

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended September 30, 2025  
OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-11459	<b>PPL Corporation</b> (Exact name of Registrant as specified in its charter) Pennsylvania 645 Hamilton Street Allentown, PA 18101 (610) 774-5151	23-2758192
1-905	<b>PPL Electric Utilities Corporation</b> (Exact name of Registrant as specified in its charter) Pennsylvania 827 Hausman Road Allentown, PA 18104-9392 (610) 774-5151	23-0959590
1-2893	<b>Louisville Gas and Electric Company</b> (Exact name of Registrant as specified in its charter) Kentucky 820 West Broadway Louisville, KY 40202 (502) 627-2000	61-0264150
1-3464	<b>Kentucky Utilities Company</b> (Exact name of Registrant as specified in its charter) Kentucky and Virginia One Quality Street Lexington, KY 40507-1462 (502) 627-2000	61-0247570

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

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

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

PPL Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
PPL Electric Utilities Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Louisville Gas and Electric Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Kentucky Utilities Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

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

PPL Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
PPL Electric Utilities Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Louisville Gas and Electric Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Kentucky Utilities Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

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

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

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

PPL Corporation	<input type="checkbox"/>
PPL Electric Utilities Corporation	<input type="checkbox"/>
Louisville Gas and Electric Company	<input type="checkbox"/>
Kentucky Utilities Company	<input type="checkbox"/>

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

PPL Corporation	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
PPL Electric Utilities Corporation	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Louisville Gas and Electric Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Kentucky Utilities Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

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

PPL Corporation	Common stock, \$0.01 par value, 739,739,177 shares outstanding at October 31, 2025.
PPL Electric Utilities Corporation	Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Energy Holdings LLC, a wholly-owned, indirect subsidiary of PPL Corporation, at October 31, 2025.
Louisville Gas and Electric Company	Common stock, no par value, 21,294,223 shares outstanding and all held by LG&E and KU Energy LLC, a wholly-owned, indirect subsidiary of PPL Corporation, at October 31, 2025.
Kentucky Utilities Company	Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC, a wholly-owned, indirect subsidiary of PPL Corporation, at October 31, 2025.

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

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**PPL CORPORATION  
PPL ELECTRIC UTILITIES CORPORATION  
LOUISVILLE GAS AND ELECTRIC COMPANY  
KENTUCKY UTILITIES COMPANY**

FORM 10-Q  
FOR THE QUARTER ENDED SEPTEMBER 30, 2025

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

Unless otherwise specified, references in this Form 10-Q, individually, to PPL Corporation, PPL Electric Utilities Corporation, Louisville Gas and Electric Company and Kentucky Utilities Company are references to such entities directly or to one or more of their subsidiaries, as the case may be, the financial results of which subsidiaries are consolidated into such Registrants' financial statements in accordance with GAAP. This presentation has been applied where identification of particular subsidiaries is not material to the matter being disclosed, and to conform narrative disclosures to the presentation of financial information on a consolidated basis.

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## GLOSSARY OF TERMS AND ABBREVIATIONS

### **PPL Corporation and its subsidiaries**

**CEP Reserves** - CEP Reserves Inc., a cash management subsidiary of PPL that maintains cash reserves for the balance sheet management of PPL and certain subsidiaries.

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

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

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

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

**Narragansett Electric** - The Narragansett Electric Company, an entity that serves electric and natural gas customers in Rhode Island. On May 25, 2022, PPL and its subsidiary, PPL Rhode Island Holdings announced the completion of the acquisition of Narragansett Electric, which continues to provide services under the name Rhode Island Energy. Narragansett Electric is sometimes referred to as Rhode Island Energy or RIE.

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

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

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

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

**PPL Energy Holdings** - PPL Energy Holdings, LLC, a subsidiary of PPL and the parent holding company of PPL Energy Funding, LKE, PPL Electric, PPL Rhode Island Holdings, PPL Services and other subsidiaries.

**PPL Global** - PPL Global, LLC, a subsidiary of PPL Energy Funding that, prior to the sale of the U.K. utility business on June 14, 2021, primarily through its subsidiaries, owned and operated WPD, PPL's regulated electricity distribution businesses in the U.K. PPL Global was not included in the sale of the U.K. utility business on June 14, 2021.

**PPL Rhode Island Holdings** - PPL Rhode Island Holdings, LLC, a subsidiary of PPL Energy Holdings formed for the purpose of acquiring Narragansett Electric to which certain interests of PPL Energy Holdings in the Narragansett Stock Purchase Agreement were assigned.

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

**PPL WPD Limited** - PPL WPD Limited, a U.K. subsidiary of PPL Global. Prior to the sale of the U.K. utility business on June 14, 2021, PPL WPD Limited was an indirect parent to WPD. PPL WPD Limited was not included in the sale of the U.K. utility business on June 14, 2021.

**RIE** - Rhode Island Energy, the name under which Narragansett Electric provides gas and electric services to customers in Rhode Island.

**Other terms and abbreviations**

**£** - British pound sterling.

**2024 Form 10-K** - Annual Report to the SEC on Form 10-K for the year ended December 31, 2024.

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

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

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

**ARO** - asset retirement obligation.

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

**Bcf** - billion cubic feet. A unit of measure commonly used in quoting volumes of natural gas.

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

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

**CPCN** - Certificate of Public Convenience and Necessity. Authority granted by the KPSC pursuant to Kentucky Revised Statute 278.020 to provide utility service to or for the public or the construction of certain plant, equipment, property or facilities for furnishing of utility service to the public. A CPCN is required for any capital addition, subject to KPSC jurisdiction, in excess of \$100 million.

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

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

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

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

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

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

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

**Environmental Response Fund** - Established in RIPUC Docket No. 2930. Created to satisfy remedial and clean-up obligations of RIE arising from the past ownership and/or operation of manufactured gas plants and sites associated with the operation and disposal activities of such gas plants.

- EPA** - Environmental Protection Agency, a U.S. government agency.
- EPS** - earnings per share.
- FERC** - Federal Energy Regulatory Commission, the U.S. federal agency that regulates, among other things, interstate transmission and wholesale sales of electricity, hydroelectric power projects and related matters.
- FY** - fiscal year.
- GAAP** - Generally Accepted Accounting Principles in the U.S.
- GHG(s)** - greenhouse gas(es).
- If-Converted Method** - A method applied to calculate diluted EPS for a company with outstanding convertible debt. This method generally adds back the interest charges, net of tax, of the debt to net income and the convertible debt is assumed to have been converted to equity at the beginning of the period, and the resulting common shares are treated as outstanding shares for diluted EPS calculations.
- IRA** - Inflation Reduction Act, a U.S. federal law, which aims to curb inflation by possibly reducing the federal government budget deficit, lowering prescription drug prices, and investing in domestic energy production while promoting clean energy.
- IRS** - Internal Revenue Service, a U.S. government agency.
- ISO** - Independent System Operator.
- ISR** - Infrastructure, safety and reliability.
- KPSC** - Kentucky Public Service Commission, the state agency that has jurisdiction over the regulation of rates and service of utilities in Kentucky.
- Moody's** - Moody's Investors Service, Inc., a credit rating agency.
- MW** - megawatt, one thousand kilowatts.
- NAAQS** - National Ambient Air Quality Standards periodically adopted pursuant to the Clean Air Act.
- National Grid USA** - National Grid USA is a wholly-owned subsidiary of National Grid plc, a British multinational electricity and gas utility company headquartered in London, England.
- NERC** - North American Electric Reliability Corporation.
- NGCC** - Natural gas combined cycle.
- NPNS** - the normal purchases and normal sales exception as permitted by derivative accounting rules. Derivatives that qualify for this exception may receive accrual accounting treatment.
- OCI** - other comprehensive income or loss.
- OVEC** - Ohio Valley Electric Corporation, located in Piketon, Ohio, an entity in which LG&E owns a 5.63% interest and KU owns a 2.50% interest, which are recorded at cost. OVEC owns and operates two coal-fired power plants, the Kyger Creek plant in Ohio and the Clifty Creek plant in Indiana, with combined capacities of 2,120 MW.
- PAPUC** - Pennsylvania Public Utility Commission, the state agency that regulates certain ratemaking, services, accounting and operations of Pennsylvania utilities.
- PHMSA** - Pipeline and Hazardous Materials Safety Administration.

**PJM** - PJM Interconnection, L.L.C., operator of the electricity transmission network and electricity energy market in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

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

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

**RAR** - Retired Asset Recovery rider, established by KPSC orders in 2021 to provide for recovery of and return on the remaining investment in certain electric generating units upon their retirement over a ten-year period following retirement.

**Registrant(s)** - refers to the Registrants named on the cover of this Form 10-Q (each a "Registrant" and collectively, the "Registrants").

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

**RIPUC** - Rhode Island Public Utilities Commission, a three-member quasi-judicial tribunal with jurisdiction, powers, and duties to implement and enforce the standards of conduct under R.I. Gen. Laws § 39-1-27.6 and to hold investigations and hearings involving the rates, tariffs, tolls, and charges, and the sufficiency and reasonableness of facilities and accommodations of public utilities.

**Rhode Island Division of Public Utilities and Carriers** - the Rhode Island Division of Public Utilities and Carriers, which is headed by an Administrator who is not a Commissioner of the RIPUC, exercises the jurisdiction, supervision, power, and duties not specifically assigned to the RIPUC.

**ROE** - Return on equity.

**Safari Energy** - Safari Energy, LLC, which was, prior to the sale of Safari Holdings on November 1, 2022, a subsidiary of Safari Holdings that provided solar energy solutions for commercial customers in the U.S.

**Safari Holdings** - Safari Holdings, LLC, which was, prior to its sale on November 1, 2022, a subsidiary of PPL and parent holding company of Safari Energy.

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

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

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

**SOFR** - Secured Overnight Financing Rate, a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

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

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

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

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

**U.K. utility business** - PPL WPD Investments Limited and its subsidiaries, including, notably, WPD plc and the four distribution network operators, which substantially represented PPL's U.K. Regulated segment. The U.K. utility business was sold on June 14, 2021.

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

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

**WPD** - Prior to the sale of the U.K. utility business on June 14, 2021, refers to PPL WPD Investments Limited and its subsidiaries. WPD was included in the sale of the U.K. utility business on June 14, 2021.

**WPD plc** - Western Power Distribution plc, prior to the sale of the U.K utility business, a U.K. indirect subsidiary of PPL WPD Limited. Its principal indirectly owned subsidiaries are WPD (East Midlands), WPD (South Wales), WPD (South West) and WPD (West Midlands). WPD plc was included in the sale of the U.K. utility business on June 14, 2021.



## Forward-looking Information

Statements contained in this Form 10-Q concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although the Registrants believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in each Registrant's 2024 Form 10-K and in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, the following are among the important factors that could cause actual results to differ materially and adversely from the forward-looking statements:

- weather and other conditions affecting generation, transmission and distribution operations, operating costs and customer energy use;
- strategic acquisitions, dispositions, joint-ventures or similar transactions and our ability to consummate these business transactions, integrate the acquired entities or realize expected benefits from them;
- pandemic health events or other catastrophic events such as wildfires, earthquakes, explosions, floods, droughts, tornadoes, hurricanes and other extreme weather-related events (including events potentially caused or exacerbated by climate change) and their impact on economic conditions, financial markets and supply chains;
- capital market conditions, including the availability of capital, credit or insurance, changes in interest rates and certain economic indices, and decisions regarding capital structure;
- volatility in or the impact of other changes in financial markets, commodity prices and economic conditions, including inflation;
- the outcome of rate cases or other cost recovery, revenue or regulatory proceedings;
- the direct or indirect effects on PPL or its subsidiaries or business systems of cyber-based intrusion or the threat of cyberattacks;
- development, adoption and use of artificial intelligence by us, our customers and our third-party vendors;
- the effect of existing tariffs, the establishment of additional tariffs, or subsequent changes to tariffs once announced or implemented, on the cost or availability of imported goods;
- significant changes in the demand for electricity;
- expansion of alternative and distributed sources of electricity generation and storage;
- the effectiveness of our risk management programs, including commodity and interest rate hedging;
- defaults by counterparties or suppliers for energy, capacity, coal, natural gas or key commodities, goods or services;
- a material decline in the market value of PPL's equity;
- significant decreases in the fair value of debt and equity securities and their impact on the value of assets in defined benefit plans, and the related cash funding requirements if the fair value of those assets decline;
- interest rates and their effect on pension and retiree medical liabilities, ARO liabilities, interest payable on certain debt securities, and the general economy;
- the potential impact of any unrecorded commitments and liabilities of the Registrants and their subsidiaries;
- new accounting requirements or new interpretations or applications of existing requirements;
- adverse changes in the corporate credit ratings or securities analyst rankings of the Registrants and their securities;
- any requirement to record impairment charges pursuant to GAAP with respect to any of our significant investments;
- laws or regulations to reduce emissions of GHGs or the physical effects of climate change;
- the availability of electricity and natural gas, and any consequences of a perceived or actual inability to serve demand reliably;
- continuing ability to access fuel supply for LG&E and KU, as well as the ability to recover fuel costs and environmental expenditures in a timely manner at LG&E and KU and natural gas supply costs at LG&E and RIE;
- war, armed conflicts, terrorist attacks, or similar disruptive events, including the ongoing conflicts in Ukraine and the Middle East;
- changes in political, regulatory or economic conditions in states or regions where the Registrants or their subsidiaries conduct business;
- the ability to obtain necessary governmental permits and approvals;
- changes in state or federal tax laws or regulations;
- changes in state, federal or foreign legislation or regulatory developments;
- the impact of any state, federal or foreign investigations applicable to the Registrants, their subsidiaries or the energy industry;
- our ability to attract and retain qualified employees;

- the effect of changing expectations and demands of our customers, regulators, investors and stakeholders, including differing views on environmental, social and governance concerns;
- the effect of any business or industry restructuring;
- the ability to control costs and avoid cost and schedule overruns during the development, construction and operation of significant projects, including generation and battery storage facilities and IT infrastructure;
- development of new projects, markets and technologies;
- performance of new ventures;
- collective labor bargaining negotiations and labor costs;
- risks related to wildfires, including costs of potential regulatory penalties and other liabilities, and the cost and availability of insurance and damages in excess of insurance liability coverage; and
- the outcome of litigation involving the Registrants and their subsidiaries.

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

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

Investors should note that PPL announces material financial information in SEC filings, press releases and public conference calls. In accordance with SEC guidelines, PPL also uses the Investors section of its website, [www.pplweb.com](http://www.pplweb.com), to communicate with investors. It is possible that the financial and other information posted there could be deemed to be material information. The information on PPL's website is not part of this document.

