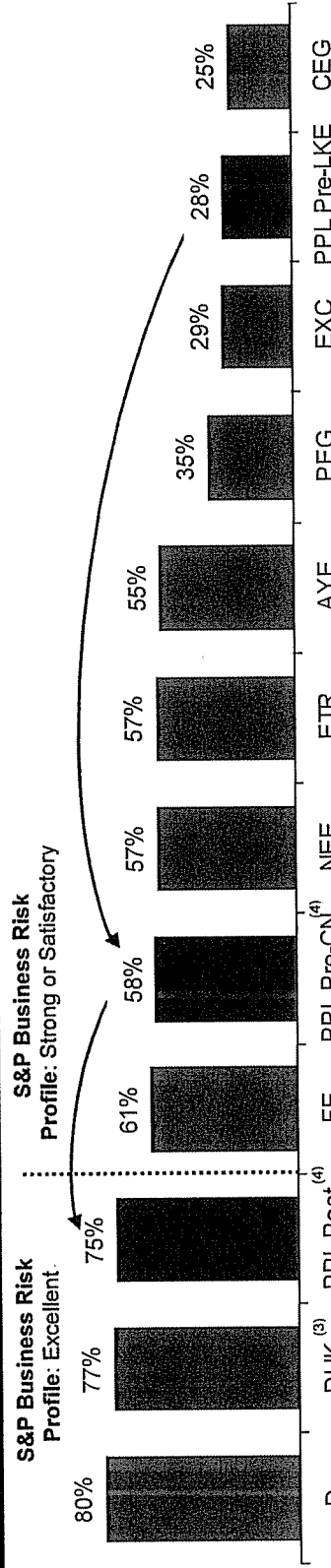
2011 Pre-Transaction



2013 Post-Transaction

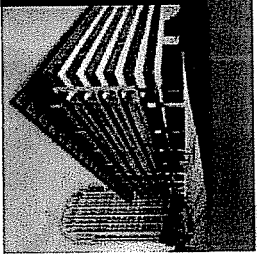


Regulated Cash Flow (2)



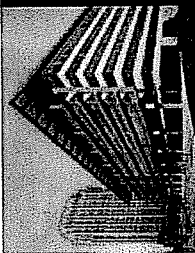
- (1) Approximate projections.
- (2) "Does The Shale Gas Glut Pose A Threat To U.S. Integrated Power Merchants' Credit Quality?" Standard & Poor's, October 22, 2010.
- (3) Based on EBIT estimate from company presentation.
- (4) PPL estimates; CN pre-transaction figure based on 2011 FFO; post-transaction figure based on 2013 FFO for the combined entity, which includes full realization of synergies.





International Regulated Overview





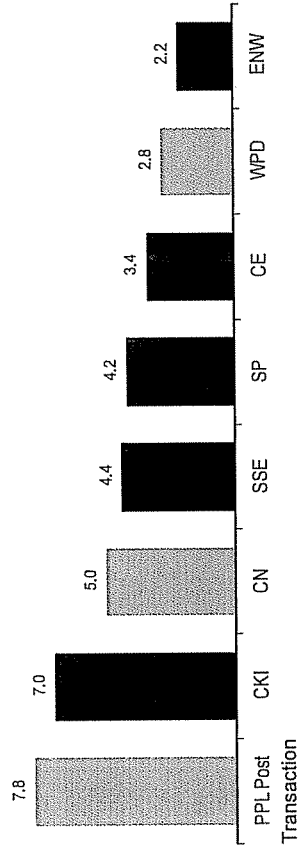
U.K. Networks Overview

(\$ in billions)

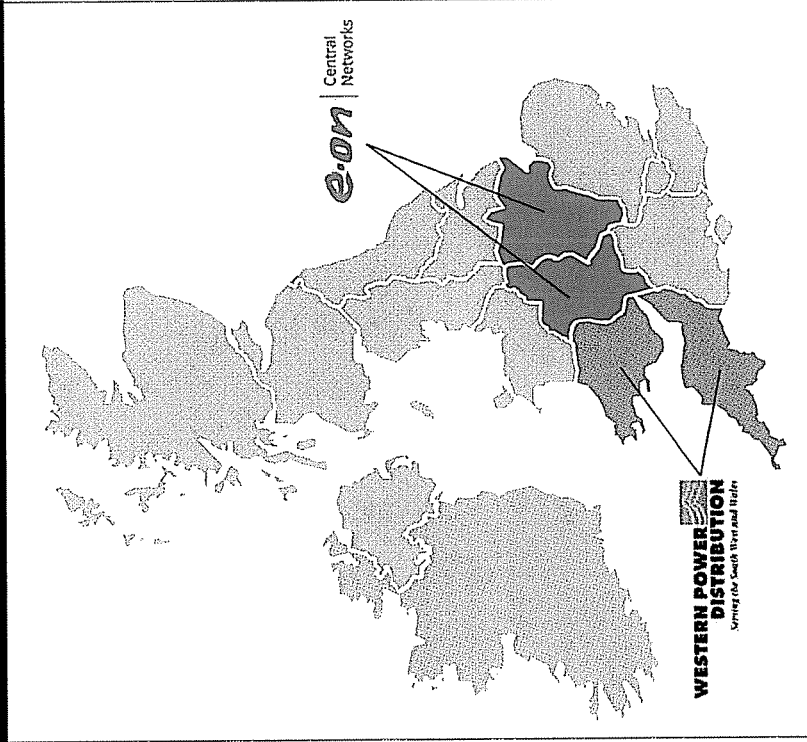
	WPD	Central Networks	Combined
RAV ⁽¹⁾	\$2.8	\$5.0	\$7.8
Utility customers (m)	2.6	5.0	7.6
Network miles	~52,000	~83,000	~135,000

(\$ in billions)

Regulated Asset Value⁽¹⁾



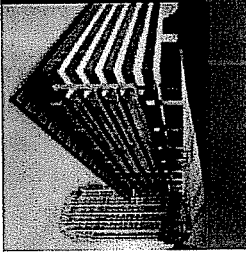
Service Territory



Note: Based on \$1.60 / GBP exchange rate.

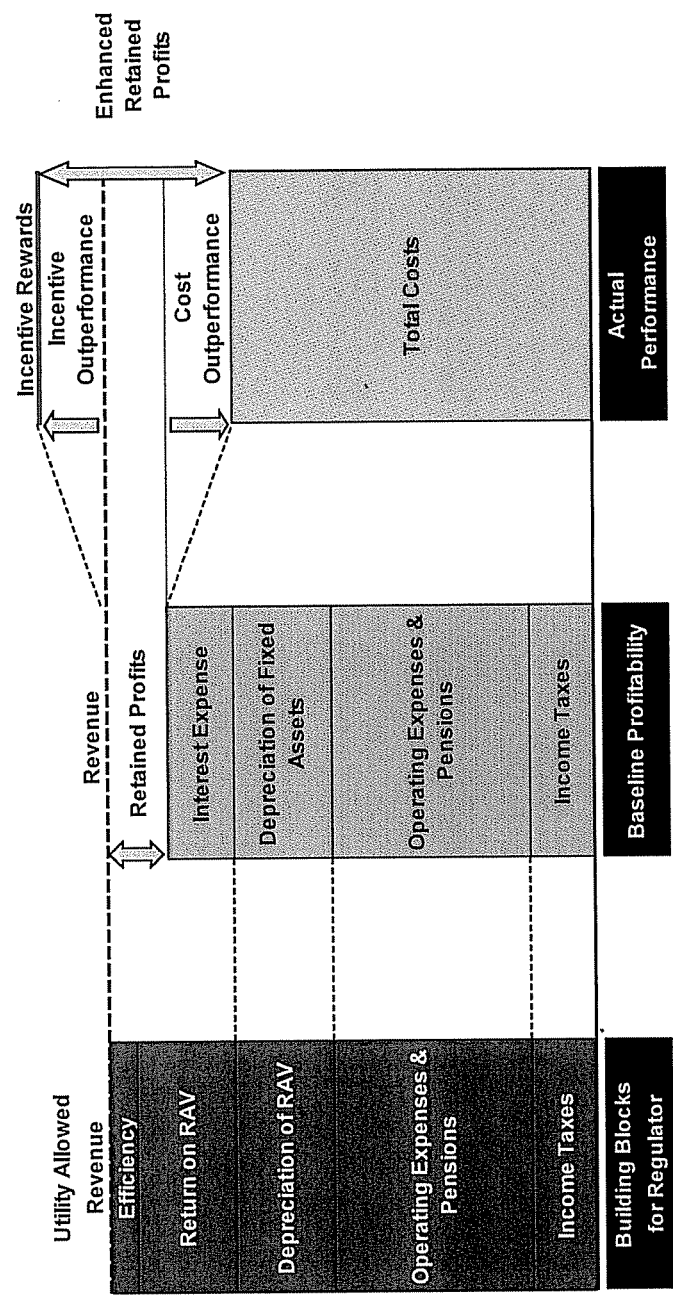
(1) Figures as per Office for Gas and Electric Markets ("Ofgem") final proposals, adjusted for inflation, year-end 3/31/2011.

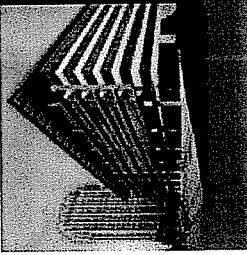




Performance Incentive-Based U.K. Electricity Distribution Regulation

- The U.K.'s Office of Gas and Electricity Markets (Ofgem) determines rates for a 5-year period on the basis of:
 - Efficiently incurred operating costs
 - A 5-year forward assessment and funding of capital expenditures
 - A return on and a return of capital through depreciation of the regulated asset value
 - Incentive revenue geared to outperformance

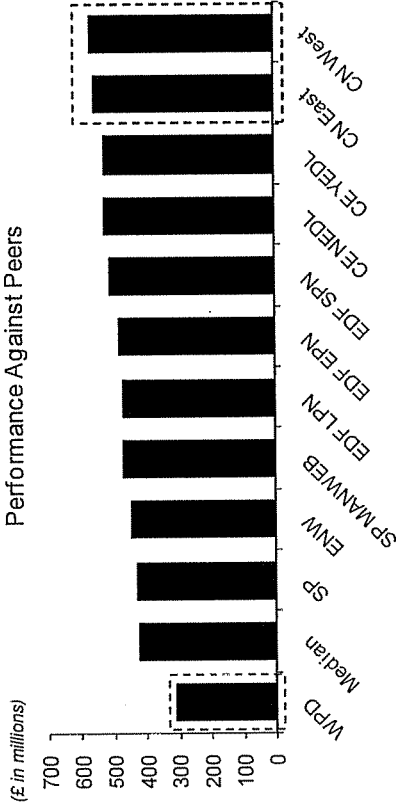




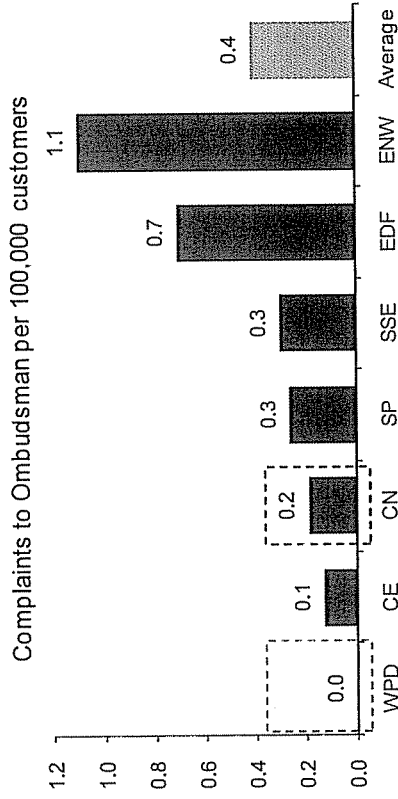
WPD: Best-in-Class U.K. Performance

- Best reliability among 14 distribution companies
- Highest incentive payments for surpassing regulatory targets
- Most capital efficient in sector
- Awarded \$250m efficiency allowance in DPCR5
- 6 years with no customer complaints to regulator
- Awarded the U.K. Customer Excellence Standard (18 consecutive years of recognition)

Capex Efficiency in DPCR5 ⁽¹⁾
Performance Against Peers

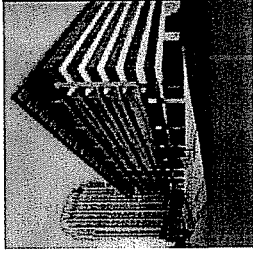


Customer Complaints ⁽²⁾
Complaints to Ombudsman per 100,000 customers



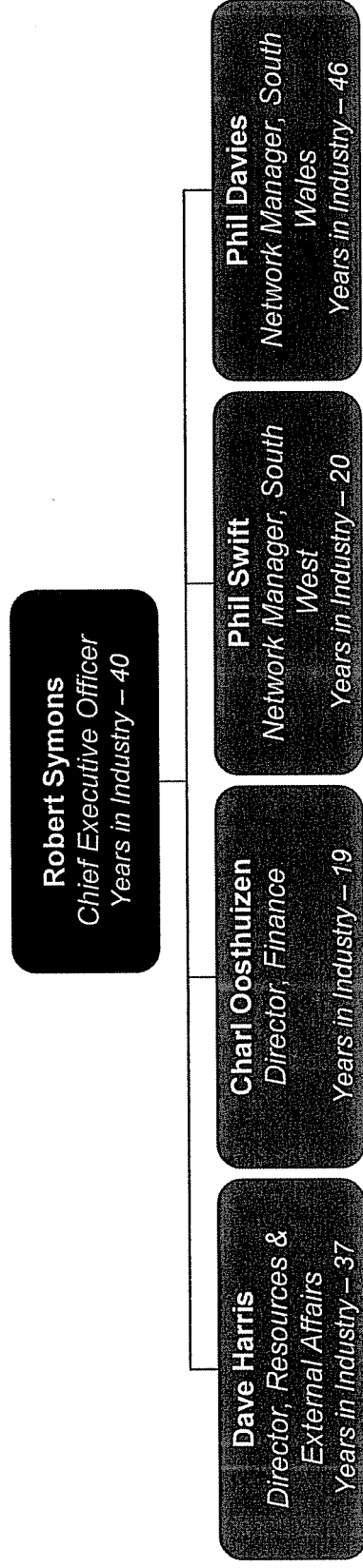
(1) Ofgem data extrapolated to WPD spend volume.
(2) Ombudsman management information.

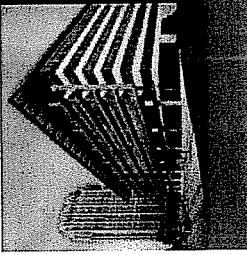




Management's Record of Delivery

- The same management team brought about the successful merger of South Wales and South West within the same timeframes
- Synergies are a direct parallel to the South Wales transaction
- Assessment of efficiencies lie within known boundaries





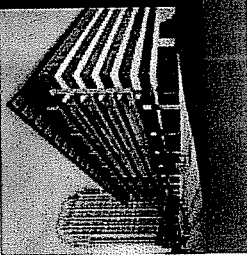
WPD is the Best-In-Class Operator

U.K. Electric Distribution Network Operator Rankings

	Base RORE ⁽¹⁾			Customer Service			Overall Average Rank ⁽²⁾
	Operational Costs	Allowed Totex	Customer Interruptions	Customer Minutes Lost			
WPD	2	2	3	1	1	1	
SSE	1	1	5	4	2	2	
ENW	4	4	1	2	3	3	
MidAmerican	3	3	6	6	4	4	
Scottish Power	6	6	2	3	5	5	
Central Networks	4	5	7	5	6	6	
CKI	7	7	4	7	7	7	

Source: Ofgem.
 (1) Return on Regulated Equity.
 (2) Based on average across all categories.



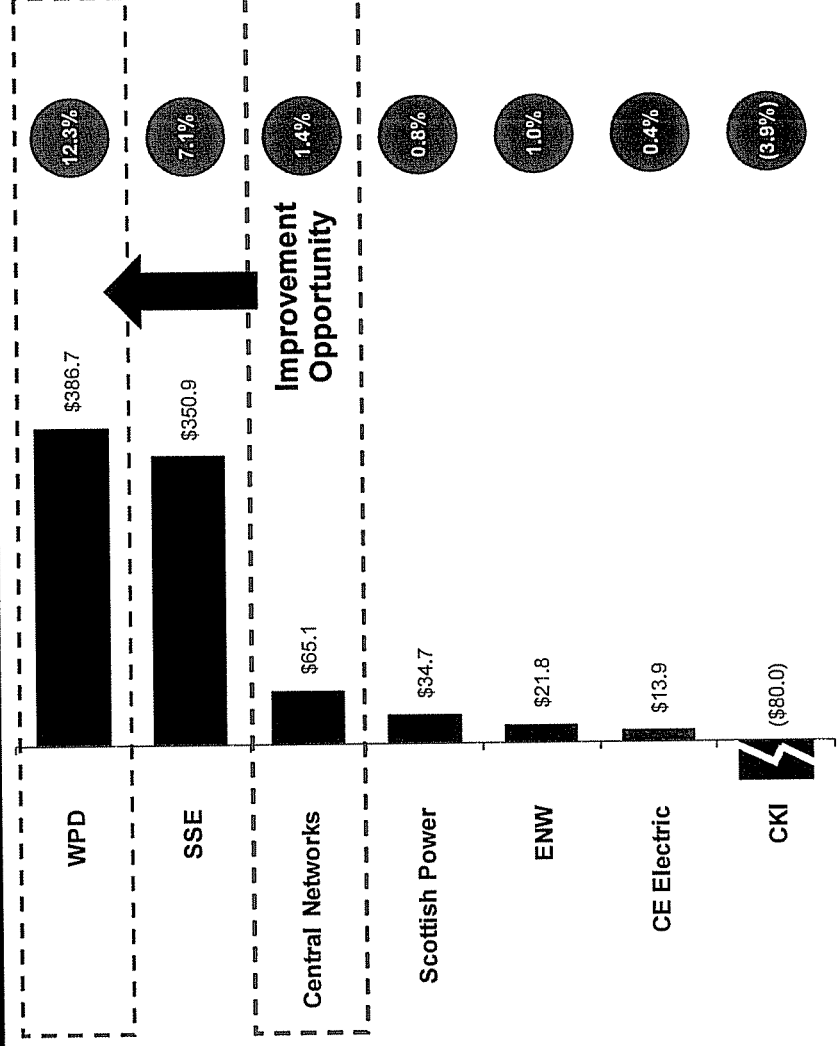


WPD Performance Rewards Top in Industry

WPD Rewards

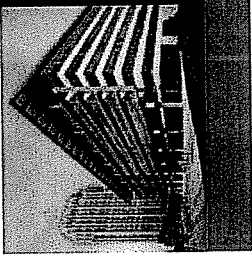
\$18.7	Customer Minutes Lost ("CML") Targets tougher than benchmark
29.0	Supply restoration best practice
3.0	Telephone & Discretionary
26.7	Customers Interrupted
51.2	Annual CML Incentives
3.9	Associated Interest
\$132.5	Total DPCR4
\$80.6	CML Targets tougher than benchmark
51.0	Forecasting Accuracy (Information Quality Incentive ("IQI"))
110.4	Capital Cost Efficiency (pre-IQI)
12.2	Operating Cost Efficiency
\$254.2	Total DPCR5
\$386.7	Total DPCR4 & DPCR5
	Rewards during DPCR4
	Rewards secured for DPCR5

Aggregate Total Award / Penalty (\$ in millions)



Source: Ofgem data.
Note: Figures based on assumed exchange rate of \$1.60 / GBP.

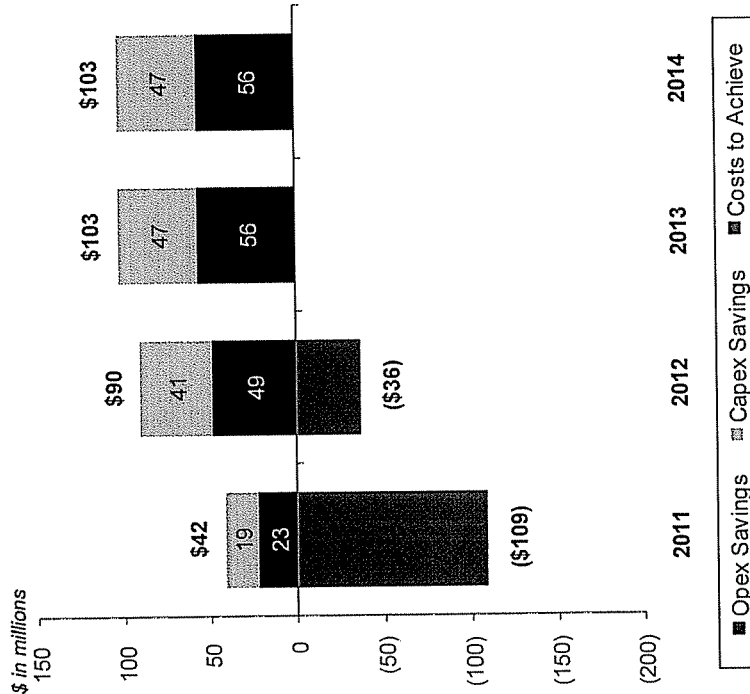




Significant Synergy Opportunity

100% Synergies retained through end of current rate period (1); 47% in following rate period (2)

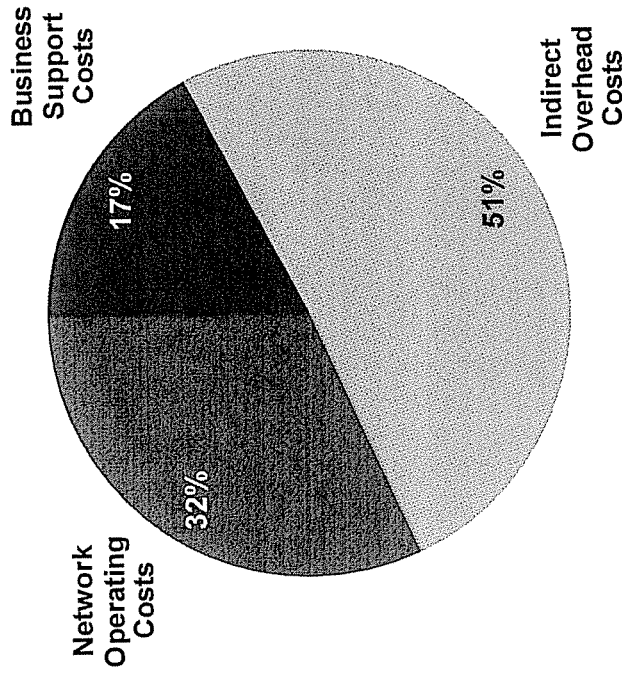
Estimated Annual Pre-Tax Synergies

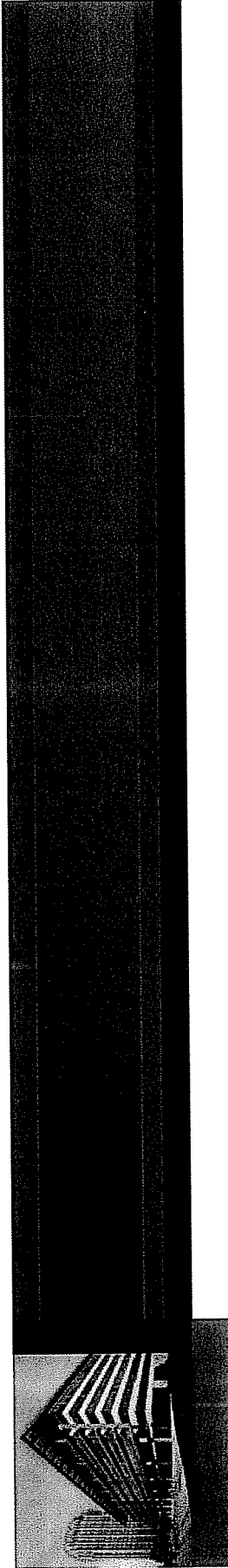


Note:
 (1) Figures based on assumed exchange rate of \$1.60 / GBP.
 (2) Ends in March 2015.
 Expected to end in March 2023.

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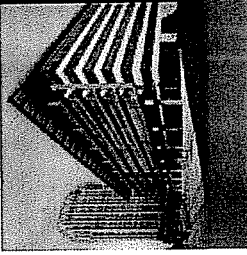
Opex Synergies by Category





Transaction Overview and Timing





Transaction Financing / Structure

Timing

- Expected to close early April 2011

Committed Acquisition Facility

- Committed acquisition facility from Bank of America Merrill Lynch and Credit Suisse
 - Expected to be drawn in full at closing to fund acquisition
 - Plan to complete equity capital offering in the second quarter of 2011 after finalizing U.S. GAAP financials

Permanent Financing

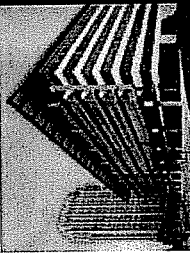
- \$1.70 – \$1.90 billion of PPL common stock
- \$750 – \$950 million of convertible equity units
- \$2.25 – \$2.45 billion (£1.41 – £1.53 billion) of unsecured debt at Central Networks operating entities
- \$700 – \$800 million (£438 – £500 million) of senior unsecured debt at a U.K. holding company above Central Networks

Note: Based on assumed exchange rate of \$1.60 / GBP.

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20





Financial Impact

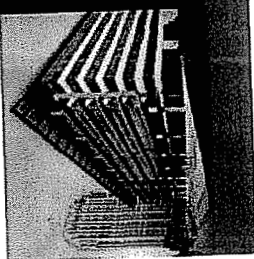
Earnings

- Immediately and significantly accretive ⁽¹⁾
 - 2011 – \$0.10 - \$0.15 per share
 - 2012 – \$0.23 - \$0.27 per share
 - 2013 – \$0.32 - \$0.38 per share
- Significantly greater earnings accretion expected as efficiencies and financial benefits of the transaction are fully realized
- Able to retain synergies in full through March 2015 and 47% through March 2023

Credit

- Low business risk and design of financing plan maintain investment grade credit profile
- Expecting Baa1 / BBB ratings at Central Networks operating entities
- Financing plan has been discussed with rating agencies

(1) Accretion includes effects of equity to fund the acquisition; assumes transaction close in early April 2011 (performance and shares on partial year basis for 2011).



Favorable U.K. Regulatory Framework

U.K. Electric Distribution Network

FERC-Regulated Independent Transmission

Regulatory construct

Form of regulation	<input type="checkbox"/> Rate of return and incentive / performance based <input type="checkbox"/> Forward looking	<input type="checkbox"/> Rate of return based with RoE incentives <input type="checkbox"/> Forward looking
Rate setting mechanism	<input type="checkbox"/> Forward looking <input type="checkbox"/> Every 5 years	<input type="checkbox"/> Annual formula-rate filing <input type="checkbox"/> Minimal
Frequency of rate setting	<input type="checkbox"/> None <input type="checkbox"/> None	<input type="checkbox"/> Minimal <input type="checkbox"/> Minimal
Recovery lag		
Volumetric risk		

Rates of return

Nominal RoE at Utility Level	<input type="checkbox"/> 10% - 14% subject to performance <input type="checkbox"/> Adjusted for inflation on a rolling basis	<input type="checkbox"/> 11% - 14% including RoE incentives
------------------------------	---	---

RoE adders / incentives

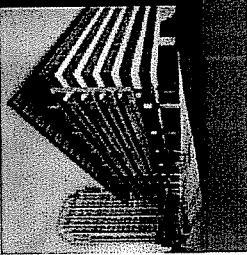
<input type="checkbox"/> Ability to achieve sustained higher returns through: <ul style="list-style-type: none"> <input type="checkbox"/> Cost outperformance <input type="checkbox"/> Performance incentives 	<input type="checkbox"/> RTO membership <input type="checkbox"/> Independent status <input type="checkbox"/> Project complexity <input type="checkbox"/> No performance incentives
---	---

Holding company leverage

<input type="checkbox"/> Low 20% holding company effective RoE	<input type="checkbox"/> Low 20% holding company effective RoE
--	--

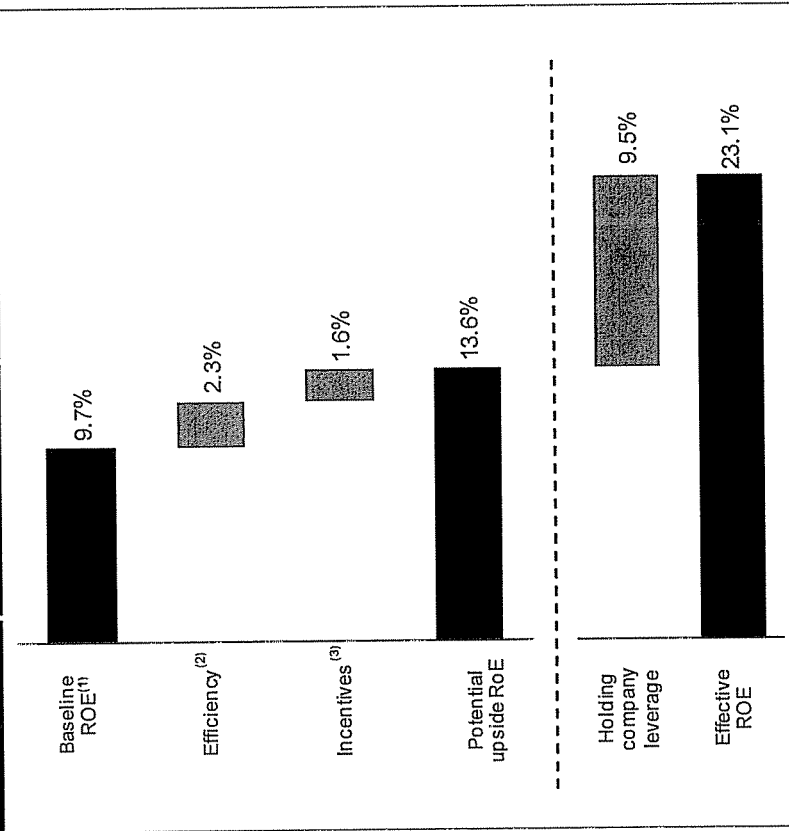
U.K. regulation compares favorably to FERC-regulated independent transmission



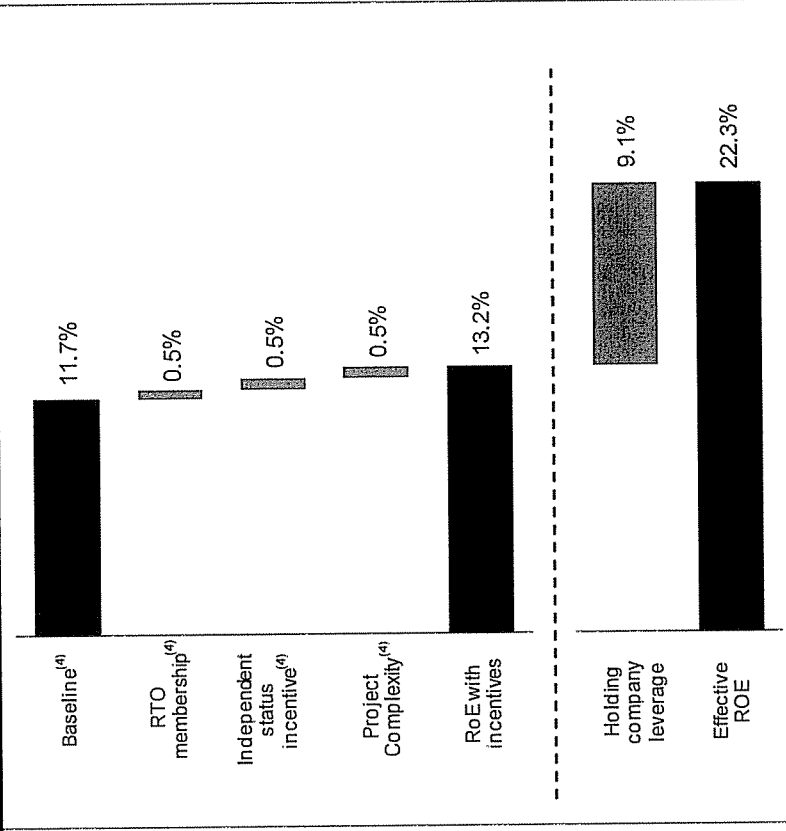


Estimated Equity Returns for an Efficient U.K. Operator vs. FERC

U.K. Electric Distribution Network Operator Example

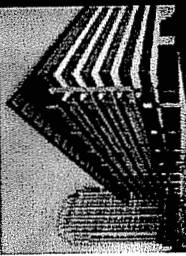


FERC-Regulated Independent Transmission Example



(1) Assumes 3% of inflation per annum; inflation adjustment figured off of HM Treasury publication on a rolling basis
 (2) Based on efficiency levels achieved by SSE and WPD. § 4.10 of DPCR5 Final Proposals decision document dated 12/7/2009.
 (3) Mid-point of Ofgem's estimate of incentives upside. § 4.11 of DPCR5 Final Proposals decision document dated 12/7/2009.
 (4) Source: FERC.



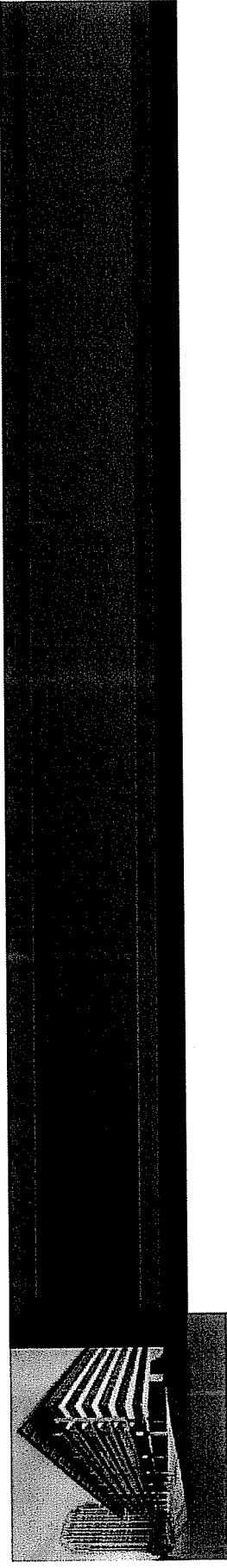


Significant Growth in International Regulated Earnings

	2011E	2012E	2013E
<i>(\$ in millions)</i>			
International Regulated Segment (Pre-Transaction) ⁽¹⁾			
Revenue	\$800 - \$890	\$840 - \$930	\$910 - \$1,010
Net Income	\$210 - \$230	\$190 - \$210	\$220 - \$250
Addition of Central Networks ⁽²⁾	<u>4/1 - 12/31/2011</u>		
Revenue	\$800 - \$890	\$1,250 - \$1,380	\$1,320 - \$1,450
Net Income ⁽³⁾	\$220 - \$250	\$305 - \$335	\$380 - \$420
Post-Transaction Revenue	\$1,600 - \$1,780	\$2,090 - \$2,310	\$2,230 - \$2,460
Post-Transaction Net Income ⁽³⁾	\$430 - \$480	\$495 - \$545	\$600 - \$670

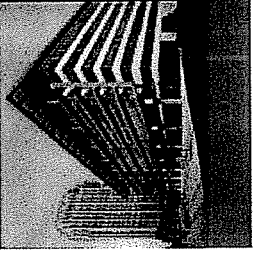
Note: Figures based on assumed exchange rate of \$1.60 / GBP.
 (1) PPL business plan allocates certain corporate expenses to International Regulated Segment; future allocation of expenses may increase but will have no impact on consolidated earnings.
 (2) PPL business plan assumes transaction close in early April 2011 (performance and shares on partial year basis for 2011).
 (3) Excludes special transaction-related expenses in the years ending December 2011 and 2012.





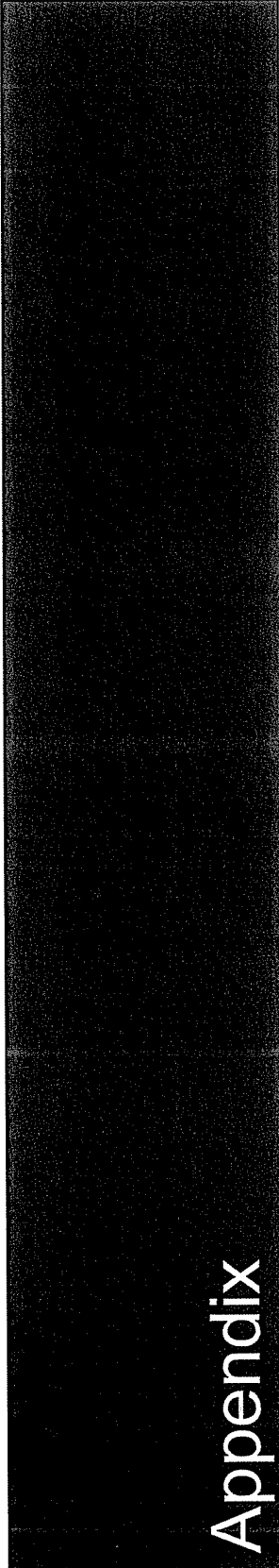
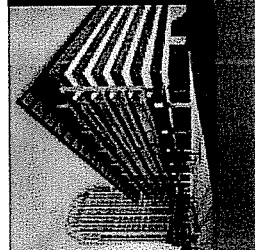
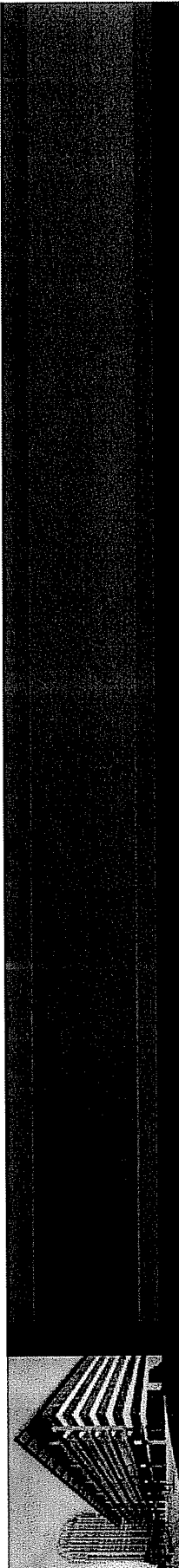
Concluding Remarks





Concluding Remarks

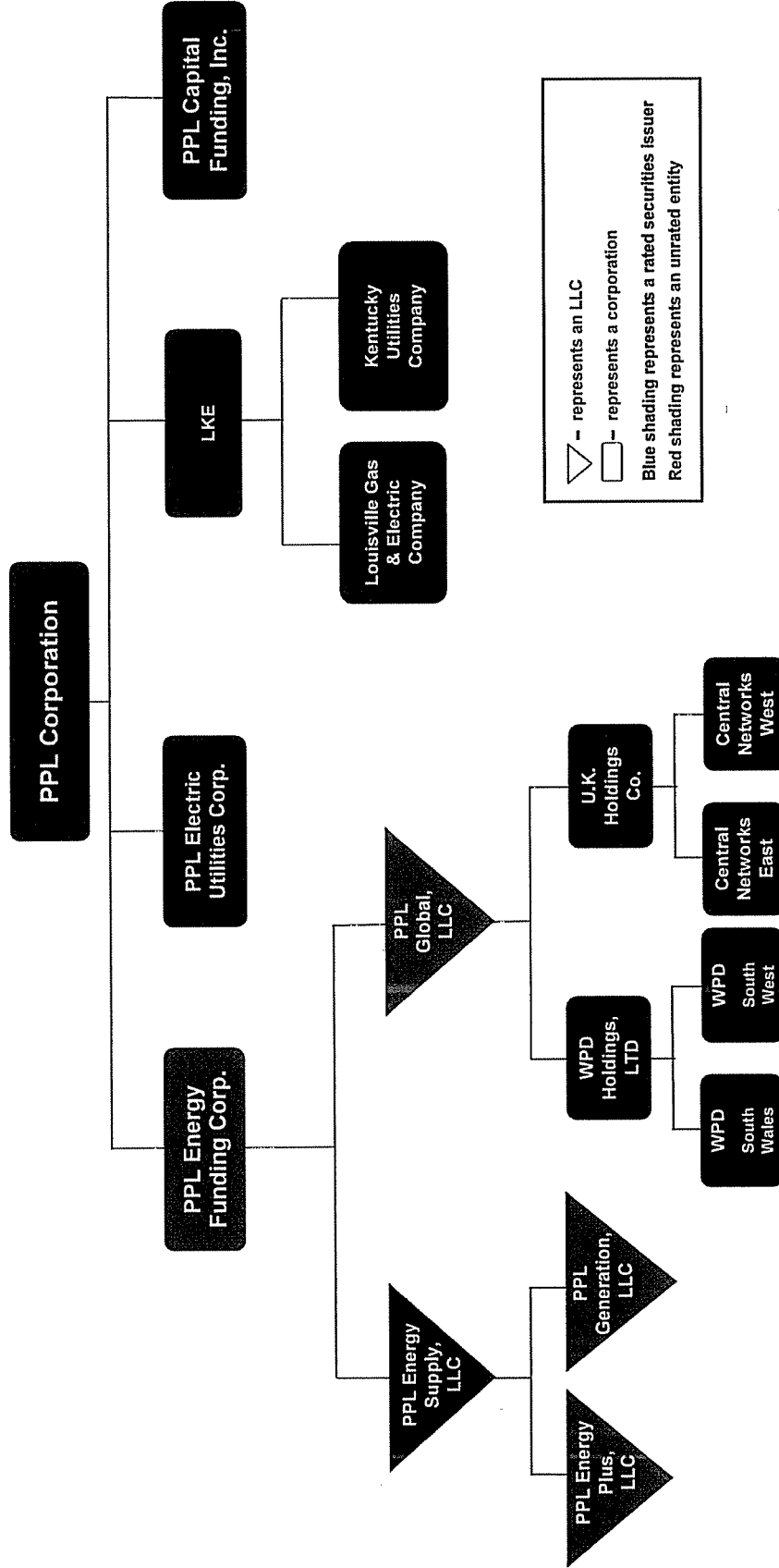
- Immediately accretive to earnings and valuation
 - Significant achievable synergies
- Complementary business in highly favorable regulatory framework
 - U.K. regulation compares favorably to FERC-regulated independent transmission
- Leverages PPL's best-in-class U.K. management team
 - Highly confident in ability to successfully integrate and achieve synergy targets
- Achieves highly regulated business mix
 - Project 75% of EBITDA from regulated businesses by 2013
- Further strengthens business risk profile
- Enhances quality of future earnings



Appendix



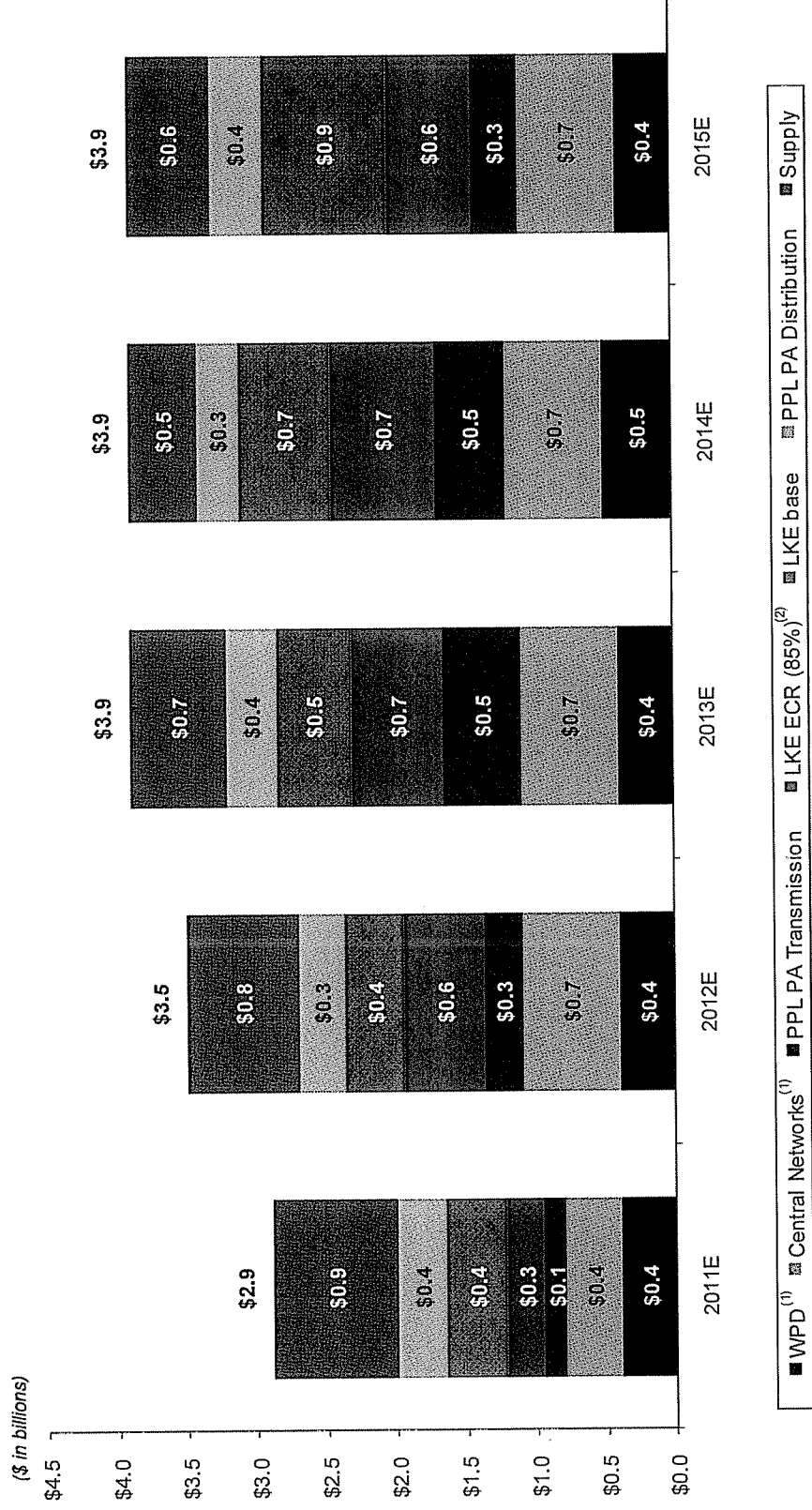
Pro Forma Corporate Structure



▽ - represents an LLC
 □ - represents a corporation
 Blue shading represents a rated securities issuer
 Red shading represents an unrated entity



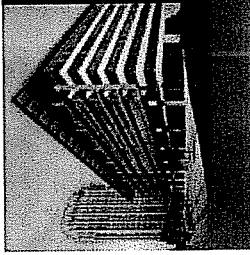
Capital Expenditures by Segment



(1) Figures based on assumed exchange rate of \$1.60 / GBP.

(2) Assumes approximately 85% of Environmental Capex of LKE runs through the ECR mechanism.

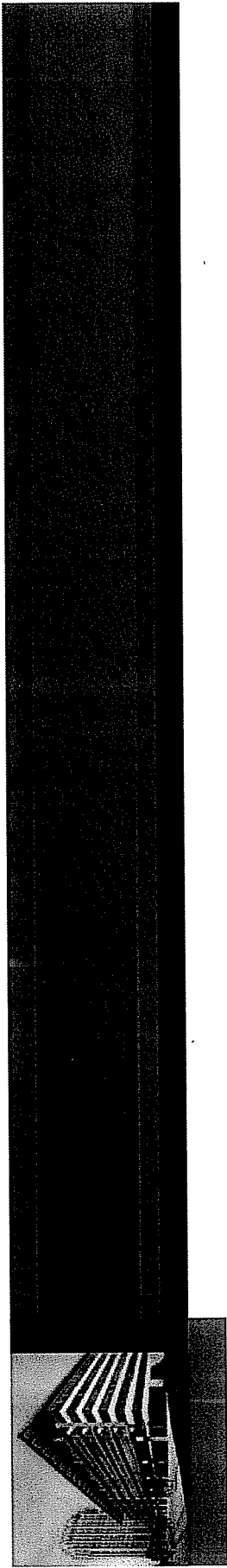
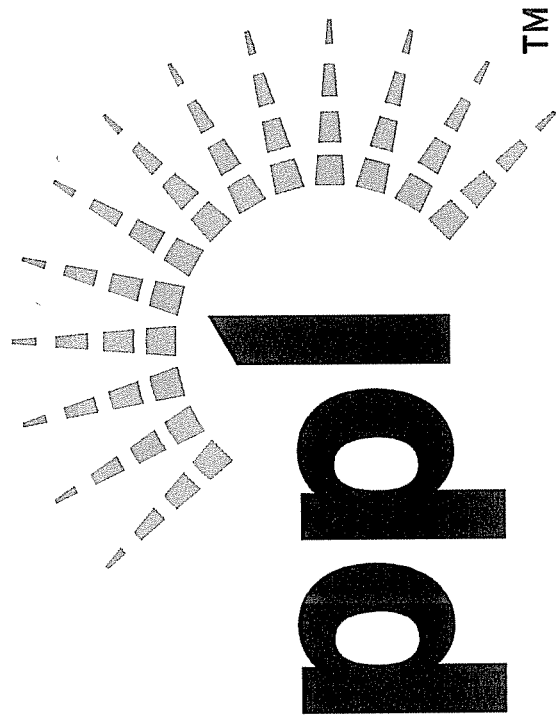




Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future events and their timing, including the acquisition ("Acquisition") by PPL Corporation of Central Networks East plc and Central Networks West plc (Collectively, "Central Networks"), the expected results of operations of Central Networks or PPL Corporation both before or following PPL Corporation's acquisition of Central Networks, as well as statements as to future earnings, the timing or extent of realizing synergistic and other benefits from the Acquisition, energy prices, margins and sales, growth, revenues, expenses, cash flow, credit profile, ratings, financing, asset disposition, marketing performance, hedging, regulation, corporate strategy and generating capacity and performance, are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these expectations, assumptions and statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: capital market conditions, including their effect on permanent financing of the Acquisition, and decisions regarding capital structure; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; stock price performance; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation, Central Networks and of their subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset acquisitions and dispositions; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; the impact of state, federal or foreign investigations applicable to PPL Corporation, Central Networks and their subsidiaries; the outcome of litigation against PPL Corporation, Central Networks and their subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation, Central Networks and their subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax or environmental legislation or regulation; and the commitments and liabilities of PPL Corporation, Central Networks and of their subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.

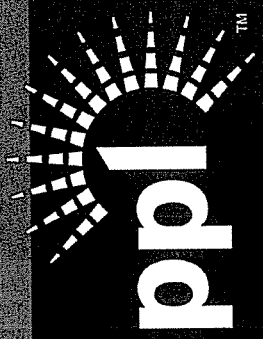




Attachment to Question No. 4

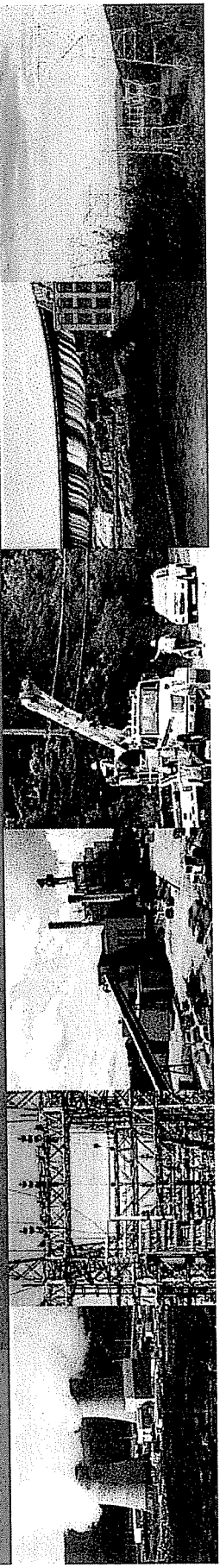
5 of 8

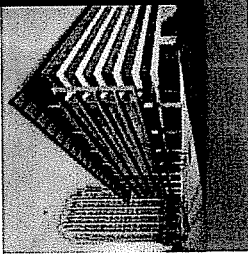
Arbough



**1st Quarter Earnings Call
May 5, 2011**

PPL Corporation

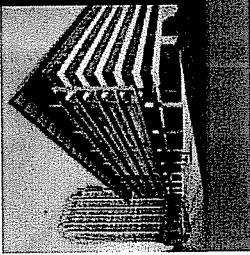




Cautionary Statements and Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.





Agenda

First Quarter 2011 Earnings and Outlook

J. H. Miller

Segment Results and Financial Overview

P. A. Farr

Operational Review

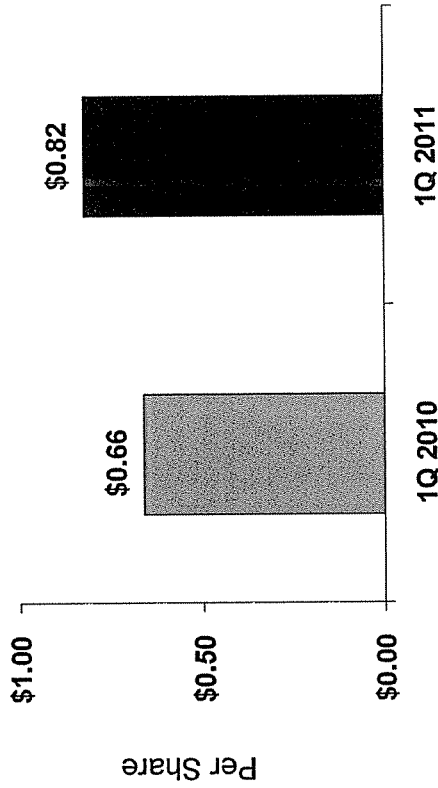
W. H. Spence

Q&A

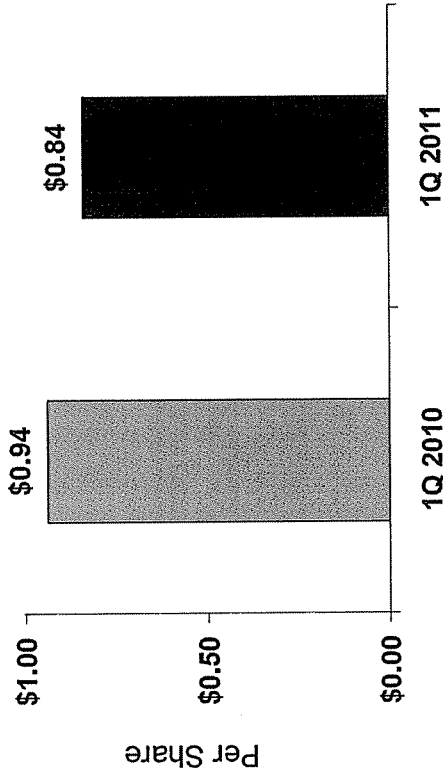


Strong Earnings Results

First Quarter
Reported Earnings



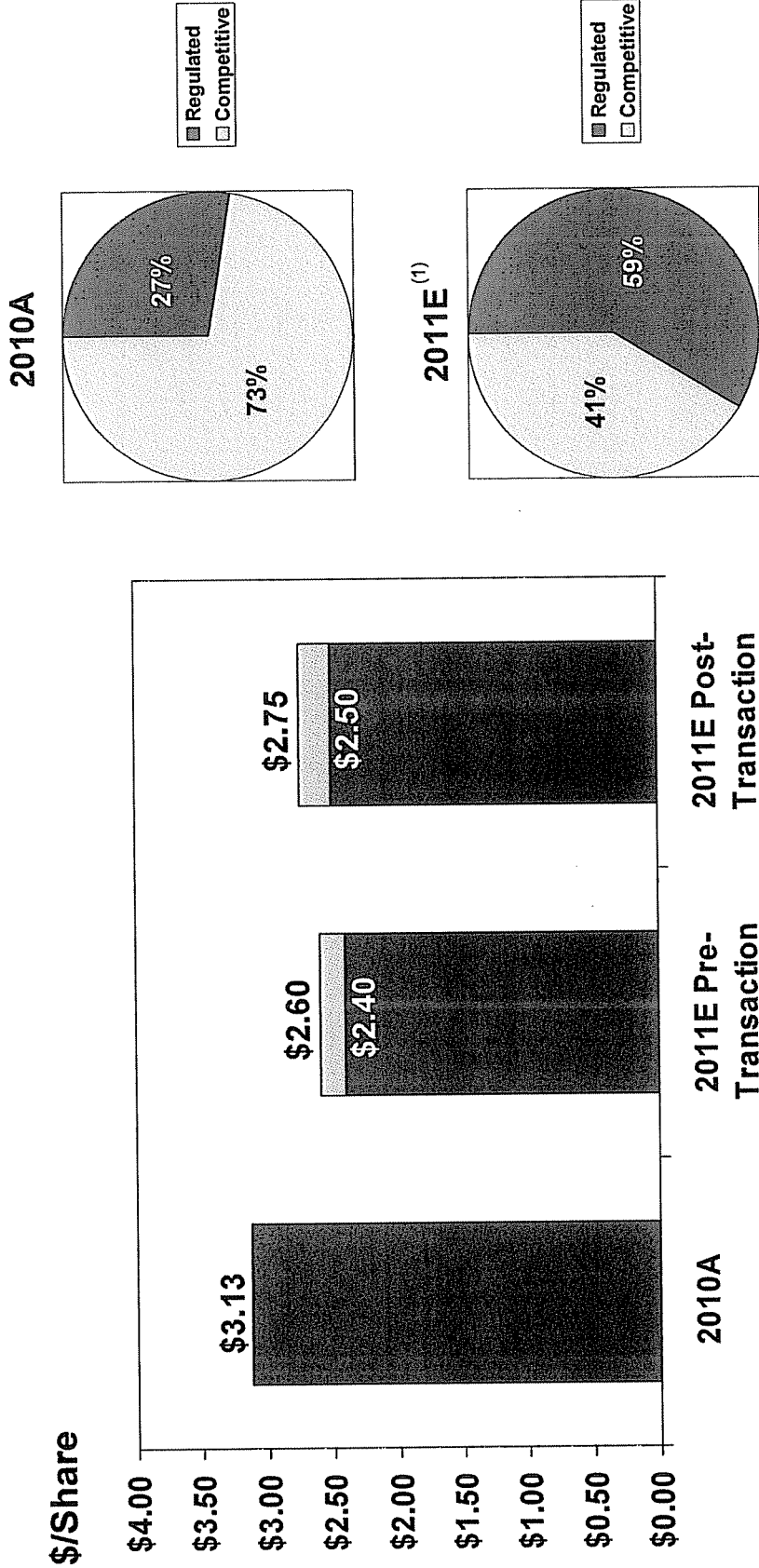
First Quarter
Earnings from Ongoing Operations



Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



2011 Earnings from Ongoing Operations Forecast



(1) Based on mid-point of forecasted earnings range.
 Note: See appendix for reconciliation of earnings from ongoing operations to reported earnings.



Ongoing Earnings Overview

	Q1	Q1	Change
	2011	2010	
Kentucky Regulated	\$0.15	\$ -	\$0.15
International Regulated	0.16	0.20	(0.04)
Pennsylvania Regulated	0.11	0.10	0.01
Supply	0.42	0.64	(0.22)
Total	\$0.84	\$0.94	(\$0.10)

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



International Regulated Segment Earnings Drivers

	<u>1st Quarter</u>
2010 EPS – Ongoing Earnings	<u>\$0.20</u>
Delivery Revenue	0.03
Financing	(0.02)
Income Taxes & Other	(0.01)
Dilution	(0.04)
Total	<u>(0.04)</u>
2011 EPS – Ongoing Earnings	<u>\$0.16</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.





Pennsylvania Regulated Segment Earnings Drivers

	<u>1st Quarter</u>
2010 EPS – Ongoing Earnings	<u>\$0.10</u>
Electric Delivery Margins	0.04
O&M	(0.02)
Income Taxes & Other	0.02
Dilution	(0.03)
Total	<u>0.01</u>
2011 EPS – Ongoing Earnings	<u>\$0.11</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



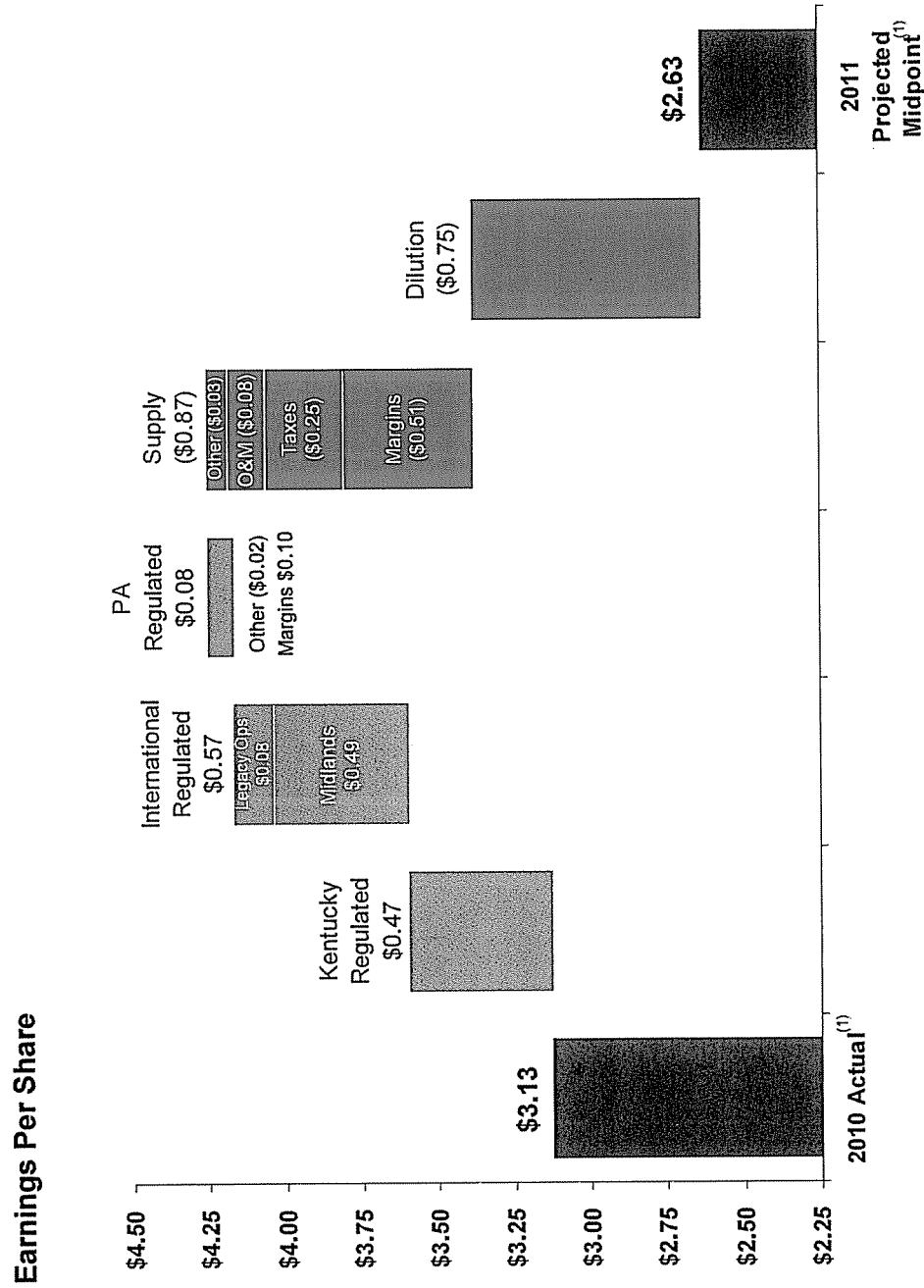


Supply Segment Earnings Drivers

	<u>1st Quarter</u>
2010 EPS – Ongoing Earnings	<u>\$0.64</u>
Margins – East	(0.11)
O&M	-
Income Taxes & Other	0.01
Dilution	(0.12)
Total	<u>(0.22)</u>
2011 EPS – Ongoing Earnings	<u>\$0.42</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.

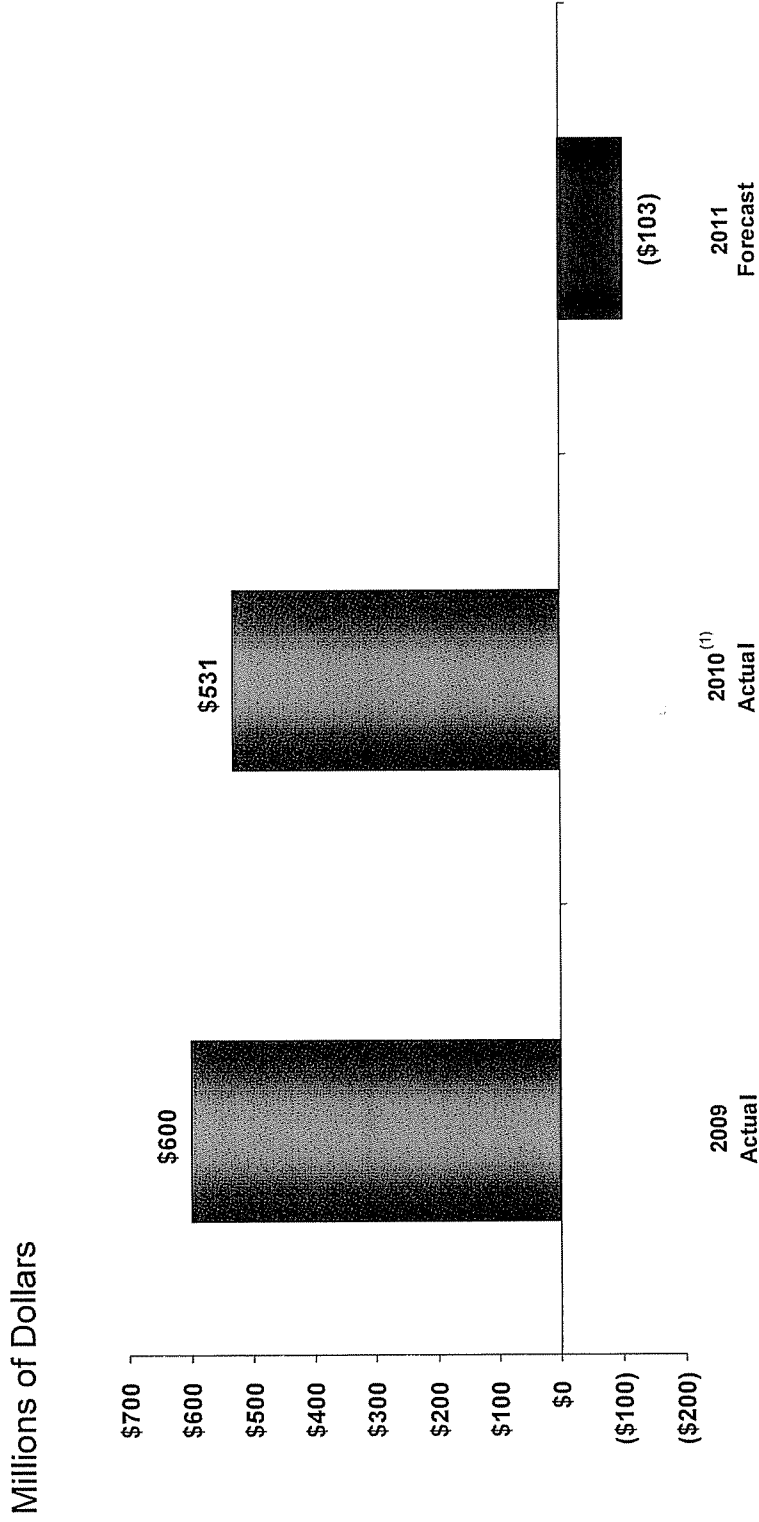
2010 to 2011 Earnings Walk



(1) Earnings from ongoing operations.
 Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.