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

(Unaudited)

(Millions of Dollars, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<b>Operating Revenues</b>	<b>\$ 2,239</b>	<b>\$ 2,066</b>	<b>\$ 6,768</b>	<b>\$ 6,251</b>
<b>Operating Expenses</b>				
Operation				
Fuel	231	207	657	597
Energy purchases	422	338	1,369	1,133
Other operation and maintenance	586	681	1,798	1,930
Depreciation	331	322	977	957
Taxes, other than income	100	90	314	271
Total Operating Expenses	<u>1,670</u>	<u>1,638</u>	<u>5,115</u>	<u>4,888</u>
<b>Operating Income</b>	<b>569</b>	<b>428</b>	<b>1,653</b>	<b>1,363</b>
Other Income (Expense) - net (Note 12)	39	32	90	86
Interest Expense	<u>210</u>	<u>188</u>	<u>599</u>	<u>549</u>
<b>Income Before Income Taxes</b>	<b>398</b>	<b>272</b>	<b>1,144</b>	<b>900</b>
Income Taxes	<u>80</u>	<u>58</u>	<u>229</u>	<u>189</u>
<b>Net Income</b>	<b><u>\$ 318</u></b>	<b><u>\$ 214</u></b>	<b><u>\$ 915</u></b>	<b><u>\$ 711</u></b>
<b>Earnings Per Share of Common Stock:</b>				
Net Income Available to PPL Common Shareowners:				
Basic	\$ 0.43	\$ 0.29	\$ 1.24	\$ 0.96
Diluted	\$ 0.43	\$ 0.29	\$ 1.23	\$ 0.96
<b>Weighted-Average Shares of Common Stock Outstanding (in thousands)</b>				
Basic	739,525	737,773	739,167	737,678
Diluted	744,290	739,965	742,747	739,450

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
PPL Corporation and Subsidiaries

(Unaudited)  
(Millions of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 318	\$ 214	\$ 915	\$ 711
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense) benefit:				
Qualifying derivatives, net of tax of \$0, \$0, \$0, \$0	—	—	1	—
Equity investees' other comprehensive income (loss), net of tax of \$0, \$0, \$0, \$0	—	—	—	1
Defined benefit plans:				
Net actuarial gain (loss), net of tax of \$1, \$1, \$4, \$0	(3)	(4)	(11)	(2)
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):				
Qualifying derivatives, net of tax of \$0, \$1, \$0, \$0	1	2	2	3
Defined benefit plans:				
Net actuarial (gain) loss, net of tax of \$0, \$0, \$0, \$1	(1)	(1)	(1)	(2)
Total other comprehensive income (loss)	(3)	(3)	(9)	—
Comprehensive income	\$ 315	\$ 211	\$ 906	\$ 711

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

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

(Unaudited)

(Millions of Dollars)

	Nine Months Ended September 30,	
	2025	2024
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 915	\$ 711
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	977	957
Amortization	73	61
Defined benefit plans - income	(44)	(52)
Deferred income taxes and investment tax credits	177	147
Other	(3)	13
Change in current assets and current liabilities		
Accounts receivable	(72)	259
Accounts payable	(159)	(236)
Unbilled revenues	130	109
Fuel, materials and supplies	3	(9)
Prepayments	(9)	(75)
Taxes payable	29	(8)
Regulatory assets and liabilities, net	73	(54)
Accrued interest	80	104
Other	(31)	(78)
Other operating activities		
Defined benefit plans - funding	(9)	(10)
Other assets	(116)	(66)
Other liabilities	67	56
Net cash provided by operating activities	2,081	1,829
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(2,868)	(1,945)
Other investing activities	8	1
Net cash used in investing activities	(2,860)	(1,944)
<b>Cash Flows from Financing Activities</b>		
Issuance of long-term debt	1,895	1,894
Payment of common stock dividends	(593)	(557)
Net increase (decrease) in short-term debt	292	(992)
Other financing activities	(35)	(29)
Net cash provided by financing activities	1,559	316
<b>Net Increase in Cash, Cash Equivalents and Restricted Cash</b>	<b>780</b>	<b>201</b>
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	339	382
Cash, Cash Equivalents and Restricted Cash at End of Period	<u>\$ 1,119</u>	<u>\$ 583</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	\$ 486	\$ 281

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

## CONDENSED CONSOLIDATED BALANCE SHEETS

### PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	September 30, 2025	December 31, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,102	\$ 306
Accounts receivable (less reserve: 2025, \$133; 2024, \$147)		
Customer	1,002	961
Other	101	76
Unbilled revenues (less reserve: 2025, \$3; 2024, \$6)	355	485
Fuel, materials and supplies	517	511
Prepayments	145	136
Regulatory assets	312	320
Other current assets	98	85
Total Current Assets	3,632	2,880
<b>Property, Plant and Equipment</b>		
Regulated utility plant	41,776	40,391
Less: accumulated depreciation - regulated utility plant	10,182	9,682
Regulated utility plant, net	31,594	30,709
Non-regulated property, plant and equipment	81	79
Less: accumulated depreciation - non-regulated property, plant and equipment	35	29
Non-regulated property, plant and equipment, net	46	50
Construction work in progress	3,513	2,390
Property, Plant and Equipment, net	35,153	33,149
<b>Other Noncurrent Assets</b>		
Regulatory assets	2,058	2,060
Goodwill	2,247	2,247
Other intangibles	312	314
Other noncurrent assets (less reserve for accounts receivable: 2025, \$2; 2024, \$1)	537	419
Total Other Noncurrent Assets	5,154	5,040
<b>Total Assets</b>	<b>\$ 43,939</b>	<b>\$ 41,069</b>

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

## CONDENSED CONSOLIDATED BALANCE SHEETS

### PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	September 30, 2025	December 31, 2024
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 595	\$ 303
Long-term debt due within one year	1,455	551
Accounts payable	1,188	1,196
Taxes	132	103
Interest	237	157
Dividends	197	186
Regulatory liabilities	291	223
Other current liabilities	596	614
Total Current Liabilities	4,691	3,333
<b>Long-term Debt</b>	16,936	15,952
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	3,575	3,356
Investment tax credits	109	111
Accrued pension obligations	284	317
Asset retirement obligations	141	136
Regulatory liabilities	3,322	3,335
Other deferred credits and noncurrent liabilities	468	452
Total Deferred Credits and Other Noncurrent Liabilities	7,899	7,707
<b>Commitments and Contingent Liabilities (Notes 6 and 10)</b>		
<b>Equity</b>		
Common stock - \$0.01 par value (a)	8	8
Additional paid-in capital	12,356	12,346
Treasury stock	(901)	(928)
Earnings reinvested	3,143	2,835
Accumulated other comprehensive loss	(193)	(184)
Total Equity	14,413	14,077
<b>Total Liabilities and Equity</b>	<b>\$ 43,939</b>	<b>\$ 41,069</b>

(a) 1,560,000 shares authorized, 770,798 shares issued and 739,545 shares outstanding at September 30, 2025. 1,560,000 shares authorized, 770,215 shares issued and 738,033 shares outstanding at December 31, 2024.

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

## CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

### PPL Corporation and Subsidiaries

(Unaudited)  
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Treasury stock	Earnings reinvested	Accumulated other comprehensive loss	Total
June 30, 2025	739,306	\$ 8	\$ 12,343	\$ (902)	\$ 3,027	\$ (190)	\$ 14,286
Common stock issued	197						—
Treasury stock issued	42		6	1			7
Stock-based compensation			7				7
Net income					318		318
Dividends and dividend equivalents (b)					(202)		(202)
Other comprehensive income (loss)						(3)	(3)
September 30, 2025	739,545	\$ 8	\$ 12,356	\$ (901)	\$ 3,143	\$ (193)	\$ 14,413
December 31, 2024	738,033	\$ 8	\$ 12,346	\$ (928)	\$ 2,835	\$ (184)	\$ 14,077
Common stock issued	583						—
Treasury stock issued	929		13	27			40
Stock-based compensation			(3)				(3)
Net income					915		915
Dividends and dividend equivalents (b)					(607)		(607)
Other comprehensive income (loss)						(9)	(9)
September 30, 2025	739,545	\$ 8	\$ 12,356	\$ (901)	\$ 3,143	\$ (193)	\$ 14,413
June 30, 2024	737,762	\$ 8	\$ 12,321	\$ (930)	\$ 2,826	\$ (160)	\$ 14,065
Common stock issued	2						—
Treasury stock issued	14			1			1
Stock-based compensation			7				7
Net income					214		214
Dividends and dividend equivalents (b)					(192)		(192)
Other comprehensive income (loss)						(3)	(3)
September 30, 2024	737,778	\$ 8	\$ 12,328	\$ (929)	\$ 2,848	\$ (163)	\$ 14,092
December 31, 2023	737,130	\$ 8	\$ 12,326	\$ (948)	\$ 2,710	\$ (163)	\$ 13,933
Common stock issued	2						—
Treasury stock issued	646			19			19
Stock-based compensation			2				2
Net income					711		711
Dividends and dividend equivalents (b)					(573)		(573)
September 30, 2024	737,778	\$ 8	\$ 12,328	\$ (929)	\$ 2,848	\$ (163)	\$ 14,092

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

(b) Dividends declared per share of common stock were \$0.2725 and \$0.8175 for the three and nine months ended September 30, 2025 and \$0.2575 and \$0.7725 for the three and nine months ended September 30, 2024.

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



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# CONDENSED CONSOLIDATED STATEMENTS OF INCOME

## PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<b>Operating Revenues</b>	<b>\$ 786</b>	<b>\$ 716</b>	<b>\$ 2,298</b>	<b>\$ 2,159</b>
<b>Operating Expenses</b>				
Operation				
Energy purchases	224	177	622	544
Other operation and maintenance	160	176	481	511
Depreciation	105	101	307	300
Taxes, other than income	38	32	111	98
Total Operating Expenses	<u>527</u>	<u>486</u>	<u>1,521</u>	<u>1,453</u>
<b>Operating Income</b>	<b>259</b>	<b>230</b>	<b>777</b>	<b>706</b>
Other Income (Expense) - net (Note 12)	14	13	36	33
Interest Income from Affiliate	2	7	4	27
Interest Expense	<u>67</u>	<u>61</u>	<u>189</u>	<u>184</u>
<b>Income Before Income Taxes</b>	<b>208</b>	<b>189</b>	<b>628</b>	<b>582</b>
Income Taxes	<u>49</u>	<u>47</u>	<u>146</u>	<u>141</u>
<b>Net Income (a)</b>	<b><u>\$ 159</u></b>	<b><u>\$ 142</u></b>	<b><u>\$ 482</u></b>	<b><u>\$ 441</u></b>

(a) Net income equals comprehensive income.

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

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

### PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Nine Months Ended September 30,	
	2025	2024
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 482	\$ 441
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	307	300
Amortization	34	35
Defined benefit plans - income	(21)	(30)
Deferred income taxes and investment tax credits	63	91
Other	(20)	(9)
Change in current assets and current liabilities		
Accounts receivable	(108)	67
Accounts payable	(71)	(63)
Unbilled revenues	43	50
Materials and supplies	(24)	(16)
Prepayments	5	(64)
Regulatory assets and liabilities, net	57	(77)
Taxes payable	(1)	(36)
Accrued interest	23	32
Other	(2)	(4)
Other operating activities		
Defined benefit plans - funding	—	(2)
Other assets	(51)	(24)
Other liabilities	3	(2)
Net cash provided by operating activities	719	689
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(1,082)	(820)
Expenditures for intangible assets	(7)	(6)
Notes receivable from affiliates	(287)	(418)
Other investing activities	14	4
Net cash used in investing activities	(1,362)	(1,240)
<b>Cash Flows from Financing Activities</b>		
Issuance of long-term debt	496	649
Contributions from parent	540	685
Return of capital to parent	(100)	—
Payment of common stock dividends to parent	(298)	(283)
Net increase (decrease) in short-term debt	—	(509)
Debt issuance costs	(6)	(7)
Net cash provided by financing activities	632	535
<b>Net Decrease in Cash, Cash Equivalents and Restricted Cash</b>	(11)	(16)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	24	51
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 13	\$ 35
<b>Supplemental Disclosure of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	\$ 237	\$ 168

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

# CONDENSED CONSOLIDATED BALANCE SHEETS

## PPL Electric Utilities Corporation and Subsidiaries

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

	September 30, 2025	December 31, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 13	\$ 24
Accounts receivable (less reserve: 2025, \$34; 2024, \$37)		
Customer	418	353
Other	45	8
Accounts receivable from affiliates	6	10
Notes receivable from affiliate	509	222
Unbilled revenues (less reserve: 2025, \$2; 2024, \$3)	116	159
Materials and supplies	132	104
Prepayments	69	74
Regulatory assets	90	133
Other current assets	40	30
Total Current Assets	1,438	1,117
<b>Property, Plant and Equipment</b>		
Regulated utility plant	17,100	16,469
Less: accumulated depreciation - regulated utility plant	4,106	4,052
Regulated utility plant, net	12,994	12,417
Construction work in progress	1,184	898
Property, Plant and Equipment, net	14,178	13,315
<b>Other Noncurrent Assets</b>		
Regulatory assets	703	673
Intangibles	277	274
Other noncurrent assets (less reserve for accounts receivable: 2025, \$2; 2024, \$1)	106	96
Total Other Noncurrent Assets	1,086	1,043
<b>Total Assets</b>	<b>\$ 16,702</b>	<b>\$ 15,475</b>

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

# CONDENSED CONSOLIDATED BALANCE SHEETS

## PPL Electric Utilities Corporation and Subsidiaries

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

	September 30, 2025	December 31, 2024
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 529	\$ 565
Accounts payable to affiliates	69	44
Interest	78	55
Regulatory liabilities	71	57
Customer deposits	63	25
Other current liabilities	62	60
<b>Total Current Liabilities</b>	<b>872</b>	<b>806</b>
<b>Long-term Debt</b>	<b>5,707</b>	<b>5,214</b>
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	1,815	1,726
Regulatory liabilities	827	839
Other deferred credits and noncurrent liabilities	127	160
<b>Total Deferred Credits and Other Noncurrent Liabilities</b>	<b>2,769</b>	<b>2,725</b>
<b>Commitments and Contingent Liabilities (Notes 6 and 10)</b>		
<b>Equity</b>		
Common stock - no par value (a)	364	364
Additional paid-in capital	5,108	4,668
Earnings reinvested	1,882	1,698
<b>Total Equity</b>	<b>7,354</b>	<b>6,730</b>
<b>Total Liabilities and Equity</b>	<b>\$ 16,702</b>	<b>\$ 15,475</b>

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at September 30, 2025 and December 31, 2024.

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

# CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

## PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)  
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
<b>June 30, 2025</b>	66,368	\$ 364	\$ 4,568	\$ 1,814	\$ 6,746
Net income				159	159
Capital contributions from parent			540		540
Dividends declared				(91)	(91)
<b>September 30, 2025</b>	<u>66,368</u>	<u>\$ 364</u>	<u>\$ 5,108</u>	<u>\$ 1,882</u>	<u>\$ 7,354</u>
<b>December 31, 2024</b>	66,368	\$ 364	\$ 4,668	\$ 1,698	\$ 6,730
Net income				482	482
Capital contributions from parent			540		540
Return of capital to parent			(100)		(100)
Dividends declared				(298)	(298)
<b>September 30, 2025</b>	<u>66,368</u>	<u>\$ 364</u>	<u>\$ 5,108</u>	<u>\$ 1,882</u>	<u>\$ 7,354</u>
<b>June 30, 2024</b>	66,368	\$ 364	\$ 4,720	\$ 1,614	\$ 6,698
Net income				142	142
Capital contributions from parent			5		5
Dividends declared				(99)	(99)
<b>September 30, 2024</b>	<u>66,368</u>	<u>\$ 364</u>	<u>\$ 4,725</u>	<u>\$ 1,657</u>	<u>\$ 6,746</u>
<b>December 31, 2023</b>	66,368	\$ 364	\$ 4,040	\$ 1,499	\$ 5,903
Net income				441	441
Capital contributions from parent			685		685
Dividends declared				(283)	(283)
<b>September 30, 2024</b>	<u>66,368</u>	<u>\$ 364</u>	<u>\$ 4,725</u>	<u>\$ 1,657</u>	<u>\$ 6,746</u>

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

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

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## CONDENSED STATEMENTS OF INCOME

### Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<b>Operating Revenues</b>				
Retail and wholesale	\$ 420	\$ 396	\$ 1,293	\$ 1,219
Electric revenue from affiliate	7	1	17	20
Total Operating Revenues	427	397	1,310	1,239
<b>Operating Expenses</b>				
Operation				
Fuel	97	75	254	228
Energy purchases	17	19	128	105
Energy purchases from affiliate	6	11	18	19
Other operation and maintenance	91	84	271	259
Depreciation	77	76	228	229
Taxes, other than income	13	13	39	38
Total Operating Expenses	301	278	938	878
<b>Operating Income</b>	126	119	372	361
Other Income (Expense) - net (Note 12)	8	3	16	9
Interest Income from Affiliate	—	1	—	1
Interest Expense	30	26	83	78
<b>Income Before Income Taxes</b>	104	97	305	293
Income Taxes	21	20	61	61
<b>Net Income (a)</b>	<u>\$ 83</u>	<u>\$ 77</u>	<u>\$ 244</u>	<u>\$ 232</u>

(a) Net income equals comprehensive income.

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



## CONDENSED STATEMENTS OF CASH FLOWS

### Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Nine Months Ended September 30,	
	2025	2024
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 244	\$ 232
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	228	229
Amortization	17	10
Deferred income taxes and investment tax credits	1	3
Other	(5)	(3)
Change in current assets and current liabilities		
Accounts receivable	16	(13)
Accounts receivable from affiliates	9	—
Accounts payable	18	—
Accounts payable to affiliates	6	(3)
Unbilled revenues	17	21
Fuel, materials and supplies	15	(2)
Regulatory assets and liabilities, net	(16)	4
Accrued interest	28	22
Other	(19)	(21)
Other operating activities		
Expenditures for asset retirement obligations	(8)	(8)
Other assets	(21)	(12)
Other liabilities	8	(3)
Net cash provided by operating activities	538	456
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(561)	(327)
Net cash used in investing activities	(561)	(327)
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in notes payable to affiliates	(43)	34
Issuance of long-term debt	700	—
Net increase (decrease) in short-term debt	(25)	—
Payment of common stock dividends to parent	(148)	(138)
Contributions from parent	101	37
Return of capital to parent	(55)	(76)
Debt issuance costs	(8)	—
Net cash provided by (used in) financing activities	522	(143)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	499	(14)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	24	44
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 523	\$ 30
<b>Supplemental Disclosure of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	\$ 68	\$ 43

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

## CONDENSED BALANCE SHEETS

### Louisville Gas and Electric Company

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

	September 30, 2025	December 31, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 515	\$ 8
Accounts receivable (less reserve: 2025, \$6; 2024, \$3)		
Customer	124	134
Other	28	23
Unbilled revenues (less reserve: 2025, \$0; 2024, \$0)	70	87
Accounts receivable from affiliates	31	40
Fuel, materials and supplies	142	157
Prepayments	12	9
Regulatory assets	24	8
Other current assets	9	2
<b>Total Current Assets</b>	<b>955</b>	<b>468</b>
<b>Property, Plant and Equipment</b>		
Regulated utility plant	7,950	7,748
Less: accumulated depreciation - regulated utility plant	1,805	1,643
Regulated utility plant, net	6,145	6,105
Construction work in progress	713	443
Property, Plant and Equipment, net	6,858	6,548
<b>Other Noncurrent Assets</b>		
Regulatory assets	485	491
Goodwill	389	389
Other intangibles	8	12
Other noncurrent assets	153	84
<b>Total Other Noncurrent Assets</b>	<b>1,035</b>	<b>976</b>
<b>Total Assets</b>	<b>\$ 8,848</b>	<b>\$ 7,992</b>

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

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

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

	September 30, 2025	December 31, 2024
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ —	\$ 25
Long-term debt due within one year	390	300
Notes payable to affiliates	—	43
Accounts payable	189	158
Accounts payable to affiliates	70	64
Customer deposits	36	36
Taxes	41	40
Regulatory liabilities	14	14
Interest	49	21
Asset retirement obligations	4	11
Other current liabilities	46	50
Total Current Liabilities	839	762
<b>Long-term Debt</b>	2,775	2,171
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	822	803
Investment tax credits	29	30
Price risk management liabilities	5	3
Asset retirement obligations	75	73
Regulatory liabilities	812	815
Other deferred credits and noncurrent liabilities	78	64
Total Deferred Credits and Other Noncurrent Liabilities	1,821	1,788
<b>Commitments and Contingent Liabilities (Notes 6 and 10)</b>		
<b>Stockholder's Equity</b>		
Common stock - no par value (a)	424	424
Additional paid-in capital	2,028	1,982
Earnings reinvested	961	865
Total Equity	3,413	3,271
<b>Total Liabilities and Equity</b>	<b>\$ 8,848</b>	<b>\$ 7,992</b>

(a) 75,000 shares authorized; 21,294 shares issued and outstanding at September 30, 2025 and December 31, 2024.

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

## CONDENSED STATEMENTS OF EQUITY

### Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
<b>June 30, 2025</b>	21,294	\$ 424	\$ 2,028	\$ 915	\$ 3,367
Net income				83	83
Dividends declared				(37)	(37)
<b>September 30, 2025</b>	21,294	\$ 424	\$ 2,028	\$ 961	\$ 3,413
<b>December 31, 2024</b>	21,294	\$ 424	\$ 1,982	\$ 865	\$ 3,271
Net income				244	244
Capital contributions from parent			101		101
Return of capital to parent			(55)		(55)
Dividends declared				(148)	(148)
<b>September 30, 2025</b>	21,294	\$ 424	\$ 2,028	\$ 961	\$ 3,413
<b>June 30, 2024</b>	21,294	\$ 424	\$ 1,979	\$ 813	\$ 3,216
Net income				77	77
Return of capital to parent			(25)		(25)
Dividends declared				(41)	(41)
<b>September 30, 2024</b>	21,294	\$ 424	\$ 1,954	\$ 849	\$ 3,227
<b>December 31, 2023</b>	21,294	\$ 424	\$ 1,993	\$ 755	\$ 3,172
Net income				232	232
Capital contributions from parent			37		37
Return of capital to parent			(76)		(76)
Dividends declared				(138)	(138)
<b>September 30, 2024</b>	21,294	\$ 424	\$ 1,954	\$ 849	\$ 3,227

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

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

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## CONDENSED STATEMENTS OF INCOME

### Kentucky Utilities Company

(Unaudited)  
(Millions of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<b>Operating Revenues</b>				
Retail and wholesale	\$ 524	\$ 498	\$ 1,548	\$ 1,479
Electric revenue from affiliate	6	11	18	19
Total Operating Revenues	530	509	1,566	1,498
<b>Operating Expenses</b>				
Operation				
Fuel	135	131	404	369
Energy purchases	6	7	20	19
Energy purchases from affiliate	7	1	17	20
Other operation and maintenance	101	103	303	306
Depreciation	102	102	305	302
Taxes, other than income	13	12	38	36
Total Operating Expenses	364	356	1,087	1,052
<b>Operating Income</b>	166	153	479	446
Other Income (Expense) - net (Note 12)	9	4	19	10
Interest Expense	38	35	108	102
Interest Expense with Affiliate	—	—	—	1
<b>Income Before Income Taxes</b>	137	122	390	353
Income Taxes	28	24	78	70
<b>Net Income (a)</b>	<u>\$ 109</u>	<u>\$ 98</u>	<u>\$ 312</u>	<u>\$ 283</u>

(a) Net income equals comprehensive income.

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

## CONDENSED STATEMENTS OF CASH FLOWS

### Kentucky Utilities Company

(Unaudited)

(Millions of Dollars)

	Nine Months Ended September 30,	
	2025	2024
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 312	\$ 283
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	305	302
Amortization	13	14
Defined benefit plans - income	(2)	(8)
Deferred income taxes and investment tax credits	11	(12)
Other	(6)	(2)
Change in current assets and current liabilities		
Accounts receivable	3	(25)
Accounts payable	(4)	(3)
Accounts payable to affiliates	19	7
Unbilled revenues	12	9
Fuel, materials and supplies	(3)	19
Regulatory assets and liabilities, net	3	27
Taxes payable	3	7
Accrued interest	37	31
Other	(19)	(8)
Other operating activities		
Expenditures for asset retirement obligations	(7)	(7)
Other assets	(28)	(6)
Other liabilities	(2)	(16)
Net cash provided by operating activities	647	612
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(681)	(463)
Net cash used in investing activities	(681)	(463)
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in notes payable to affiliates	(73)	128
Issuance of long-term debt	700	—
Net decrease in short-term debt	(140)	(93)
Payment of common stock dividends to parent	(179)	(167)
Contributions from parent	91	84
Return of capital to parent	(37)	(103)
Debt issuance costs	(8)	—
Net cash provided by (used in) financing activities	354	(151)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>320</b>	<b>(2)</b>
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	29	38
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 349	\$ 36
<b>Supplemental Disclosure of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	\$ 84	\$ 54

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

## CONDENSED BALANCE SHEETS

### Kentucky Utilities Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	September 30, 2025	December 31, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 341	\$ 13
Accounts receivable (less reserve: 2025, \$3; 2024, \$2)		
Customer	155	160
Other	31	22
Unbilled revenues (less reserve: 2025, \$0; 2024, \$0)	90	102
Fuel, materials and supplies	177	173
Prepayments	14	11
Other current assets	19	10
<b>Total Current Assets</b>	<b>827</b>	<b>491</b>
<b>Property, Plant and Equipment</b>		
Regulated utility plant	10,614	10,419
Less: accumulated depreciation - regulated utility plant	2,873	2,652
Regulated utility plant, net	7,741	7,767
Construction work in progress	1,004	567
<b>Property, Plant and Equipment, net</b>	<b>8,745</b>	<b>8,334</b>
<b>Other Noncurrent Assets</b>		
Regulatory assets	458	458
Goodwill	607	607
Other intangibles	26	28
Other noncurrent assets	170	155
<b>Total Other Noncurrent Assets</b>	<b>1,261</b>	<b>1,248</b>
<b>Total Assets</b>	<b>\$ 10,833</b>	<b>\$ 10,073</b>

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



## CONDENSED BALANCE SHEETS

### Kentucky Utilities Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	September 30, 2025	December 31, 2024
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ —	\$ 140
Long-term debt due within one year	414	250
Notes payable to affiliates	—	73
Accounts payable	108	96
Accounts payable to affiliates	118	100
Customer deposits	40	39
Taxes	40	37
Regulatory liabilities	24	22
Interest	61	24
Asset retirement obligations	4	10
Other current liabilities	53	58
Total Current Liabilities	862	849
<b>Long-term Debt</b>	3,346	2,816
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
Deferred income taxes	958	924
Investment tax credits	80	81
Asset retirement obligations	58	54
Regulatory liabilities	999	1,009
Other deferred credits and noncurrent liabilities	44	41
Total Deferred Credits and Other Noncurrent Liabilities	2,139	2,109
<b>Commitments and Contingent Liabilities (Notes 6 and 10)</b>		
<b>Stockholder's Equity</b>		
Common stock - no par value (a)	308	308
Additional paid-in capital	3,110	3,056
Earnings reinvested	1,068	935
Total Equity	4,486	4,299
<b>Total Liabilities and Equity</b>	<b>\$ 10,833</b>	<b>\$ 10,073</b>

(a) 80,000 shares authorized; 37,818 shares issued and outstanding at September 30, 2025 and December 31, 2024.

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

## CONDENSED STATEMENTS OF EQUITY

### Kentucky Utilities Company

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
<b>June 30, 2025</b>	37,818	\$ 308	\$ 3,110	\$ 1,010	\$ 4,428
Net income				109	109
Dividends declared				(51)	(51)
<b>September 30, 2025</b>	37,818	\$ 308	\$ 3,110	\$ 1,068	\$ 4,486
<b>December 31, 2024</b>	37,818	\$ 308	\$ 3,056	\$ 935	\$ 4,299
Net income				312	312
Capital contributions from parent			91		91
Return of capital to parent			(37)		(37)
Dividends declared				(179)	(179)
<b>September 30, 2025</b>	37,818	\$ 308	\$ 3,110	\$ 1,068	\$ 4,486
<b>June 30, 2024</b>	37,818	\$ 308	\$ 3,067	\$ 879	\$ 4,254
Net income				98	98
Return of capital to parent			(53)		(53)
Dividends declared				(50)	(50)
<b>September 30, 2024</b>	37,818	\$ 308	\$ 3,014	\$ 927	\$ 4,249
<b>December 31, 2023</b>	37,818	\$ 308	\$ 3,033	\$ 811	\$ 4,152
Net income				283	283
Capital contributions from parent			84		84
Return of capital to parent			(103)		(103)
Dividends declared				(167)	(167)
<b>September 30, 2024</b>	37,818	\$ 308	\$ 3,014	\$ 927	\$ 4,249

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

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

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

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

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

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

### **1. Interim Financial Statements**

*(All Registrants)*

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

The accompanying unaudited condensed financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnote disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation in accordance with GAAP are reflected in the condensed financial statements. All adjustments are of a normal recurring nature, except as otherwise disclosed. Each Registrant's Balance Sheet at December 31, 2024 is derived from that Registrant's 2024 audited Balance Sheet. The financial statements and notes thereto should be read in conjunction with the financial statements and notes contained in each Registrant's 2024 Form 10-K. The results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the full year ending December 31, 2025 or other future periods, because results for interim periods can be disproportionately influenced by various factors, developments and seasonal variations.

## 2. Segment and Related Information

(PPL)

PPL is organized into three segments, broken down by geographic location: Kentucky Regulated, Pennsylvania Regulated and Rhode Island Regulated.

The Kentucky Regulated segment primarily consists of the regulated electricity generation, transmission and distribution operations conducted by LG&E and KU, as well as LG&E's regulated transmission, distribution and sale of natural gas.

The Pennsylvania Regulated segment consists of the regulated electricity transmission and distribution operations of PPL Electric.

The Rhode Island Regulated segment consists of the regulated electricity transmission and distribution and natural gas distribution operations of RIE.

"Corporate and Other" primarily consists of corporate level financing costs, certain unallocated costs and certain non-recoverable costs incurred in conjunction with the acquisition of RIE. "Corporate and Other" is presented to reconcile segment information to PPL's consolidated results and is not a reportable segment.

The table below provides information about PPL's segments and includes the reconciliation to consolidated net income for the three months ended September 30, 2025:

	Kentucky Regulated	Pennsylvania Regulated	Rhode Island Regulated	Total
Operating Revenues from external customers (a)	\$ 944	\$ 786	\$ 509	\$ 2,239
<i>Reconciliation of revenue</i>				
Corporate and Other revenues				—
Total consolidated revenues				\$ 2,239
<i>Less:</i>				
Fuel	231	—	—	231
Energy purchases	23	224	173	420
Other operation and maintenance	201	160	196	557
Depreciation	180	105	45	330
Taxes, other than income	26	38	38	102
Other (income) expense - net	(17)	(14)	(2)	(33)
Interest (income) from affiliate	—	(2)	—	(2)
Interest expense	68	67	28	163
Income taxes	47	49	4	100
Segment net income	\$ 185	\$ 159	\$ 27	\$ 371
<i>Reconciliation of segment profit or loss to consolidated net income</i>				
Corporate and Other net loss				(53)
Net Income				\$ 318

(a) See Note 3 for additional information on Operating Revenues.

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The table below provides information about PPL's segments and includes the reconciliation to consolidated net income for the nine months ended September 30, 2025:

	Kentucky Regulated	Pennsylvania Regulated	Rhode Island Regulated	Total
Operating Revenues from external customers (a)	\$ 2,841	\$ 2,298	\$ 1,629	\$ 6,768
<i>Reconciliation of revenue</i>				
Corporate and Other revenues				—
Total consolidated revenues				\$ 6,768
<i>Less:</i>				
Fuel	657	—	—	657
Energy purchases	149	622	598	1,369
Other operation and maintenance	601	481	610	1,692
Depreciation	535	307	131	973
Taxes, other than income	77	111	127	315
Other (income) expense - net	(35)	(36)	(5)	(76)
Interest (income) from affiliate	—	(4)	(3)	(7)
Interest expense	191	189	78	458
Income taxes	132	146	13	291
Segment net income	\$ 534	\$ 482	\$ 80	\$ 1,096
<i>Reconciliation of segment profit or loss to consolidated net income</i>				
Corporate and Other net loss				(181)
Net Income				\$ 915

(a) See Note 3 for additional information on Operating Revenues.

Other information for the segments and reconciliation to PPL's Consolidated results for the nine months ended September 30, 2025 are as follows:

	Kentucky Regulated	Pennsylvania Regulated	Rhode Island Regulated	Total Segments	Corporate and Other	Consolidated Total
<i>Other Segment Disclosures</i>						
Amortization (a)	\$ 28	\$ 34	\$ 1	\$ 63	\$ 10	\$ 73
Deferred income taxes and investment tax credits (b)	21	63	38	122	55	177
Expenditures for long lived assets	1,243	1,082	539	2,864	4	2,868

(a) Represents non-cash expense items that include amortization of operating lease right-of-use assets, regulatory assets and liabilities, debt discounts and premiums and debt issuance costs.

(b) Represents a non-cash expense item that is also included in "Income Taxes."

The table below provides information about PPL's segments and includes the reconciliation to consolidated net income for the three months ended September 30, 2024:

	Kentucky Regulated	Pennsylvania Regulated	Rhode Island Regulated	Total
Operating Revenues from external customers (a)	\$ 895	\$ 716	\$ 455	\$ 2,066
<i>Reconciliation of revenue</i>				
Corporate and Other revenues				—
Total consolidated revenues				\$ 2,066
<i>Less:</i>				
Fuel	207	—	—	207
Energy purchases	25	177	135	337
Other operation and maintenance	196	176	211	583
Depreciation	178	101	42	321
Taxes, other than income	25	32	33	90
Other (income) expense - net	(8)	(13)	(7)	(28)
Interest (income) from affiliate	—	(7)	—	(7)
Interest expense	60	61	25	146
Income taxes	43	47	2	92
Segment net income	\$ 169	\$ 142	\$ 14	\$ 325
<i>Reconciliation of segment profit or loss to consolidated net income</i>				
Corporate and Other net loss				(111)
Net Income				\$ 214

(a) See Note 3 for additional information on Operating Revenues.