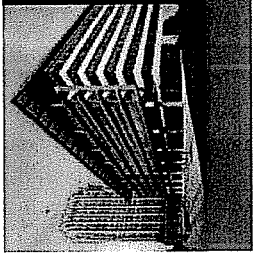


Free Cash Flow before Dividends



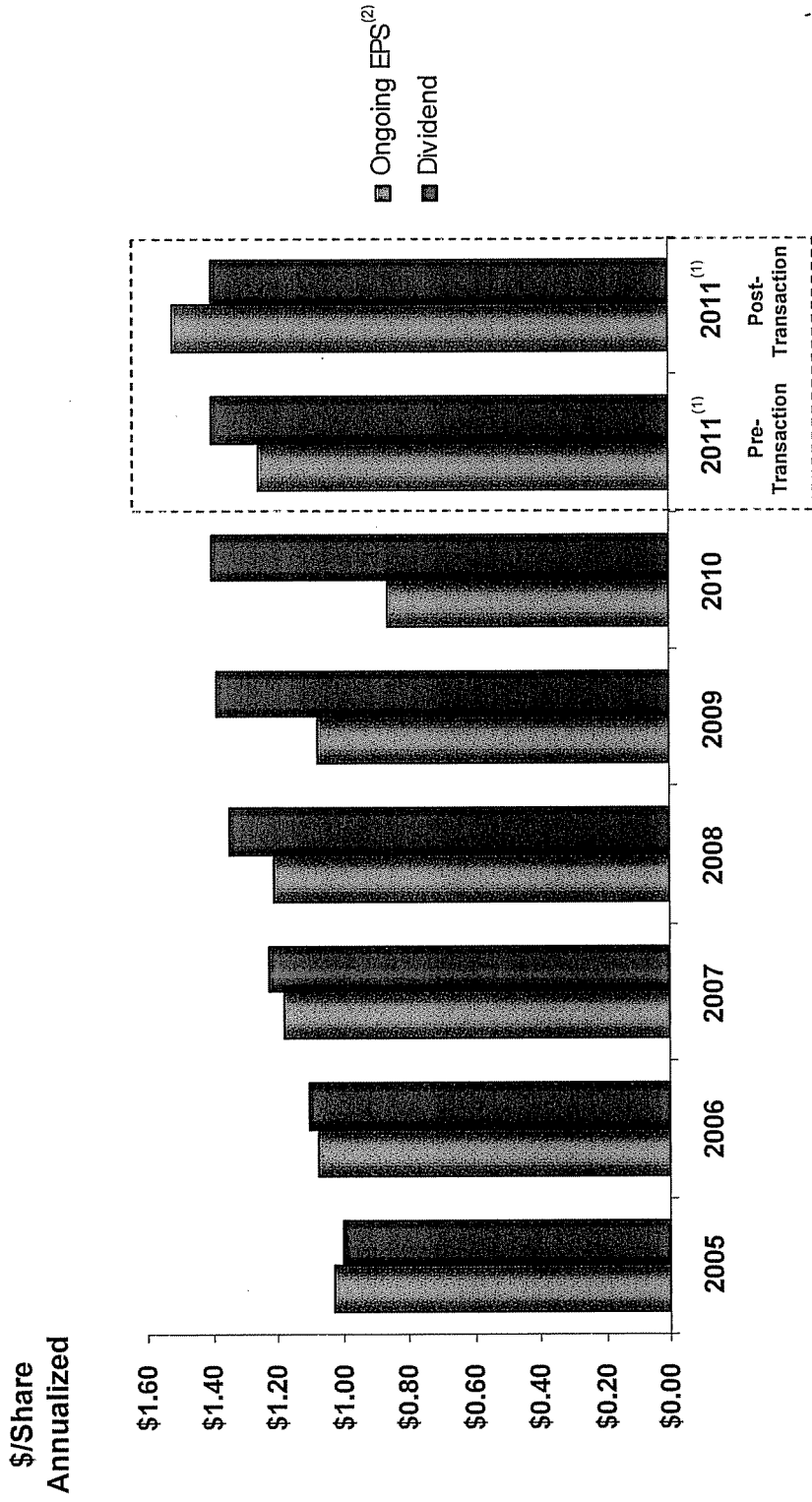
(1) 2010 Free Cash Flow includes two months of the results of the Kentucky Regulated segment.
 Note: See Appendix for reconciliation of free cash flow before dividends to cash from operations.





Dividend Profile

A significantly more rate-regulated business mix provides strong support for current dividend and a platform for future growth



(1) Ongoing EPS based on mid-point of forecast. Annualized dividend based on 1st quarter declaration. Actual dividends to be determined by Board of Directors.
 (2) From only regulated segments.





Operational Review

Kentucky Regulated

- Filed Integrated Resource Plan (IRP) with Kentucky PSC on 4/21
- Filed rate case in Virginia on 4/1

Pennsylvania Regulated

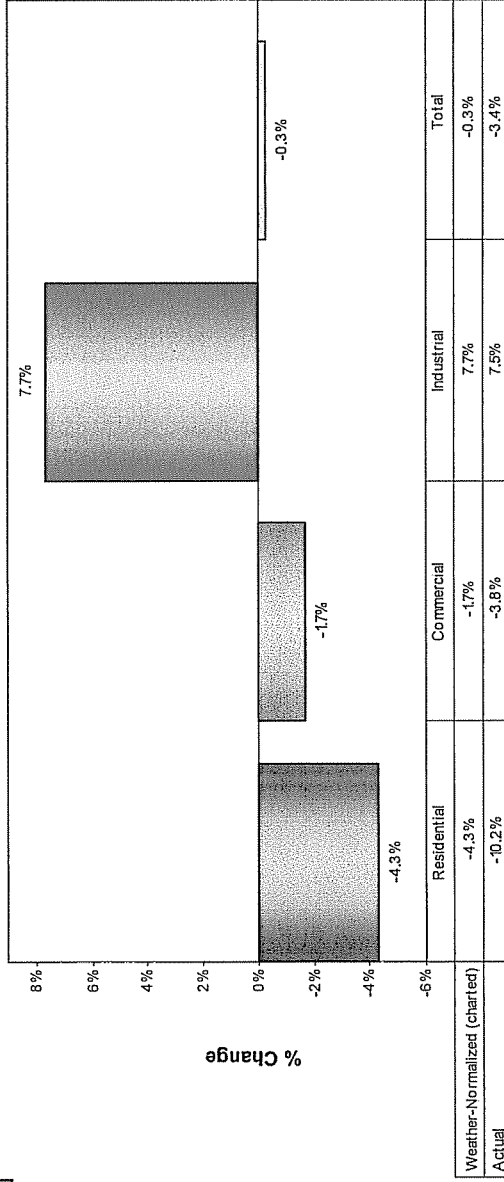
- Earned 9th J.D. Power and Associates Award for customer satisfaction by business customers

International Regulated Segment

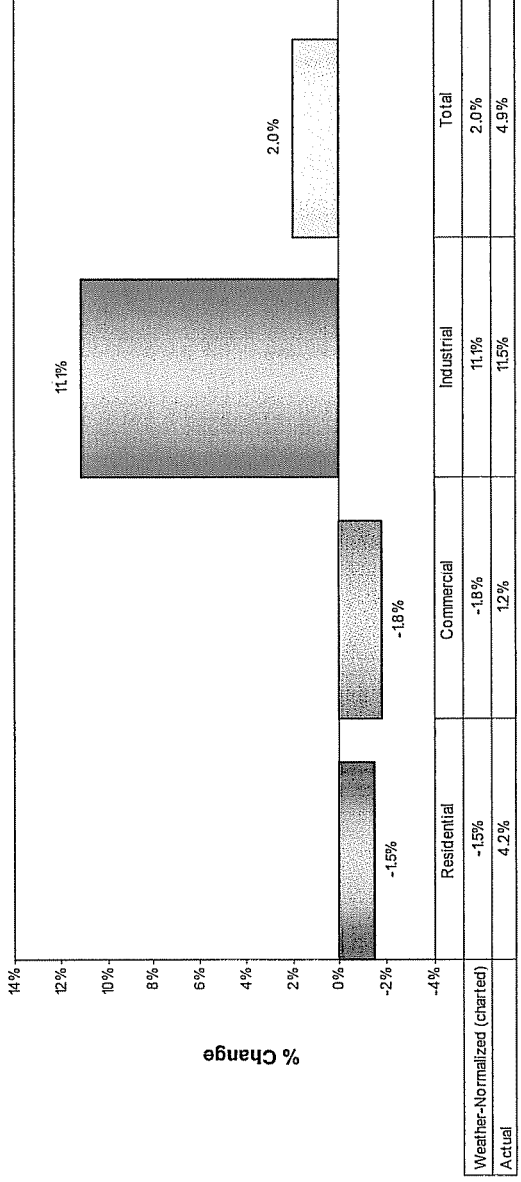
- Completed acquisition of WPD Midlands (formerly Central Networks)
- Integration proceeding as planned

Kentucky Regulated Volume Variances

3-months Ended 3/31 2011 vs 2010



12-months Ended 3/31 2011 vs 2010



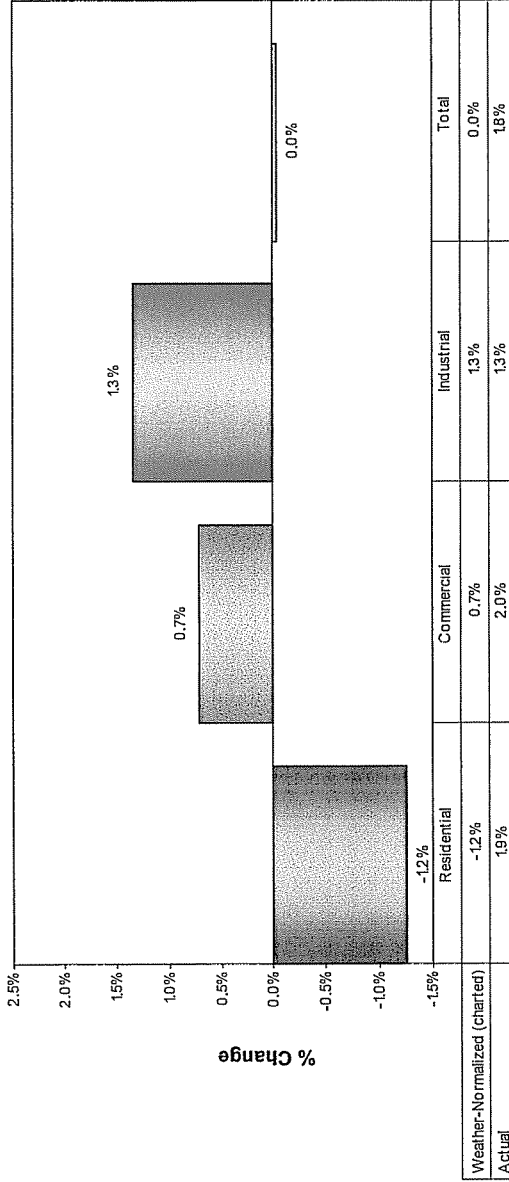
Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.



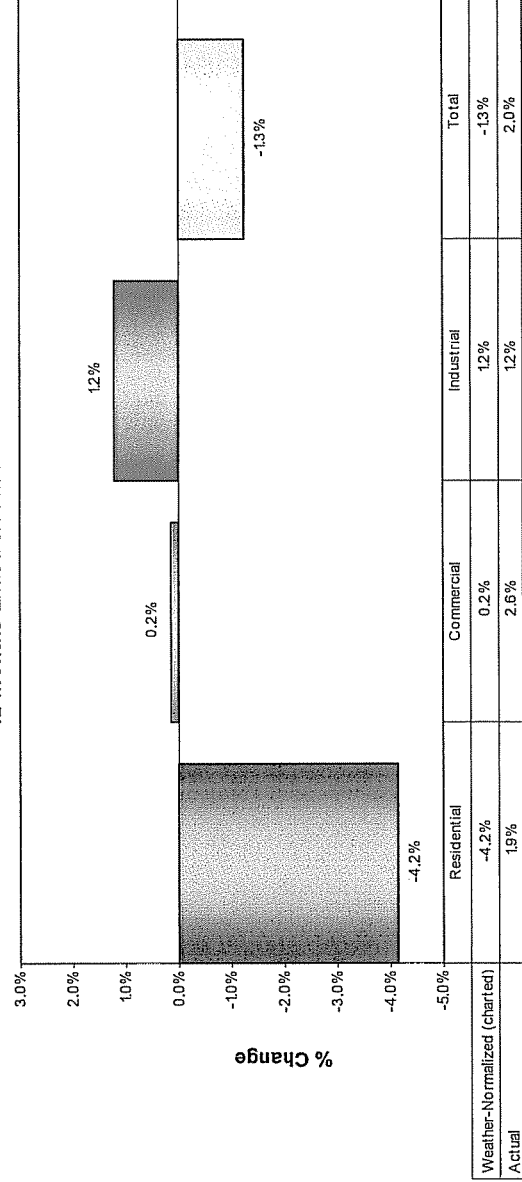


PA Regulated Volume Variances

3-months Ended 3/31 2011 vs 2010



12-months Ended 3/31 2011 vs 2010



Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.





Enhancing Value Through Active Hedging

	2011 ⁽⁴⁾	2012
Baseload		
Expected Generation⁽¹⁾ (Million MWhs)	50.7	54.7
East	42.5	46.2
West	8.2	8.5
Current Hedges (%)	99%	86%
East	100%	84%
West	97%	94%
Average Hedged Price (Energy Only) (\$/MWh)^{(2) (3)}		
East	\$57	\$55-56
West	\$54	\$53-54
Current Coal Hedges (%)	99%	96%
East	99%	94%
West	100%	100%
Average Hedged Consumed Coal Price (Delivered \$/Ton)		
East	\$73-74	\$76-80
West	\$23-28	\$23-29
Intermediate/Peaking		
Expected Generation⁽¹⁾ (Million MWhs)	7.1	6.2
Current Hedges (%)	58%	26%

Capacity revenues are expected to be \$430 million, \$385 million and \$590 million for 2011, 2012 and 2013, respectively.

As of March 31, 2011

(1) Represents expected sales based on current business plan assumptions. Amounts do not reflect the impact of the Susquehanna turbine blade inspection/replacement outages.

(2) The 2011 average hedge energy prices are based on the fixed price swaps as of March 31, 2011; the prior collars have all been converted to fixed swaps.

(3) The 2012 ranges of average energy prices for existing hedges were estimated by determining the impact on the existing collars resulting from 2012 power prices at the 5th and 95th percentile confidence levels.

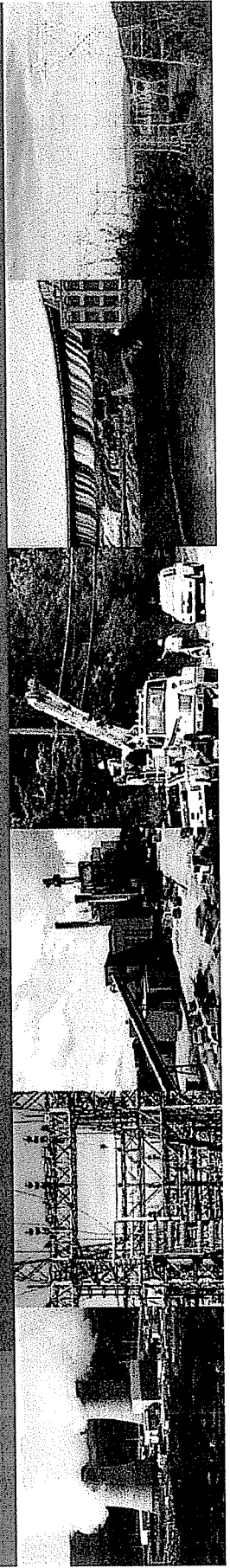
(4) Includes three months of actual results.

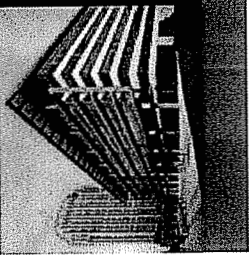
© PPL Corporation 2011



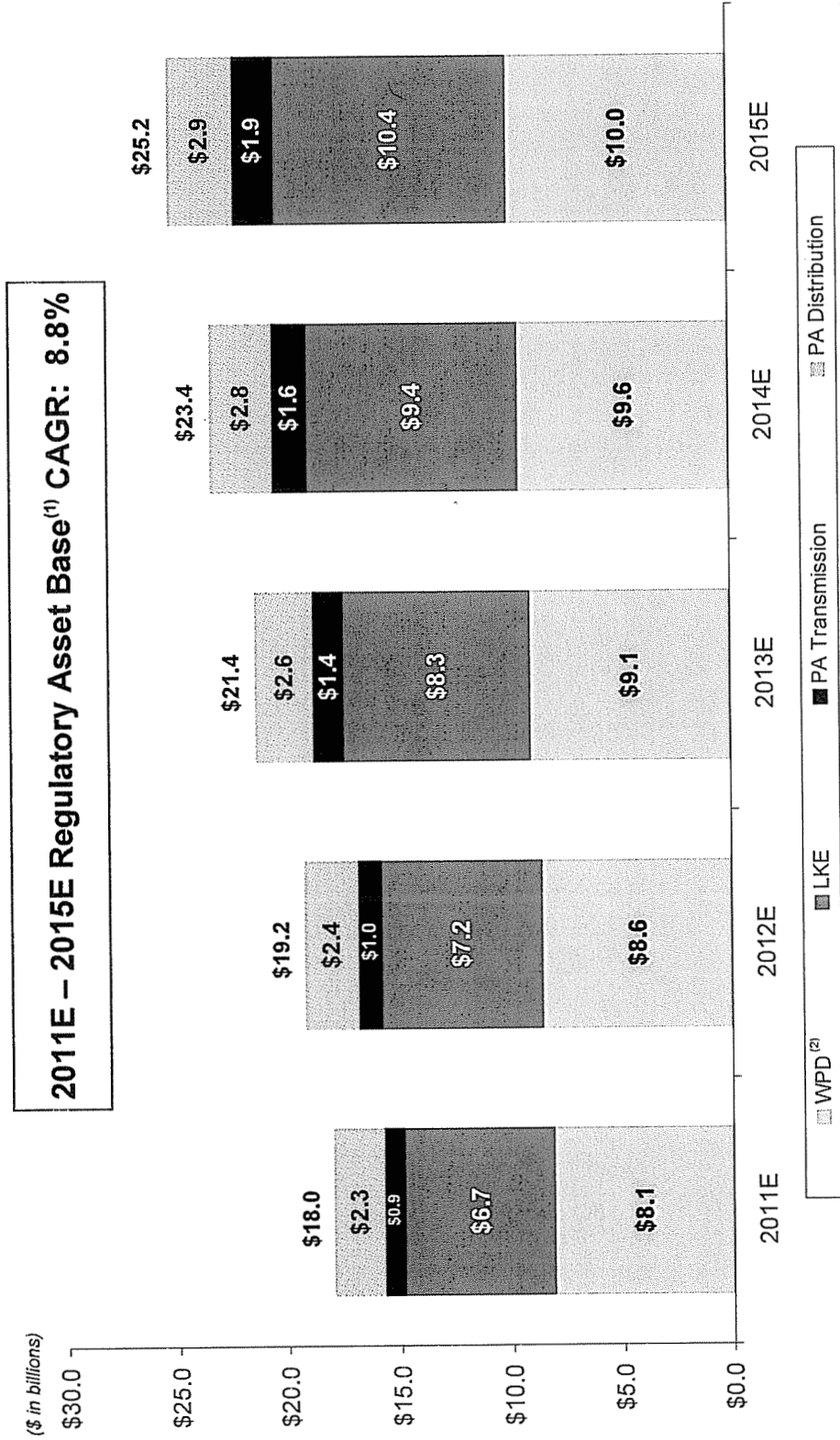


Appendix





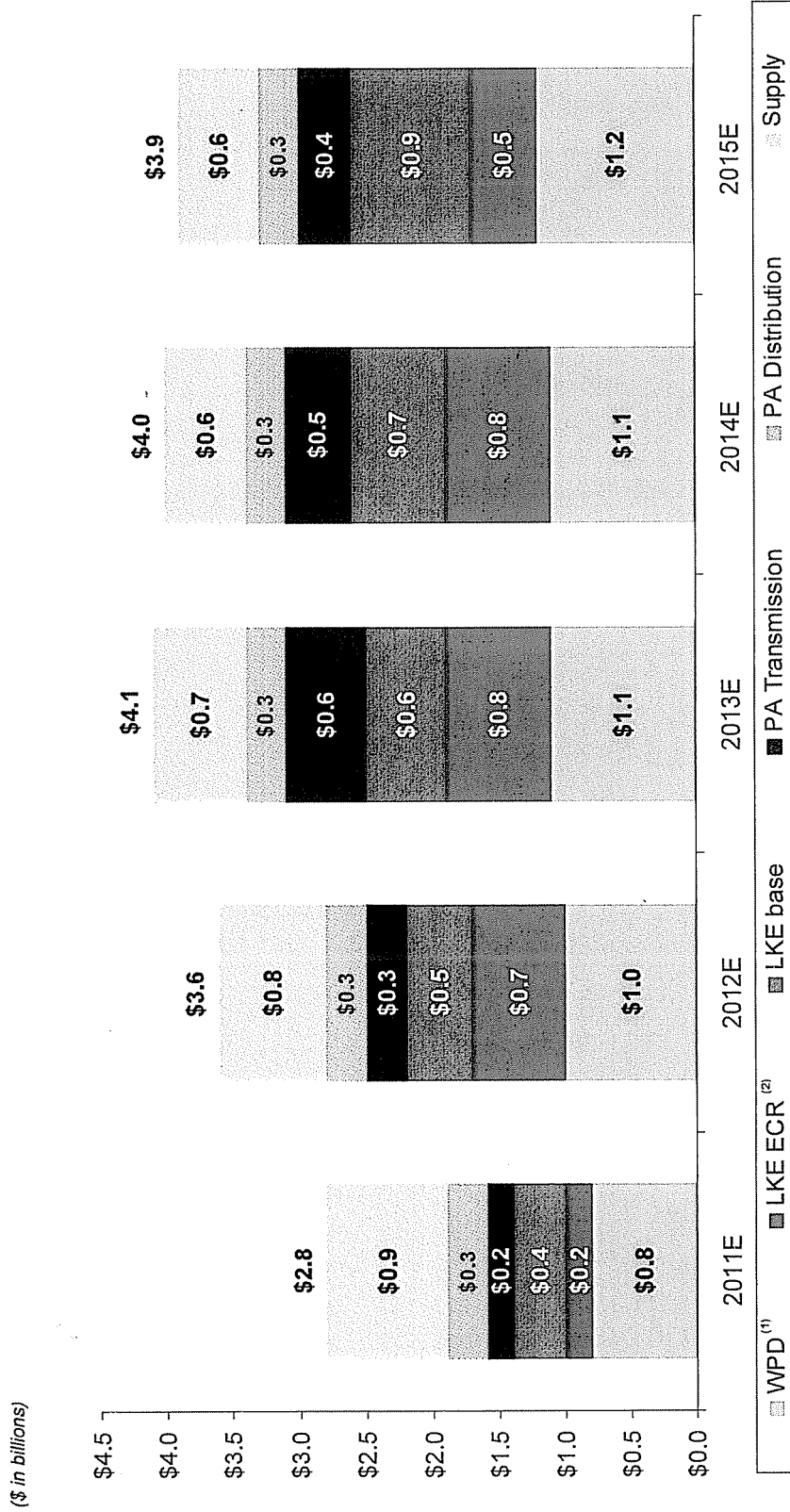
Regulated Rate Base Growth



(1) Represents capitalization for LKE, as L&E and KU rate constructs are based on capitalization. Represents Regulated Asset Value (RAV) for WPD.
 (2) Includes RAV for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP and are as of year-end December 31.



Capital Expenditures



(1) Includes capex for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP.

(2) Expect approximately 85% to receive timely returns via ECR mechanism based on historical experience.





Market Prices

	2011	2012
<u>ELECTRIC</u>		
<u>PJM</u>		
On-Peak	\$52	\$54
Off-Peak	\$37	\$40
ATC ⁽¹⁾	\$44	\$46
<u>Mid-Columbia</u>		
On-Peak	\$30	\$39
Off-Peak	\$21	\$29
ATC ⁽¹⁾	\$26	\$35
<u>GAS</u> ⁽²⁾		
NYMEX	\$4.57	\$5.06
TZ6NNY	\$5.07	\$5.83
<u>PJM MARKET</u>		
HEAT RATE ⁽³⁾	10.2	10.6
CAPACITY PRICES (Per MWD)	\$136.79	\$123.63
<u>EQA</u>	88.3%	89.8%

(1)

24-hour average.

(2)

NYMEX and TZ6NNY forward gas prices on 3/31/2011.

(3)

Market Heat Rate = PJM on-peak power price divided by TZ6NNY gas price.



Debt Maturities

(Millions)

	2011	2012	2013	2014	2015
PPL Capital Funding	\$0	\$0	\$0 ⁽¹⁾	\$0	\$0
LG&E and KU Energy (Holding Co LKE)	2	0	0	0	400
Louisville Gas & Electric	0	0	0	0	250
Kentucky Utilities	0	0	0	0	250
PPL Electric Utilities	0	0	400	10 ⁽²⁾	100
PPL Energy Supply	500	0	737	300	300 ⁽³⁾
WPD	0	0	0	0	0
Total	\$502	\$0	\$1,137	\$310	\$1,300

Note: As of March 31, 2011

- (1) Excludes \$1.15 billion of junior subordinated notes due 2018 that are a component of PPL's 2010 Equity Units and may be put back to PPL Capital Funding if the remarketing in 2013 is not successful.
- (2) Bonds defeased in substance in 2008 by depositing sufficient funds with the trustee.
- (3) Represents REset Put Securities due 2035 that are required to be put by the holders in October 2015 either for (a) purchase and remarketing by a remarketing dealer or (b) repurchase by PPL Energy Supply.



Liquidity Profile

Institution	Facility	Expiration Date	Total Facility (Millions)	Letters of Credit Outstanding (Millions)	Drawn (Millions)	Availability (Millions)
PPL Energy Supply	Syndicated Credit Facility 3-Year Bilateral Credit Facility	Dec-2014	\$3,000	\$145	\$700	\$2,155
		Mar-2013	200	102	0	98
			<u>\$3,200</u>	<u>\$247</u>	<u>\$700</u>	<u>\$2,253</u>
PPL Electric Utilities	Syndicated Credit Facility Asset-backed Credit Facility	Dec-2014	\$200	\$13	\$0	\$187
		Jul-2011	150	0	0	150
			<u>\$350</u>	<u>\$13</u>	<u>\$0</u>	<u>\$337</u>
Louisville Gas & Electric	Syndicated Credit Facility	Dec-2014	\$400	\$0	\$0	\$400
Kentucky Utilities	Syndicated Credit Facility	Dec-2014	\$400	\$198	\$0	\$202
WPD	5-year Syndicated Credit Facility 3-year Syndicated Credit Facility Uncommitted Credit Facilities	Jan-2013	£150	£0	£113	£37
		Jul-2012	210	0	0	210
			63	3	0	60
			<u>£423</u>	<u>£3</u>	<u>£113</u>	<u>£307</u>

Note: As of March 31, 2011

- PPL Domestic facilities consist of a diverse bank group, with no bank and its affiliates providing an aggregate commitment of more than 10% of the total committed capacity.
- The above does not reflect a Senior Bridge Term Loan Credit Agreement entered into in March 2011, under which PPL Capital Funding and PPL WEM Holdings plc borrowed an aggregate of £3.6 billion in April 2011 to fund the acquisition of Central Networks. To date, £2.4 billion was repaid.
- In April 2011, WPD (East Midlands) and WPD (West Midlands) each entered into a £300 million 5-year Syndicated Credit Facility.
- In April 2011, Kentucky Utilities entered into a new \$198 million letter of credit facility that will be used to issue letters of credit to support outstanding tax exempt bonds. In May 2011, letters of credit totaling \$198 million were issued under the new facility, replacing letters of credit issued under KU's Syndicated Credit Facility at March 31, 2011.





Shares Outstanding

Average Common Shares Outstanding ⁽¹⁾ (in millions)

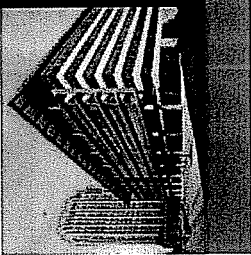
As of:

March 31, 2011	485 (A)
December 31, 2011	557 (E)
December 31, 2012	582 (E)

(1) Projected average common shares outstanding include common stock issued for the acquisition of WPD Midlands, projected shares issued to satisfy DRIP and compensation-related stock requirements, and the issuance of common stock to satisfy the conversion of the PPL Capital Funding equity units in 2013. These projections do not include common stock issued to fund future growth.

(A) Actual for quarter ended March 31, 2011.

(E) Estimate for average shares outstanding for the year indicated.



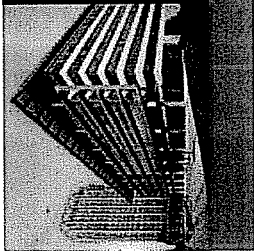
Reconciliation of First Quarter Earnings from Ongoing Operations to Reported Earnings

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Total
Quarter Ending March 31, 2011	\$ 75	\$ 75	\$ 52	\$ 205	\$ 407
Earnings from Ongoing Operations					
Special Items:					
Energy-related economic activity				17	17
Foreign currency-related economic hedges		(1)			(1)
Sales of assets				(1)	(1)
Impairments				(2)	(2)
Central Networks acquisition-related costs:					
Bridge Facility costs		(5)			(5)
Other acquisition-related costs		(10)			(10)
Foreign currency-related economic hedges		(4)			(4)
Total Special Items	(14)	(20)		14	(6)
Reported Earnings*	\$ 75	\$ 55	\$ 52	\$ 219	\$ 401

	International Regulated	Pennsylvania Regulated	Supply	Total
Quarter Ending March 31, 2010	\$ 76	\$ 37	\$ 244	\$ 357
Earnings from Ongoing Operations				
Special Items:				
Energy-related economic activity			(65)	(65)
Impairments			(2)	(2)
Other:				
Montana hydroelectric litigation			(32)	(32)
Health Care Reform - tax impact			(8)	(8)
Total Special Items	(107)		(107)	(107)
Reported Earnings*	\$ 76	\$ 37	\$ 137	\$ 250

* Represents net income attributable to PPL Corporation





Reconciliation of First Quarter Earnings from Ongoing Operations to Reported Earnings

(Per Share)

Quarter Ending March 31, 2011
Earnings from Ongoing Operations

Special Items:

Energy-related economic activity

Central Networks acquisition-related costs:

Bridge Facility costs

Other acquisition-related costs

Foreign currency-related economic hedges

Total Special Items

Reported Earnings

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Total
	\$ 0.15	\$ 0.16	\$ 0.11	\$ 0.42	\$ 0.84
Special Items:				0.03	0.03
Energy-related economic activity					
Central Networks acquisition-related costs:					
Bridge Facility costs		(0.02)			(0.02)
Other acquisition-related costs		(0.02)			(0.02)
Foreign currency-related economic hedges		(0.01)			(0.01)
Total Special Items		(0.05)		0.03	(0.02)
Reported Earnings	\$ 0.15	\$ 0.11	\$ 0.11	\$ 0.45	\$ 0.82

Quarter Ending March 31, 2010
Earnings from Ongoing Operations

Special Items:

Energy-related economic activity

Impairments

Other:

Montana hydroelectric litigation

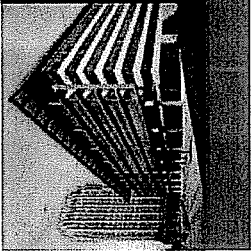
Health Care Reform - tax impact

Total Special Items

Reported Earnings

	International Regulated	Pennsylvania Regulated	Supply	Total
	\$ 0.20	\$ 0.10	\$ 0.64	\$ 0.94
Special Items:			(0.16)	(0.16)
Energy-related economic activity			(0.01)	(0.01)
Impairments				
Other:			(0.09)	(0.09)
Montana hydroelectric litigation			(0.02)	(0.02)
Health Care Reform - tax impact			(0.28)	(0.28)
Total Special Items			(0.28)	(0.28)
Reported Earnings	\$ 0.20	\$ 0.10	\$ 0.36	\$ 0.66

Note: Per share amounts are based on diluted shares outstanding.



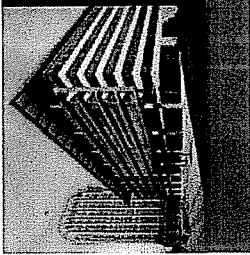
Reconciliation of PPL's Earnings from Ongoing Operations to Reported Earnings

(Per Share)

	Forecast		Actual	
	High 2011	Low 2011	2010	2009
Earnings from Ongoing Operations per share of common stock	\$ 2.75	\$ 2.50	\$ 3.13	\$ 1.95
Special Items:				
Energy-related economic activity	0.03	0.03	(0.27)	(0.59)
Sales of assets:				
Maine hydroelectric generation business			0.03	0.06
Long Island generation business				(0.09)
Latin American businesses				(0.07)
Interest in Wyman Unit 4				(0.01)
Impairments:				
Impacts from emission allowances			(0.02)	(0.05)
Other asset impairments				(0.01)
Central Networks acquisition-related costs:				
Bridge Facility costs	(0.02)	(0.02)		
Other acquisition-related costs	(0.02)	(0.02)		
Foreign currency-related economic hedges	(0.01)	(0.01)		
LKE acquisition-related costs:				
Monetization of certain full-requirement sales contracts			(0.29)	
Anticipated sale of certain non-core generation facilities			(0.14)	
Bridge Facility costs			(0.12)	
Discontinued cash flow hedges & ineffectiveness			(0.06)	
Reduction of credit facility			(0.01)	
Other acquisition-related costs			(0.05)	
Workforce reductions				(0.03)
Other:				
Montana hydroelectric litigation			(0.08)	(0.01)
Health Care Reform - tax impact			(0.02)	
Change in U.K. tax rate			0.04	
U.S. Tax Court ruling (U.K. Windfall Profits Tax)			0.03	
Change in tax accounting method related to repairs				(0.07)
Total Special Items	(0.02)	(0.02)	(0.96)	(0.87)
Reported Earnings per share of common stock	\$ 2.73	\$ 2.48	\$ 2.17	\$ 1.08

Note: Per share amounts are based on diluted shares outstanding.





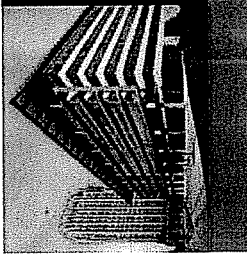
Reconciliation of First Quarter Operating Income to Pennsylvania Gross Delivery Margins

	Three Months Ended March 31,		Per Share Diluted (after-tax) (a)
	2011	2010	
Pennsylvania gross delivery margins, pre-tax	\$ 250	\$ 221	0.04 ¢
			Change \$ 29

	Three Months Ended March 31,	
	2011	2010
Operating Income	\$ 805	\$ 476
Adjustments:		
Unregulated retail electric and gas	(147)	(104)
Wholesale energy marketing	(1,095)	(1,783)
Net energy trading margins	(11)	(11)
Energy-related businesses, net	(8)	(6)
Fuel	475	230
Other operation and maintenance	583	444
Depreciation	208	124
Taxes, other than income	73	72
Revenue adjustments (b)	(988)	(318)
Expense adjustments (b)	355	1,097
Pennsylvania gross delivery margins	\$ 250	\$ 221

(a) Per share amount based on the weighted average shares outstanding for the three months ended March 31, 2010.
 (b) The components of these adjustments are detailed on the next slide.





Reconciliation of First Quarter Operating Income to Pennsylvania Gross Delivery Margins

	Three Months Ended March 31, 2011	2010
(Millions)		
<u>Revenue adjustments</u>		
Exclude utilities revenue, included in LKE Gross Electric and Gas Margins	\$ (766)	
Exclude WPD utility revenue	(216)	\$ (203)
Exclude PLR revenue from energy supplied to PPL Electric by PPL EnergyPlus	(6)	(115)
Total revenue adjustments	<u>\$ (988)</u>	<u>\$ (318)</u>
<u>Expense adjustments</u>		
Exclude energy purchases, included in Unregulated Gross Energy Margins	\$ (296)	\$ (1,163)
Exclude energy purchases, included in LKE Gross Electric and Gas Margins	(107)	
Include gross receipts tax	33	45
Include Act 129	15	18
Other		3
Total expense adjustments	<u>\$ (355)</u>	<u>\$ (1,097)</u>



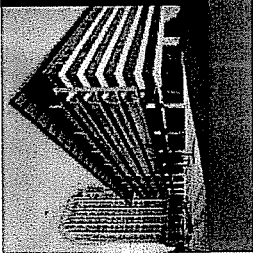
Reconciliation of First Quarter Operating Income to Unregulated Gross Energy Margins

(Millions)

	Three Months Ended March 31,		Per Share Diluted (after-tax) (a)
	2011	2010	Change
Non-trading:			
Eastern U.S.	\$ 578	\$ 649	\$ (71)
Western U.S.	82	83	(1)
Net energy trading	11	11	
Unregulated gross energy margins, pre-tax	\$ 671	\$ 743	\$ (72)

	Three Months Ended March 31,	
	2011	2010
Operating Income	\$ 805	\$ 476
Adjustments:		
Utility	(1,536)	(1,014)
Energy-related businesses, net	(6)	(6)
Other operation and maintenance	583	444
Depreciation	208	124
Taxes, other than income	73	72
Revenue adjustments (b)	(52)	(300)
Expense adjustments (b)	598	947
Unregulated gross energy margins	\$ 671	\$ 743

(a) Per share amount based on the weighted average shares outstanding for the three months ended March 31, 2010.
(b) The components of these adjustments are detailed on the next slide.