The table below provides information about PPL's segments and includes the reconciliation to consolidated net income for the nine months ended September 30, 2024:

	Kentucky Regulated	Pennsylvania Regulated	Rhode Island Regulated	Total
Operating Revenues from external customers (a)	\$ 2,698	\$ 2,159	\$ 1,393	\$ 6,250
<i>Reconciliation of revenue</i>				
Corporate and Other revenues				1
Total consolidated revenues				\$ 6,251
<i>Less:</i>				
Fuel	597	—	—	597
Energy purchases	124	544	464	1,132
Other operation and maintenance	593	511	547	1,651
Depreciation	531	300	123	954
Taxes, other than income	74	98	99	271
Other (income) expense - net	(20)	(33)	(20)	(73)
Interest (income) from affiliate	—	(27)	—	(27)
Interest expense	181	184	72	437
Income taxes	125	141	18	284
Segment net income	\$ 493	\$ 441	\$ 90	\$ 1,024
<i>Reconciliation of segment profit or loss to consolidated net income</i>				
Corporate and Other net loss				(313)
Net Income				\$ 711

(a) See Note 3 for additional information on Operating Revenues.

Other information for the segments and reconciliation to PPL's Consolidated results for the nine months ended September 30, 2024 are as follows:

	Kentucky Regulated	Pennsylvania Regulated	Rhode Island Regulated	Total Segments	Corporate and Other	Consolidated Total
<i>Other Segment Disclosures</i>						
Amortization (a)	\$ 18	\$ 35	\$ 1	\$ 54	\$ 7	\$ 61
Deferred income taxes and investment tax credits (b)	(1)	91	38	128	19	147
Expenditures for long lived assets	792	820	342	1,954	(9)	1,945

- (a) Represents non-cash expense items that include amortization of operating lease right-of-use assets, regulatory assets and liabilities, debt discounts and premiums and debt issuance costs.  
(b) Represents a non-cash expense item that is also included in "Income Taxes."

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

	September 30, 2025	December 31, 2024
Total Assets		
Kentucky Regulated	\$ 19,234	\$ 17,626
Pennsylvania Regulated	16,702	15,475
Rhode Island Regulated	7,247	7,055
Corporate and Other (a)	756	913
Total	\$ 43,939	\$ 41,069

- (a) Primarily consists of unallocated items, including cash, PP&E, goodwill and the elimination of inter-segment transactions.

*(PPL Electric)*

PPL Electric has two operating segments, distribution and transmission, which are aggregated into a single reportable segment.

The measure of segment assets is reported on PPL Electric's Balance Sheets as total consolidated assets. The measures of significant segment expenses are reported on PPL Electric's Statements of Income. The measures of significant non-cash segment expenses as well as expenditures for long lived assets are reported on PPL Electric's Statements of Cash Flows.

*(LG&E and KU)*

Each of LG&E and KU operates as a single operating and reportable segment.

The measures of segment assets are reported on the Balance Sheets of LG&E and KU as total assets. The measures of significant segment expenses are reported on the Statements of Income of LG&E and KU. The measures of significant non-cash segment expenses as well as expenditures for long lived assets are reported on the Statements of Cash Flows of LG&E and KU.

### 3. Revenue from Contracts with Customers

*(All Registrants)*

See Note 3 in the Registrants' 2024 Form 10-K for a discussion of the principal activities from which PPL Electric, LG&E and KU and PPL's Pennsylvania Regulated, Rhode Island Regulated, and Kentucky Regulated segments generate their revenues. The following tables reconcile "Operating Revenues" included in each Registrant's Statement of Income with revenues generated from contracts with customers for the periods ended September 30.

	2025 Three Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)(b)	\$ 2,239	\$ 786	\$ 427	\$ 530
Revenues derived from:				
Alternative revenue programs (c)	6	—	(2)	2
Other (d)	(8)	(4)	(1)	(1)
Revenues from Contracts with Customers	<u>\$ 2,237</u>	<u>\$ 782</u>	<u>\$ 424</u>	<u>\$ 531</u>

	2024 Three Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)(b)	\$ 2,066	\$ 716	\$ 397	\$ 509
Revenues derived from:				
Alternative revenue programs (c)	17	(3)	11	7
Other (d)	(6)	(4)	(1)	(1)
Revenues from Contracts with Customers	<u>\$ 2,077</u>	<u>\$ 709</u>	<u>\$ 407</u>	<u>\$ 515</u>

	2025 Nine Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)(b)	\$ 6,768	\$ 2,298	\$ 1,310	\$ 1,566
Revenues derived from:				
Alternative revenue programs (c)	75	9	(1)	3
Other (d)	(20)	(13)	(3)	(3)
Revenues from Contracts with Customers	<u>\$ 6,823</u>	<u>\$ 2,294</u>	<u>\$ 1,306</u>	<u>\$ 1,566</u>

	2024 Nine Months			
	PPL	PPL Electric	LG&E	KU
Operating Revenues (a)(b)	\$ 6,251	\$ 2,159	\$ 1,239	\$ 1,498
Revenues derived from:				
Alternative revenue programs (c)	21	(14)	15	13
Other (d)	(18)	(12)	(3)	(3)
Revenues from Contracts with Customers	<u>\$ 6,254</u>	<u>\$ 2,133</u>	<u>\$ 1,251</u>	<u>\$ 1,508</u>

- (a) PPL includes \$509 million and \$1,629 million for the three and nine months ended September 30, 2025 and \$455 million and \$1,393 million for the three and nine months ended September 30, 2024 of revenues from external customers reported by the Rhode Island Regulated segment. PPL Electric represents revenues from external customers reported by the Pennsylvania Regulated segment and LG&E and KU, net of intercompany power sales and transmission revenues, represent revenues from external customers reported by the Kentucky Regulated segment. See Note 2 for additional information.
- (b) PPL's transition services agreement associated with the RIE acquisition ended in the third quarter of 2024. In conjunction with the completion of the agreement, PPL conformed the presentation of RIE's and the Rhode Island Regulated segment's net metering charges with the presentation of the other segments, resulting in an increase in Operating Revenues and a corresponding increase in Energy purchases beginning in the fourth quarter of 2024. For the three and nine months ended September 30, 2025, net metering of \$34 million and \$130 million was included in Energy purchases on PPL's Statement of Income. For the three and nine months ended September 30, 2024, \$25 million and \$110 million of net metering was presented as a reduction of Operating Revenues on PPL's Statement of Income.
- (c) This line item shows the over/under collection of rate mechanisms deemed alternative revenue programs with over-collections of revenue shown as positive amounts in the table above and under-collections shown as negative amounts.
- (d) Represents additional revenues outside the scope of revenues from contracts with customers, such as lease and other miscellaneous revenues.

The following tables show revenues from contracts with customers disaggregated by customer class for the periods ended September 30.



Three Months									
	Residential	Commercial	Industrial	Other (a)	Wholesale - municipality	Wholesale - other (b)	Transmission	Revenues from Contracts with Customers	
<b>PPL</b>									
2025									
PA Regulated	\$ 403	\$ 119	\$ 16	\$ 15	\$ —	\$ —	\$ 229	\$	782
KY Regulated	394	278	162	74	7	26	—		941
RI Regulated (c)	258	158	23	9	—	—	66		514
Total PPL	<u>\$ 1,055</u>	<u>\$ 555</u>	<u>\$ 201</u>	<u>\$ 98</u>	<u>\$ 7</u>	<u>\$ 26</u>	<u>\$ 295</u>	<u>\$</u>	<u>2,237</u>
2024									
PA Regulated	\$ 367	\$ 111	\$ 12	\$ 15	\$ —	\$ —	\$ 204	\$	709
KY Regulated	378	268	161	76	7	20	—		910
RI Regulated (c)	112	38	5	251	—	—	52		458
Total PPL	<u>\$ 857</u>	<u>\$ 417</u>	<u>\$ 178</u>	<u>\$ 342</u>	<u>\$ 7</u>	<u>\$ 20</u>	<u>\$ 256</u>	<u>\$</u>	<u>2,077</u>
<b>PPL Electric</b>									
2025	\$ 403	\$ 119	\$ 16	\$ 15	\$ —	\$ —	\$ 229	\$	782
2024	\$ 367	\$ 111	\$ 12	\$ 15	\$ —	\$ —	\$ 204	\$	709
<b>LG&amp;E</b>									
2025	\$ 195	\$ 137	\$ 49	\$ 29	\$ —	\$ 14	\$ —	\$	424
2024	\$ 190	\$ 132	\$ 48	\$ 31	\$ —	\$ 6	\$ —	\$	407
<b>KU</b>									
2025	\$ 199	\$ 141	\$ 113	\$ 46	\$ 7	\$ 25	\$ —	\$	531
2024	\$ 188	\$ 136	\$ 113	\$ 45	\$ 7	\$ 26	\$ —	\$	515

Nine Months									
	Residential	Commercial	Industrial	Other (a)	Wholesale - municipality	Wholesale - other (b)	Transmission	Revenues from Contracts with Customers	
<b>PPL</b>									
2025									
PA Regulated	\$ 1,205	\$ 331	\$ 42	\$ 41	\$ —	\$ —	\$ 675	\$ 2,294	
KY Regulated	1,209	805	474	241	19	88	—	2,836	
RI Regulated (c)	913	516	61	37	—	—	166	1,693	
Total PPL	<u>\$ 3,327</u>	<u>\$ 1,652</u>	<u>\$ 577</u>	<u>\$ 319</u>	<u>\$ 19</u>	<u>\$ 88</u>	<u>\$ 841</u>	<u>\$ 6,823</u>	
2024									
PA Regulated	\$ 1,125	\$ 318	\$ 34	\$ 43	\$ —	\$ —	\$ 613	\$ 2,133	
KY Regulated	1,147	780	479	248	18	48	—	2,720	
RI Regulated (c)	480	182	17	593	—	—	128	1,400	
Corp and Other	—	—	—	1	—	—	—	1	
Total PPL	<u>\$ 2,752</u>	<u>\$ 1,280</u>	<u>\$ 530</u>	<u>\$ 885</u>	<u>\$ 18</u>	<u>\$ 48</u>	<u>\$ 741</u>	<u>\$ 6,254</u>	
<b>PPL Electric</b>									
2025	\$ 1,205	\$ 331	\$ 42	\$ 41	\$ —	\$ —	\$ 675	\$ 2,294	
2024	\$ 1,125	\$ 318	\$ 34	\$ 43	\$ —	\$ —	\$ 613	\$ 2,133	
<b>LG&amp;E</b>									
2025	\$ 601	\$ 406	\$ 143	\$ 111	\$ —	\$ 45	\$ —	\$ 1,306	
2024	\$ 571	\$ 391	\$ 141	\$ 114	\$ —	\$ 34	\$ —	\$ 1,251	
<b>KU</b>									
2025	\$ 608	\$ 399	\$ 331	\$ 131	\$ 19	\$ 78	\$ —	\$ 1,566	
2024	\$ 576	\$ 389	\$ 338	\$ 134	\$ 18	\$ 53	\$ —	\$ 1,508	

- (a) Primarily includes revenues from pole attachments, street lighting, other public authorities and other non-core businesses, and for the Rhode Island Regulated Segment certain regulatory deferral mechanisms which could result in a reduction in revenues from over collections. For the periods ended September 30, 2024, the Rhode Island Regulated segment primarily includes open access tariff revenues, which are calculated on combined customer classes.
- (b) Includes wholesale power and transmission revenues. LG&E and KU amounts include intercompany power sales and transmission revenues, which are eliminated upon consolidation at the Kentucky Regulated segment.
- (c) PPL's transition services agreement associated with the RIE acquisition ended in the third quarter of 2024. In conjunction with the completion of the agreement, PPL disaggregated the 2024 revenues of the Rhode Island Regulated segment in a manner consistent with that of its other segments. This resulted in certain customer revenues for the Rhode Island Regulated segment, which were previously presented in the "Other" category, being presented in the "Residential", "Commercial" or "Industrial" customer classes beginning in the fourth quarter of 2024. Applying the previous methodology to 2025 revenues would result in \$153 million of Residential, \$122 million of Commercial and \$23 million of Industrial for the three months ended September 30, 2025 and \$421 million of Residential, \$315 million of Commercial and \$61 million of Industrial for the nine months ended September 30, 2025 for the Rhode Island Regulated segment being presented as "Other".

As discussed in Note 2, PPL segments its business by geographic location. Revenues from external customers for each segment are reconciled to revenues from contracts with customers in the footnotes to the tables above.

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

The following table shows the accounts receivable and unbilled revenues balances that were impaired for the periods ended September 30.

	Three Months				Nine Months			
	2025		2024		2025		2024	
PPL (a)	\$	30	\$	28	\$	72	\$	72
PPL Electric (a)		11		13		20		37
LG&E		1		1		3		2
KU		2		2		4		3

(a) 2024 includes amounts impaired related to PPL Electric's billing issues. See Note 7 in PPL's 2024 Form 10-K for additional information.

Contract liabilities result from recording contractual billings in advance for customer attachments to the Registrants' infrastructure and payments received in excess of revenues earned to date. Advanced billings for customer attachments are generally recognized as revenue ratably over the quarterly billing period. Payments received in excess of revenues earned to date are recognized as revenue as services are delivered in subsequent periods. The Registrants' contract liabilities are not material at September 30, 2025 and 2024.

4. Earnings Per Share

(PPL)

Basic EPS is computed by dividing income available to PPL common shareowners by the weighted-average number of common shares outstanding during the applicable period. Diluted EPS is computed by dividing income available to PPL common shareowners by the weighted-average number of common shares outstanding, increased by the number of incremental shares that would be outstanding if potentially dilutive share-based payment awards were converted to common shares as calculated using the Two-Class Method or Treasury Stock Method. The If-Converted Method is applied to the Exchangeable Senior Notes due 2028 (Exchangeable Notes) issued in February 2023.

Incremental non-participating securities that have a dilutive impact are detailed in the table below. In 2025, these securities include forward sales of PPL common stock issued through an ATM Program and the number of shares needed to settle the conversion premium on the Exchangeable Notes. The forward sale agreements are dilutive under the Treasury Stock Method to the extent the average stock price of PPL's common shares exceeds the forward sale price prescribed in the agreements. See Note 7 for additional information on the ATM Program and Note 8 in PPL's Annual Report on Form 10-K for the year ended December 31, 2023 for additional information on the Exchangeable Notes.

Reconciliations of the amounts of income and shares of PPL common stock (in thousands) for the periods ended September 30 used in the EPS calculation are:

	Three Months		Nine Months	
	2025	2024	2025	2024
<b>Income (Numerator)</b>				
Net income attributable to PPL	\$ 318	\$ 214	\$ 915	\$ 711
Less amounts allocated to participating securities	—	1	2	2
Net income available to PPL common shareowners - Basic and Diluted	<u>\$ 318</u>	<u>\$ 213</u>	<u>\$ 913</u>	<u>\$ 709</u>
<b>Shares of Common Stock (Denominator)</b>				
Weighted-average shares - Basic EPS	739,525	737,773	739,167	737,678
Add: Dilutive share-based payment awards (a)	2,840	2,192	2,684	1,772
Add: Forward sale agreements	263	—	95	—
Add: Exchangeable Notes	1,662	—	801	—
Weighted-average shares - Diluted EPS	<u>744,290</u>	<u>739,965</u>	<u>742,747</u>	<u>739,450</u>
<b>Basic EPS</b>				
Net Income available to PPL common shareowners	<u>\$ 0.43</u>	<u>\$ 0.29</u>	<u>\$ 1.24</u>	<u>\$ 0.96</u>
<b>Diluted EPS</b>				
Net Income available to PPL common shareowners	<u>\$ 0.43</u>	<u>\$ 0.29</u>	<u>\$ 1.23</u>	<u>\$ 0.96</u>

(a) The Treasury Stock Method was applied to non-participating share-based payment awards.

For the periods ended September 30, PPL issued common stock related to the DRIP as follows (in thousands):

	Three Months		Nine Months	
	2025	2024	2025	2024
DRIP	197	2	583	2

For the periods ended September 30, the following shares (in thousands) were excluded from the computations of diluted EPS because the effect would have been antidilutive.

	Three Months		Nine Months	
	2025	2024	2025	2024
Stock-based compensation awards	53	—	142	—
Forward sale agreements	29,946	—	12,542	—

## 5. Income Taxes

Reconciliations of income tax expense (benefit) for the periods ended September 30 are as follows.

(PPL)

	Three Months		Nine Months	
	2025	2024	2025	2024
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 84	\$ 57	\$ 240	\$ 189
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit	20	20	48	48
Income tax credits	(4)	(2)	(9)	(4)
Utility rate-making tax adjustments (a)	(6)	(4)	(20)	(14)
Amortization of excess deferred federal and state income taxes	(13)	(13)	(34)	(33)
Other	(1)	—	4	3
Total increase (decrease)	(4)	1	(11)	—
Total income tax expense (benefit)	\$ 80	\$ 58	\$ 229	\$ 189

(a) Primarily consists of tax impacts of AFUDC equity and related depreciation across PPL's regulated utility subsidiaries and flow through tax impacts of utility ratemaking. Flow through occurs when the regulator excludes deferred tax expense or benefit from recoverable costs when determining income tax expense.

(PPL Electric)

	Three Months		Nine Months	
	2025	2024	2025	2024
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 44	\$ 40	\$ 132	\$ 122
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit	13	13	40	39
Utility rate-making tax adjustments (a)	(5)	(2)	(17)	(12)
Amortization of excess deferred federal and state income taxes	(2)	(3)	(7)	(8)
Other	(1)	(1)	(2)	—
Total increase (decrease)	5	7	14	19
Total income tax expense (benefit)	\$ 49	\$ 47	\$ 146	\$ 141

(a) Primarily consists of tax impacts of AFUDC equity and related depreciation and flow through tax impacts of Pennsylvania utility ratemaking. Flow through occurs when the regulator excludes deferred tax expense or benefit from recoverable costs when determining income tax expense.

(LG&E)

	Three Months		Nine Months	
	2025	2024	2025	2024
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 22	\$ 20	\$ 64	\$ 62
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit	4	4	12	11
Amortization of excess deferred federal and state income taxes	(3)	(3)	(10)	(9)
Utility rate-making tax adjustments (a)	(1)	(1)	(3)	(1)
Other	(1)	—	(2)	(2)
Total increase (decrease)	(1)	—	(3)	(1)
Total income tax expense (benefit)	\$ 21	\$ 20	\$ 61	\$ 61

(a) Primarily consists of tax impacts of AFUDC equity and related depreciation and flow through tax impacts of Kentucky utility ratemaking. Flow through occurs when the regulator excludes deferred tax expense or benefit from recoverable costs when determining income tax expense.

(KU)

	Three Months		Nine Months	
	2025	2024	2025	2024
Federal income tax on Income Before Income Taxes at statutory tax rate - 21%	\$ 29	\$ 26	\$ 82	\$ 74
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit	5	4	15	13
Amortization of excess deferred federal and state income taxes	(4)	(4)	(13)	(13)
Utility rate-making tax adjustments (a)	(1)	(1)	(3)	(1)
Other	(1)	(1)	(3)	(3)
Total increase (decrease)	(1)	(2)	(4)	(4)
Total income tax expense (benefit)	\$ 28	\$ 24	\$ 78	\$ 70

(a) Primarily consists of tax impacts of AFUDC equity and related depreciation and flow through tax impacts of Kentucky utility ratemaking. Flow through occurs when the regulator excludes deferred tax expense or benefit from recoverable costs when determining income tax expense.

Other

One Big Beautiful Bill Act (All Registrants)

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act. The Registrants are continuing to review the law to assess any material impacts to the financial statements.

Additionally, on July 7, 2025, President Trump issued an Executive Order directing the Treasury to take action to strictly enforce the termination of clean electricity tax credits under IRC Sections 45Y and 48E for wind and solar. On August 15, 2025, the IRS issued Notice 2025-42, primarily tightening the rules regarding when a solar project is considered to have commenced construction. As of September 30, 2025, PPL is not expected to be significantly impacted by this or anticipated future guidance.

6. Utility Rate Regulation

(All Registrants)

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

	PPL		PPL Electric		LG&E		KU	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
Current Regulatory Assets:								
Rate adjustment mechanisms	\$ 100	\$ 95	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Renewable energy certificates	27	14	—	—	—	—	—	—
Storm damage expense rider	35	68	35	68	—	—	—	—
Gas supply clause	15	3	—	—	15	3	—	—
Transmission service charge	63	44	—	27	—	—	—	—
DSIC	9	8	9	8	—	—	—	—
TCJA customer refund and recovery	38	21	38	21	—	—	—	—
ISR deferral	7	22	—	—	—	—	—	—
Other	18	45	8	9	9	5	—	1
Total current regulatory assets	<u>\$ 312</u>	<u>\$ 320</u>	<u>\$ 90</u>	<u>\$ 133</u>	<u>\$ 24</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ 1</u>
Noncurrent Regulatory Assets:								
Defined benefit plans	\$ 964	\$ 967	\$ 479	\$ 473	\$ 216	\$ 226	\$ 148	\$ 149
Plant outage costs	24	30	—	—	5	7	19	23
Net metering	160	147	—	—	—	—	—	—
Environmental cost recovery	96	96	—	—	—	—	—	—
Storm costs	111	113	41	22	24	20	38	29
Unamortized loss on debt	19	20	3	3	8	9	6	6
Terminated interest rate swaps	48	53	—	—	28	31	20	22
Accumulated cost of removal of utility plant	168	173	168	173	—	—	—	—
AROs	272	280	—	—	76	75	196	205
RAR	78	83	—	—	78	83	—	—
Gas line inspections	24	24	—	—	22	22	2	2
Advanced metering infrastructure	37	28	—	—	19	14	18	14
Other	57	46	12	2	9	4	11	8
Total noncurrent regulatory assets	<u>\$ 2,058</u>	<u>\$ 2,060</u>	<u>\$ 703</u>	<u>\$ 673</u>	<u>\$ 485</u>	<u>\$ 491</u>	<u>\$ 458</u>	<u>\$ 458</u>
	PPL		PPL Electric		LG&E		KU	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
Current Regulatory Liabilities:								
Generation supply charge	\$ 45	\$ 52	\$ 45	\$ 52	\$ —	\$ —	\$ —	\$ —
ECR	7	12	—	—	4	6	3	6
Transmission formula rate	30	1	9	—	—	—	—	—
Rate adjustment mechanisms	71	71	—	—	—	—	—	—
Energy efficiency	25	25	—	—	—	—	—	—
DSM	24	17	—	—	9	7	15	10
Revenue decoupling mechanism	40	10	—	—	—	—	—	—
Other	49	35	17	5	1	1	6	6
Total current regulatory liabilities	<u>\$ 291</u>	<u>\$ 223</u>	<u>\$ 71</u>	<u>\$ 57</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 24</u>	<u>\$ 22</u>
Noncurrent Regulatory Liabilities:								
Accumulated cost of removal of utility plant	\$ 1,037	\$ 1,022	\$ —	\$ —	\$ 328	\$ 314	\$ 411	\$ 408
Net deferred taxes	1,825	1,899	713	739	422	439	476	498
Defined benefit plans	310	294	114	100	24	24	67	65
Terminated interest rate swaps	52	54	—	—	26	27	26	27
Energy efficiency	29	16	—	—	—	—	—	—
Other	69	50	—	—	12	11	19	11
Total noncurrent regulatory liabilities	<u>\$ 3,322</u>	<u>\$ 3,335</u>	<u>\$ 827</u>	<u>\$ 839</u>	<u>\$ 812</u>	<u>\$ 815</u>	<u>\$ 999</u>	<u>\$ 1,009</u>

## **Regulatory Matters**

### **Rhode Island Activities** *(PPL)*

#### *FY 2026 Gas ISR Plan*

On December 31, 2024, RIE filed its FY 2026 Gas ISR Plan with the RIPUC with a budget that included \$187 million of capital investment spend and up to \$15 million of additional contingency plan spend in connection with the PHMSA's potential enactment of regulations during FY 2026 that, if enacted, would significantly alter RIE's leak detection and repair obligations under federal regulations. The plan also included proposed spending on curb-to-curb paving of \$22 million. On March 28, 2025, the RIPUC approved a FY 2026 Gas ISR Plan of \$165 million of which \$147 million is for capital investment spend and \$18 million is spend for paving costs as operations and maintenance (O&M), plus a potential additional \$15 million is available if the above-mentioned regulations are implemented by the PHMSA. On March 31, 2025, the RIPUC approved RIE's compliance filing for rates effective April 1, 2025.

#### *FY 2026 Electric ISR Plan*

On December 23, 2024, RIE filed its FY 2026 Electric ISR Plan with the RIPUC with a budget that included \$248 million of capital investment spend (including \$88 million for Advanced Metering Functionality (AMF)), \$14 million of vegetation operation and maintenance (O&M) spend and \$1 million of Other O&M spend. On March 28, 2025, the RIPUC approved a FY 2026 Electric ISR Plan of \$219 million for capital investment spend (including \$88 million for AMF), \$14 million for vegetation management O&M spend, and \$1 million for Other O&M spend. On March 31, 2025, the RIPUC approved RIE's compliance filing for rates effective April 1, 2025.

#### *Hold Harmless Implementation Agreement*

As a condition to the Acquisition (as defined in Note 8 to the Financial Statements) of RIE in May 2022, PPL made a commitment to the Rhode Island Division of Public Utilities and Carriers to hold harmless Rhode Island customers from the impact of future rate increases resulting from changes in Accumulated Deferred Income Taxes as a result of the Acquisition (the Hold Harmless Commitment). On June 13, 2025, an agreement was entered into by and among RIE, PPL, PPL Rhode Island Holdings and the Rhode Island Division of Public Utilities and Carriers Advocacy Section to satisfy RIE's obligations under the Hold Harmless Commitment of approximately \$155 million, and proposes to resolve that amount through bill credits issued to customers, with approximately \$74 million to be issued throughout the first quarter of 2026 and approximately \$81 million to be issued throughout the first quarter of 2027. The bill credits would be recorded as a reduction to revenue in the periods in which the credits are applied to customers' bills. On September 10, 2025, the Rhode Island Division of Public Utilities and Carriers approved the agreement. Also on September 10, 2025, the RIPUC opened a docket to evaluate RIE's bill credit proposal, including the underlying rate accounting supporting the proposal, and required RIE to file a tariff advice with the RIPUC, which RIE filed on October 2, 2025. Discovery in this proceeding is ongoing and an evidentiary hearing is scheduled for November 18, 2025. PPL cannot predict the outcome of the RIPUC inquiry.

### **Kentucky Activities**

*(PPL, LG&E and KU)*

#### *Rate Case Proceedings*

On May 30, 2025, LG&E and KU filed requests with the KPSC for an increase in annual electricity and gas revenues of approximately \$391 million (\$105 million and \$226 million in electricity revenues at LG&E and KU and \$60 million in gas revenues at LG&E) and approval of certain regulatory and accounting treatments. The revenue increases would be an increase of 8.3% and 11.5% in electricity revenues at LG&E and KU, and an increase of 14.0% in gas revenues at LG&E.

The applications are based on a forecasted test year of January 1, 2026 through December 31, 2026 and request an authorized ROE of 10.95%. Subject to KPSC approval, new rates are expected to become effective on January 1, 2026. Certain counterparties have intervened in the proceedings.

On October 20, 2025, LG&E and KU filed with the KPSC a stipulation and recommendation (the agreement) regarding a proposed resolution of issues with a majority of the intervenors in the proceedings.



Under the agreement, the parties propose that the KPSC should issue orders granting a revised aggregate increase in annual electricity and gas revenues of approximately \$235 million, comprising increases of \$58 million and \$132 million in electricity revenues at LG&E and KU, respectively, and \$45 million in gas revenues at LG&E. The agreement proposes a revised authorized ROE of 9.90%.

The agreement proposes a "stay out" commitment from LG&E and KU to refrain from effective base rate increases before August 1, 2028, subject to certain exceptions. In connection with the stay out period, the agreement also proposes the establishment of two new rate tracker mechanisms, a Generation Cost Recovery Adjustment Clause (GCR) and a Sharing Mechanism Adjustment Clause (SM).

The proposed GCR mechanism would provide LG&E and KU recovery and return on investment of covered costs (excluding fuel amounts, which LG&E and KU can recover via an existing rate mechanism) of relevant new generation and energy storage assets authorized in the 2022 and 2025 CPCN proceedings (excluding the Mill Creek Unit 6 NGCC in 2031, see "2025 CPCN" for more information regarding the Mill Creek Unit 6 NGCC) as they are placed in service.

The proposed SM mechanism would address any base rate revenue deficiency or surplus during the final thirteen months of the stay out period, July 2027 through July 2028, below or above a suggested ROE band of 9.40% to 10.15%. Any such base rate revenue deficiency or surplus would be collected from or returned to customers over a thirteen-month billing period beginning November 2028.

Following issuance of the 2025 CPCN Order, LG&E and KU filed supplemental testimony with the KPSC in the rate case proceedings seeking recovery of the Mill Creek Unit 2 stay open costs through a proposed additional rate adjustment clause mechanism.

The agreement further authorizes LG&E and KU to use regulatory deferral accounting for actual expenses above or below base rate levels for certain expenses including: pension and post-retirement benefits, storm restoration, vegetation management, transmission waivers and credits, and gas line or well activities, with recovery of such deferred asset or liability amounts to be addressed in future rate cases.

A KPSC hearing in the underlying proceedings commenced on November 3, 2025. The agreement, as well as matters raised by non-agreeing intervenors, are subject to KPSC review and action, including approval, denial or modification. LG&E and KU anticipate a ruling from the KPSC during the fourth quarter of 2025, although the KPSC has until March 31, 2026 to issue its final order. PPL, LG&E and KU cannot predict the outcome of these proceedings.

#### *2025 CPCN*

On February 28, 2025, LG&E and KU filed an application with the KPSC regarding certain future plans for new generation and generation-related construction matters. The proposals included in the application are intended to serve anticipated load growth, including from potential data center demand in LG&E's or KU's service territory. The proposals did not include retirements of coal or other fossil-fueled plants, which would require additional KPSC approval procedures under Kentucky legislation enacted in 2023 and 2024.

LG&E and KU submitted a joint application to the KPSC for approval of certain certificates of public convenience and necessity, site compatibility certificates, and accounting treatment, where applicable, relating to a number of generation-related plans or projects that generally are expected to become operational or established within the next six years. The aggregate projected capital expenditures associated with these proposals are currently expected to be \$3.7 billion over the 2025 to 2031 period. The application includes proposals to build:

- a 645 MW NGCC generation unit at KU's E.W. Brown station (Brown Unit 12),
- a 645 MW NGCC generation unit at LG&E's Mill Creek station (Mill Creek Unit 6),
- a four-hour 400 MW (1,600 MWh total) battery energy storage system (BESS) at LG&E's Cane Run station, and
- a selective catalytic reduction (SCR) environmental facility at KU's Ghent station Unit 2 (Ghent Unit 2).

The new NGCC units are anticipated to be wholly owned by LG&E and the BESS unit jointly owned by LG&E (32%) and KU (68%), with actual project costs allocated consistent with LG&E's and KU's ultimate ownership shares and existing shared dispatch, cost allocation, tariff or other frameworks. The proposed Mill Creek Unit 6 NGCC is in addition to a new NGCC unit currently under construction at that location (Mill Creek Unit 5).

The filing also notes projected in service dates for the projects, including the Brown Unit 12 NGCC in 2030, the Mill Creek Unit 6 NGCC in 2031, the Cane Run BESS in 2028 and the Ghent Unit 2 SCR in 2028.

On July 29, 2025, LG&E and KU filed with the KPSC a stipulation and recommendation regarding a proposed resolution of issues with several of the intervenors in the CPCN proceeding (stipulation). The stipulation recommends to the KPSC the approval of the large majority of LG&E's and KU's requested generation-related projects and associated accounting matters, subject to certain changes. Under the stipulation, the parties agree the KPSC should issue an order granting a CPCN for the proposed: (a) Brown Unit 12 NGCC; (b) Mill Creek Unit 6 NGCC; and (c) Ghent Unit 2 SCR. In addition, the proposal to build the \$775 million Cane Run BESS would be withdrawn without prejudice, the relevant costs regarding the proposed \$1.4 billion Mill Creek Unit 6 NGCC would be recovered through a new rate tracker mechanism, and the retirement date for the existing Mill Creek Unit 2 coal plant would be extended from 2027 to the operational date of the proposed Mill Creek Unit 6 NGCC or afterwards, subject to relevant future economic analysis, regulatory or environmental authorizations. The stipulation also contains provisions relating to regulatory asset accounting, proposed data center tariffs, future renewable power requests-for-proposals and other matters. LG&E and KU would retain the right to seek approval of the potentially withdrawn Cane Run BESS or similar substitute project in future regulatory proceedings.