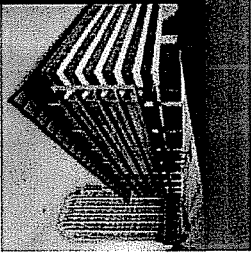


Reconciliation of First Quarter Operating Income to Unregulated Gross Energy Margins

(Millions)

	Three Months Ended March 31,	
	2011	2010
<u>Revenue adjustments</u>		
Exclude the impact from energy-related economic activity	\$ (77)	\$ (447)
Include PLR revenue from energy supplied to PPL Electric by PPL EnergyPlus	6	115
Include gains from sale of emission allowances/RECs	19	1
Include revenue from certain discontinued operations	(52)	31
Total revenue adjustments	\$ (52)	\$ (300)
<u>Expense adjustments</u>		
Exclude fuel and energy purchases, included in Kentucky Gross Electric and Gas Margins	\$ (322)	\$ (557)
Exclude the impact from energy-related economic activity	(48)	(409)
Exclude external PLR energy purchases	(250)	(409)
Include expenses from certain discontinued operations	7	6
Include ancillary charges	4	7
Include gross receipts tax	7	3
Other	4	3
Total expense adjustments	\$ (598)	\$ (947)





PPL Corporation Reconciliation of Cash from Operations to Free Cash Flow before Dividends

(Millions of Dollars)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash from Operations	\$1,852	\$2,034	\$2,200
Increase (Decrease) in cash due to:			
Capital Expenditures	(1,265)	(1,644)	(2,837)
Sale of Assets	84	161	382
Other Investing Activities – Net	(71)	(20)	152
Free Cash Flow before Dividends	<u>\$ 600</u>	<u>\$ 531</u>	<u>\$ (103)</u>





Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, cash flows, financing, regulation and corporate strategy are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation and its subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; the length of scheduled and unscheduled outages at our plants, including the current outage at Unit 2 of our Susquehanna nuclear plant to inspect and repair turbine blades, and the timing and outcome of any similar outage for inspections at Unit 1 of the Susquehanna plant; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset or business acquisitions and dispositions, and PPL Corporation's ability to realize the expected benefits from acquired businesses, including the 2010 acquisition of Louisville Gas and Electric Company and Kentucky Utilities Company and the 2011 acquisition of the Central Networks electricity distribution businesses in the U.K.; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; capital market conditions and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation against PPL Corporation and its subsidiaries; stock price performance; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation or its subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax legislation; and the commitments and liabilities of PPL Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.





Definitions of Non-GAAP Financial Measures

"Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income attributable to PPL, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that "earnings from ongoing operations," although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making investment decisions. PPL's management also uses "earnings from ongoing operations" in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

"Earnings from ongoing operations" is adjusted for the impact of special items. Special items include:

- Energy-related economic activity (as discussed below).
- Foreign currency-related economic hedges.
- Gains and losses on sales of assets not in the ordinary course of business.
- Impairment charges (including impairments of securities in the company's nuclear decommissioning trust funds).
- Workforce reduction and other restructuring impacts.
- Acquisition-related costs and charges.
- Other charges or credits that are, in management's view, not reflective of the company's ongoing operations.

Energy-related economic activity includes the changes in fair value of positions used economically to hedge a portion of the economic value of PPL's generation assets, full-requirement sales contracts and retail activities. This economic value is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power) prior to the delivery period that was hedged. Also included in energy-related economic activity is the ineffective portion of qualifying cash flow hedges, the monetization of certain full-requirement sales contracts and premium amortization associated with options. This economic activity is deferred, with the exception of the full-requirement sales contracts that were monetized, and included in earnings from ongoing operations. This economic activity is deferred, with the exception of the full-requirement sales contracts that were monetized, and included in earnings from ongoing operations over the delivery period of the item that was hedged or upon realization. Management believes that adjusting for such amounts provides a better matching of earnings from ongoing operations to the actual amounts settled for PPL's underlying hedged assets. Please refer to the Notes to the Consolidated Financial Statements and MD&A in PPL Corporation's periodic filings with the Securities and Exchange Commission for additional information on energy-related economic activity.

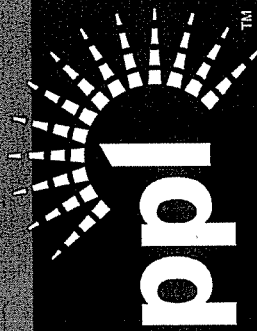
"Free cash flow before dividends" is derived by deducting capital expenditures and other investing activities-net, from cash flow from operations. Free cash flow before dividends should not be considered as an alternative to cash flow from operations, which is determined in accordance with GAAP. PPL believes that free cash flow before dividends, although a non-GAAP measure, is an important measure to both management and investors, as it is an indicator of the company's ability to sustain operations and growth without additional outside financing beyond the requirement to fund maturing debt obligations. Other companies may calculate free cash flow before dividends in a different manner.



Attachment to Question No. 4

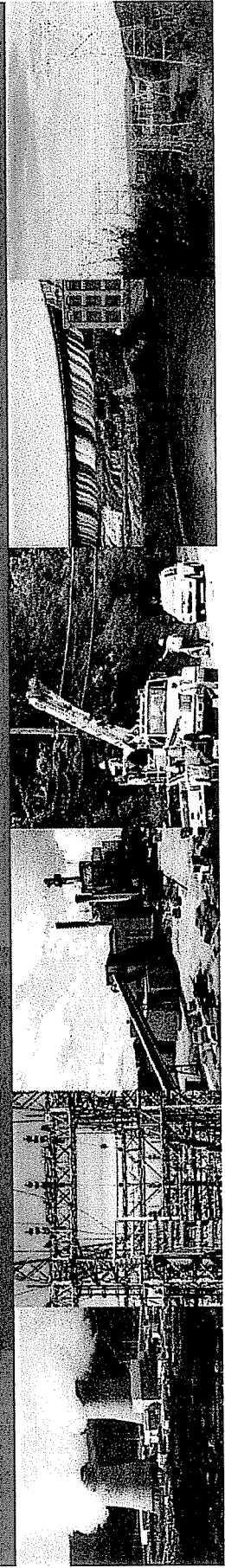
6 of 8

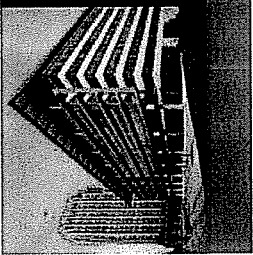
Arbough



Deutsche Bank Conference

PPL Corporation
May 11, 2011

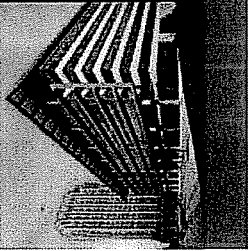




Cautionary Statements and Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.



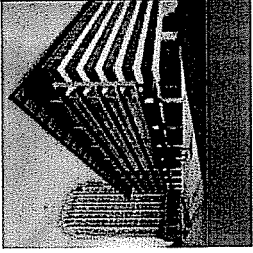


Investment Highlights

- **Predominantly rate-regulated business mix with significant growth prospects**
 - Operations in constructive jurisdictions
 - Approximately two-thirds of regulated capital expenditures earn real-time or near real-time returns
 - ~ 9% compound annual growth in rate base from 2011 to 2015
 - Expect 75% of 2013 EBITDA from regulated businesses
- **Highly attractive generation fleet**
 - Competitively positioned nuclear, hydro and efficient coal
 - Complemented by flexible dispatch gas fired units
 - No significant exposure to currently proposed environmental regulations
 - **Multiple drivers of significant upside**
 - Increasing natural gas prices
 - Increasing heat rates
 - Environmental regulation
- **Business Risk Profile rated “Excellent” by S&P**
 - Stable ratings outlooks
- **Secure dividend with strong platform for future growth**

PPL has a highly attractive and differentiated position in the electric industry





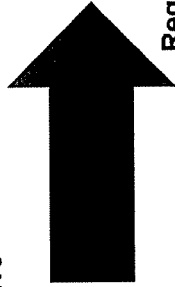
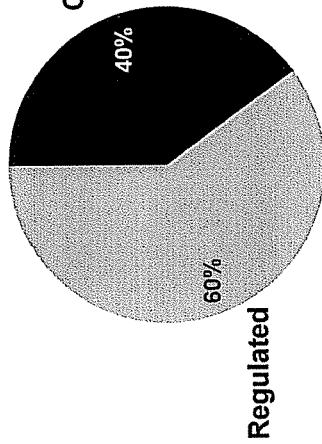
Our Strengths

- Strong regulatory relationships
- Best in class reliability, customer service
- Strong operating performance – regulated and competitive
- Strong carbon and other environmental position
- Excellent cost-management
- Knowledgeable, dedicated employees

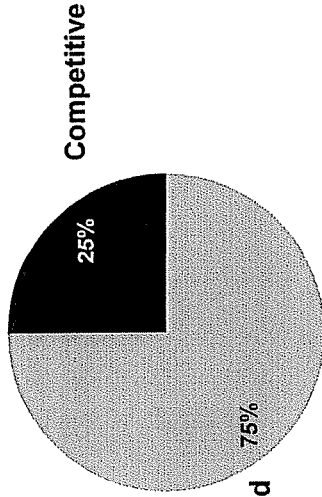
Predominantly Regulated Business Mix

EBITDA Projection (1)

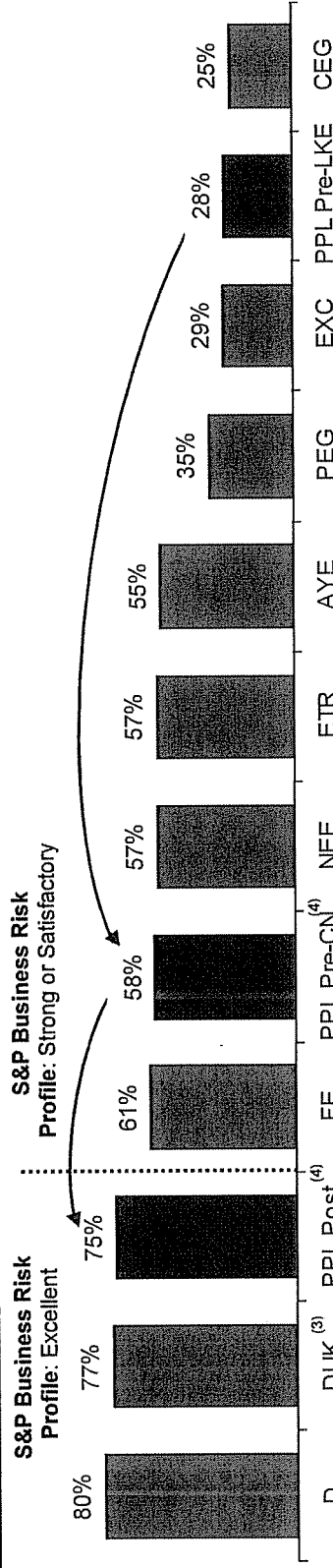
2011 Pre-Transaction



2013 Post-Transaction

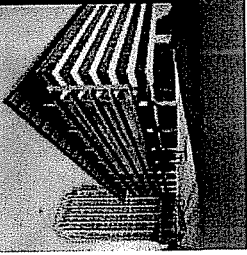


Regulated Cash Flow (2)



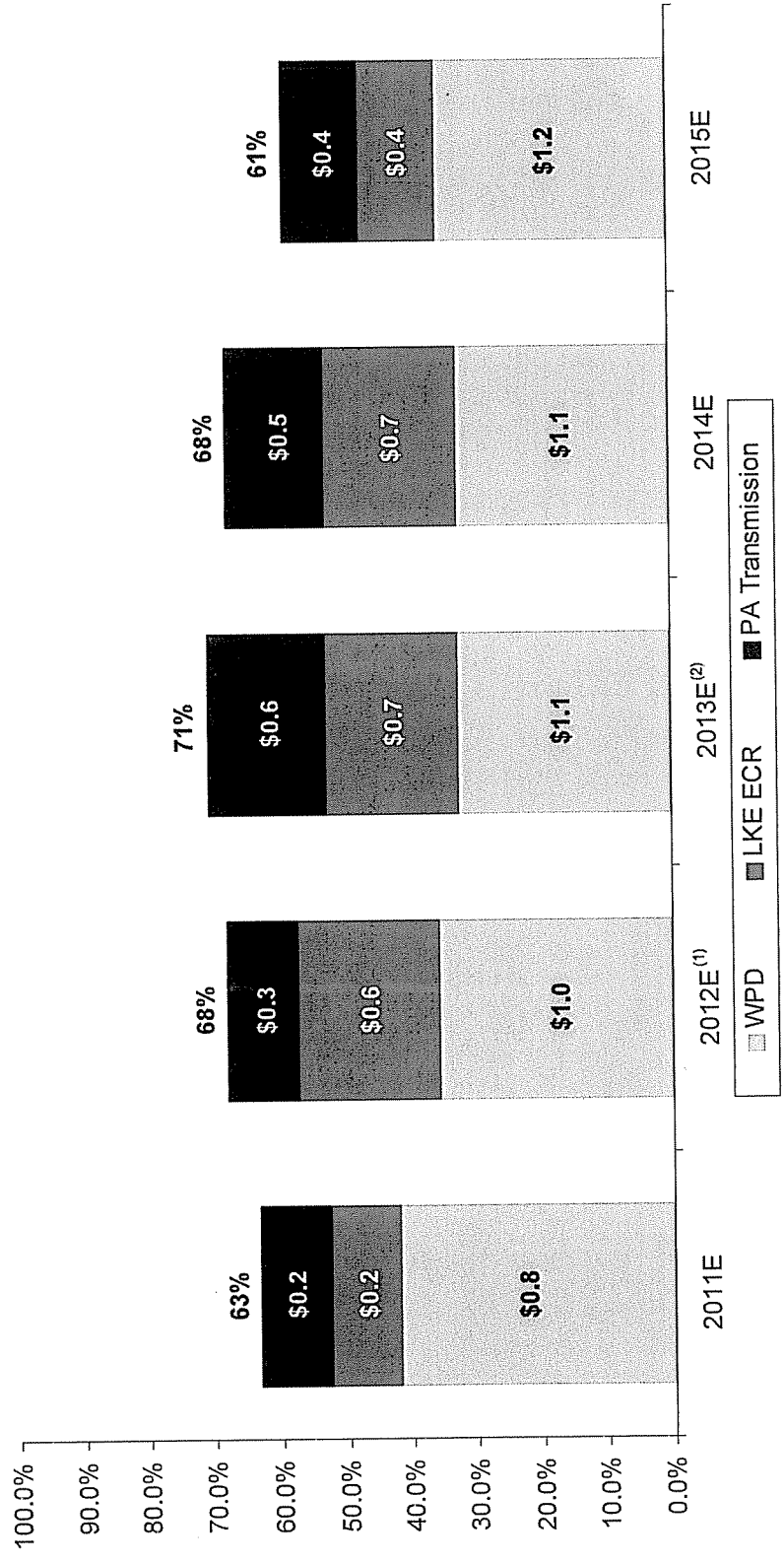
(1) Approximate projections.
 (2) "Does The Shale Gas Glut Pose A Threat To U.S. Integrated Power Merchants' Credit Quality?" Standard & Poor's, October 22, 2010.
 (3) Based on EBIT estimate from company presentation.
 (4) PPL estimates; CN pre-transaction figure based on 2011 FFO; post-transaction figure based on 2013 FFO for the combined entity, which includes full realization of expected synergies.



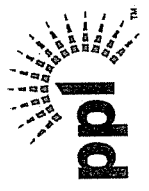


Real-Time Recovery of Majority of Regulated Capex Spending

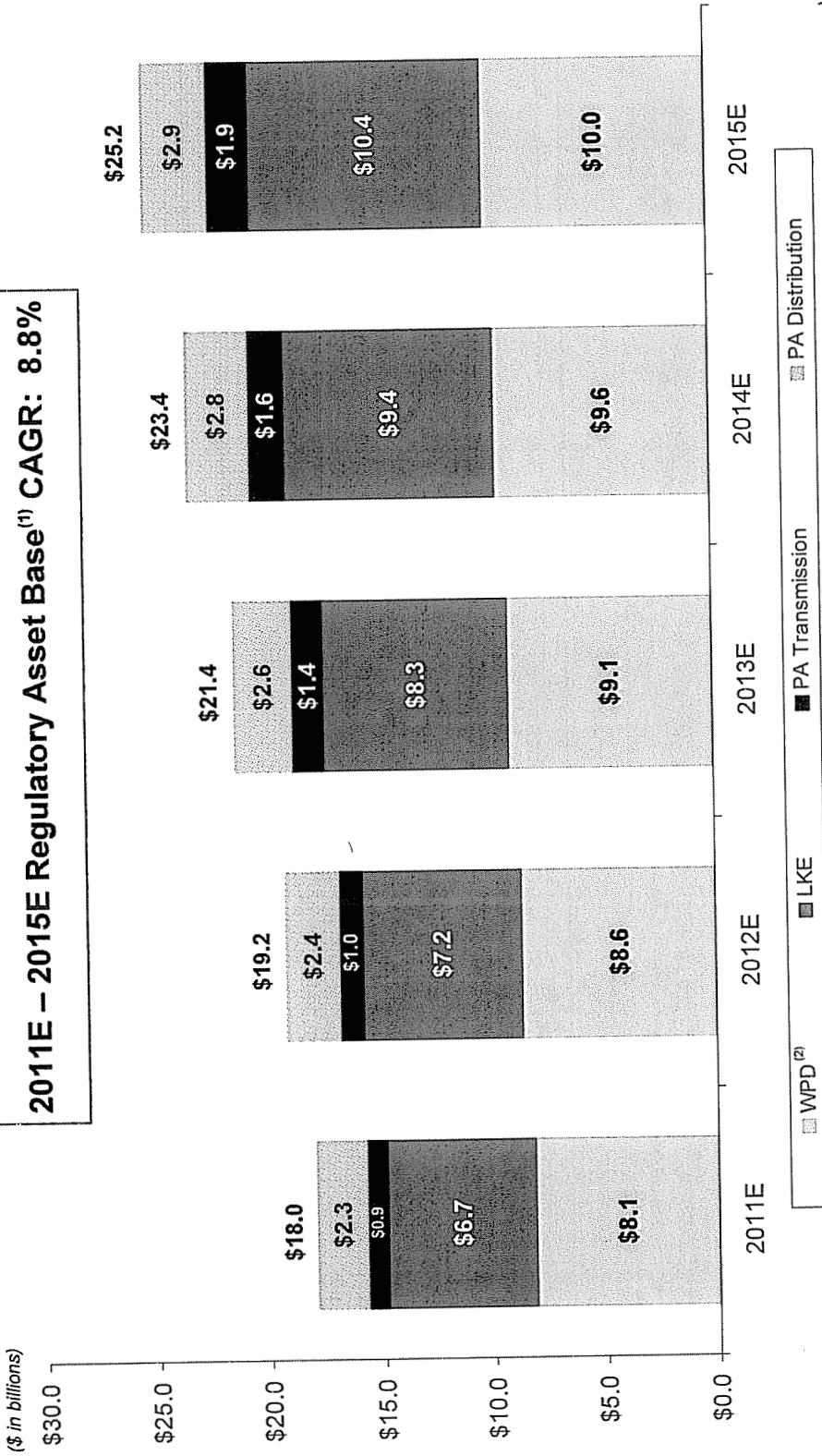
Approximately two-thirds of regulated capital expenditures earn returns subject to minimal or no regulatory lag



Note: \$ in billions.
 (1) Figures based on assumed exchange rate of \$1.60 / GBP. Includes capex for WPD Midlands.
 (2) Assumes approximately 85% of timely returns via ECR mechanism based on historical experience.

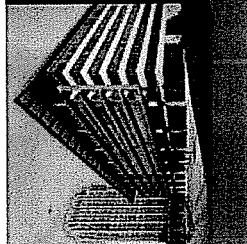


Regulated Rate Base Growth



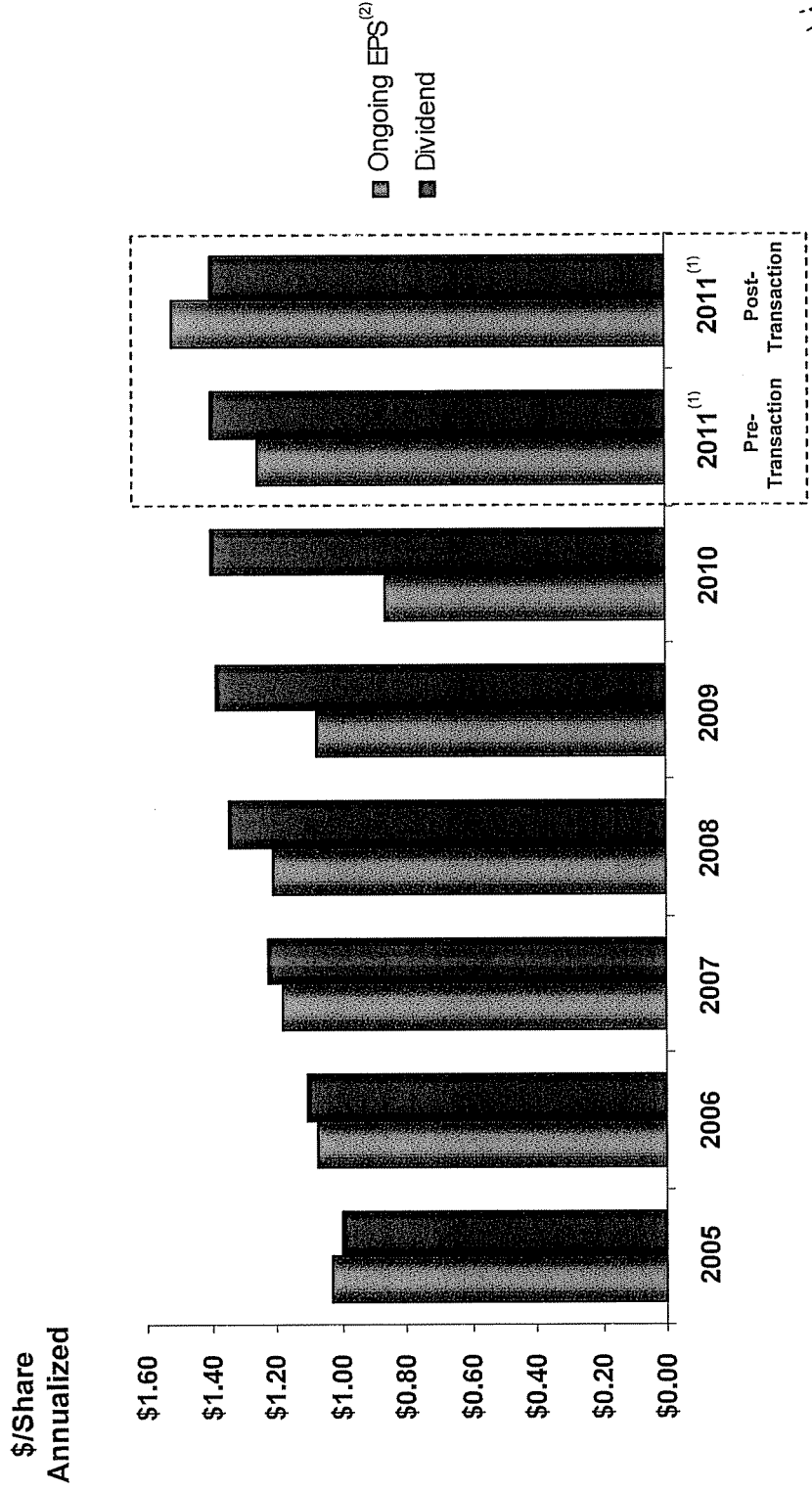
(1) Represents capitalization for LKE, as LG&E and KU rate constructs are based on capitalization. Represents Regulatory Asset Value (RAV) for WPD.
 (2) Includes RAV for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP and are as of year-end December 31.





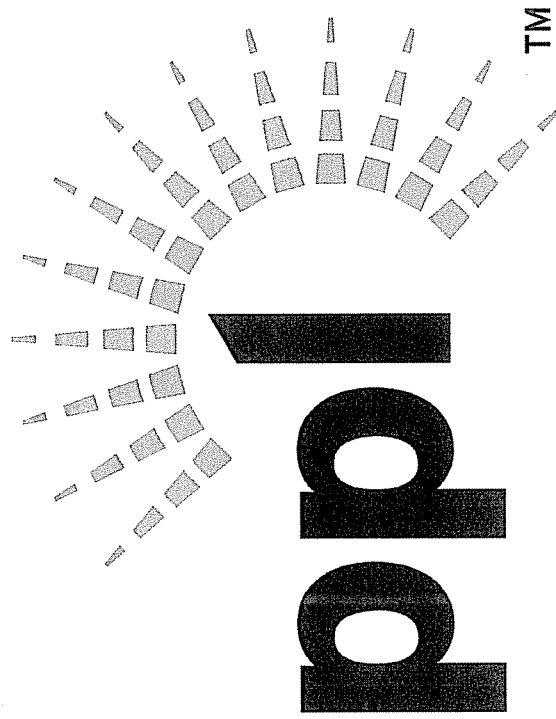
Dividend Profile

A significantly more rate-regulated business mix provides strong support for current dividend and a platform for future growth



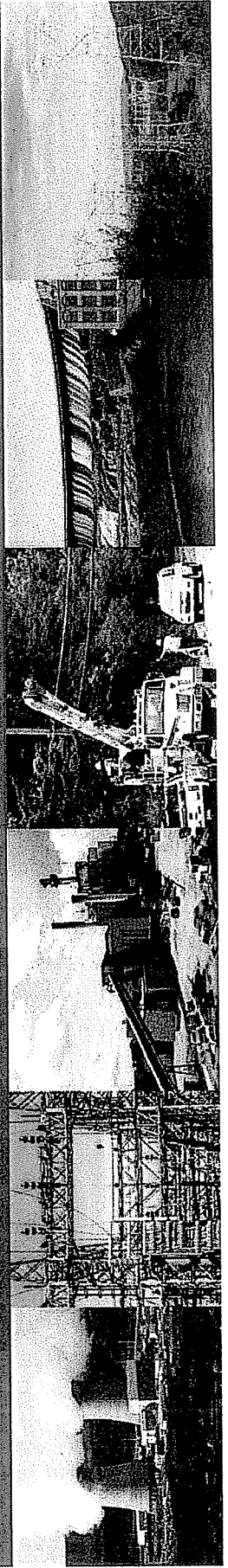
(1) Ongoing EPS based on mid-point of forecast. Annualized dividend based on 1st quarter declaration. Actual dividends to be determined by Board of Directors.
 (2) From only regulated segments.



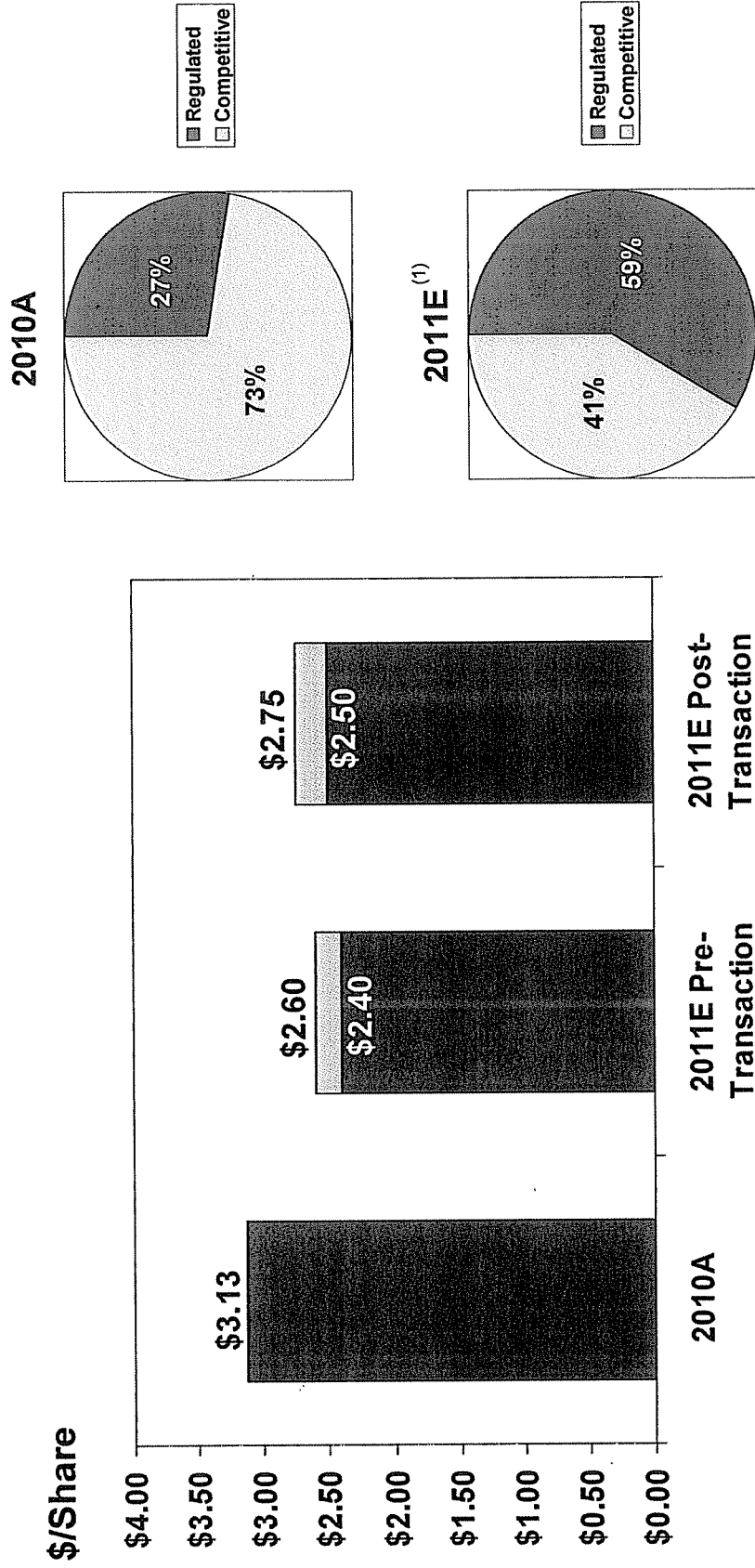




Appendix



2011 Earnings from Ongoing Operations Forecast

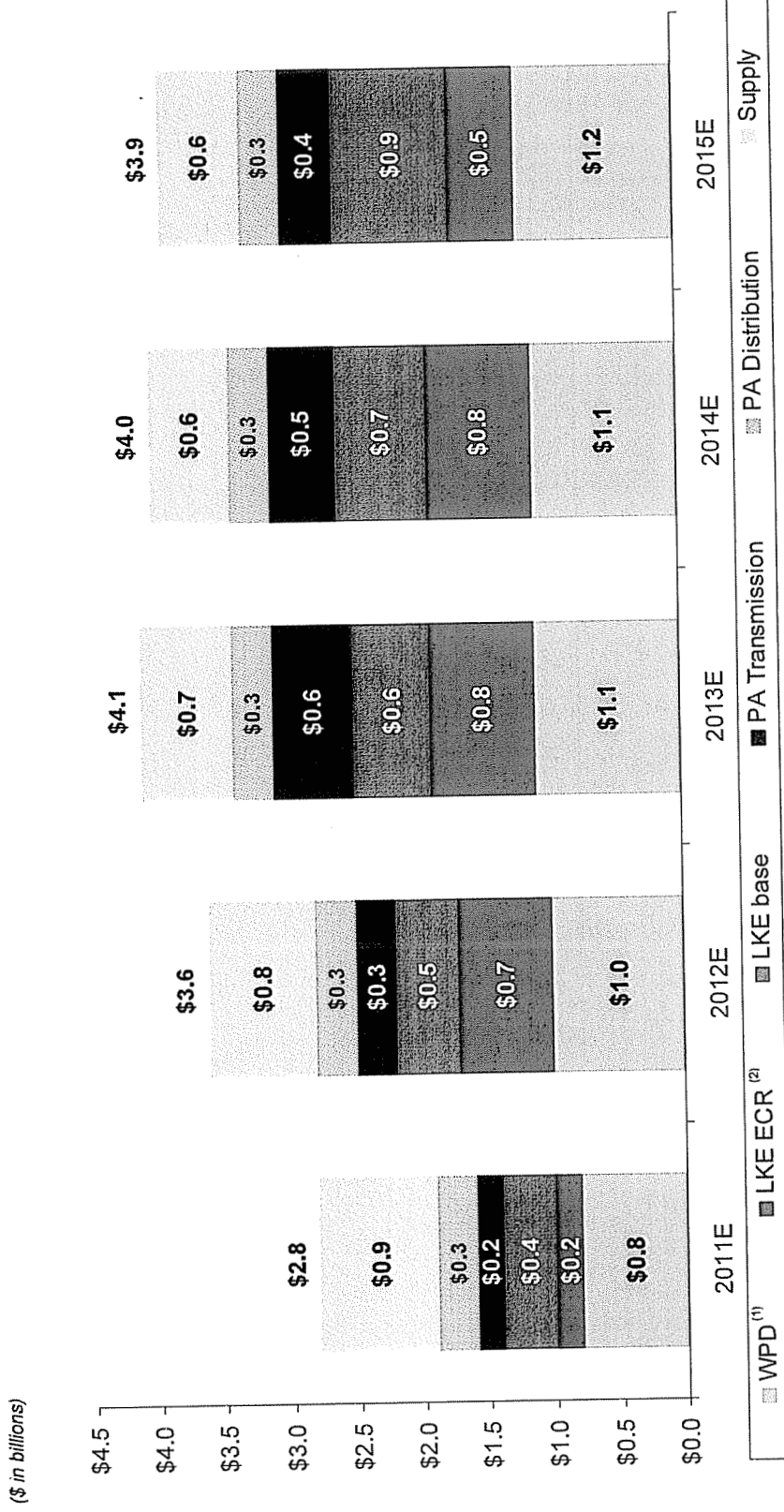


(1) Based on mid-point of forecasted earnings range.

Note: See appendix for reconciliation of earnings from ongoing operations to reported earnings.