On October 28, 2025, the KPSC issued an order approving much of LG&E's and KU's July 2025 stipulation, with certain modifications. The order granted the requested CPCNs and site-related permits to construct the proposed Brown Unit 12 NGCC, Mill Creek Unit 6 NGCC, and Ghent Unit 2 SCR. The order authorized inclusion of relevant costs of the Ghent Unit 2 SCR in KU's existing environmental cost recovery rate mechanism. The order established a separate monitoring case to receive and consider information during the construction of Mill Creek Unit 6 NGCC.

The order approved requests regarding regulatory asset deferral accounting treatment for certain AFUDC related amounts and noted the KPSC's expectation that the stipulating parties would follow through with their commitments regarding tariffs and power supply contracts related to potential future data center or high load customers in LG&E's and KU's pending rate proceedings. The order also approved other elements of the stipulation or the originally-filed application, with minor modifications.

The KPSC decided not to approve LG&E's and KU's proposed new rate adjustment cost recovery mechanisms for certain costs associated with Mill Creek Unit 6 NGCC and costs associated with operating the Mill Creek Unit 2 coal plant beyond its original retirement date in 2027. However, the denials were without prejudice to resubmission and the KPSC encouraged the parties to provide additional evidence on such matters in separate proceedings. LG&E and KU are providing such evidence addressing recovery of the Mill Creek Unit 2 stay open costs in their pending rate case proceedings. Recovery of Mill Creek Unit 6 costs will be addressed in a future proceeding. The KPSC declined to rule on the matter related to the retirement date of Mill Creek Unit 2 coal plant.

In light of the conditional withdrawal in the stipulation, the order did not include a CPCN for the Cane Run BESS. LG&E and KU retain the right to seek approval of the Cane Run BESS project or similar substitute projects at any time in future regulatory proceedings.

The KPSC's order is subject to certain rights to request rehearing or appeal by LG&E and KU and all intervenors. LG&E and KU continue to evaluate the order and related matters and cannot predict the outcome should they or other parties decide to appeal or request a rehearing of these matters.

#### *Kentucky January 2025 Storm*

In January 2025, LG&E and KU experienced snow, ice, sleet and freezing rain in their service territories, resulting in substantial damage to certain of LG&E's and KU's assets. On January 31, 2025, LG&E and KU submitted a filing with the KPSC requesting regulatory asset treatment of the extraordinary operations and maintenance (O&M) expenses portion of the costs incurred related to the storm. On March 19, 2025, the KPSC issued an order authorizing LG&E and KU to establish, for accounting purposes only, regulatory assets based on the jurisdictional incremental costs of extraordinary O&M expense incurred by LG&E and KU as a result of the 2025 winter storm, with recovery amounts and amortization thereof to be determined in subsequent base rate proceedings. LG&E and KU cannot predict the outcome of these matters. As of September 30, 2025, LG&E and KU had recorded regulatory assets related to the storm of \$2 million and \$7 million.

#### *Mill Creek Unit 1 and Unit 2 RAR Application (PPL and LG&E)*

In 2023, the KPSC issued an order approving, among other items, the requested retirement of Mill Creek Units 1 and 2.

On October 4, 2024, LG&E submitted an application related to the retirement of Mill Creek Unit 1, which occurred on December 31, 2024, requesting recovery of associated costs under the RAR. LG&E expects these costs to be approximately \$125 million and proposed to begin application of the RAR with bills issued in May 2025. On February 24, 2025, the KPSC issued an order approving LG&E's cost recovery for Mill Creek Unit 1 under the RAR and related amounts were included in bills beginning in May 2025.

LG&E anticipates the recovery of associated costs, including the remaining net book value, for Mill Creek Unit 2 through the RAR. The remaining net book value of Mill Creek Unit 2 was approximately \$203 million at September 30, 2025 and LG&E is continuing to depreciate using the current approved rates through its retirement date. LG&E expects to reclassify the net book value remaining at retirement to a regulatory asset to be amortized over a period of ten years in accordance with the RAR. There can be no assurance that these costs will be recovered in the amounts or over the time periods that LG&E expects. See the "2025 CPCN" discussion above for information regarding potential changes in the retirement date of Mill Creek Unit 2.

#### Pennsylvania Activities

*(PPL and PPL Electric)*

#### **Rate Case Proceedings**

On September 30, 2025, PPL Electric filed a request with the PAPUC for an increase in distribution base rates of approximately \$356 million, more than \$50 million of which is already included in customer bills through rate recovery mechanisms, and approval of certain regulatory and accounting treatments. The proposed increase in distribution base rates would increase PPL Electric's total annual revenue by approximately 8.6%. The application is based on a fully projected future test year of July 1, 2026 through June 30, 2027 and requested an authorized ROE of 11.3%. Subject to PAPUC approval, new rates are expected to become effective on July 1, 2026. A ruling from the PAPUC is anticipated during the second quarter of 2026. PPL and PPL Electric cannot predict the outcome of the proceeding.

#### **DSIC Petition**

On April 26, 2024, PPL Electric filed a Petition with the PAPUC requesting that the PAPUC waive PPL Electric's DSIC cap of 5% of billed revenues and increase the maximum allowable DSIC to 9% for bills rendered on or after January 1, 2025. On February 28, 2025, the PAPUC issued its written order permitting PPL Electric to increase its DSIC cap from 5% to 7.5% for bills rendered on or after March 13, 2025 until the effective date of rates established in PPL Electric's next base rate case or the end of the PPL Electric's 2023-2027 Long-term Infrastructure Improvement Plan, whichever occurs first, at which time it will return to 5%.

## **Federal Matters**

### ***FERC Transmission Rate Filing (PPL, LG&E and KU)***

In 2018, LG&E and KU applied to the FERC requesting elimination of certain on-going waivers and credits to a sub-set of transmission customers relating to the 1998 merger of LG&E's and KU's parent entities and the 2006 withdrawal of LG&E and KU from the Midcontinent Independent System Operator, Inc. (MISO), a regional transmission operator and energy market. The application sought termination of LG&E's and KU's commitment to provide certain Kentucky municipalities mitigation for certain horizontal market power concerns arising out of the 1998 LG&E and KU merger and 2006 MISO withdrawal. The amounts at issue are generally waivers or credits granted to a limited number of Kentucky municipalities for either certain LG&E and KU or MISO transmission charges incurred for transmission service received. In 2019, the FERC granted LG&E's and KU's request to remove the ongoing credits, conditioned upon the implementation by LG&E and KU of a transition mechanism for certain existing power supply arrangements, which was subsequently filed, modified, and approved by the FERC in 2020 and 2021. In 2020, LG&E and KU and other parties filed appeals with the U.S. Court of Appeals - D.C. Circuit (D.C. Circuit Court of Appeals) regarding the FERC's orders on the elimination of the mitigation and required transition mechanism. In August 2022, the D.C. Circuit Court of Appeals issued an order remanding the proceedings back to the FERC. On May 18, 2023, the FERC issued an order on remand reversing its 2019 decision and requiring LG&E and KU to refund credits previously withheld, including under such transition mechanism. LG&E and KU filed a petition for review of the FERC's May 18, 2023 order with the D.C. Circuit Court of Appeals and provided refunds in accordance with the FERC order on December 1, 2023. The FERC issued an order on LG&E's and KU's compliance filing on November 16, 2023, and LG&E and KU filed a petition for review of this November 16, 2023 order on February 14, 2024. The FERC issued the substantive order on rehearing on March 21, 2024, reaffirming its prior decision. On August 8, 2025, the D.C. Circuit Court of Appeals issued a procedural ruling vacating the FERC's prior orders and remanded the matter back to the FERC for further proceedings. LG&E and KU cannot predict the ultimate outcome of the proceedings or any other post decision process but do not expect the annual impact to have a material effect on their operations or financial condition. LG&E and KU currently receive recovery of certain waivers and credits primarily through existing base rate levels. Additionally, LG&E's and KU's current Kentucky rate proceedings include requests regarding elements of regulatory liabilities or assets associated with potential future decreases or increases in the transmission waivers and credits that are the subject of these FERC proceedings.

### ***Recovery of Transmission Costs (PPL)***

Until December 2022, RIE's transmission facilities were operated in combination with the transmission facilities of National Grid USA's New England affiliates, Massachusetts Electric Company (MECO) and New England Power (NEP), a National Grid USA affiliate, as a single integrated system with NEP designated as the combined operator. As of January 1, 2023, RIE operates its own transmission facilities. NE-ISO allocates RIE's costs among transmission customers in New England, in accordance with the ISO Open Access Transmission Tariff (ISO-NE OATT). According to the FERC orders, RIE is compensated for its actual monthly transmission costs, with its authorized maximum ROE of 11.74% on its transmission assets.

The ROE for transmission rates under the ISO-NE OATT is the subject of four complaints that are pending before the FERC. On October 16, 2014, the FERC issued an order on the first complaint, Opinion No. 531-A, resetting the base ROE applicable to transmission assets under the ISO-NE OATT from 11.14% to 10.57% effective as of October 16, 2014 and establishing a maximum ROE of 11.74%. On April 14, 2017, this order was vacated and remanded by the D. C. Circuit Court of Appeals (Court of Appeals). After the remand, the FERC issued an order on October 16, 2018 applicable to all four pending cases where it proposed a new base ROE methodology that, with subsequent input and support from the New England Transmission Owners (NETO), yielded a base ROE of 10.41%. Subsequent to the FERC's October 2018 order in the New England Transmission Owners cases, the FERC further refined its ROE methodology in another proceeding and has applied that refined methodology to transmission owners' ROEs in other jurisdictions, and the NETOs filed further information in the New England matters to distinguish their case. Those determinations in other jurisdictions have been vacated and remanded back to the FERC for further proceedings by the D.C. Circuit Court of Appeals. The proceeding and the final base rate ROE determination in the New England matters remain open, pending a final order from the FERC. PPL cannot predict the outcome of this matter, and an estimate of the impact cannot be determined.

## Other

### Purchase of Receivables Programs

(PPL and PPL Electric)

In accordance with RIPUC-approved and PAPUC-approved purchase of accounts receivable programs, RIE and PPL Electric purchase certain accounts receivable from alternative electricity suppliers at a discount, which reflects a provision for uncollectible accounts. The alternative electricity suppliers have no continuing involvement or interest in the purchased accounts receivable. Accounts receivable that are acquired are initially recorded at fair value on the date of acquisition.

During the three and nine months ended September 30, 2025, RIE purchased \$90 million and \$245 million of accounts receivable from alternative suppliers. During the three and nine months ended September 30, 2024, RIE purchased \$80 million and \$234 million of accounts receivable from alternative suppliers.

During the three and nine months ended September 30, 2025, PPL Electric purchased \$439 million and \$1.3 billion of accounts receivable from alternative suppliers. During the three and nine months ended September 30, 2024, PPL Electric purchased \$404 million and \$1.2 billion of accounts receivable from alternative suppliers.

## 7. Financing Activities

### Credit Arrangements and Short-term Debt

(All Registrants)

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

	September 30, 2025					December 31, 2024		
	Expiration Date	Capacity	Borrowed	Letters of Credit and Commercial Paper Issued (c)	Unused Capacity	Borrowed	Letters of Credit and Commercial Paper Issued (c)	
<b><u>PPL</u></b>								
<b>PPL Capital Funding (a)</b>								
Syndicated Credit Facility (b)	Dec. 2029	\$ 1,500	\$ —	\$ 596	\$ 904	\$ —	\$ 138	
Bilateral Credit Facility	Feb. 2026	100	—	—	100	—	—	
Bilateral Credit Facility	Feb. 2026	100	—	28	72	—	15	
Total PPL Capital Funding Credit Facilities		<u>\$ 1,700</u>	<u>\$ —</u>	<u>\$ 624</u>	<u>\$ 1,076</u>	<u>\$ —</u>	<u>\$ 153</u>	
<b><u>PPL Electric</u></b>								
Syndicated Credit Facility	Dec. 2029	\$ 750	\$ —	\$ 1	\$ 749	\$ —	\$ 1	
Total PPL Electric Credit Facilities		<u>\$ 750</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 749</u>	<u>\$ —</u>	<u>\$ 1</u>	
<b><u>LG&amp;E</u></b>								
Syndicated Credit Facility	Dec. 2029	\$ 600	\$ —	\$ —	\$ 600	\$ —	\$ 25	
Total LG&E Credit Facilities		<u>\$ 600</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 600</u>	<u>\$ —</u>	<u>\$ 25</u>	
<b><u>KU</u></b>								
Syndicated Credit Facility	Dec. 2029	\$ 600	\$ —	\$ —	\$ 600	\$ —	\$ 140	
Total KU Credit Facilities		<u>\$ 600</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 600</u>	<u>\$ —</u>	<u>\$ 140</u>	

(a) PPL Capital Funding's obligations are fully and unconditionally guaranteed by PPL.

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- (b) In January 2025, PPL Capital Funding increased the borrowing capacity of this facility from \$1.25 billion to \$1.50 billion. At September 30, 2025, the facility included a \$250 million borrowing sublimit for RIE and a \$1.25 billion sublimit for PPL Capital Funding. At December 31, 2024, the facility included a \$250 million borrowing sublimit for RIE and a \$1 billion borrowing sublimit for PPL Capital Funding. RIE's borrowing sublimit is adjustable, at the borrowers' option, from \$0 to \$600 million, with the remaining balance available under the facility allocated to PPL Capital Funding. At September 30, 2025, PPL Capital Funding had \$445 million of commercial paper outstanding and RIE had \$151 million of commercial paper outstanding. At December 31, 2024, PPL Capital Funding had \$138 million of commercial paper outstanding and RIE had no commercial paper outstanding. RIE's obligations under the facility are not guaranteed by PPL.
- (c) Commercial paper issued reflects the undiscounted face value of the issuance.

(PPL)

In January 2025, PPL Capital Funding amended its existing \$1.25 billion syndicated credit facility to extend the termination date from December 6, 2028 to December 6, 2029 and to increase the borrowing capacity under the facility to \$1.50 billion.

(PPL and PPL Electric)

In January 2025, PPL Electric amended its existing \$650 million syndicated credit facility to extend the termination date from December 6, 2028 to December 6, 2029 and to increase the borrowing capacity under the facility to \$750 million.

(PPL and LG&E)

In January 2025, LG&E amended its existing \$500 million syndicated credit facility to extend the termination date from December 6, 2028 to December 6, 2029 and to increase the borrowing capacity under the facility to \$600 million.

(PPL and KU)

In January 2025, KU amended its existing \$400 million syndicated credit facility to extend the termination date from December 6, 2028 to December 6, 2029 and to increase the borrowing capacity under the facility to \$600 million.

(All Registrants)

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

	September 30, 2025				December 31, 2024	
	Weighted - Average Interest Rate	Capacity	Commercial Paper Issuances (c)	Unused Capacity	Weighted - Average Interest Rate	Commercial Paper Issuances (d)
PPL Capital Funding (a)(b)	4.29%	\$ 1,600	\$ 445	\$ 1,155	4.76%	\$ 138
RIE (b)	4.24%	400	151	249	—	—
PPL Electric	—	750	—	750	—	—
LG&E	—	600	—	600	4.72%	25
KU	—	600	—	600	4.71%	140
Total		\$ 3,950	\$ 596	\$ 3,354		\$ 303

- (a) PPL Capital Funding's obligations are fully and unconditionally guaranteed by PPL.
- (b) Issuances under the PPL Capital Funding and RIE commercial paper programs are supported by the PPL Capital Funding syndicated credit facility. At September 30, 2025, the borrowing sublimits were \$250 million for RIE and \$1.25 billion for PPL Capital Funding. At December 31, 2024, the borrowing sublimits were \$250 million for RIE and \$1 billion for PPL Capital Funding. PPL Capital Funding's commercial paper program is also backed by a separate bilateral credit facility for \$100 million.
- (c) Commercial paper issued reflects the undiscounted face value of the issuance.

(PPL Electric, LG&E, and KU)

See Note 11 for discussion of intercompany borrowings.

## Long-term Debt

*(PPL and PPL Electric)*

In August 2025, PPL Electric issued \$500 million of 5.55% First Mortgage Bonds due 2055. PPL Electric received proceeds of \$491 million, net of discounts and underwriting fees, to be used to repay short-term debt and for other general corporate purposes.

*(PPL and LG&E)*

In August 2025, LG&E issued \$700 million of 5.85% First Mortgage Bonds due 2055. LG&E received proceeds of \$694 million, net of discounts and underwriting fees, to be used to repay short-term debt, including the current portion of certain long-term debt, and for other general corporate purposes.

*(PPL and KU)*

In August 2025, KU issued \$700 million of 5.85% First Mortgage Bonds due 2055. KU received proceeds of \$694 million, net of discounts and underwriting fees, to be used to repay short-term debt, including the current portion of certain long-term debt, and for other general corporate purposes.