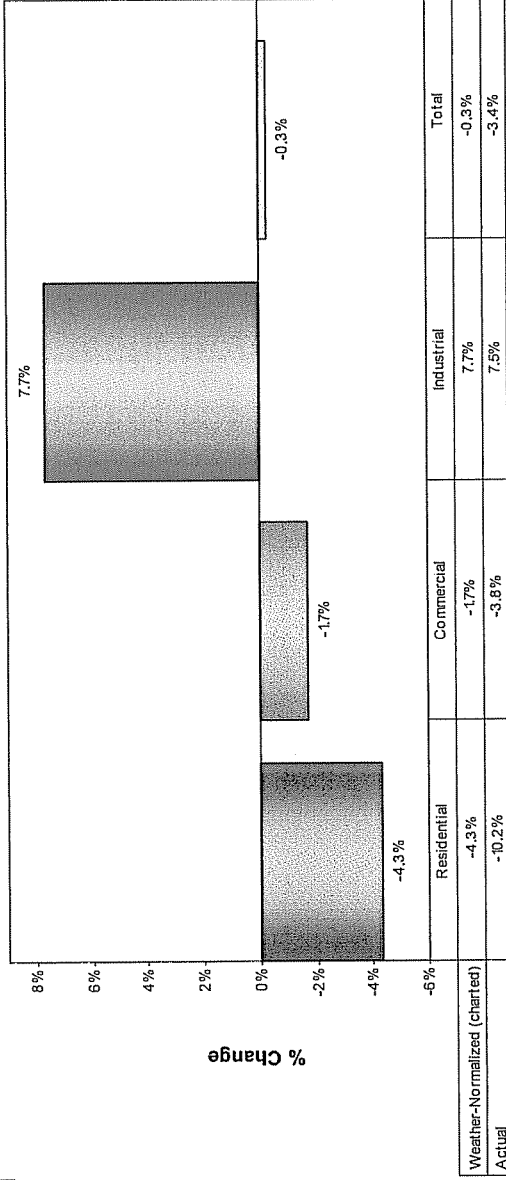
Capital Expenditures



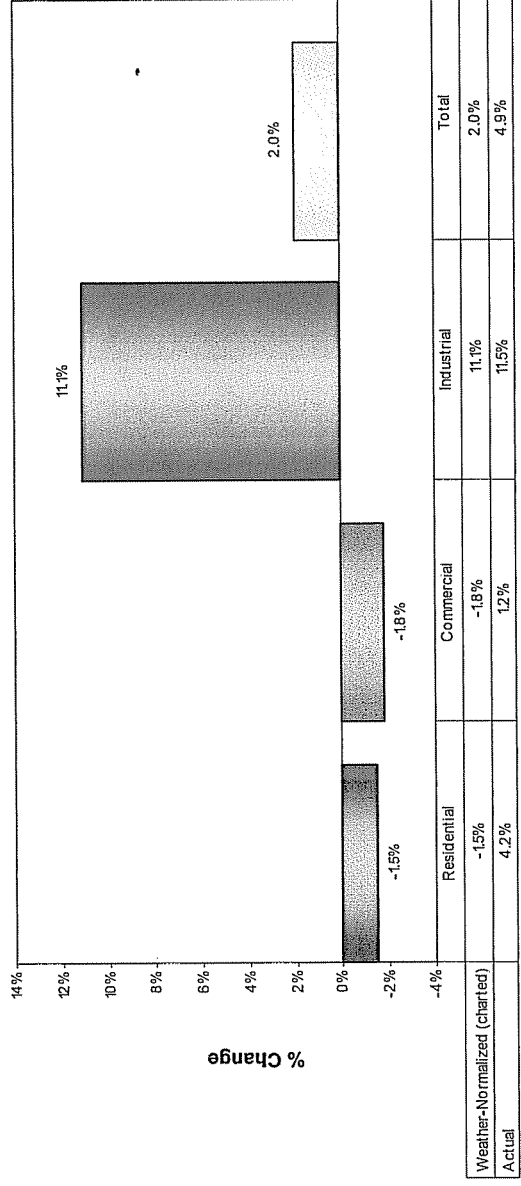
(1) Includes capex for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP.
 (2) Expect approximately 85% to receive timely returns via ECR mechanism based on historical experience.

Kentucky Regulated Volume Variances

3-months Ended 3/31 2011 vs 2010



12-months Ended 3/31 2011 vs 2010



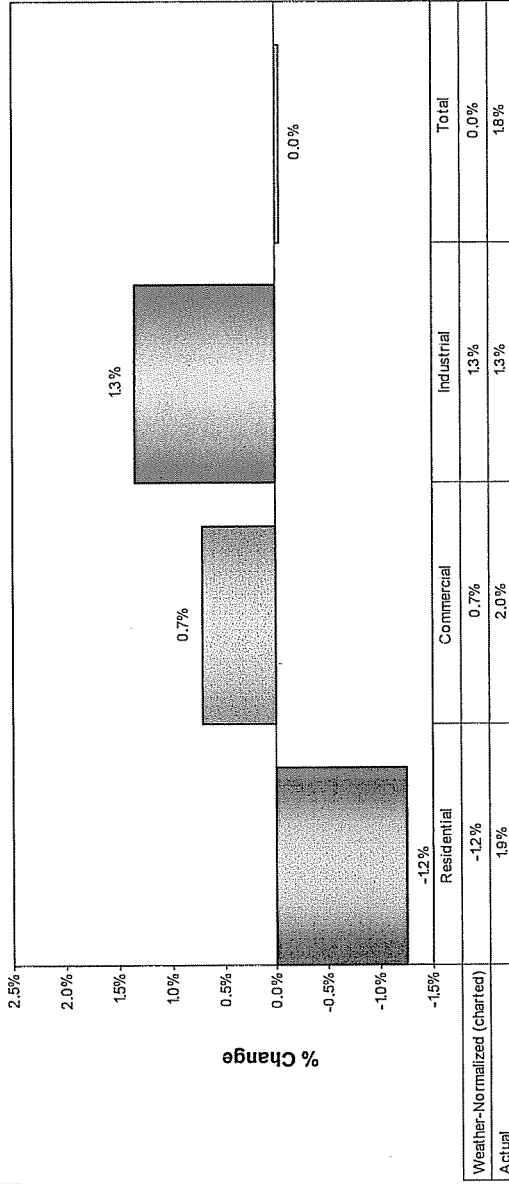
Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.



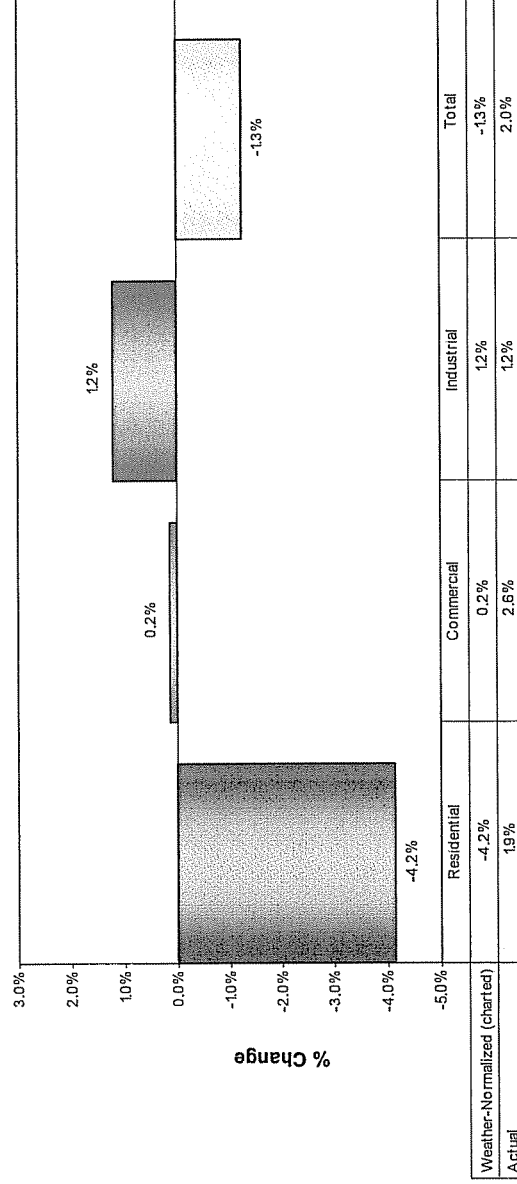


PA Regulated Volume Variances

3-months Ended 3/31 2011 vs 2010



12-months Ended 3/31 2011 vs 2010



Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.



Enhancing Value Through Active Hedging

	2011 ⁽⁴⁾	2012
Baseload		
Expected Generation⁽¹⁾ (Million MWhs)	50.7	54.7
East	42.5	46.2
West	8.2	8.5
Current Hedges (%)	99%	86%
East	100%	84%
West	97%	94%
Average Hedged Price (Energy Only) (\$/MWh)^{(2) (3)}		
East	\$57	\$55-56
West	\$54	\$53-54
Current Coal Hedges (%)	99%	96%
East	99%	94%
West	100%	100%
Average Hedged Consumed Coal Price (Delivered \$/Ton)		
East	\$73-74	\$76-80
West	\$23-28	\$23-29
Intermediate/Peaking		
Expected Generation⁽¹⁾ (Million MWhs)	7.1	6.2
Current Hedges (%)	58%	26%

Capacity revenues are expected to be \$430 million, \$385 million and \$590 million for 2011, 2012 and 2013, respectively.

As of March 31, 2011

(1) Represents expected sales based on current business plan assumptions. Amounts do not reflect the impact of the Susquehanna turbine blade inspection/replacement outages.

(2) The 2011 average hedge energy prices are based on the fixed price swaps as of March 31, 2011; the prior collars have all been converted to fixed swaps.

(3) The 2012 ranges of average energy prices for existing hedges were estimated by determining the impact on the existing collars resulting from 2012 power prices at the 5th and 95th percentile confidence levels.

(4) Includes three months of actual results.

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Market Prices

	2011	2012
<u>ELECTRIC</u>		
<u>PJM</u>		
On-Peak	\$52	\$54
Off-Peak	\$37	\$40
ATC ⁽¹⁾	\$44	\$46
<u>Mid-Columbia</u>		
On-Peak	\$30	\$39
Off-Peak	\$21	\$29
ATC ⁽¹⁾	\$26	\$35
<u>GAS</u> ⁽²⁾		
NYMEX	\$4.57	\$5.06
TZ6NNY	\$5.07	\$5.83
<u>PJM MARKET</u>		
HEAT RATE ⁽³⁾	10.2	10.6
CAPACITY PRICES (Per MWD)	\$136.79	\$123.63
<u>EQA</u>	88.3%	89.8%

(1)

24-hour average.

(2)

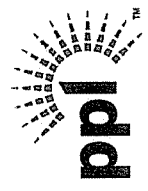
NYMEX and TZ6NNY forward gas prices on 3/31/2011.

(3)

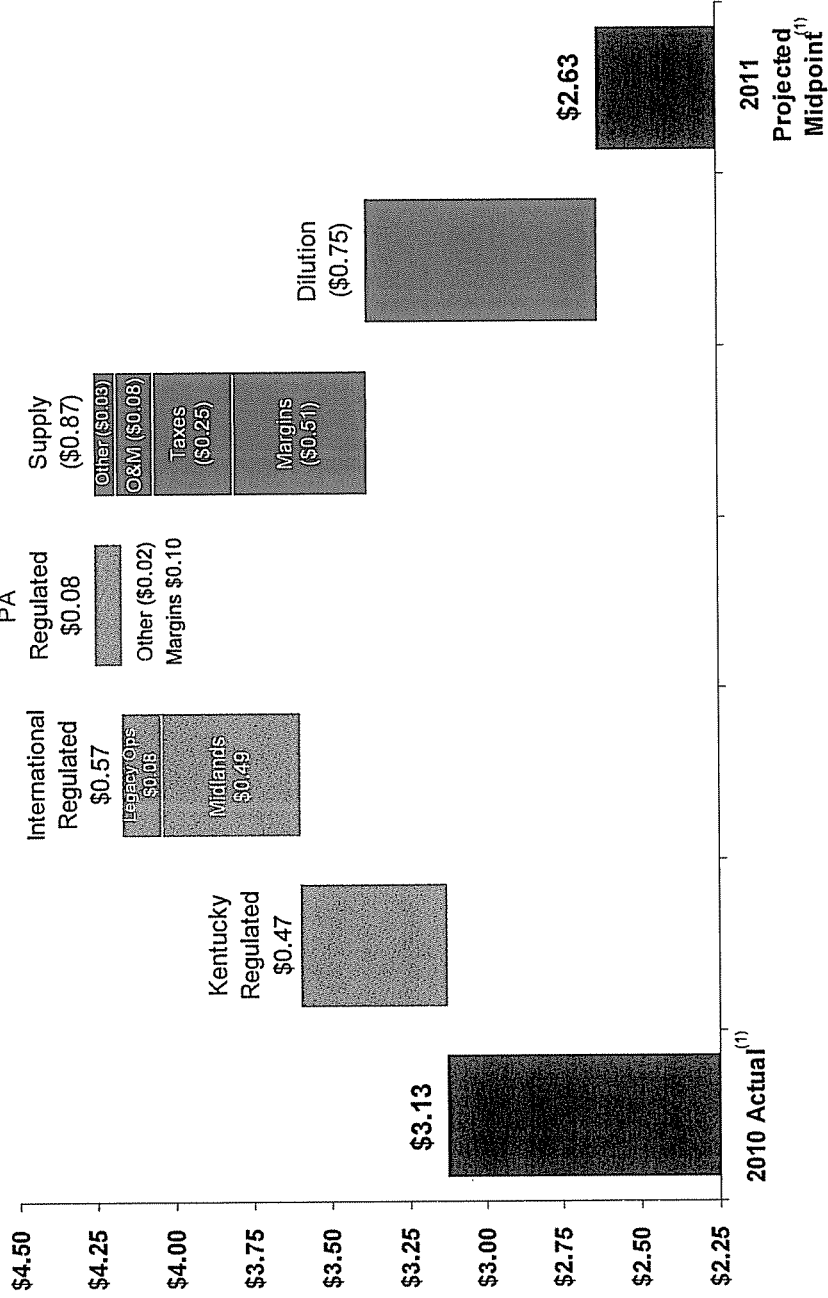
Market Heat Rate = PJM on-peak power price divided by TZ6NNY gas price.



2010 to 2011 Earnings Walk

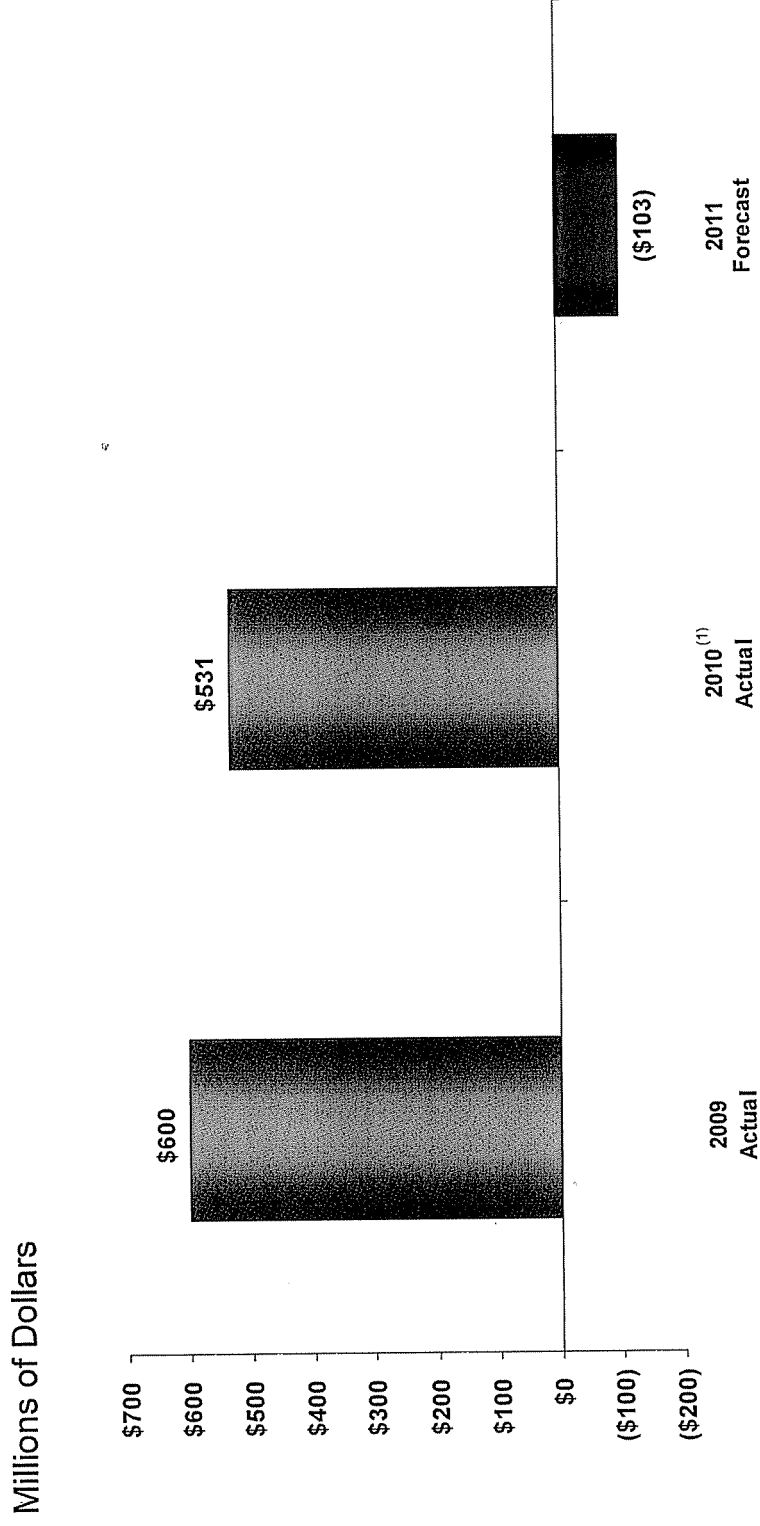


Earnings Per Share



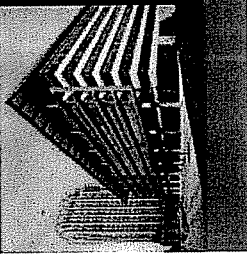
(1) Earnings from ongoing operations.
 Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.

Free Cash Flow before Dividends



(1) 2010 Free Cash Flow includes two months of the results of the Kentucky Regulated segment.
 Note: See Appendix for reconciliation of free cash flow before dividends to cash from operations.





Shares Outstanding

Average Common Shares Outstanding ⁽¹⁾ (in millions)

As of:

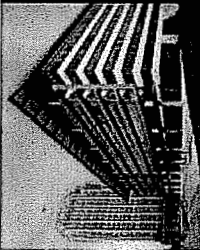
March 31, 2011	485 (A)
December 31, 2011	557 (E)
December 31, 2012	582 (E)

(1) Projected average common shares outstanding include common stock issued for the acquisition of WPD Midlands and projected shares issued to satisfy DRIP and compensation-related stock requirements. These projections do not include common stock issued to fund future growth.

(A) Actual for quarter ended March 31, 2011.

(E) Estimate for average shares outstanding for the year indicated.



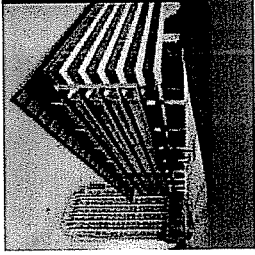


PPL Corporation Reconciliation of Cash from Operations to Free Cash Flow before Dividends

(Millions of Dollars)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash from Operations	\$1,852	\$2,034	\$2,200
Increase (Decrease) in cash due to:			
Capital Expenditures	(1,265)	(1,644)	(2,837)
Sale of Assets	84	161	382
Other Investing Activities – Net	(71)	(20)	152
Free Cash Flow before Dividends	<u>\$ 600</u>	<u>\$ 531</u>	<u>\$ (103)</u>





Reconciliation of PPL's Earnings from Ongoing Operations to Reported Earnings



	Forecast		Actual	
	High 2011	Low 2011	2010	2009
Earnings from Ongoing Operations per share of common stock	\$ 2.75	\$ 2.50	\$ 3.13	\$ 1.95
Special Items:				
Energy-related economic activity	0.03	0.03	(0.27)	(0.59)
Sales of assets:				
Maine hydroelectric generation business			0.03	0.06
Long Island generation business				(0.09)
Latin American businesses				(0.07)
Interest in Wyman Unit 4				(0.01)
Impairments:				
Impacts from emission allowances			(0.02)	(0.05)
Other asset impairments				(0.01)
Central Networks acquisition-related costs:				
Bridge Facility costs	(0.02)	(0.02)		
Other acquisition-related costs	(0.02)	(0.02)		
Foreign currency-related economic hedges	(0.01)	(0.01)		
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Other:				
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Change in tax accounting method related to repairs				(0.07)
Total Special Items	(0.02)	(0.02)	(0.96)	(0.87)
Reported Earnings per share of common stock	\$ 2.73	\$ 2.48	\$ 2.17	\$ 1.08

Note: Per share amounts are based on diluted shares outstanding.



Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, cash flows, financing, regulation and corporate strategy are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation and its subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; the length of scheduled and unscheduled outages at our plants, including the current outage at Unit 2 of our Susquehanna nuclear plant to inspect and repair turbine blades, and the timing and outcome of any similar outage for inspections at Unit 1 of the Susquehanna plant; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset or business acquisitions and dispositions, and PPL Corporation's ability to realize the expected benefits from acquired businesses, including the 2010 acquisition of Louisville Gas and Electric Company and Kentucky Utilities Company and the 2011 acquisition of the Central Networks electricity distribution businesses in the U.K.; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; capital market conditions and decisions regarding the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation against PPL Corporation and its subsidiaries; stock price performance; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation or its subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax legislation; and the commitments and liabilities of PPL Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.





Definitions of Non-GAAP Financial Measures

"Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income attributable to PPL, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that "earnings from ongoing operations," although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making investment decisions. PPL's management also uses "earnings from ongoing operations" in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

"Earnings from ongoing operations" is adjusted for the impact of special items. Special items include:

- Energy-related economic activity (as discussed below).
- Foreign currency-related economic hedges.
- Gains and losses on sales of assets not in the ordinary course of business.
- Impairment charges (including impairments of securities in the company's nuclear decommissioning trust funds).
- Workforce reduction and other restructuring impacts.
- Acquisition-related costs and charges.
- Other charges or credits that are, in management's view, not reflective of the company's ongoing operations.

Energy-related economic activity includes the changes in fair value of positions used economically to hedge a portion of the economic value of PPL's generation assets, full-requirement sales contracts and retail activities. This economic value is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power) prior to the delivery period that was hedged. Also included in energy-related economic activity is the ineffective portion of qualifying cash flow hedges, the monetization of certain full-requirement sales contracts and premium amortization associated with options. This economic activity is deferred, with the exception of the full-requirement sales contracts that were monetized, and included in earnings from ongoing operations over the delivery period of the item that was hedged or upon realization. Management believes that adjusting for such amounts provides a better matching of earnings from ongoing operations to the actual amounts settled for PPL's underlying hedged assets. Please refer to the Notes to the Consolidated Financial Statements and MD&A in PPL Corporation's periodic filings with the Securities and Exchange Commission for additional information on energy-related economic activity.

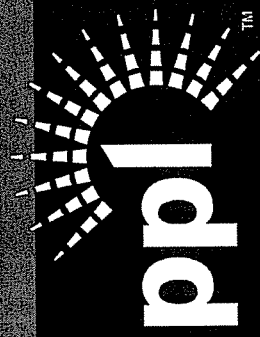
"Free cash flow before dividends" is derived by deducting capital expenditures and other investing activities-net, from cash flow from operations. Free cash flow before dividends should not be considered as an alternative to cash flow from operations, which is determined in accordance with GAAP. PPL believes that free cash flow before dividends, although a non-GAAP measure, is an important measure to both management and investors, as it is an indicator of the company's ability to sustain operations and growth without additional outside financing beyond the requirement to fund maturing debt obligations. Other companies may calculate free cash flow before dividends in a different manner.



Attachment to Question No. 4

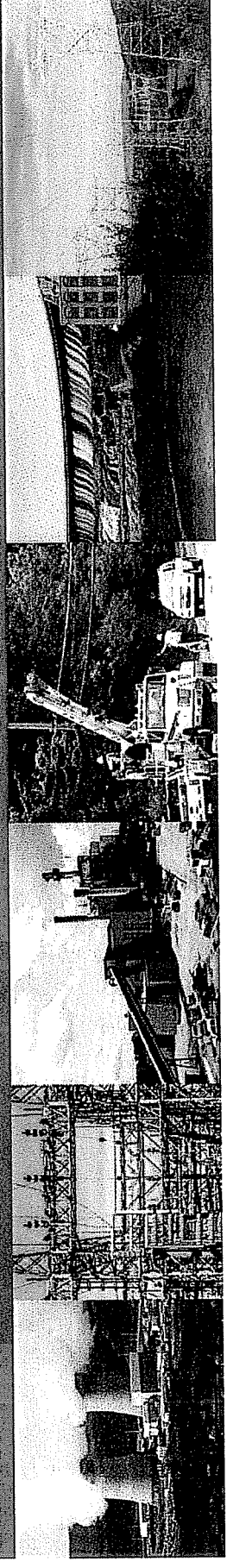
7 of 8

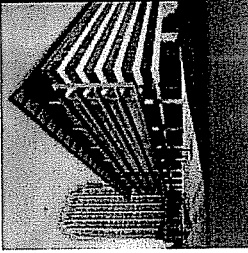
Arbough



EEI Annual Finance Meeting

PPL Corporation
May 25, 2011

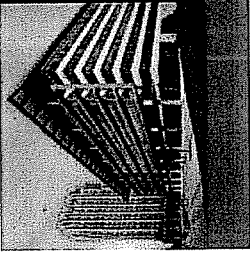




Cautionary Statements and Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.



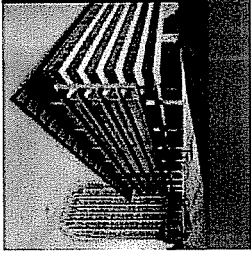


Investment Highlights

- Predominantly rate-regulated business mix with significant growth prospects
 - Operations in constructive jurisdictions
 - Approximately two-thirds of regulated capital expenditures earn real-time or near real-time returns
 - ~ 9% compound annual growth in rate base from 2011 to 2015
 - Expect 75% of 2013 EBITDA from regulated businesses
- Highly attractive generation fleet
 - Competitively positioned nuclear, hydro and efficient coal
 - Complemented by flexible dispatch gas fired units
 - No significant exposure to currently proposed environmental regulations
 - Multiple drivers of significant upside
 - Increasing natural gas prices
 - Increasing heat rates
 - Environmental regulation
- Business Risk Profile rated “Excellent” by S&P
 - Stable ratings outlooks
- Secure dividend with strong platform for future growth

PPL has a highly attractive and differentiated position in the electric industry





Our Strengths

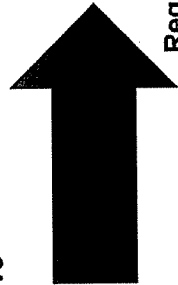
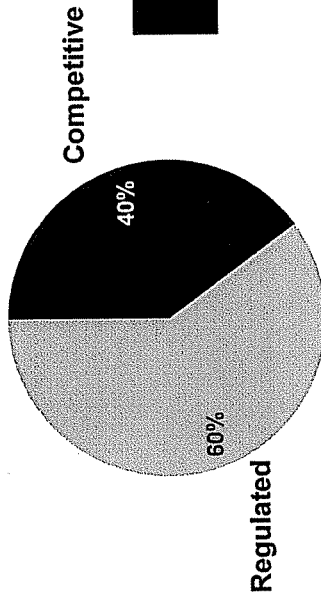
- Strong regulatory relationships
- Best in class reliability, customer service
- Strong operating performance – regulated and competitive
- Strong carbon and other environmental position
- Excellent cost-management
- Knowledgeable, dedicated employees



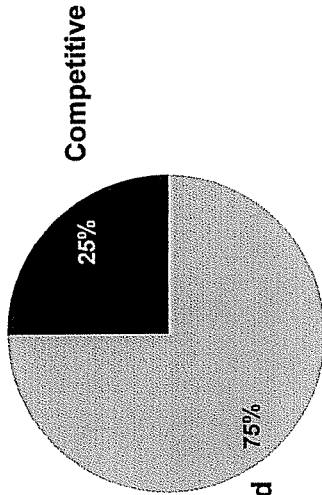
Predominantly Regulated Business Mix

EBITDA Projection (1)

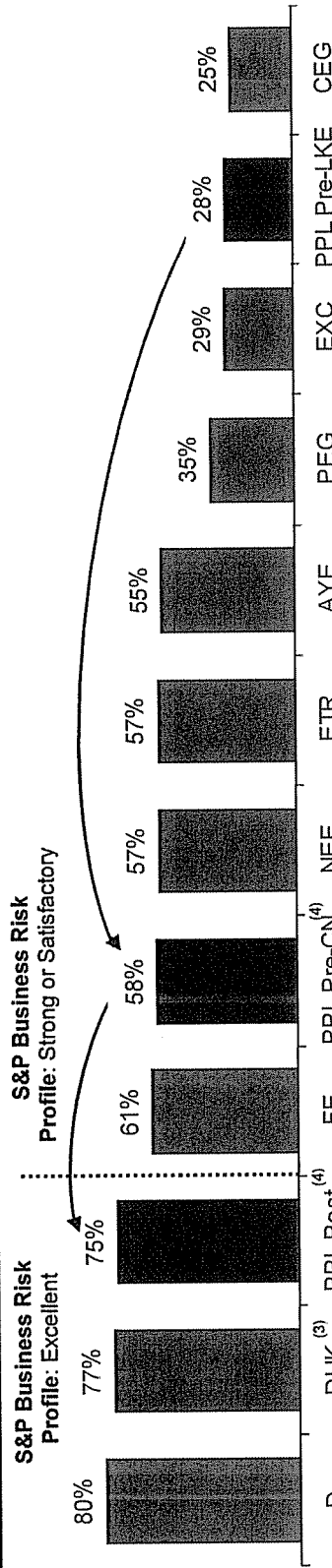
2011 Pre-Transaction



2013 Post-Transaction



Regulated Cash Flow (2)



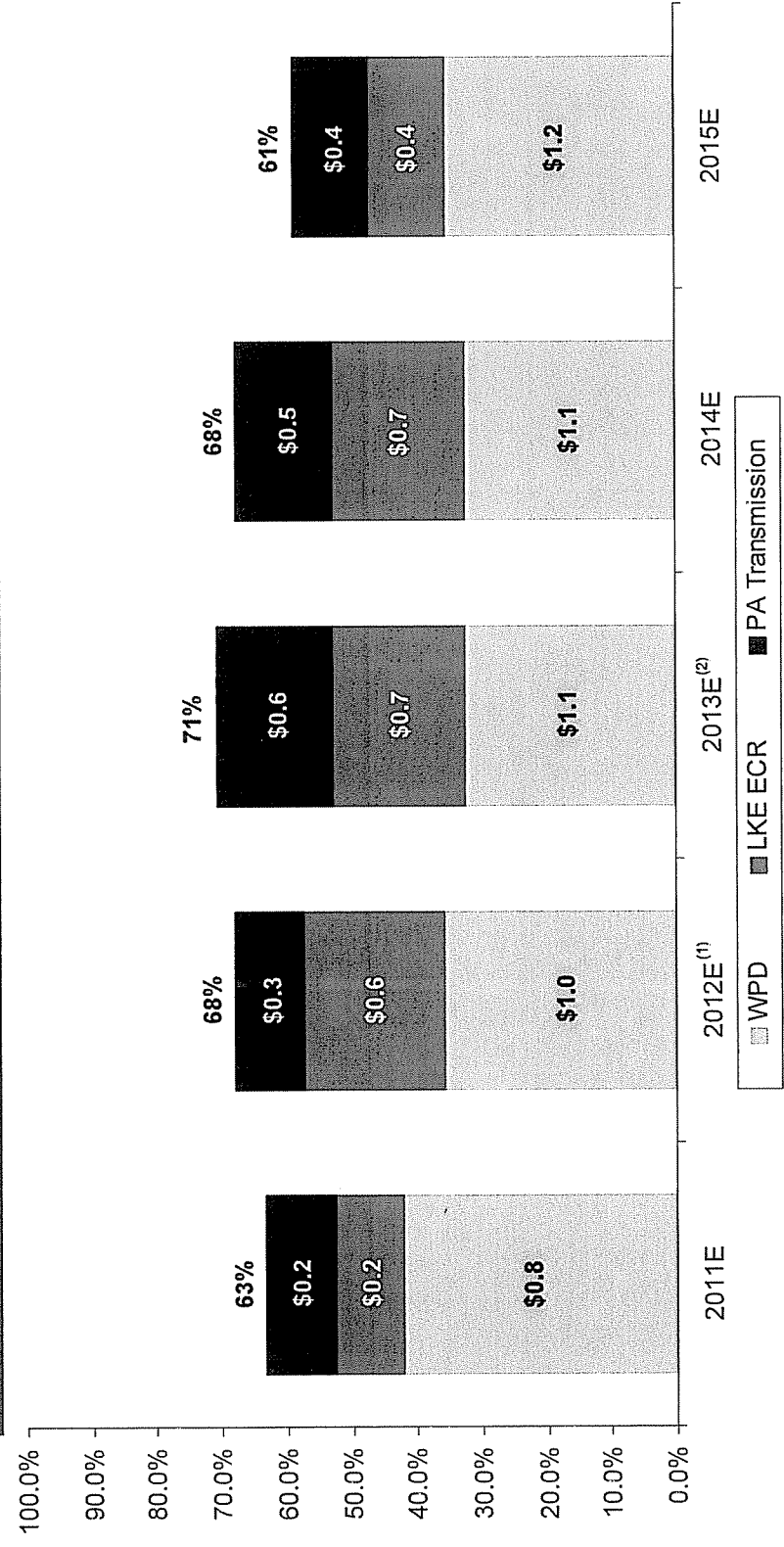
- (1) Approximate projections.
- (2) "Does The Shale Gas Glut Pose A Threat To U.S. Integrated Power Merchants' Credit Quality?" Standard & Poor's, October 22, 2010.
- (3) Based on EBIT estimate from company presentation.
- (4) PPL estimates; CN pre-transaction figure based on 2011 FFO; post-transaction figure based on 2013 FFO for the combined entity, which includes full realization of expected synergies.





Real-Time Recovery of Majority of Regulated Capex Spending

Approximately two-thirds of regulated capital expenditures earn returns subject to minimal or no regulatory lag

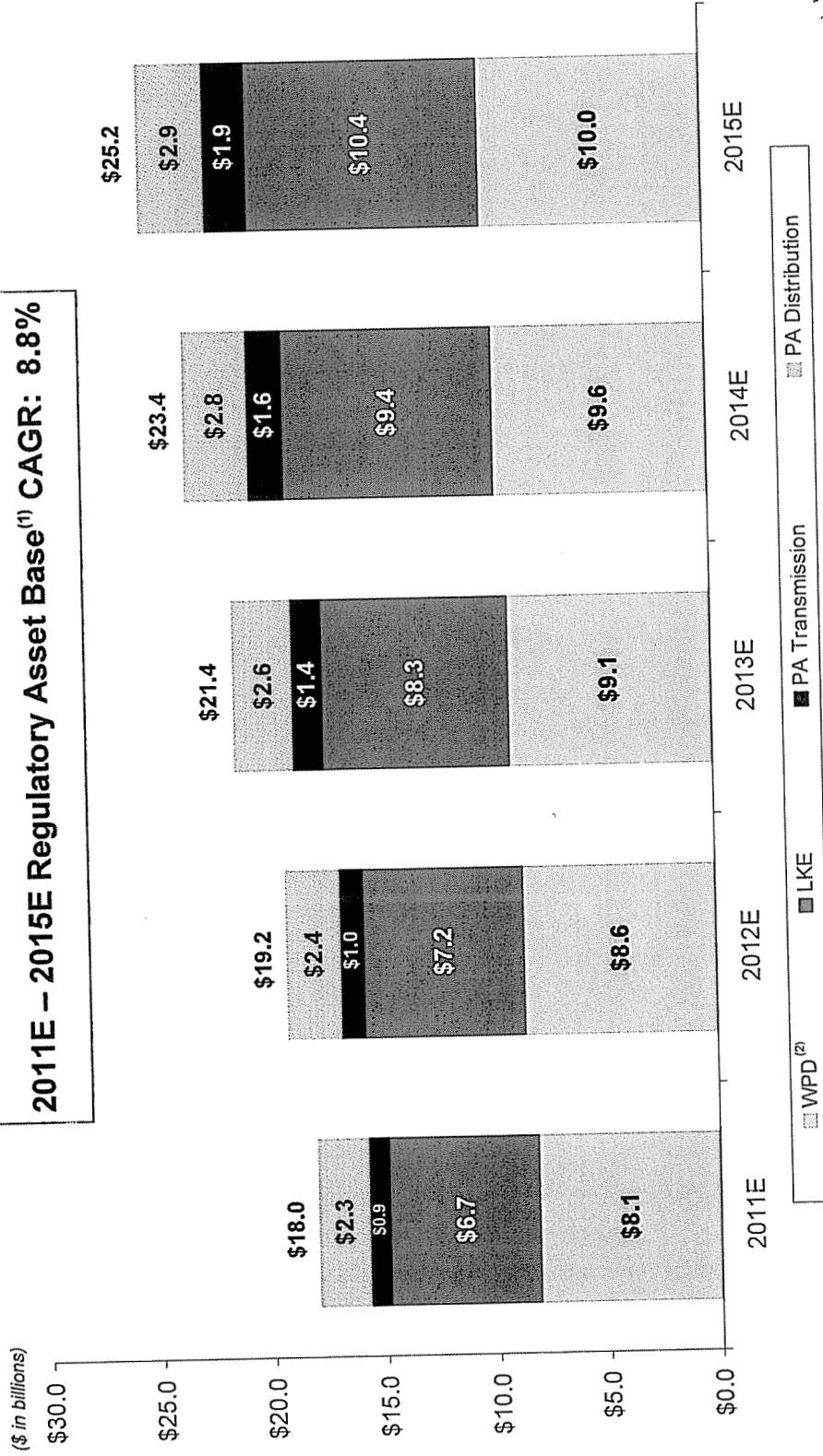


Note: \$ in billions.
 (1) Figures based on assumed exchange rate of \$1.60 / GBP. Includes capex for WPD Midlands.
 (2) Assumes approximately 85% of timely returns via ECR mechanism based on historical experience.



Regulated Rate Base Growth

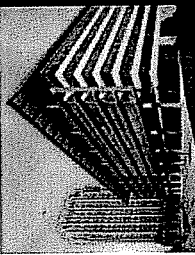
2011E – 2015E Regulatory Asset Base⁽¹⁾ CAGR: 8.8%



(1) Represents capitalization for LKE, as LG&E and KU rate constructs are based on capitalization. Represents Regulatory Asset Value (RAV) for WPD. Includes RAV for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP and are as of year-end December 31.

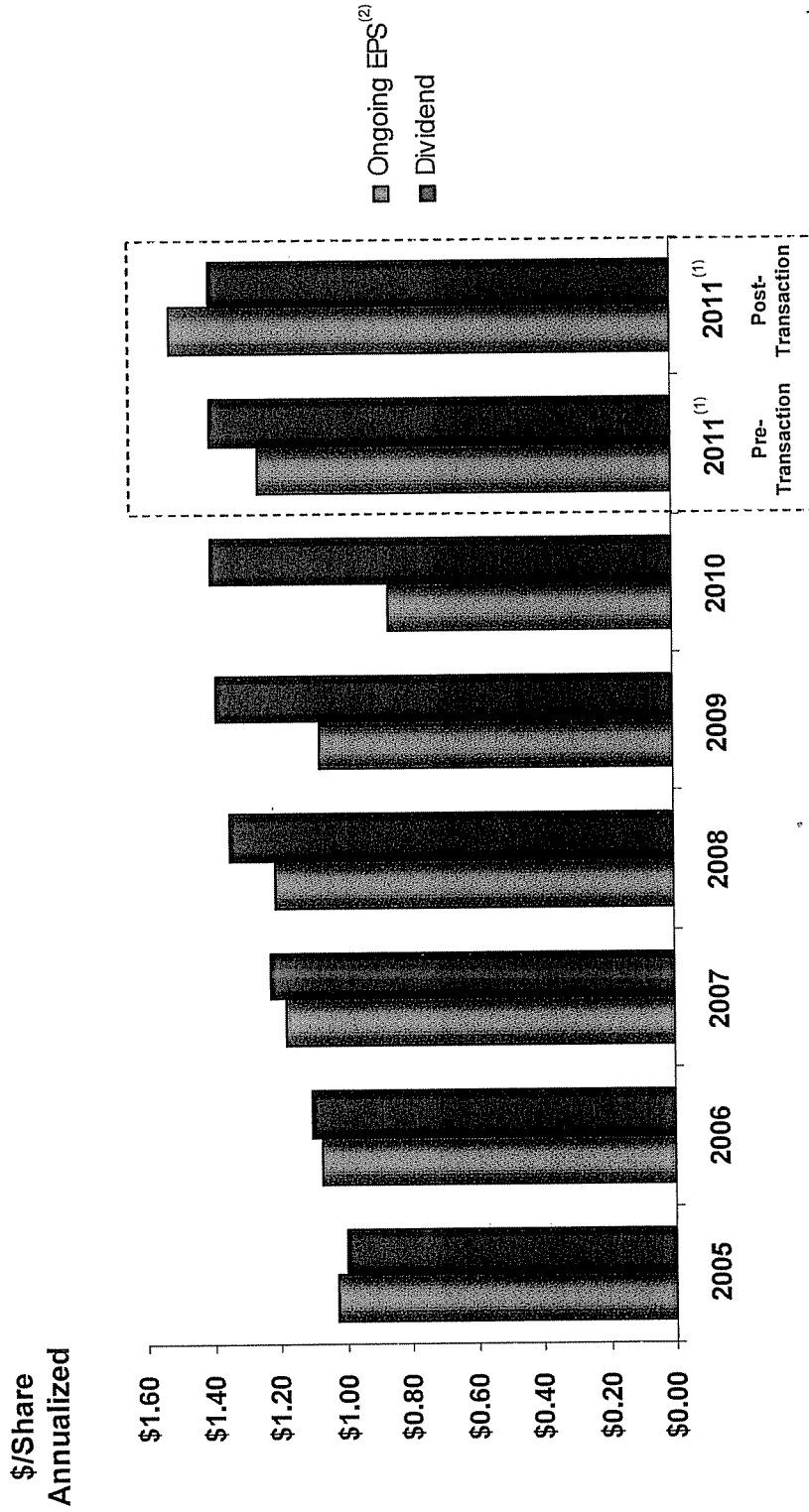
(2) Represents RAV for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP and are as of year-end December 31.





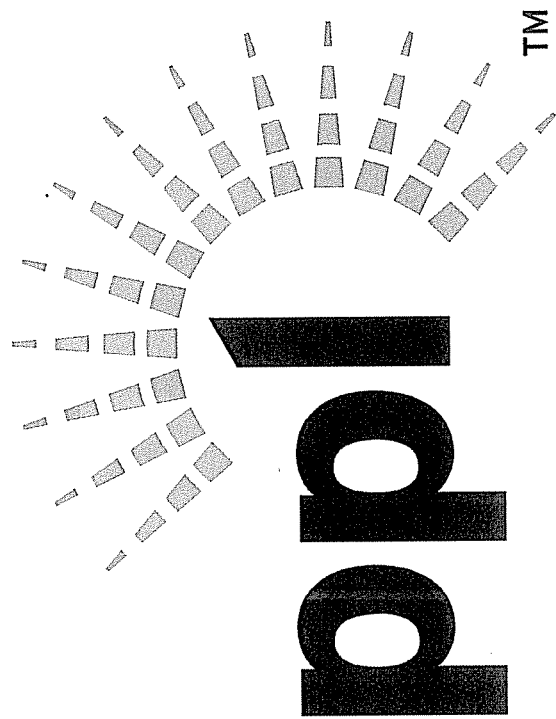
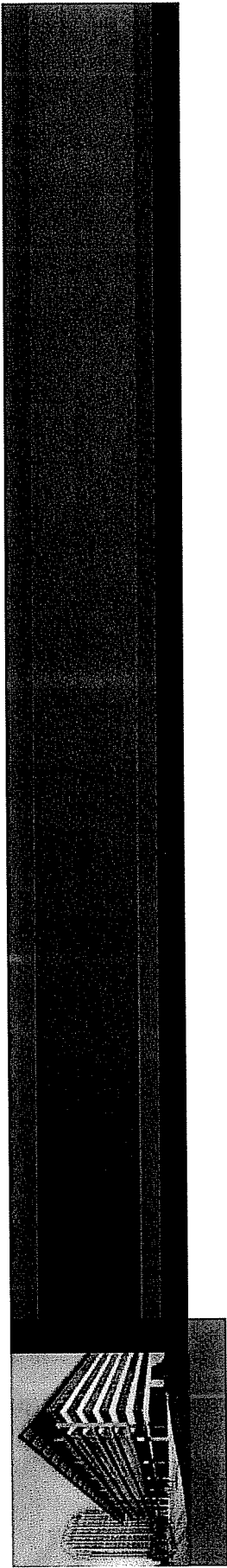
Dividend Profile

A significantly more rate-regulated business mix provides strong support for current dividend and a platform for future growth



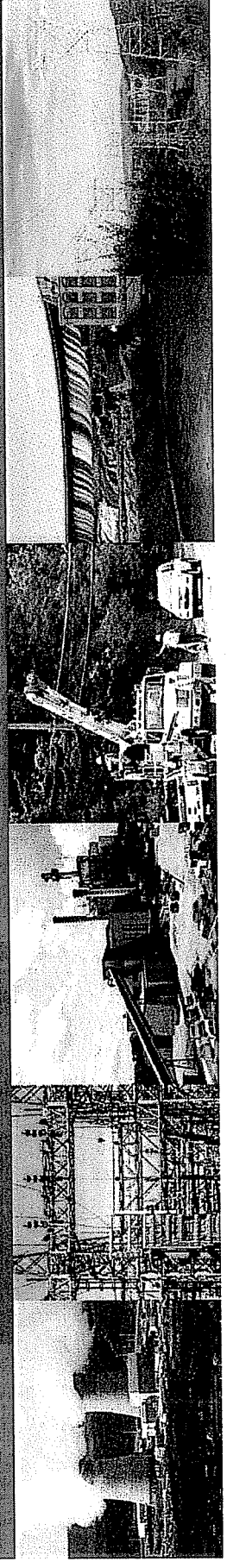
(1) Ongoing EPS based on mid-point of forecast. Annualized dividend based on 1st quarter declaration. Actual dividends to be determined by Board of Directors.
 (2) From only regulated segments.





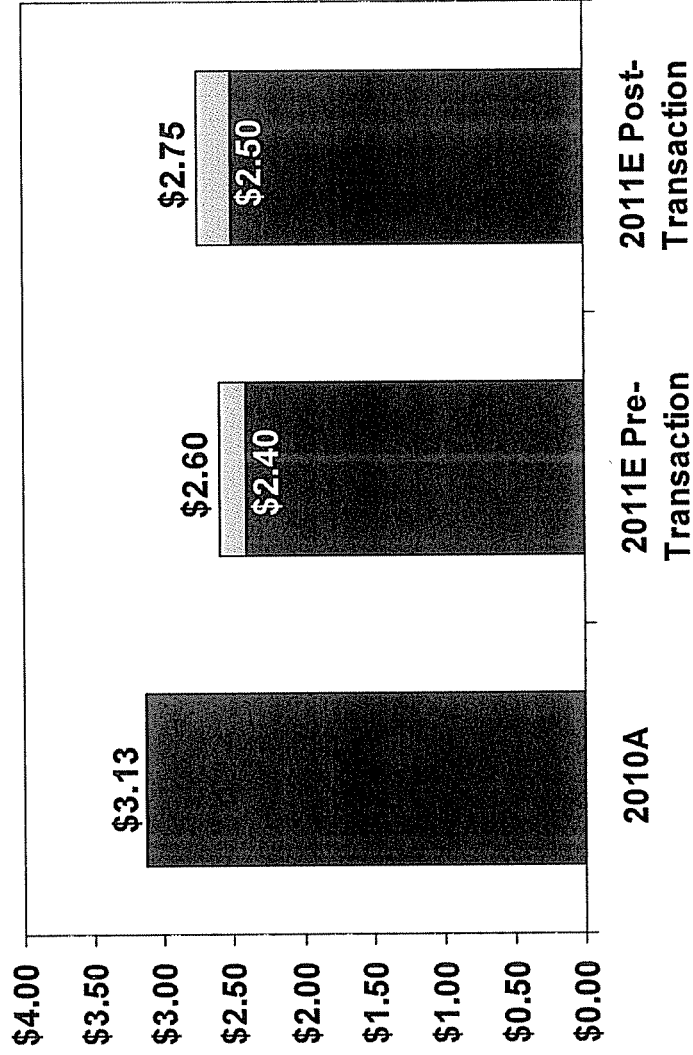


Appendix

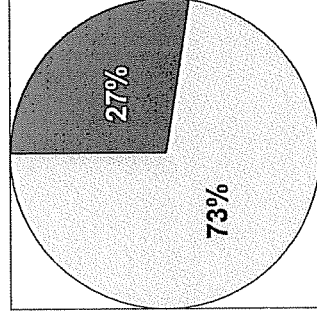


2011 Earnings from Ongoing Operations Forecast

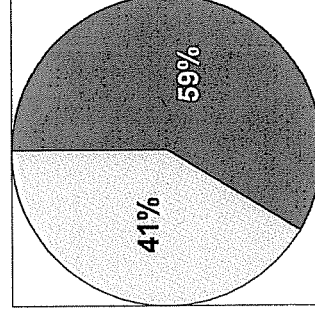
\$/Share



2010A



2011E ⁽¹⁾

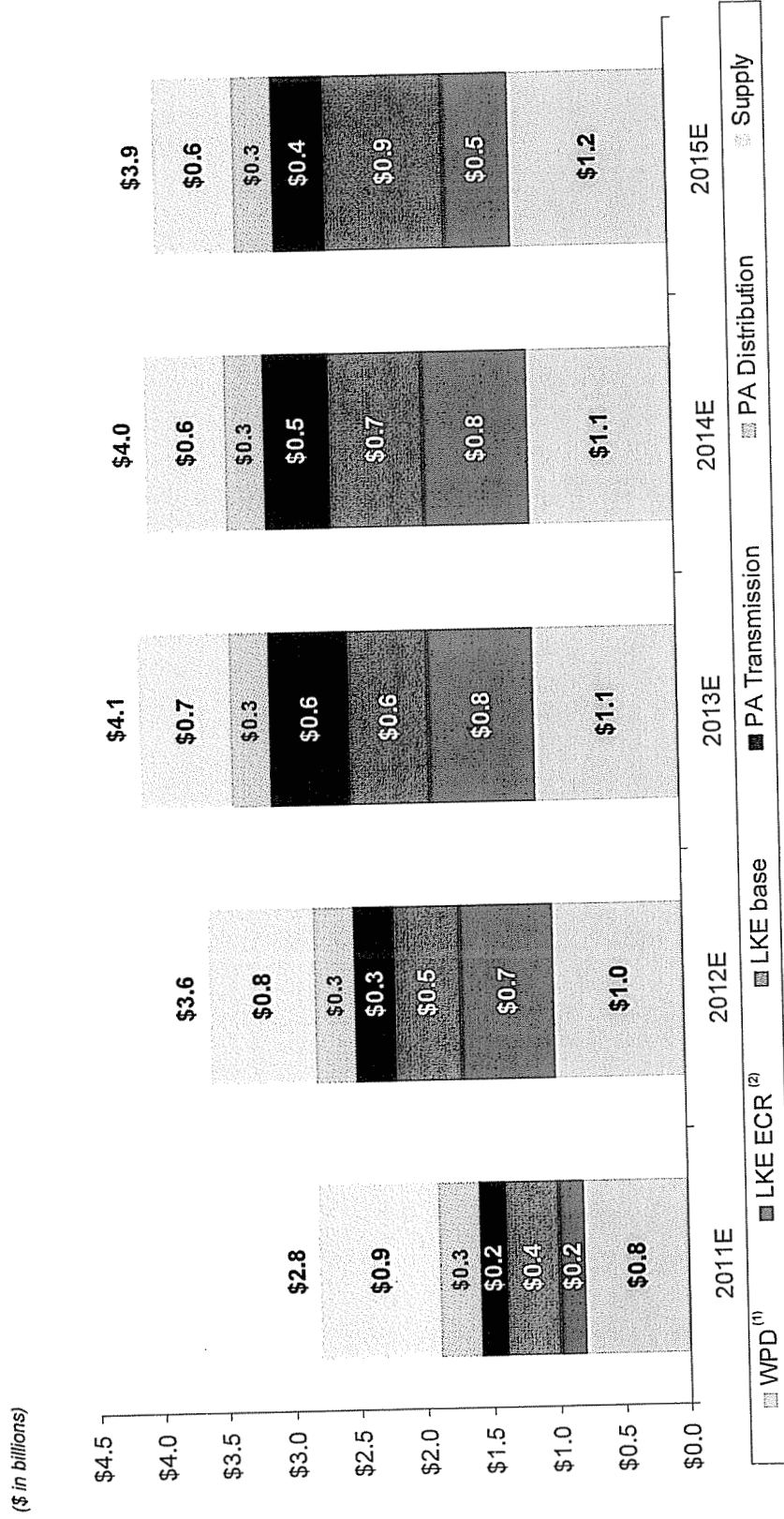


(1) Based on mid-point of forecasted earnings range.

Note: See appendix for reconciliation of earnings from ongoing operations to reported earnings.



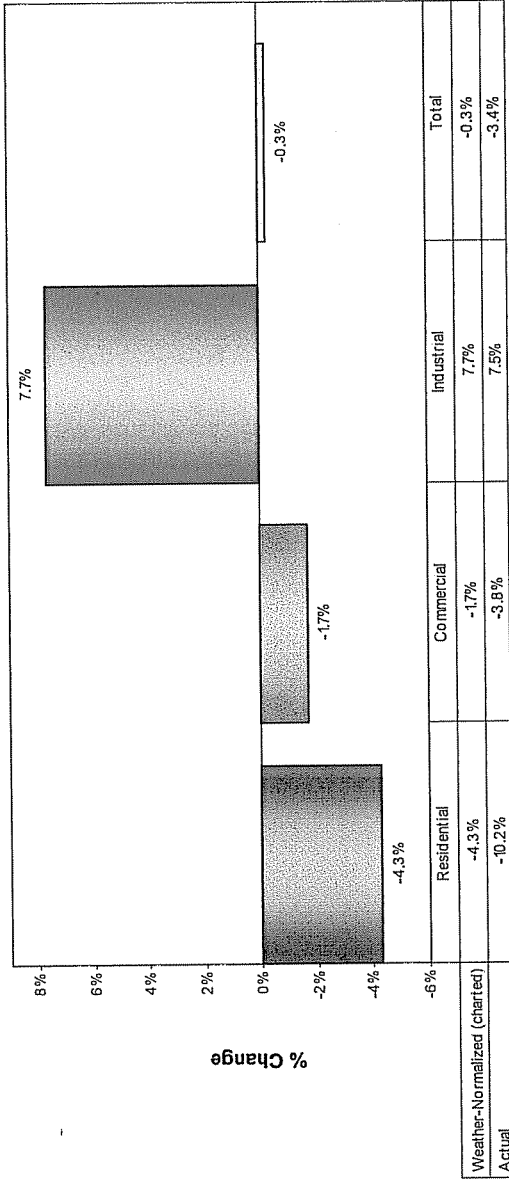
Capital Expenditures



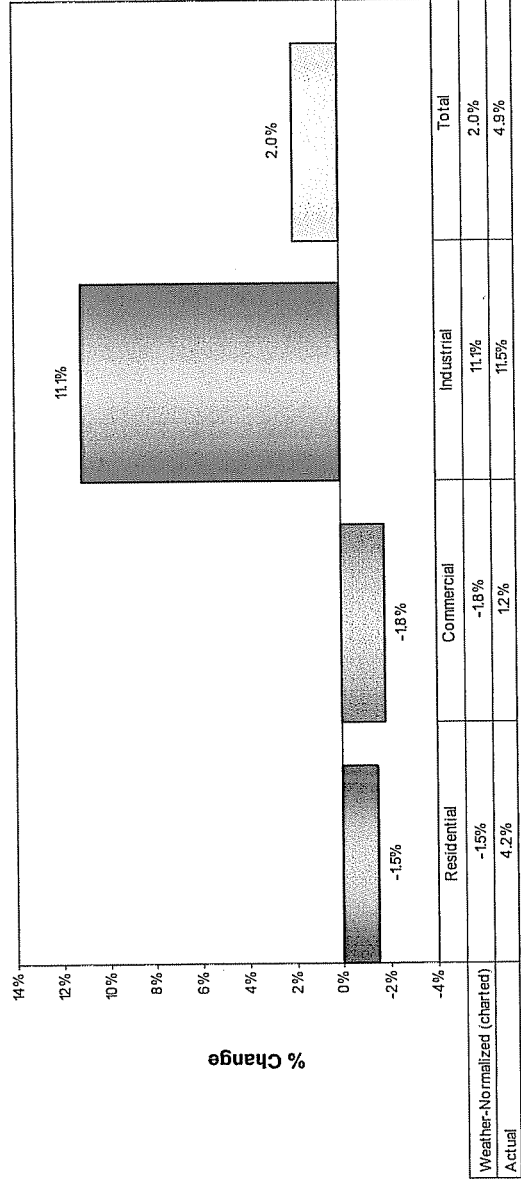
(1) Includes capex for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP.
 (2) Expect approximately 85% to receive timely returns via ECR mechanism based on historical experience.

Kentucky Regulated Volume Variances

3-months Ended 3/31 2011 vs 2010



12-months Ended 3/31 2011 vs 2010



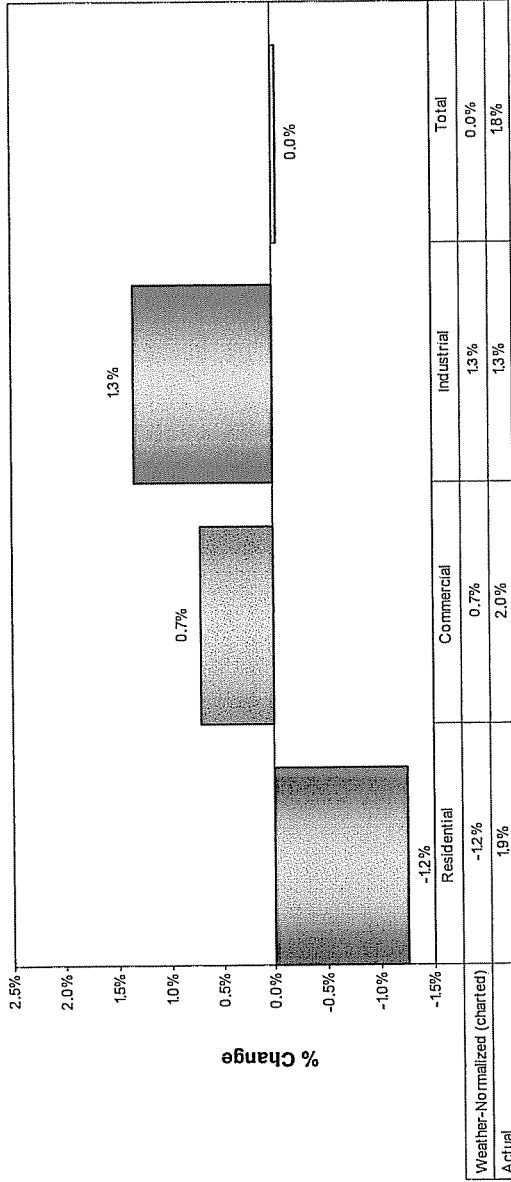
Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.



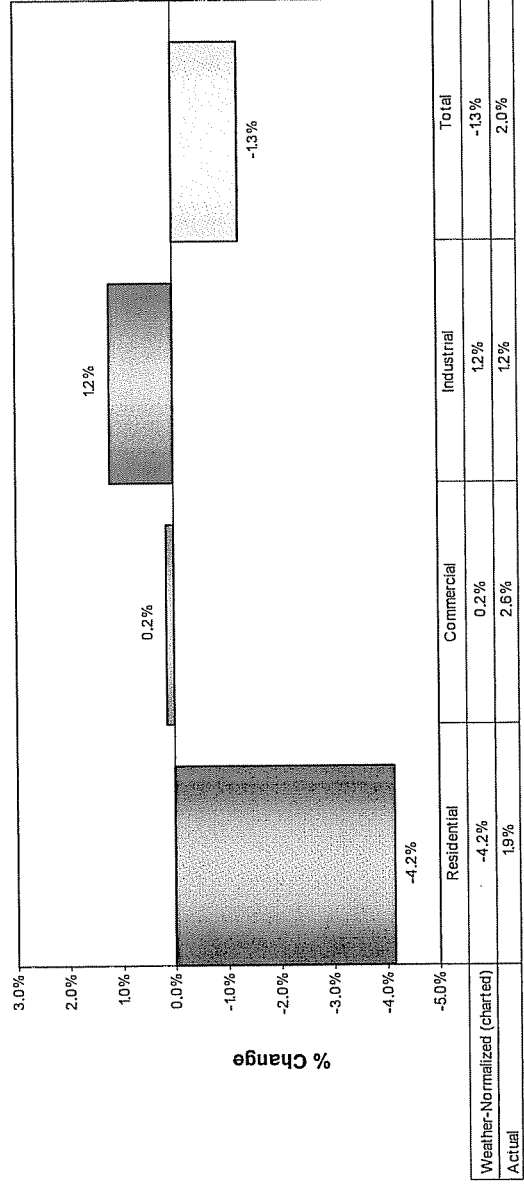


PA Regulated Volume Variances

3-months Ended 3/31 2011 vs 2010



12-months Ended 3/31 2011 vs 2010



Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.



Enhancing Value Through Active Hedging

	2011 ⁽⁴⁾	2012
Baseload		
Expected Generation⁽¹⁾ (Million MWhs)		
East	50.7	54.7
West	42.5	46.2
	8.2	8.5
Current Hedges (%)		
East	99%	86%
West	100%	84%
	97%	94%
Average Hedged Price (Energy Only) (\$/MWh) ^{(2) (3)}		
East	\$57	\$55-56
West	\$54	\$53-54
Current Coal Hedges (%)		
East	99%	96%
West	99%	94%
	100%	100%
Average Hedged Consumed Coal Price (Delivered \$/Ton)		
East	\$73-74	\$76-80
West	\$23-28	\$23-29
Intermediate/Peaking		
Expected Generation⁽¹⁾ (Million MWhs)		
Current Hedges (%)	7.1	6.2
	58%	26%

Capacity revenues are expected to be \$430 million, \$385 million and \$590 million for 2011, 2012 and 2013, respectively.

As of March 31, 2011

(1) Represents expected sales based on current business plan assumptions. Amounts do not reflect the impact of the Susquehanna turbine blade inspection/replacement outages.

(2) The 2011 average hedge energy prices are based on the fixed price swaps as of March 31, 2011; the prior collars have all been converted to fixed swaps.

(3) The 2012 ranges of average energy prices for existing hedges were estimated by determining the impact on the existing collars resulting from 2012 power prices at the 5th and 95th percentile confidence levels.

(4) Includes three months of actual results.

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Market Prices

	2011	2012
<u>ELECTRIC</u>		
<i>PJM</i>		
On-Peak	\$52	\$54
Off-Peak	\$37	\$40
ATC ⁽¹⁾	\$44	\$46
<i>Mid-Columbia</i>		
On-Peak	\$30	\$39
Off-Peak	\$21	\$29
ATC ⁽¹⁾	\$26	\$35
<u>GAS</u>⁽²⁾		
<i>NYMEX</i>		
	\$4.57	\$5.06
<i>TZ6NNY</i>		
	\$5.07	\$5.83
<u>PJM MARKET</u>		
HEAT RATE ⁽³⁾		
	10.2	10.6
CAPACITY PRICES		
<i>(Per MWD)</i>		
	\$136.79	\$123.63
<u>EQA</u>		
	88.3%	89.8%

- (1)
- (2)
- (3)

24-hour average.

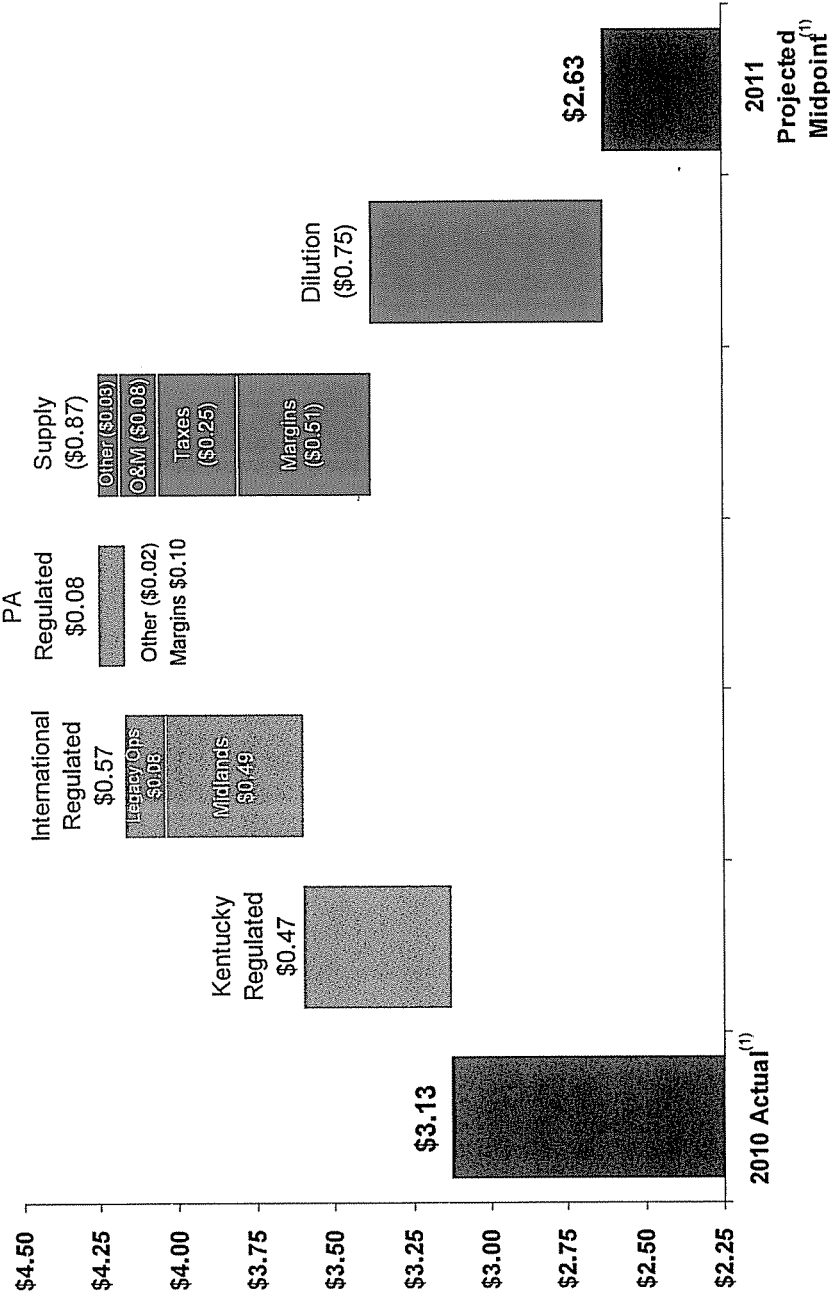
NYMEX and TZ6NNY forward gas prices on 3/31/2011.

Market Heat Rate = PJM on-peak power price divided by TZ6NNY gas price.



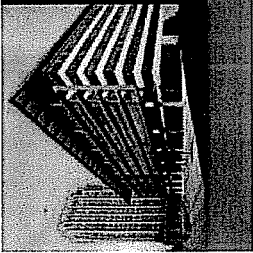
2010 to 2011 Earnings Walk

Earnings Per Share

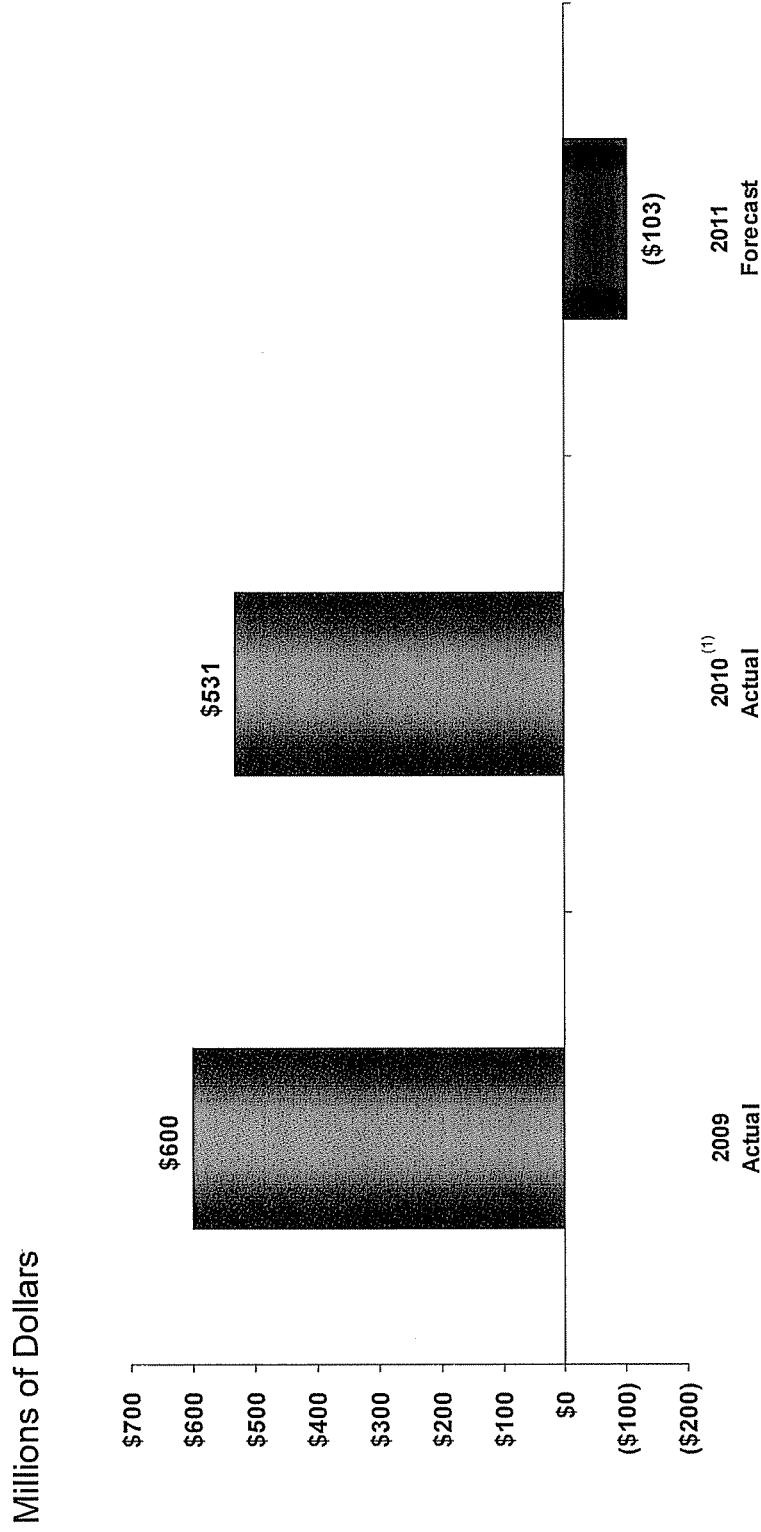


(1) Earnings from ongoing operations.
 Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.