*(PPL)*

## Equity Securities

### ATM Program

In February 2025, PPL entered into an equity distribution agreement, pursuant to which PPL may sell, from time to time, up to an aggregate of \$2 billion of its common stock through an ATM Program, which may utilize an optional forward sales component. Each forward contract under the agreement must be settled within 24 months. The compensation paid to the selling agents by PPL may be up to 2% of the gross offering proceeds of the shares. During the nine months ended September 30, 2025, PPL entered into forward contracts to sell approximately 38.7 million shares of its common stock at a blended initial forward price of approximately \$35.50 per share. The forward sale price may be adjusted based on changes in daily interest rates, for certain stock loan fees as determined by a third-party agent, and will be subject to predetermined reductions based on expected dividends. Each outstanding forward contract must be settled on or before dates ranging from December 30, 2025 to August 11, 2027. PPL may elect, at its discretion, to physically settle, net share settle or net cash settle the forward contracts. At September 30, 2025, PPL could have settled the forward sale contracts with physical delivery of approximately 38.7 million shares of common stock for proceeds of approximately \$1.4 billion. The forward contracts under the ATM program are classified as equity transactions.

## Dividends

In August 2025, PPL declared a quarterly cash dividend on its common stock, payable October 1, 2025, of 27.25 cents per share (equivalent to \$1.09 per annum).

## 8. Acquisitions, Developments and Divestitures

### **Acquisitions** *(PPL)*

#### Acquisition of Narragansett Electric

On May 25, 2022, PPL Rhode Island Holdings acquired 100% of the outstanding shares of common stock of Narragansett Electric from National Grid USA, a subsidiary of National Grid plc (the Acquisition). Following the closing of the Acquisition, Narragansett Electric provides services doing business under the name Rhode Island Energy (RIE). Please see Note 9 to the Financial Statements in PPL's 2024 Form 10-K for additional information concerning the Acquisition.

In connection with the Acquisition, National Grid USA Service Company, Inc., National Grid USA and Narragansett Electric entered into a transition services agreement (TSA), pursuant to which the National Grid entities agreed to provide certain transition services to Narragansett Electric to facilitate the transition of the operation of Narragansett Electric to PPL following the Acquisition, as agreed upon in the Narragansett share purchase agreement. The TSA was for an initial two-year term and was completed in the third quarter of 2024. TSA costs were \$32 million and \$129 million during the three and nine months ended September 30, 2024.

As a condition to the Acquisition, PPL made certain commitments to the Rhode Island Division of Public Utilities and Carriers and the Attorney General of the State of Rhode Island. See Note 9 to the Financial Statements in PPL's 2024 Form 10-K for a complete listing of those commitments. The following represents an update to the remaining commitments:

- RIE will hold harmless Rhode Island customers from any changes to Accumulated Deferred Income Taxes (ADIT) as a result of the Acquisition. RIE reserves the right to seek rate adjustments based on future changes to ADIT that are not related to the Acquisition. See Note 6 to the Financial Statements for additional details on RIE's obligation to hold harmless Rhode Island customers.
- RIE will forgo potential recovery of any and all transition costs, which includes (1) the installation of certain information technology systems; (2) modification and enhancements to physical facilities in Rhode Island; and (3) costs related to severance payments, communications and branding changes, and other transition related costs. These costs, which are being expensed as incurred, were \$18 million and \$52 million for the three and nine months ended September 30, 2025 and \$85 million and \$250 million for the three and nine months ended September 30, 2024.

9. Defined Benefits

(PPL)

Certain net periodic defined benefit costs are applied to accounts that are further distributed among capital, expense, regulatory assets and regulatory liabilities, including certain costs allocated to applicable subsidiaries for plans sponsored by PPL Services and LKE. Following are the net periodic defined benefit costs (credits) of the plans sponsored by PPL and its subsidiaries for the periods ended September 30:

	Pension Benefits			
	Three Months		Nine Months	
	2025	2024	2025	2024
<b>PPL</b>				
Service cost	\$ 8	\$ 9	\$ 23	\$ 26
Interest cost	46	45	138	137
Expected return on plan assets	(72)	(74)	(215)	(224)
Amortization of:				
Prior service cost	—	1	—	2
Actuarial loss	4	3	13	8
Net periodic defined benefit costs (credits)	<u>\$ (14)</u>	<u>\$ (16)</u>	<u>\$ (41)</u>	<u>\$ (51)</u>
	Other Postretirement Benefits			
	Three Months		Nine Months	
	2025	2024	2025	2024
<b>PPL</b>				
Service cost	\$ 2	\$ 2	\$ 5	\$ 5
Interest cost	8	8	23	22
Expected return on plan assets	(7)	(8)	(22)	(23)
Amortization of:				
Prior service cost	—	—	1	1
Actuarial loss	(1)	(1)	(3)	(4)
Net periodic defined benefit costs (credits)	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 1</u>



*(All Registrants)*

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

## **10. Commitments and Contingencies**

### **Legal Matters**

*(All Registrants)*

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

#### Narragansett Electric Litigation (PPL)

##### *Energy Efficiency Programs Investigation*

Narragansett Electric, while under the ownership of National Grid, performed an internal investigation into conduct associated with its energy efficiency programs. On June 27, 2022, the RIPUC opened a new docket (RIPUC Docket No. 22-05-EE) to investigate RIE's actions and the actions of employees of National Grid USA and affiliates during the time RIE was a National Grid USA affiliate being provided services by National Grid USA Service Company, Inc. relating to the manipulation of the reporting of invoices affecting the calculation of past energy efficiency shareholder incentives and the resulting impact on customers. The Rhode Island Attorney General and National Grid USA intervened in the docket and the Rhode Island Division of Public Utilities and Carriers (the Division) is an automatic party in the docket.

On February 21, 2025, the Division filed testimony confirming its initial testimony that \$12 million is the appropriate amount to be refunded to the energy efficiency program. On March 4, 2025, a Settlement Agreement between RIE, the Division, and the Rhode Island Attorney General was filed with the RIPUC requiring refunds of \$10 million. Of this amount, \$2 million has already been refunded through the energy efficiency mechanism with the remaining \$8 million to reduce the storm cost regulatory asset recorded on PPL's balance sheet. The settlement also included reimbursement of minor consulting fees and various other compliance actions. On March 5, 2025, the RIPUC approved the Settlement Agreement.

#### E.W. Brown Environmental Assessment (PPL and KU)

KU is undertaking extensive remedial measures at the E.W. Brown plant including closure of the former ash pond, implementation of a groundwater remedial action plan and performance of a corrective action plan including aquatic study of adjacent surface waters and risk assessment. The aquatic study and risk assessment are being undertaken pursuant to a 2017 Agreed Order with the Kentucky Energy and Environment Cabinet (KEEC). KU conducted sampling of Herrington Lake in 2017 and 2018. In June 2019, KU submitted to the KEEC the required aquatic study and risk assessment, conducted by an independent third-party consultant, finding that discharges from the E.W. Brown plant have not had any significant impact on Herrington Lake and that the water in the lake is safe for recreational use and meets safe drinking water standards. On May 31, 2021, the KEEC approved the report and released a response to public comments. On August 6, 2021, KU submitted a *Supplemental Remedial Alternatives Analysis* report to the KEEC that outlines proposed additional fish, water, and sediment testing. On February 18, 2022, the KEEC provided approval to KU to proceed with the proposed sampling, which commenced in the spring of 2022. On November 17, 2022, KU submitted a *Supplemental Performance Monitoring Report* to the KEEC finding that there are no significant unaddressed risks to human health or the environment at the plant. KU revised the *Supplemental Performance Monitoring Report* on June 8, 2023, in response to KEEC comments from April 24, 2023. On September 1, 2023, the KEEC requested KU to propose additional monitoring or remedial measures. KU submitted a revised *Supplemental Performance Monitoring and Corrective Action Completion* on December 28, 2023. In August 2024, KU submitted a proposed environmental covenant to the KEEC specifying certain site restrictions. Discussions between KU and the KEEC are ongoing, but KU cannot predict the outcome of this matter.

*(PPL, LG&E and KU)*

**EPA Deregulatory Initiative**

On March 12, 2025, the EPA announced a plan to reconsider 31 environmental rules including the Section 111 performance standards and emissions limits for greenhouse gases, the endangerment finding for greenhouse gases, the Good Neighbor Plan, the Mercury and Air Toxics Standards, revisions to the fine particulate matter standard, the ELGs, and the CCRs Rule. Supplementing previous Executive Orders directing various regulatory changes, on April 9, 2025, President Trump issued an Executive Order and Presidential Memorandum directing review of existing rules, repeal of unlawful rules, and initiation of a zero-based budgeting process by which certain rules would automatically expire unless extended. While the administration may seek to implement some regulatory changes outside of the rulemaking process, changes to existing rules are generally expected to require formal rulemaking proceedings. Any final EPA actions repealing or revising current rules will likely result in legal challenges. PPL, LG&E, and KU are unable to predict future regulatory changes, if any, that may result from the EPA’s deregulatory plan or the outcome of any associated legal challenges. PPL, LG&E, and KU are closely monitoring the ongoing EPA initiative and any related litigation for the impact to our business including planned capital expenditures to comply with the EPA rules.

**Water/Waste**

***ELGs***

In 2015, the EPA finalized ELGs for wastewater discharge permits for new and existing steam electricity generating facilities. These guidelines require deployment of additional control technologies providing physical, chemical and biological treatment and mandate operational changes including "zero discharge" requirements for certain wastewaters. The implementation date for individual generating stations was to be determined by the states on a case-by-case basis according to criteria provided by the EPA. In September 2017, the EPA issued a rule to postpone the compliance date for certain requirements. In October 2020, the EPA issued revisions to its best available technology standards for certain wastewaters and potential extensions to compliance dates (the Reconsideration Rule). On May 9, 2024, the EPA issued a final rule modifying the 2020 ELG revisions. The rule increases the stringency of previous control technology and zero discharge requirements, revises certain exemptions for generating units planned for retirement, and requires case-by-case limitations for legacy wastewaters based on the best professional judgment of the state regulators. Legal challenges to the final rule have been consolidated before the U.S. Court of Appeals for the Eighth Circuit. The final rule could potentially result in significant operational changes and additional controls for LG&E and KU plants, but in March 2025 the EPA announced its plan to reconsider the rule. The ELGs are expected to be implemented by the states or applicable permitting authorities in the course of their normal permitting activities. Certain costs are included in the Registrants' capital plans and expected to be recovered from customers through rate recovery mechanisms, but additional costs and recovery will depend on further regulatory developments at the state level. On October 2, 2025, the EPA issued a direct final rule extending the retirement exemption category application deadline an additional six years, from December 2025 to December 2031. Also, in a separate action, the EPA proposed several changes to the 2024 ELG. Key to the planning for electric generating units is a five-year extension to the zero liquid discharge deadlines, from December 2029 to December 2034.

## CCRs

In 2015, the EPA issued a final rule governing management of CCRs, which include fly ash, bottom ash and sulfur dioxide scrubber wastes (2015 CCR Rule). The 2015 CCR Rule imposed extensive new requirements for certain CCR impoundments and landfills, including public notifications, location restrictions, design and operating standards, groundwater monitoring and corrective action requirements, and closure and post-closure care requirements, and specifies restrictions relating to the beneficial use of CCRs. In January 2022, the EPA issued several proposed regulatory determinations, facility notifications, and public announcements which indicate increased scrutiny by the EPA to determine the adequacy of measures taken by facility owners and operators to achieve closure of CCR surface impoundments and landfills. In particular, the agency indicated that it will focus on certain practices which it views as posing a threat of continuing groundwater contamination. On May 8, 2024, the EPA issued a final rule (2024 CCR Rule) establishing regulatory requirements for inactive surface impoundments at inactive electricity generation facilities (legacy impoundments). The 2024 CCR Rule also establishes identification, groundwater monitoring, corrective action, closure, and post-closure care requirements for all CCR management units, as defined in the rule, at regulated CCR facilities regardless of how or when the CCR was placed. The rule also requires LG&E and KU to complete applicability determinations, implement site security measures, initiate weekly inspections and monthly monitoring of the impoundment, create a website, and complete hazard assessments and reports for its legacy impoundments. Additionally, the rule could potentially subject CCR management units that have previously completed remedial action and closure and certain beneficial use projects to additional federal regulatory requirements. Legal challenges to the rule have been filed in the D.C. Circuit Court. In March 2025, the EPA announced its plan to update the rule. On July 22, 2025, the EPA published a proposed rule to extend the deadline for select CCR management units for the Facility Evaluation Report Part 1 and Part 2 by one year to February 2027 and February 2028, respectively. The proposed rule would also extend the groundwater monitoring deadline to August 8, 2030, with the initial groundwater monitoring report extended to January 31, 2031.

In connection with the 2015 CCR Rule, LG&E and KU recorded adjustments to existing AROs beginning in 2015. In connection with the 2024 CCR Rule, in the second quarter of 2024, LG&E and KU recognized ARO obligations related to preliminary risk assessments, facility evaluations, feasibility studies and sampling. See Note 15 for additional information. The results of those evaluations, as well as future guidance, regulatory determinations, rulemakings, implementation determinations and other developments could potentially require revisions to current LG&E and KU compliance plans including additional monitoring and remediation at surface impoundments and landfills, the cost of which could be material. PPL, LG&E and KU are unable to predict the outcome of the ongoing litigation, rulemaking, and regulatory determinations or potential impacts on current LG&E and KU compliance plans. PPL, LG&E and KU are currently finalizing or revising closure plans and schedules in accordance with applicable regulations and further material changes to AROs, current capital plans or operating costs may be required as estimates are refined based on closure developments, groundwater monitoring results, and regulatory or legal proceedings. Costs relating to this rule are expected to be subject to rate recovery.

LG&E and KU received KPSC approval for a compliance plan associated with the 2015 CCR Rule providing for the closure of impoundments at the Mill Creek, Trimble County, E.W. Brown, and Ghent stations, and construction of process water management facilities at those plants. In addition to the foregoing measures required for compliance with the federal CCR Rule, KU also received KPSC approval for its plans to close impoundments at the retired Green River, Pineville and Tyrone plants to comply with applicable state law. LG&E and KU have completed planned closure measures at most of the subject impoundments and have commenced post closure groundwater monitoring as required at those facilities. LG&E and KU generally expect to complete all impoundment closures within five years of commencement, although a longer period may be required to complete closure of some facilities. Associated costs are expected to be subject to rate recovery.

## Superfund and Other Remediation

*(All Registrants)*

The Registrants are potentially responsible for investigating and remediating contamination under the federal Superfund program and similar state programs. Actions are under way at certain sites including former manufactured gas plants in Pennsylvania, Rhode Island and Kentucky previously owned or operated by, or currently owned by predecessors or affiliates of, PPL subsidiaries.

Depending on the outcome of investigations at identified sites where investigations have not begun or been completed, or developments at sites for which information is incomplete, additional costs of remediation could be incurred. PPL, PPL Electric, LG&E and KU lack sufficient information about such additional sites to estimate any potential liability or range of reasonably possible losses, if any, related to these sites. Such costs, however, are not currently expected to be significant.

The EPA is evaluating the risks associated with polycyclic aromatic hydrocarbons and naphthalene, chemical by-products of manufactured gas plant operations. As a result, individual states may establish stricter standards for water quality and soil cleanup, that could require several PPL subsidiaries to take more extensive assessment and remedial actions at former manufactured gas plants. The Registrants cannot reasonably estimate a range of possible losses, if any, related to these matters.

*(PPL and PPL Electric)*

PPL Electric is a potentially responsible party for a share of clean-up costs at certain sites. Cleanup actions have been or are being undertaken at these sites as requested by governmental agencies, the costs of which have not been and are not expected to be significant to PPL Electric. As of September 30, 2025 and December 31, 2024, PPL Electric had a recorded liability of \$8 million, representing its best estimate of the probable loss incurred to remediate these sites.

*(PPL)*

RIE is a potentially responsible party for a share of clean-up costs at certain sites including former manufactured gas plant facilities formerly owned by the Blackstone Valley Gas and Electric Company and the Rhode Island gas distribution assets of the New England Gas division of Southern Union Company and electric operations at certain RIE facilities. RIE is currently investigating and remediating, as necessary, those sites and certain other properties under agreements with governmental agencies, the costs of which have not been and are not expected to be significant to PPL.