Free Cash Flow before Dividends



(1) 2010 Free Cash Flow includes two months of the results of the Kentucky Regulated segment.

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Shares Outstanding

Average Common Shares Outstanding ⁽¹⁾ (in millions)

As of:

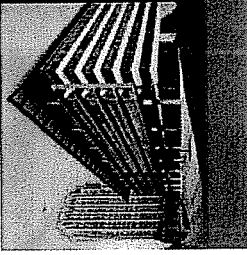
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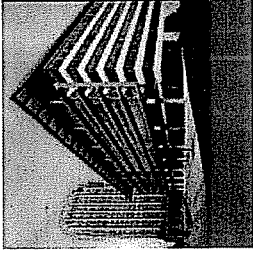


PPL Corporation Reconciliation of Cash from Operations to Free Cash Flow before Dividends

(Millions of Dollars)

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(Per Share)

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Note: Per share amounts are based on diluted shares outstanding.





Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, cash flows, financing, regulation and corporate strategy are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring, the profitability and liquidity of PPL Corporation and its subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; the length of scheduled and unscheduled outages at our plants, including the current outage at Unit 2 of our Susquehanna nuclear plant to inspect and repair turbine blades, and the timing and outcome of any similar outage for inspections at Unit 1 of the Susquehanna plant; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset or business acquisitions and dispositions, and PPL Corporation's ability to realize the expected benefits from acquired businesses, including the 2010 acquisition of Louisville Gas and Electric Company and Kentucky Utilities Company and the 2011 acquisition of the Central Networks electricity distribution businesses in the U.K.; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; capital market conditions and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation against PPL Corporation and its subsidiaries; stock price performance; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation or its subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax legislation; and the commitments and liabilities of PPL Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.





Definitions of Non-GAAP Financial Measures

"Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income attributable to PPL, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that "earnings from ongoing operations," although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making investment decisions. PPL's management also uses "earnings from ongoing operations" in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

"Earnings from ongoing operations" is adjusted for the impact of special items. Special items include:

- Energy-related economic activity (as discussed below).
- Foreign currency-related economic hedges.
- Gains and losses on sales of assets not in the ordinary course of business.
- Impairment charges (including impairments of securities in the company's nuclear decommissioning trust funds).
- Workforce reduction and other restructuring impacts.
- Acquisition-related costs and charges.
- Other charges or credits that are, in management's view, not reflective of the company's ongoing operations.

Energy-related economic activity includes the changes in fair value of positions used economically to hedge a portion of the economic value of PPL's generation assets, full-requirement sales contracts and retail activities. This economic value is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power) prior to the delivery period that was hedged. Also included in energy-related economic activity is the ineffective portion of qualifying cash flow hedges, the monetization of certain full-requirement sales contracts and premium amortization associated with options. This economic activity is deferred, with the exception of the full-requirement sales contracts that were monetized and included in earnings from ongoing operations over the delivery period of the item that was hedged or upon realization. Management believes that adjusting for such amounts provides a better matching of earnings from ongoing operations to the actual amounts settled for PPL's underlying hedged assets. Please refer to the Notes to the Consolidated Financial Statements and MD&A in PPL Corporation's periodic filings with the Securities and Exchange Commission for additional information on energy-related economic activity.

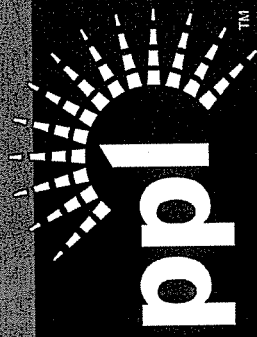
"Free cash flow before dividends" is derived by deducting capital expenditures and other investing activities-net, from cash flow from operations. Free cash flow before dividends should not be considered as an alternative to cash flow from operations, which is determined in accordance with GAAP. PPL believes that free cash flow before dividends, although a non-GAAP measure, is an important measure to both management and investors, as it is an indicator of the company's ability to sustain operations and growth without additional outside financing beyond the requirement to fund maturing debt obligations. Other companies may calculate free cash flow before dividends in a different manner.



Attachment to Question No. 4

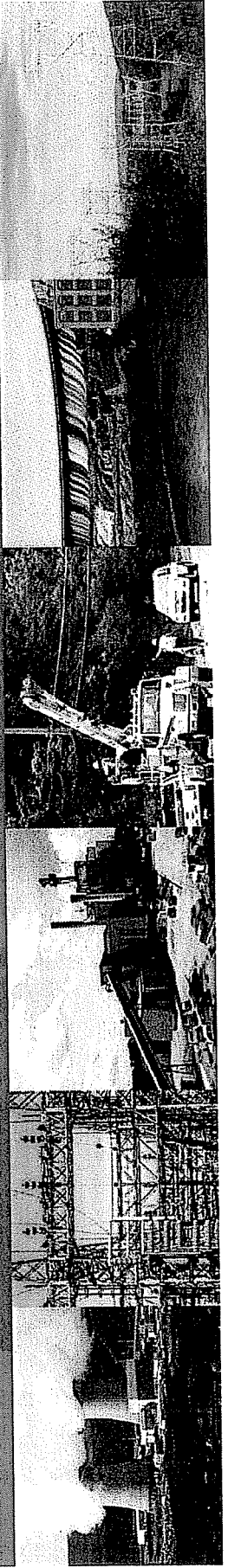
8 of 8

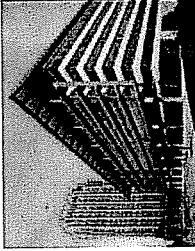
Arbough



2nd Quarter Earnings Call
August 5, 2011

PPL Corporation

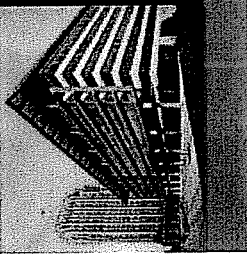




Cautionary Statements and Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.





Agenda

Second Quarter 2011 Earnings and Outlook

J. H. Miller

Segment Results and Financial Overview

P. A. Farr

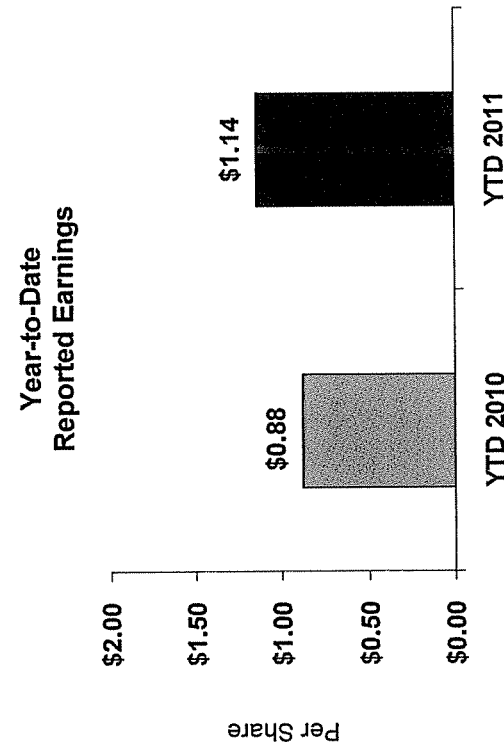
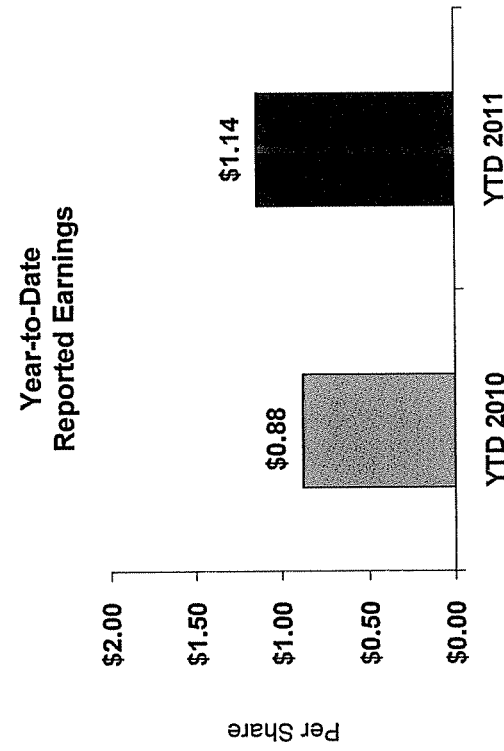
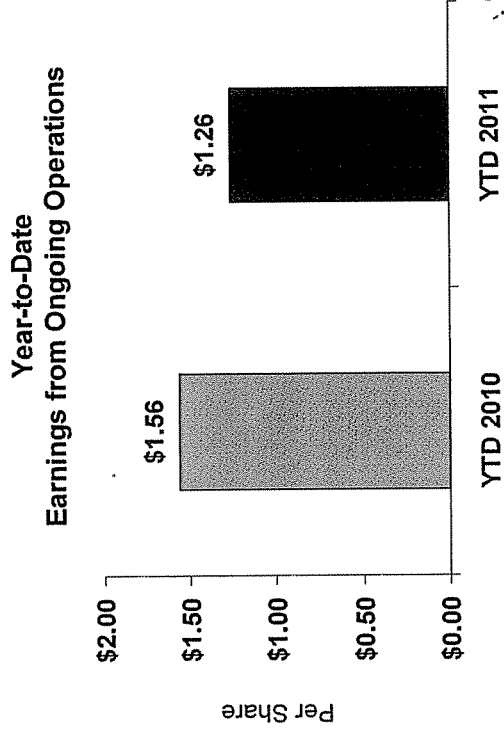
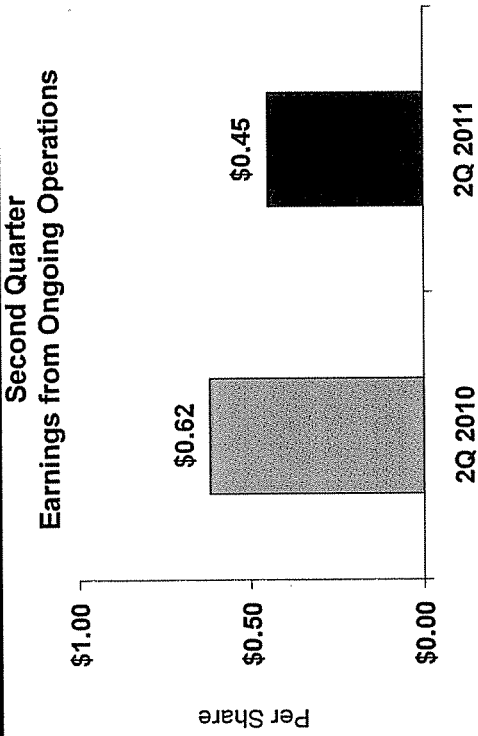
Operational Review

W. H. Spence

Q&A



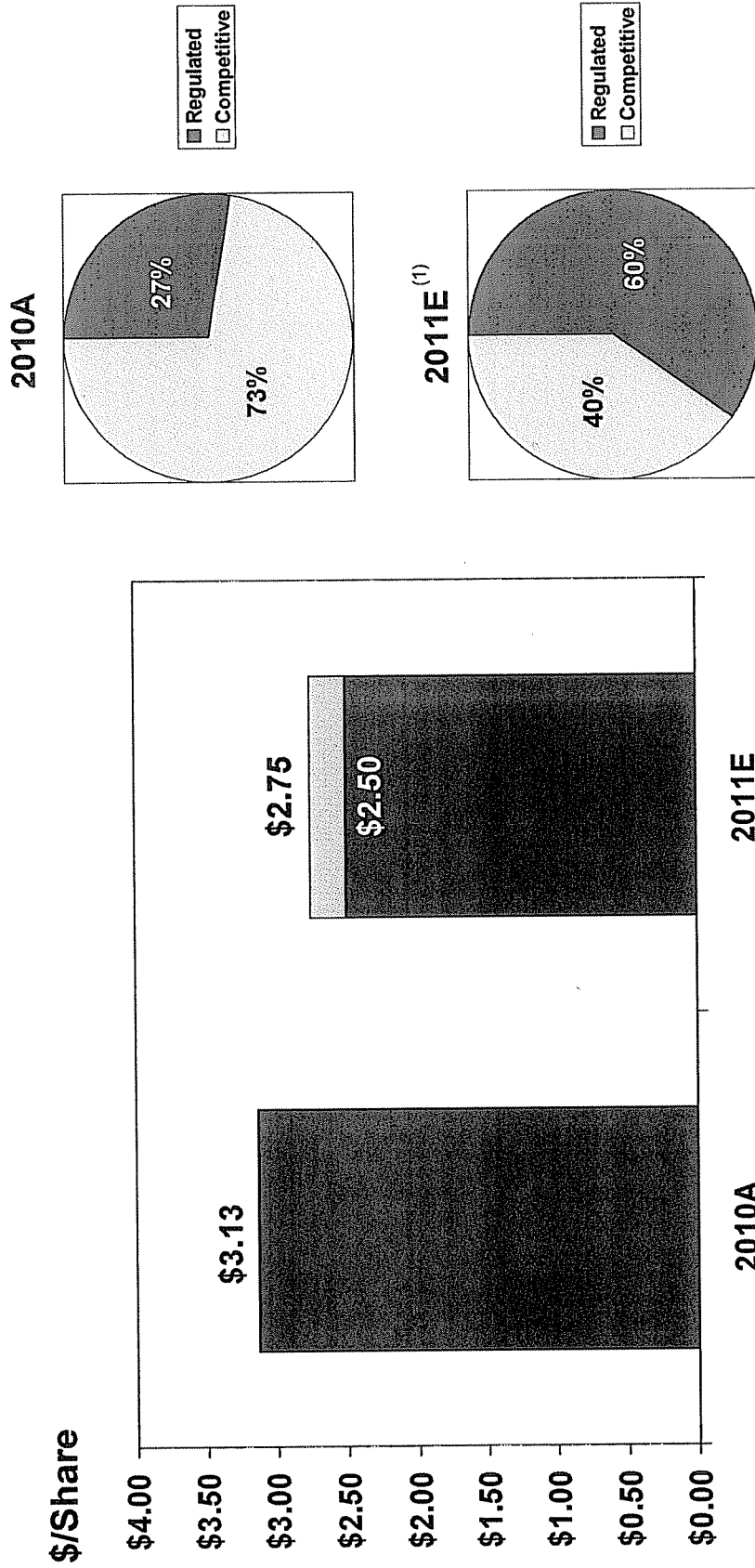
Earnings Results



Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.

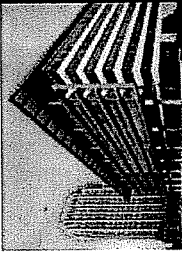


2011 Earnings from Ongoing Operations Forecast



(1) Based on mid-point of forecasted earnings range.
 Note: See appendix for reconciliation of earnings from ongoing operations to reported earnings.





Ongoing Earnings Overview

	Q2	Q2	Change
	2011	2010	
Kentucky Regulated	\$0.06	\$ -	\$0.06
International Regulated	0.21	0.15	0.06
Pennsylvania Regulated	0.06	0.04	0.02
Supply	0.12	0.43	(0.31)
Total	\$0.45	\$0.62	(\$0.17)

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.





International Regulated Segment Earnings Drivers

	<u>2nd Quarter</u>
2010 EPS – Ongoing Earnings	<u>\$0.15</u>
Delivery Revenue	0.03
Financing	(0.01)
Income Taxes & Other	(0.02)
Midlands	0.16
Dilution	(0.10)
Total	<u>0.06</u>
2011 EPS – Ongoing Earnings	<u>\$0.21</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



Pennsylvania Regulated Segment Earnings Drivers

	<u>2nd Quarter</u>
2010 EPS – Ongoing Earnings	<u>\$0.04</u>
Electric Delivery Margins	0.03
O&M	0.01
Income taxes & other	0.01
Dilution	(0.03)
Total	<u>0.02</u>
2011 EPS – Ongoing Earnings	<u>\$0.06</u>

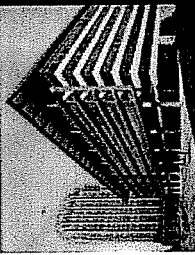
Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



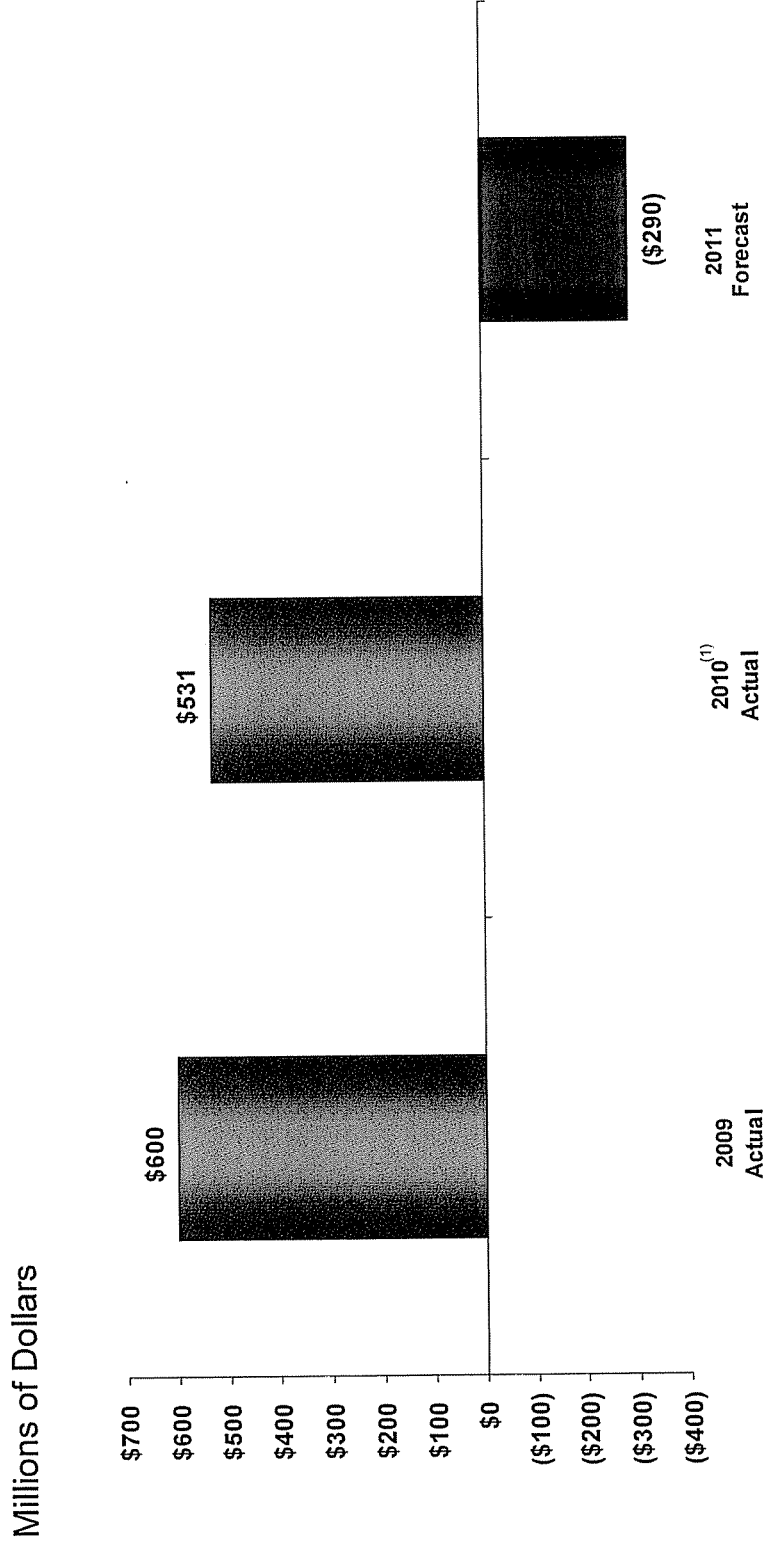
Supply Segment Earnings Drivers

	<u>2nd Quarter</u>
2010 EPS – Ongoing Earnings	\$0.43
Margins – East	(0.20)
O&M	(0.06)
Discontinued Operations	0.01
Dilution	(0.06)
Total	<u>(0.31)</u>
2011 EPS – Ongoing Earnings	<u>\$0.12</u>

Note: See Appendix for the reconciliation of earnings from ongoing operations to reported earnings.



Free Cash Flow before Dividends

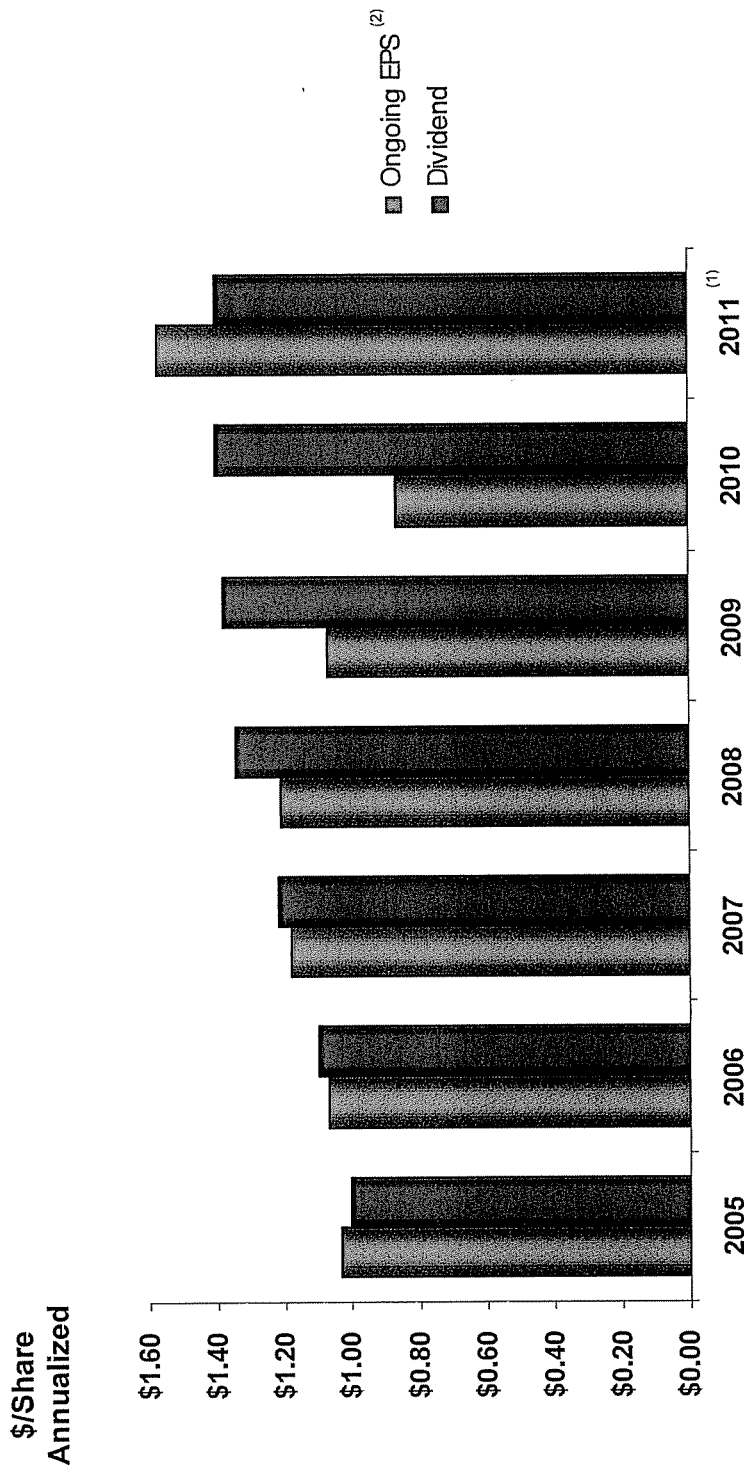


(1) 2010 Free Cash Flow includes two months of the results of the Kentucky Regulated segment.
 Note: See Appendix for reconciliation of free cash flow before dividends to cash from operations.



Dividend Profile

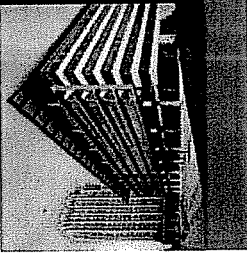
A significantly more rate-regulated business mix provides strong support for current dividend and a platform for future growth



(1) Ongoing EPS based on mid-point of forecast. Annualized dividend based on 1st quarter declaration. Actual dividends to be determined by Board of Directors.

(2) From only regulated segments.





Operational Review

Kentucky Regulated Segment

- Environmental Cost Recovery (ECR) filing with Kentucky PSC
 - Filed in June 2011
 - Discovery phase in process
 - PSC order to be received by year-end 2011

Supply Segment

- Susquehanna Units 1 & 2 return to service after turbine blade replacement
- Generation fleet well-positioned post final EPA regulations





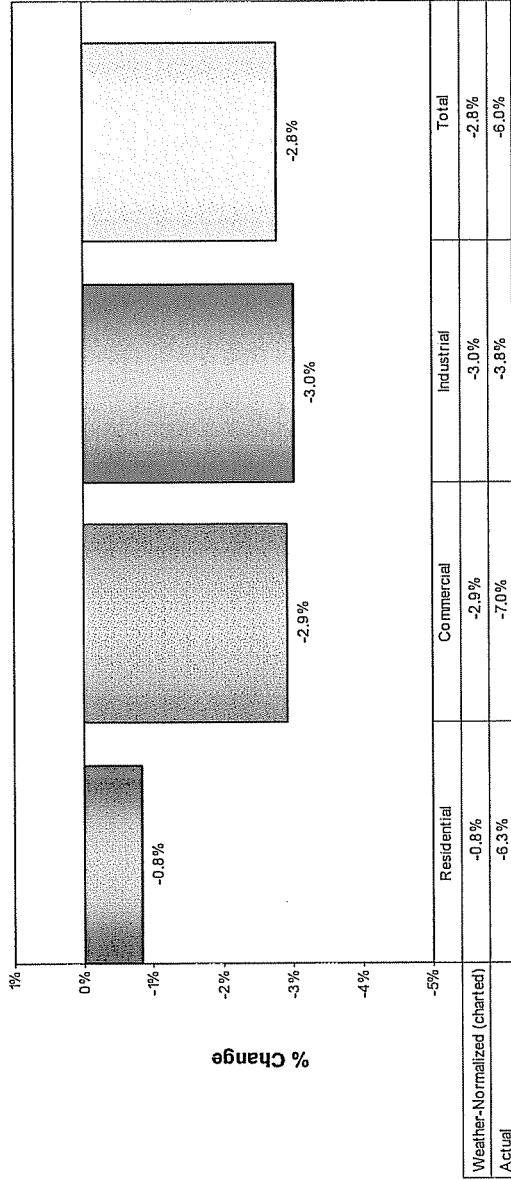
Operational Review (continued)

International Regulated Segment

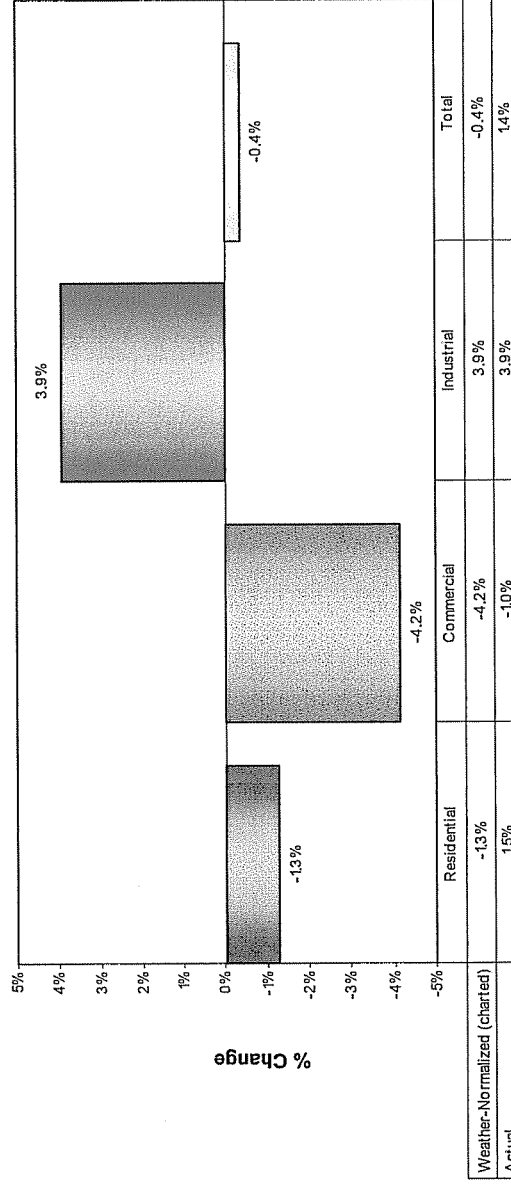
- Synergy plan for Midlands integration on track
- Organizational structure and Reorganization plan have been determined
- Transition from a functional structure to a regional structure under way and will result in:
 - Smaller support structure
 - Elimination of duplicate work
 - Implementation of more efficient procedures

Kentucky Regulated Volume Variances

3-months Ended 06/30/2011 vs. 06/30/2010



12-months Ended 06/30/2011 vs. 06/30/2010

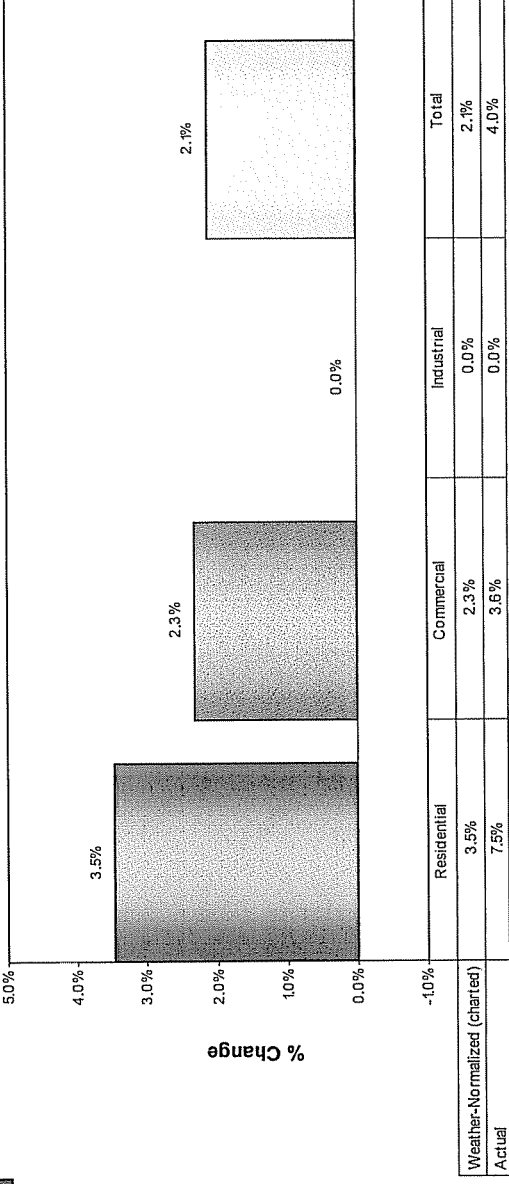


Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.

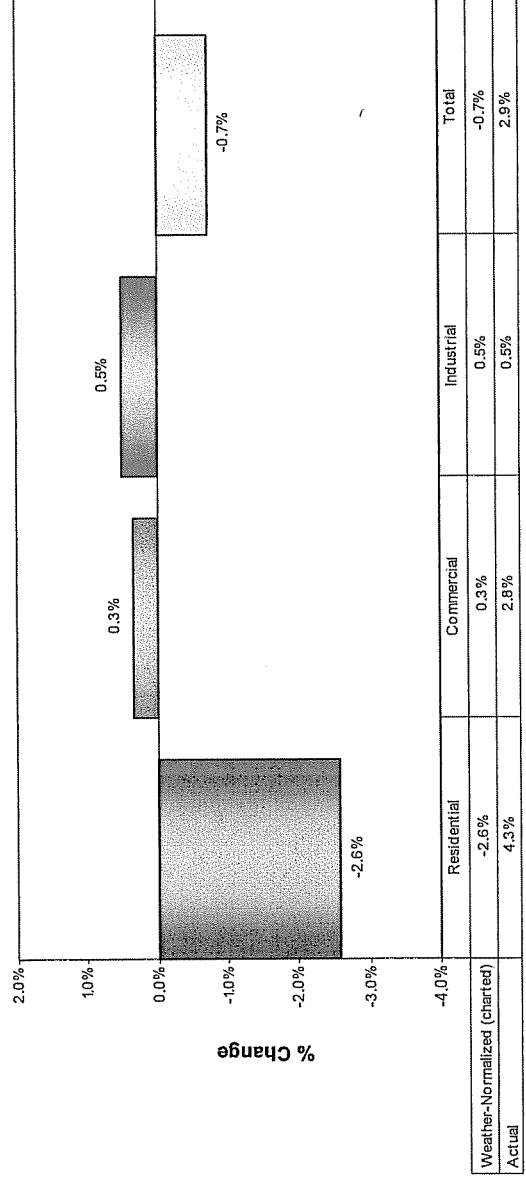


PA Regulated Volume Variances

3-months Ended 6/30/2011 vs. 06/30/2010



12-months Ended 6/30/2011 vs. 06/30/2010



Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.





Enhancing Value Through Active Hedging

	2011 ⁽⁴⁾	2012	2013
Baseload			
Expected Generation⁽¹⁾ (Million MWhs)			
East	47.9	54.7	54.4
West	40.1	46.2	46.0
	7.8	8.5	8.4
Current Hedges (%)			
East	98%	97%	69%
West	99%	98%	69%
	97%	95%	72%
Average Hedged Price (Energy Only) (\$/MWh)^{(2), (3)}			
East	\$57	\$54-55	\$53-56
West	\$54	\$53-54	\$50-51
Current Coal Hedges (%)			
East	100%	96%	88%
West	100%	95%	91%
	100%	100%	79%
Average Hedged Consumed Coal Price (Delivered \$/Ton)			
East	\$73-74	\$76-80	⁽⁵⁾
West	\$23-27	\$23-29	\$23-30
Intermediate/Peaking			
Expected Generation⁽¹⁾ (Million MWhs)			
Current Hedges (%)	7.6	6.2	6.3
	87%	32%	19%

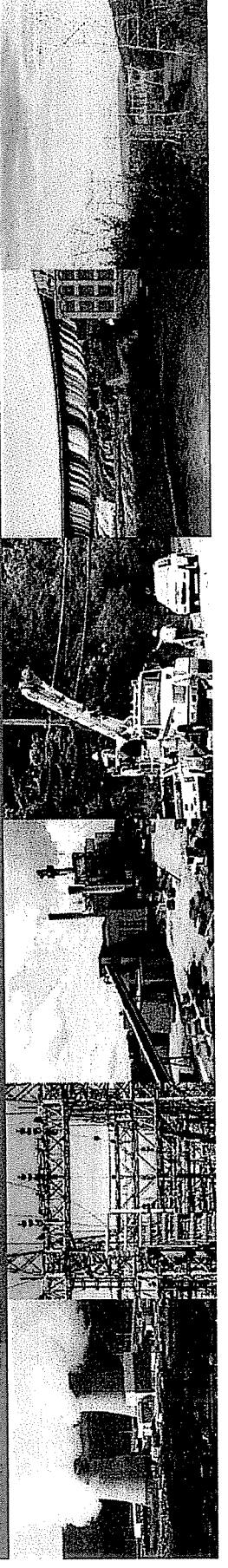
Capacity revenues are expected to be \$430 million, \$385 million and \$590 million for 2011, 2012 and 2013, respectively.

As of June 30, 2011
 (1) Represents expected sales based on current business plan assumptions.
 (2) The 2011 average hedge energy prices are based on the fixed price swaps as of June 30, 2011; the prior collars have all been converted to fixed swaps.
 (3) The 2012 and 2013 ranges of average energy prices for existing hedges were estimated by determining the impact on the existing collars resulting from 2012 and 2013 power prices at the 5th and 95th percentile confidence levels.
 (4) Includes six months of actual results.
 (5) Transportation contract in negotiation.

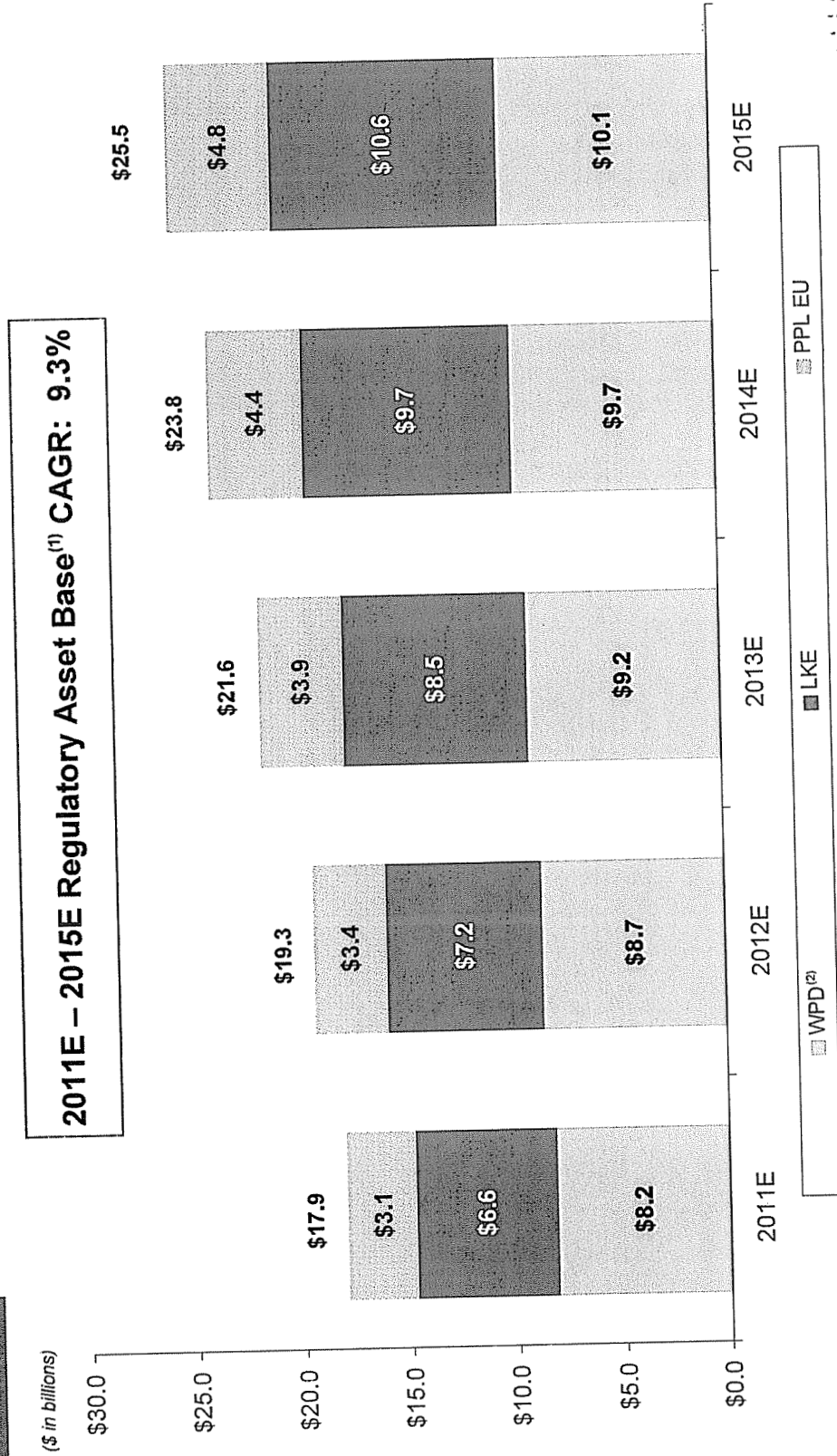




Appendix



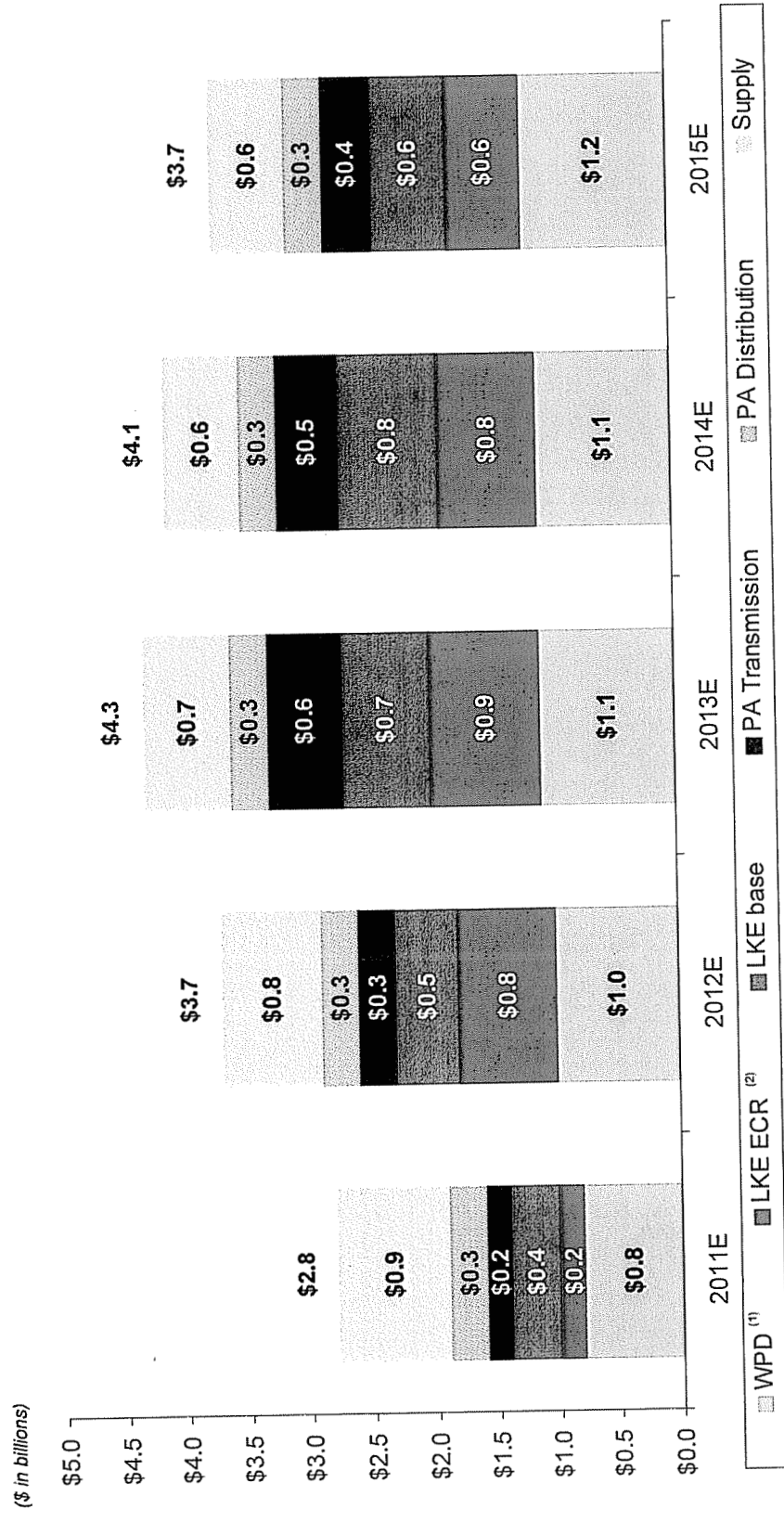
Regulated Rate Base Growth



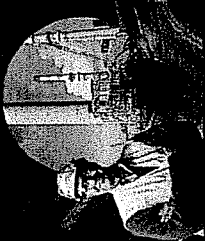
(1) Represents capitalization for LKE, as LG&E and KU rate constructs are based on capitalization. Represents Regulatory Asset Value (RAV) for WPD.
 (2) Includes RAV for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP and are as of year-end December 31.



Capital Expenditures



(1) Includes capex for WPD Midlands. Figures based on assumed exchange rate of \$1.60 / GBP.
 (2) Expect approximately 85% to receive timely returns via ECR mechanism based on historical experience.



Market Prices

	Balance of 2011	2012	2013
<u>ELECTRIC</u>			
<i>PJM</i>			
On-Peak	\$54	\$54	\$55
Off-Peak	\$38	\$39	\$41
ATC ⁽¹⁾	\$46	\$46	\$48
<i>Mid-Columbia</i>			
On-Peak	\$38	\$39	\$44
Off-Peak	\$26	\$28	\$31
ATC ⁽¹⁾	\$31	\$34	\$38
<u>GAS</u>⁽²⁾			
<i>NYMEX</i>			
	\$4.47	\$4.84	\$5.16
<i>TZ6NNY</i>			
	\$4.98	\$5.57	\$5.88
<u>PJM MARKET</u>			
HEAT RATE ⁽³⁾	10.9	9.6	9.4
CAPACITY PRICES (Per MWD)	\$136.79	\$123.63	\$187.49
<u>EQA</u>	91.0%	89.8%	91.3%

(1) 24-hour average.

(2) NYMEX and TZ6NNY forward gas prices on 6/30/2011.

(3) Market Heat Rate = PJM on-peak power price divided by TZ6NNY gas price.



Debt Maturities

(Millions)

	2011	2012	2013	2014	2015
PPL Capital Funding	\$0	\$0	\$0 (1)	\$0 (3)	\$0
LG&E and KU Energy (Holding Co LKE)	2	0	0	0	400
Louisville Gas & Electric	0	0	0	0	250
Kentucky Utilities	0	0	0	0	250
PPL Electric Utilities	0	0	400 (2)	10 (4)	100
PPL Energy Supply	500	0	737	300	300 (5)
WPD	0	0	0	0	0
Total	\$502	\$0	\$1,137	\$310	\$1,300

Note: As of June 30, 2011

- (1) Excludes \$1.15 billion of junior subordinated notes due 2018 that are a component of PPL's 2010 Equity Units and may be put back to PPL Capital Funding if the remarketing in 2013 is not successful.
- (2) Bonds were redeemed at make-whole redemption price in July 2011.
- (3) Excludes \$978 million of junior subordinated notes due 2019 that are a component of PPL's 2011 Equity Units and may be put back to PPL Capital Funding if the remarketing in 2014 is not successful.
- (4) Bonds defeased in substance in 2008 by depositing sufficient funds with the trustee.
- (5) Represents REset Put Securities due 2035 that are required to be put by the holders in October 2015 either for (a) purchase and remarketing by a remarketing dealer or (b) repurchase by PPL Energy Supply.



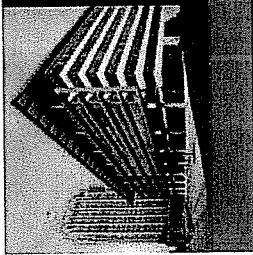
Liquidity Profile

Institution	Facility	Expiration Date	Total Facility (Millions)	Letters of Credit Outstanding (Millions)	Drawn (Millions)	Availability (Millions)
PPL Energy Supply	Syndicated Credit Facility Letter of Credit Facility	Dec-2014	\$3,000	\$122	\$250	\$2,628
		Mar-2013	200	55	0	145
			\$3,200	\$177	\$250	\$2,773
PPL Electric Utilities	Syndicated Credit Facility Asset-backed Credit Facility	Dec-2014	\$200	\$13	\$0	\$187
		Jul-2011	150	0	0	150
			\$350	\$13	\$0	\$337
Louisville Gas & Electric	Syndicated Credit Facility	Dec-2014	\$400	\$0	\$0	\$400
Kentucky Utilities	Syndicated Credit Facility Letter of Credit Facility	Dec-2014	\$400	\$0	\$0	\$400
		Apr-2014	198	198	0	0
			\$598	\$198	\$0	\$400
WPD	PPL WW Syndicated Credit Facility WPD (South West) Syndicated Credit Facility WPD (East Midlands) Syndicated Credit Facility WPD (West Midlands) Syndicated Credit Facility Uncommitted Credit Facilities	Jan-2013	£150	£0	£113	£37
		Jul-2012	210	0	0	210
		Apr-2016	300	70	0	230
		Apr-2016	300	71	0	229
			113	3	0	110
			£1,073	£144	£113	£816

Note: As of June 30, 2011

- Credit facilities consist of a diverse bank group, with no bank and its affiliates providing an aggregate commitment of more than 9% of the total committed capacity for the domestic facilities and 17% of the total committed capacity for WPD's facilities.
- In July 2011, PPL Electric Utilities extended the expiration date of its Asset-backed Credit Facility to July 2012.





Reconciliation of Second Quarter Earnings from Ongoing Operations to Reported Earnings

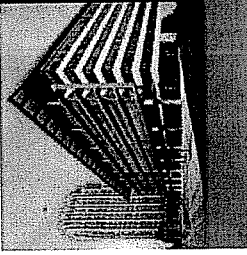
(Millions of Dollars, After-Tax)

	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Quarter Ending June 30, 2011	\$ 31	\$ 118	\$ 36	\$ 68		\$ 253
Earnings from Ongoing Operations						
Special items:				(3)		(3)
Energy-related economic activity						1
Foreign currency-related economic hedges						
Sales of assets:				(2)		(2)
Non-core generation facilities						
WPD Midlands acquisition-related costs:						
2011 Bridge Facility costs		(25)				(25)
Foreign currency loss on 2011 Bridge Facility		(39)				(39)
Net hedge gains		43				43
Hedge ineffectiveness		(9)				(9)
U.K. stamp duty tax		(21)				(21)
Other acquisition-related costs		(30)				(30)
Other:						
Montana hydroelectric litigation				(1)		(1)
Litigation settlement - spent nuclear fuel storage				29		29
Total Special Items		(80)		23		(57)
Reported Earnings*	\$ 31	\$ 38	\$ 36	\$ 91		\$ 196

	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Quarter Ending June 30, 2010	\$ 59	\$ 16	\$ 164		\$ 239
Earnings from Ongoing Operations					
Special items:					
Energy-related economic activity			(54)		(54)
Foreign currency-related economic hedges	(1)				(1)
Sales of assets:			1		1
Sundance indemnification					
Impairments:			(5)		(5)
Emission allowances					
LIKE acquisition-related costs:			(75)		(75)
Monetization of certain full-requirement sales contracts				(13)	(13)
2010 Bridge Facility costs				(6)	(6)
Other acquisition-related costs					
Other:					
Montana hydroelectric litigation			(1)		(1)
Total Special Items	(1)		(134)	(19)	(154)
Reported Earnings*	\$ 58	\$ 16	\$ 30	\$ (19)	\$ 85

* Represents net income attributable to PPL Corporation

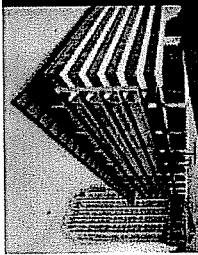




Reconciliation of Second Quarter Earnings from Ongoing Operations to Reported Earnings

(Per Share)	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Quarter Ending June 30, 2011	\$ 0.06	\$ 0.21	\$ 0.06	\$ 0.12		\$ 0.45
Earnings from Ongoing Operations						
Special Items:				(0.01)		(0.01)
Energy-related economic activity						
WPD Midlands acquisition-related costs:						
2011 Bridge Facility costs		(0.04)				(0.04)
Foreign currency loss on 2011 Bridge Facility		(0.07)				(0.07)
Net hedge gains		0.08				0.08
Hedge ineffectiveness		(0.02)				(0.02)
U.K. stamp duty tax		(0.04)				(0.04)
Other acquisition-related costs		(0.05)				(0.05)
Other:				0.05		0.05
Litigation settlement - spent nuclear fuel storage		(0.14)		0.04		(0.10)
Total Special Items		\$ 0.07	\$ 0.06	\$ 0.16		\$ 0.35
Reported Earnings	\$ 0.06	\$ 0.07	\$ 0.06	\$ 0.16		\$ 0.35
	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total	
Quarter Ending June 30, 2010	\$ 0.15	\$ 0.04	\$ 0.43		\$ 0.62	
Earnings from Ongoing Operations						
Special Items:			(0.14)		(0.14)	
Energy-related economic activity						
Impairments:			(0.01)		(0.01)	
Emission allowances						
LKE acquisition-related costs:						
Monetization of certain full-requirement sales contracts			(0.20)		(0.20)	
2010 Bridge Facility costs				\$ (0.03)	(0.03)	
Other acquisition-related costs				(0.02)	(0.02)	
Total Special Items			(0.35)	\$ (0.05)	(0.40)	
Reported Earnings	\$ 0.15	\$ 0.04	\$ 0.08	\$ (0.05)	\$ 0.22	





Reconciliation of Year-to-Date Earnings from Ongoing Operations to Reported Earnings

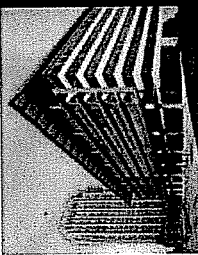
(Millions of Dollars, After-Tax)

	Year-to-Date June 30, 2011	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations		\$ 183	\$ 88	\$ 273		\$ 660
Special items:						
Energy-related economic activity				14		14
Sales of assets				(3)		(3)
Non-core generation facilities				(1)		(1)
Impairments				(2)		(2)
Emission allowances				1		1
Renewable energy credits						
Adjustments - nuclear decommissioning trust investments						
WPD Midlands acquisition-related costs:						
2011 Bridge Facility costs		(30)				(30)
Foreign currency loss on 2011 Bridge Facility		(39)				(39)
Net hedge gains		39				39
Hedge ineffectiveness		(9)				(9)
U.K. stamp duty tax		(21)				(21)
Other acquisition-related costs		(40)				(40)
Other:						
Montana hydroelectric litigation				(1)		(1)
Litigation settlement - spent nuclear fuel storage				29		29
Total Special Items		(100)		37		(63)
Reported Earnings*		\$ 93	\$ 88	\$ 310		\$ 597

	Year-to-Date June 30, 2010	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations		\$ 135	\$ 53	\$ 408		\$ 596
Special items:						
Energy-related economic activity		(1)		(119)		(119)
Foreign currency-related economic hedges						(1)
Sales of assets:						
Sundance indemnification				1		1
Impairments						
Emission allowance				(7)		(7)
LKE acquisition-related costs:						
Monetization of certain full-requirement sales contracts				(75)	(13)	(75)
2010 Bridge Facility costs					(6)	(6)
Other acquisition-related costs						
Other:						
Montana hydroelectric litigation				(33)		(33)
Health care reform - tax impact				(8)		(8)
Total Special Items		(1)		(241)	(19)	(261)
Reported Earnings*		\$ 134	\$ 53	\$ 167	\$ (19)	\$ 335

* Represents net income attributable to PPL Corporation



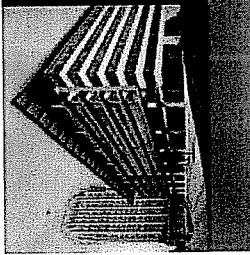


Reconciliation of Year-to-Date Earnings from Ongoing Operations to Reported Earnings

(Per Share)	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Year-to-Date June 30, 2011						
Earnings from Ongoing Operations	\$ 0.20	\$ 0.37	\$ 0.17	\$ 0.52		\$ 1.26
Special Items:						
Energy-related economic activity				0.01		0.01
WPD Midlands acquisition-related costs:						
2011 Bridge Facility costs		(0.06)				(0.06)
Foreign currency loss on 2011 Bridge Facility		(0.07)				(0.07)
Net hedge gains		0.08				0.08
Hedge ineffectiveness		(0.02)				(0.02)
U.K. stamp duty tax		(0.04)				(0.04)
Other acquisition-related costs		(0.08)				(0.08)
Other:						
Litigation settlement - spent nuclear fuel storage				0.06		0.06
Total Special Items		(0.19)		0.07		(0.12)
Reported Earnings	\$ 0.20	\$ 0.18	\$ 0.17	\$ 0.59		\$ 1.14
Year-to-Date June 30, 2010						
Earnings from Ongoing Operations	\$ 0.35	\$ 0.35	\$ 0.14	\$ 1.07		\$ 1.56
Special Items:						
Energy-related economic activity				(0.30)		(0.30)
Impairments:						
Emission allowances				(0.02)		(0.02)
LKE acquisition-related costs:						
Monetization of certain full-requirement sales contracts				(0.20)		(0.20)
2010 Bridge Facility costs					\$ (0.03)	(0.03)
Other acquisition-related costs					(0.02)	(0.02)
Other:						
Montana hydroelectric litigation				(0.09)		(0.09)
Health care reform - tax impact				(0.02)		(0.02)
Total Special Items				(0.63)	(0.05)	(0.68)
Reported Earnings	\$ 0.35	\$ 0.35	\$ 0.14	\$ 0.44	\$ (0.05)	\$ 0.88

Note: Per share amounts are based on diluted shares outstanding.



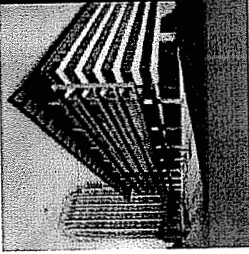


Reconciliation of PPL's Earnings from Ongoing Operations to Reported Earnings

	Forecast		Actual	
	High	Low	2010	2009
	2011	2011	\$	\$
Earnings from Ongoing Operations			3.13	1.95
Special Items:				
Energy-related economic activity				(0.59)
Sales of assets:	0.01	0.01	(0.27)	0.06
Maine hydroelectric generation business			0.03	(0.09)
Long Island generation business				(0.07)
Latin American businesses				(0.01)
Interest in Wyman Unit 4				(0.05)
Impairments:			(0.02)	(0.01)
Emission allowances				(0.01)
Other asset impairments				
WPD Midlands acquisition-related costs:				
2011 Bridge Facility costs	(0.06)	(0.06)		
Foreign currency loss on 2011 Bridge Facility	(0.07)	(0.07)		
Net hedge gains	0.08	0.08		
Hedge ineffectiveness	(0.02)	(0.02)		
U.K. stamp duty tax	(0.04)	(0.04)		
Other acquisition-related costs	(0.08)	(0.08)		
LKE acquisition-related costs:				
Monetization of certain full-requirement sales contracts			(0.29)	
Anticipated sale of certain non-core generation facilities			(0.14)	
2010 Bridge Facility costs			(0.12)	
Discontinued cash flow hedges and ineffectiveness			(0.06)	
Reduction of credit facility			(0.01)	
Other acquisition-related costs			(0.05)	
Workforce reductions				(0.03)
Other:				
Montana hydroelectric litigation			(0.08)	(0.01)
Health care reform - tax impact			(0.02)	
Change in U.K. tax rate			0.04	
U.S. Tax Court ruling (U.K. Windfall Profits Tax)			0.03	
Litigation settlement - spent nuclear fuel storage				(0.07)
Change in tax accounting method related to repairs			(0.96)	(0.87)
Total Special Items	(0.12)	(0.12)	(0.96)	(0.87)
Reported Earnings	\$ 2.63	\$ 2.38	\$ 2.17	\$ 1.08

Note: Per share amounts are based on diluted shares outstanding.





Gross Margins Summary

	Three Months Ended June 30,			Per Share Diluted (after-tax) (a)
	2011	2010	Change	
(Millions of Dollars)				
KY Gross Margins	\$ 360		\$ 360	\$ 0.55
PA Gross Delivery Margins by Component				
Distribution	\$ 173	\$ 157	\$ 16	\$ 0.03
Transmission	45	42	3	-
Total	\$ 218	\$ 199	\$ 19	\$ 0.03
Unregulated Gross Energy Margins by Region				
Non-trading	\$ 395	\$ 528	\$ (133)	\$ (0.20)
Eastern U.S.	88	88	-	-
Western U.S.	10	5	5	-
Net energy trading				
Total	\$ 493	\$ 621	\$ (128)	\$ (0.20)

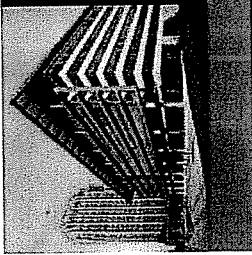
(a) Excludes dilution which is primarily associated with the June 2010 and April 2011 issuances of common stock.

Reconciliation of Second Quarter Operating Income to Margins

	Three Months Ended June 30, 2011				Three Months Ended June 30, 2010				
	Kentucky Gross Margins	P.A. Gross Delivery Margins	Unregulated Gross Energy Margins	Other (a)	Kentucky Gross Margins	P.A. Gross Delivery Margins	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)
Operating Revenues									
Utility	\$ 639	\$ 436	\$ 409	(c)	\$ 1,484				\$ 692
P.L.R. intersegment Utility revenue (expense) (d)		(4)				(64)			
Unregulated retail electric and gas		180	1	(e)	181		103	(2)	101
Wholesale energy marketing		76	16	(e)	732		129	12	1,231
Realized									
Unrealized economic activity		10	(44)	(e)	(44)		5	(666)	(666)
Net energy trading margins					10			10	5
Energy-related businesses			126		126				110
Total Operating Revenues	639	432	910	508	2,489	456	1,391	(374)	1,473
Operating Expenses									
Fuel	206	250	(42)	(f)	414		252	6	258
Energy purchases									
Realized	40	150	75	(g)	434	209	529	(1)	737
Unrealized economic activity			(109)	(g)	(109)			(445)	(445)
Other operation and maintenance	21	29	664		723	23	6	390	419
Depreciation	12	20	225		237			125	125
Taxes, other than income		7	48		75	27	4	22	53
Energy-related businesses			120		120			100	100
Intercompany eliminations		(4)	1	3		(2)		2	
Total Operating Expenses	279	214	417	984	1,894	257	791	199	1,247
Discontinued operations							21	(21)	
Total	\$ 360	\$ 218	\$ 493	\$ (476)	\$ 595	\$ 199	\$ 621	\$ (594)	\$ 226

Note: see next slide for footnotes

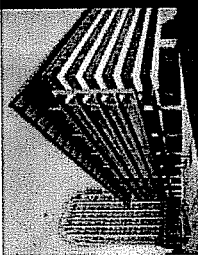




Margins footnotes

- a) Represents amounts that are excluded from Margins.
- b) As reported on the Statement of Income.
- c) Represents WPD's utility revenue.
- d) Primarily related to PLR supply sold by PPL EnergyPlus to PPL Electric.
- e) Represents revenue associated with energy-related economic activity. This activity is described in the "Commodity Price Risk (Non-trading) - Economic Activity" section of Note 14 to the Financial Statements in the Form 10-Q for the Quarter Ended June 30, 2011. The three months ended June 30, 2011 includes a pre-tax gain of \$6 million related to the amortization of option premiums and a pre-tax realized gain of \$10 million related to the monetization of certain full-requirement sales contracts. In addition, the three months ended June 30, 2010 includes a pre-tax gain of \$12 million related to the amortization of option premiums.
- f) Primarily relates to the \$50 million spent nuclear fuel litigation settlement and economic activity related to fuel.
- g) Represents expenses associated with energy-related economic activity. This activity is described in the "Commodity Price Risk (Non-trading) - Economic Activity" section of Note 14 to the Financial Statements in the Form 10-Q for the Quarter Ended June 30, 2011. The three months ended June 30, 2011 includes a pre-tax loss of \$76 million related to the monetization of certain full-requirement sales contracts. In addition, the three months ended June 30, 2010 includes a pre-tax loss of \$1 million related to the amortization of option premiums.
- h) Represents the net of certain revenues and expenses associated with certain businesses that are classified as discontinued operations. These revenues and expenses are not reflected in "Operating Income" on the Statements of Income.





PPL Corporation Reconciliation of Cash from Operations to Free Cash Flow before Dividends

(Millions of Dollars)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash from Operations	\$1,852	\$2,034	\$2,020
Increase (Decrease) in cash due to:			
Capital Expenditures	(1,265)	(1,644)	(2,805)
Sale of Assets	84	161	384
Other Investing Activities – Net	(71)	(20)	111
Free Cash Flow before Dividends	<u>\$ 600</u>	<u>\$ 531</u>	<u>\$ (290)</u>





Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, cash flows, financing, regulation and corporate strategy are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation and its subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; the length of scheduled and unscheduled outages at our generating plants; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset or business acquisitions and dispositions, and PPL Corporation's ability to realize the expected benefits from acquired businesses, including the 2010 acquisition of Louisville Gas and Electric Company and Kentucky Utilities Company and the 2011 acquisition of the Central Networks electricity distribution businesses in the U.K.; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; capital market conditions and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation against PPL Corporation and its subsidiaries; stock price performance; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation or its subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax legislation; and the commitments and liabilities of PPL Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.





Definitions of Non-GAAP Financial Measures

"Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income attributable to PPL, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that "earnings from ongoing operations," although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making investment decisions. PPL's management also uses "earnings from ongoing operations" in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

"Earnings from ongoing operations" is adjusted for the impact of special items. Special items include:

- *Energy-related economic activity (as discussed below).*
- *Foreign currency-related economic hedges.*
- *Gains and losses on sales of assets not in the ordinary course of business.*
- *Impairment charges (including impairments of securities in the company's nuclear decommissioning trust funds).*
- *Workforce reduction and other restructuring impacts.*
- *Acquisition-related costs and charges.*
- *Other charges or credits that are, in management's view, not reflective of the company's ongoing operations.*

Energy-related economic activity includes the changes in fair value of positions used economically to hedge a portion of the economic value of PPL's generation assets, full-requirement sales contracts and retail activities. This economic value is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power) prior to the delivery period that was hedged. Also included in energy-related economic activity is the ineffective portion of qualifying cash flow hedges, the monetization of certain full-requirement sales contracts and premium amortization associated with options. This economic activity is deferred, with the exception of the full-requirement sales contracts that were monetized, and included in earnings from ongoing operations over the delivery period of the item that was hedged or upon realization. Management believes that adjusting for such amounts provides a better matching of earnings from ongoing operations to the actual amounts settled for PPL's underlying hedged assets. Please refer to the Notes to the Consolidated Financial Statements and MD&A in PPL Corporation's periodic filings with the Securities and Exchange Commission for additional information on energy-related economic activity.

"Free cash flow before dividends" is derived by deducting capital expenditures and other investing activities-net, from cash flow from operations. Free cash flow before dividends should not be considered as an alternative to cash flow from operations, which is determined in accordance with GAAP. PPL believes that free cash flow before dividends, although a non-GAAP measure, is an important measure to both management and investors, as it is an indicator of the company's ability to sustain operations and growth without additional outside financing beyond the requirement to fund maturing debt obligations. Other companies may calculate free cash flow before dividends in a different manner.





Definitions of Non-GAAP Financial Measures

"Kentucky Gross Margins" is a single financial performance measure of the Kentucky Regulated segment's electricity generation, transmission and distribution operations as well as its distribution and sale of natural gas. In calculating this measure, utility revenues and expenses associated with approved cost recovery tracking mechanisms are offset. Certain costs associated with these mechanisms, primarily ECR and DSM, are recorded as "Other operation and maintenance" expense and the depreciation associated with ECR equipment is recorded as "Depreciation" expense. These mechanisms allow for recovery of certain expenses, returns on capital investments associated with environmental regulations and performance incentives. As a result, this measure represents the net revenues from the Kentucky Regulated segment's operations.

"Pennsylvania Gross Delivery Margins" is a single financial performance measure of the Pennsylvania Regulated segment's electric delivery operations, which includes transmission and distribution activities. In calculating this measure, utility revenues and expenses associated with approved recovery mechanisms, including energy provided as a PLR, are offset with minimal impact on earnings. Costs associated with these mechanisms are recorded in "Energy purchases," "Other operation and maintenance," which is primarily Act 129 costs, and in "Taxes, other than income," which is primarily gross receipts tax. This performance measure includes PLR related energy purchases by PPL Electric from PPL EnergyPlus, which are reflected in "PLR intersegment utility revenue (expense)." These mechanisms allow for recovery of certain expenses; therefore, certain expenses and revenues offset with minimal impact on earnings. As a result, this measure represents the net revenues from the Pennsylvania Regulated segment's electric delivery operations.

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