As of September 30, 2025 and December 31, 2024, RIE had a recorded liability of \$98 million, representing its best estimate of the remaining costs of RIE's environmental remediation activities. These undiscounted costs are expected to be incurred over approximately 30 years and generally to be subject to rate recovery. However, remediation costs for each site may be materially higher than estimated, depending on changing technologies and regulatory standards, selected end uses for each site, and actual environmental conditions encountered. RIE has recovered amounts from certain insurers and potentially responsible parties, and, where appropriate, may seek additional recovery from other insurers and potentially responsible parties, but it is uncertain whether, and to what extent, such efforts will be successful.

The RIPUC has approved two settlement agreements that provide for rate recovery of qualified remediation costs of certain contaminated sites located in Rhode Island and Massachusetts. Rate-recoverable contributions for electric operations of approximately \$3 million are added annually to RIE's Environmental Response Fund, established with RIPUC approval in March 2000 to address such costs, along with interest and any recoveries from insurance carriers and other third parties. In addition, RIE recovers approximately \$1 million annually for gas operations under a distribution adjustment charge in which the qualified remediation costs are amortized over 10 years. See Note 6 for additional information on RIE's recorded environmental regulatory assets and liabilities.

## **Regulatory Issues**

*(All Registrants)*

See Note 6 for information on regulatory matters related to utility rate regulation.

### **Electricity - Reliability Standards**

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

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

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

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

**Gas - Security Directives** *(PPL and LG&E)*

In May and July of 2021, the Department of Homeland Security’s (DHS) Transportation Security Administration released two security directives applicable to certain notified owners and operators of natural gas pipeline facilities (including local distribution companies) that the Transportation Security Administration has determined to be critical. The Transportation Security Administration has determined that LG&E is within the scope of the directive, while RIE has not been notified of this distinction. The first security directive required notified owners/operators to implement cybersecurity incident reporting to the DHS, designate a cybersecurity coordinator, and perform a gap assessment of current entity cybersecurity practices against certain voluntary Transportation Security Administration security guidelines and report relevant results and proposed mitigation to applicable DHS agencies. The second security directive, revised in July of 2024, requires refinement of the cybersecurity implementation plan and the cybersecurity assessment plan. LG&E does not believe the security directives have had or will have a significant impact on LG&E’s operations or financial condition.

**Other**

**Guarantees and Other Assurances**

*(All Registrants)*

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

*(PPL)*

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

*(All Registrants)*

The table below details guarantees provided as of September 30, 2025. "Exposure" represents the estimated maximum potential amount of future payments that could be required to be made under the guarantee. The Registrants believe the probability of expected payment/performance under each of these guarantees is remote, except for the guarantees and indemnifications related to the sale of Safari Holdings, which PPL believes are reasonably possible of occurring. For reporting purposes, on a consolidated basis, the guarantees of PPL include the guarantees of its subsidiary Registrants.

	<u>Exposure at September 30, 2025</u>		<u>Expiration Date</u>
<b><u>PPL</u></b>			
Indemnifications related to certain tax liabilities related to the sale of the U.K. utility business	£	50 (a)	2028
PPL guarantees related to certain sale/leaseback financing transactions related to the sale of Safari Holdings	\$	81 (b)	2028
Indemnifications for losses suffered related to items not covered by Aspen Power's representation and warranty insurance associated with the sale of Safari Holdings		140 (c)	2028
<b><u>LG&amp;E and KU</u></b>			
LG&E and KU obligation of shortfall related to OVEC			(d)

(a) PPL WPD Limited entered into a Tax Deed dated June 9, 2021, in which it agreed to a tax indemnity regarding certain potential tax liabilities of the entities sold with respect to periods prior to the completion of the sale, subject to customary exclusions and limitations. Because National Grid Holdings One plc, the buyer, agreed to purchase indemnity insurance, the amount of the cap on the indemnity for these liabilities is £1, except with respect to certain surrenders of tax losses, for which the amount of the cap on the indemnity is £50 million. In June 2025, the indemnifications were novated to PPL Energy Holdings.

- (b) PPL guaranteed the payment obligations of Safari under certain sale/leaseback financing transactions executed by Safari. These guarantees will remain in place until Safari exercises its option to buy-out the projects under the sale/leaseback financings by the year 2028. Safari will indemnify PPL for any payments made by PPL or claims against PPL under the sale/leaseback transaction guarantees up to \$25 million.
- Separately, PPL has agreed to fund incremental payment obligations under the buy-outs resulting from increases in the fair market value of the projects from the initial fair market value determined at the time of PPL's sale of Safari Holdings to the time the buy-out options are exercised by Safari. As of September 30, 2025, PPL cannot reasonably estimate its payment obligations related to the remaining buy-out options.
- (c) Aspen Power has obtained representation and warranty insurance, therefore, PPL generally has no liability for its representations and warranties under the agreement except for losses suffered related to items not covered. Expiration of these indemnifications range from 18 months to 6 years from the date of the closing of the transaction, and PPL's aggregate liability for these claims will not exceed \$140 million, subject to certain adjustments.
- (d) Pursuant to the OVEC power purchase contract, LG&E and KU are obligated to pay for their share of OVEC's excess debt service, post-retirement, and decommissioning costs, as well as any shortfall from amounts included within a demand charge designed and expected to cover these costs over the term of the contract. PPL's proportionate share of OVEC's outstanding debt was \$73 million at September 30, 2025, consisting of LG&E's share of \$50 million and KU's share of \$23 million. The maximum exposure and the expiration date of these potential obligations are not presently determinable. See "Energy Purchase Commitments" in Note 12 in PPL's, LG&E's and KU's 2024 Form 10-K for additional information on the OVEC power purchase contract.

The Registrants provide other miscellaneous guarantees through contracts entered into in the normal course of business. These guarantees are primarily in the form of indemnification or warranties related to services or equipment and vary in duration. The amounts of these guarantees often are not explicitly stated, and the overall maximum amount of the obligation under such guarantees cannot be reasonably estimated. Historically, no significant payments have been made with respect to these types of guarantees and the probability of payment/performance under these guarantees is generally remote.

PPL, on behalf of itself and certain of its subsidiaries, maintains insurance that covers liability assumed under contract for bodily injury and property damage. The insurance provides maximum aggregate coverage of \$231 million for non-wildfire liability losses and maximum aggregate coverage of \$181 million for wildfire liability losses. This insurance may be applicable to obligations under certain of these contractual arrangements.

11. Related Party Transactions

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

PPL Services and LKS provide the Registrants, their respective subsidiaries and each other with administrative, management and support services. For all services companies, the costs of directly assignable and attributable services are charged to the respective recipients as direct support costs. General costs that cannot be directly attributed to a specific entity are allocated and charged to the respective recipients as indirect support costs. PPL Services and LKS use a three-factor methodology that includes the applicable recipients' invested capital, operation and maintenance expenses and number of employees to allocate indirect costs. PPL Services and LKS charged the following amounts for the periods ended September 30, including amounts applied to accounts that are further distributed between capital and expense on the books of the recipients, based on methods that are believed to be reasonable.

	Three Months		Nine Months	
	2025	2024	2025	2024
PPL Electric from PPL Services	\$ 64	\$ 53	\$ 196	\$ 159
LG&E from LKS	28	25	76	82
LG&E from PPL Services	49	15	112	46
KU from LKS	38	31	98	99
KU from PPL Services	48	15	109	45

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

Intercompany Borrowings

(PPL Electric)

CEP Reserves maintains an \$800 million revolving line of credit with a PPL Electric subsidiary. At September 30, 2025, CEP Reserves had borrowings outstanding of \$509 million. At December 31, 2024, CEP Reserves had borrowings outstanding of \$222 million. The interest rates on borrowings are equal to an adjusted one-month SOFR plus a spread. Interest income is reflected in "Interest Income from Affiliate" on the PPL Electric Income Statements.

(LG&E and KU)

LG&E participates in an intercompany money pool agreement whereby LKE and/or KU make available to LG&E funds up to the difference between LG&E's FERC borrowing limit and LG&E's commercial paper issued at an interest rate based on the lower of a market index of commercial paper issues and two additional rate options based on SOFR. At September 30, 2025, LG&E's money pool unused capacity was \$750 million. At September 30, 2025, LG&E had no borrowings outstanding from KU and/or LKE. At December 31, 2024, LG&E had borrowings outstanding of \$43 million from KU and/or LKE. These balances are reflected in "Notes payable to affiliates" on the LG&E Balance Sheets.

KU participates in an intercompany money pool agreement whereby LKE and/or LG&E make available to KU funds up to the difference between KU's FERC borrowing limit and KU's commercial paper issued at an interest rate based on the lower of a market index of commercial paper issues and two additional rate options based on SOFR. At September 30, 2025, KU's money pool unused capacity was \$650 million. At September 30, 2025, KU had no borrowings outstanding from LG&E and/or LKE. At December 31, 2024, KU had borrowings outstanding of \$73 million from LG&E and/or LKE. These balances are reflected in "Notes payable to affiliates" on the KU Balance Sheets.

VEBA Funds Receivable (PPL Electric)

In 2018, PPL received a favorable private letter ruling from the IRS permitting a transfer of excess funds from the PPL Bargaining Unit Retiree Health Plan VEBA to a new subaccount within the VEBA, to be used to pay medical claims of active bargaining unit employees. In 2024, additional excess funds were removed from the PPL Bargaining Unit Retiree Health Plan VEBA and deposited into the existing subaccount within the VEBA to be used to pay medical claims of active bargaining unit employees. Based on PPL Electric's participation in PPL's Other Postretirement Benefit plan, PPL Electric was allocated a portion of the excess funds from PPL Services. These funds have been recorded as an intercompany receivable on PPL Electric's Balance Sheets. The receivable balance decreases as PPL Electric pays incurred medical claims and is reimbursed by PPL Services. There was no intercompany receivable balance associated with these funds at September 30, 2025. The intercompany receivable balance associated with these funds was \$7 million at December 31, 2024, of which \$4 million was reflected in "Accounts receivable from affiliates" and \$3 million was reflected in "Other noncurrent assets" on PPL Electric's Balance Sheets.

12. Other Income (Expense) - net

(PPL)

The details of "Other Income (Expense) - net" for the periods ended September 30, were:

	Three Months		Nine Months	
	2025	2024	2025	2024
Defined benefit plans - non-service credits (Note 9)	\$ 8	\$ 9	\$ 23	\$ 32
Interest income	6	10	13	25
AFUDC - equity component	23	13	58	33
Miscellaneous	2	—	(4)	(4)
Other Income (Expense) - net	\$ 39	\$ 32	\$ 90	\$ 86

*(PPL Electric)*

The details of "Other Income (Expense) - net" for the periods ended September 30, were:

	Three Months		Nine Months	
	2025	2024	2025	2024
Defined benefit plans - non-service credits (Note 9)	\$ 4	\$ 4	\$ 11	\$ 13
Interest income	3	3	6	5
AFUDC - equity component	8	6	23	17
Miscellaneous	(1)	—	(4)	(2)
Other Income (Expense) - net	<u>\$ 14</u>	<u>\$ 13</u>	<u>\$ 36</u>	<u>\$ 33</u>

*(LG&E)*

The details of "Other Income (Expense) - net" for the periods ended September 30, were:

	Three Months		Nine Months	
	2025	2024	2025	2024
Defined benefit plans - non-service credits (Note 9)	\$ —	\$ —	\$ 1	\$ 3
AFUDC - equity component	4	2	11	5
Miscellaneous	4	1	4	1
Other Income (Expense) - net	<u>\$ 8</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ 9</u>

*(KU)*

The details of "Other Income (Expense) - net" for the periods ended September 30, were:

	Three Months		Nine Months	
	2025	2024	2025	2024
Defined benefit plans - non-service credits (Note 9)	\$ 1	\$ 2	\$ 4	\$ 6
AFUDC - equity component	6	3	14	6
Miscellaneous	2	(1)	1	(2)
Other Income (Expense) - net	<u>\$ 9</u>	<u>\$ 4</u>	<u>\$ 19</u>	<u>\$ 10</u>

### 13. Fair Value Measurements

*(All Registrants)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). A market approach (generally, data from market transactions), an income approach (generally, present value techniques and option pricing models) and/or a cost approach (generally, replacement cost) are used to measure the fair value of an asset or liability, as appropriate. These valuation approaches incorporate inputs such as observable, independent market data and/or unobservable data that management believes are predicated on the assumptions market participants would use to price an asset or liability. These inputs may incorporate, as applicable, certain risks such as nonperformance risk, which includes credit risk. The fair value of a group of financial assets and liabilities is measured on a net basis. See Note 1 in each Registrant's 2024 Form 10-K for information on the levels in the fair value hierarchy.



## Recurring Fair Value Measurements

The assets and liabilities measured at fair value were:

	September 30, 2025				December 31, 2024			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>PPL</b>								
Assets								
Cash and cash equivalents	\$ 1,102	\$ 1,102	\$ —	\$ —	\$ 306	\$ 306	\$ —	\$ —
Restricted cash and cash equivalents (a)	17	17	—	—	33	33	—	—
Total Cash, Cash Equivalents and Restricted Cash (b)	1,119	1,119	—	—	339	339	—	—
Special use funds (a):								
Money market fund	2	2	—	—	1	1	—	—
Commingled debt fund measured at NAV (c)	6	—	—	—	10	—	—	—
Commingled equity fund measured at NAV (c)	5	—	—	—	8	—	—	—
Total special use funds	13	2	—	—	19	1	—	—
Price risk management assets (d):								
Gas contracts	4	—	4	—	9	—	4	5
Total assets	\$ 1,136	\$ 1,121	\$ 4	\$ —	\$ 367	\$ 340	\$ 4	\$ 5
Liabilities								
Price risk management liabilities (d):								
Interest rate derivatives	\$ 5	\$ —	\$ 5	\$ —	\$ 3	\$ —	\$ 3	\$ —
Gas contracts	11	—	7	4	13	—	10	3
Total price risk management liabilities	\$ 16	\$ —	\$ 12	\$ 4	\$ 16	\$ —	\$ 13	\$ 3
<b>PPL Electric</b>								
Assets								
Cash and cash equivalents	\$ 13	\$ 13	\$ —	\$ —	\$ 24	\$ 24	\$ —	\$ —
Total assets	\$ 13	\$ 13	\$ —	\$ —	\$ 24	\$ 24	\$ —	\$ —
<b>LG&amp;E</b>								
Assets								
Cash and cash equivalents	\$ 515	\$ 515	\$ —	\$ —	\$ 8	\$ 8	\$ —	\$ —
Restricted cash and cash equivalents (a)	8	8	—	—	16	16	—	—
Total Cash, Cash Equivalents and Restricted Cash (b)	523	523	—	—	24	24	—	—
Total assets	\$ 523	\$ 523	\$ —	\$ —	\$ 24	\$ 24	\$ —	\$ —
Liabilities								
Price risk management liabilities:								
Interest rate derivatives	\$ 5	\$ —	\$ 5	\$ —	\$ 3	\$ —	\$ 3	\$ —
Total price risk management liabilities	\$ 5	\$ —	\$ 5	\$ —	\$ 3	\$ —	\$ 3	\$ —
<b>KU</b>								
Assets								
Cash and cash equivalents	\$ 341	\$ 341	\$ —	\$ —	\$ 13	\$ 13	\$ —	\$ —
Restricted cash and cash equivalents (a)	8	8	—	—	16	16	—	—
Total Cash, Cash Equivalents and Restricted Cash (b)	349	349	—	—	29	29	—	—
Total assets	\$ 349	\$ 349	\$ —	\$ —	\$ 29	\$ 29	\$ —	\$ —

- (a) Current portion is included in "Other current assets" and noncurrent portion is included in "Other noncurrent assets" on the Balance Sheets.
- (b) Total Cash, Cash Equivalents and Restricted Cash provides a reconciliation of these items reported within the Balance Sheets to the sum shown on the Statements of Cash Flows.
- (c) In accordance with accounting guidance, certain investments that are measured at fair value using net asset value per share (NAV), or its equivalent, have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Balance Sheets.

(d) Current portion is included in "Other current assets" and "Other current liabilities" and noncurrent portion is included in "Other noncurrent assets" and "Other deferred credits and noncurrent liabilities" on the Balance Sheets.

A reconciliation of net assets (liabilities) classified as Level 3 for the nine months ended September 30 is as follows:

	Gas Contracts	
2025		
Balance at beginning of period	\$	2
Total unrealized gains (losses) recognized as Regulatory Assets/Regulatory Liabilities:		(6)
Balance at end of period	\$	(4)

**Special Use Funds (PPL)**

The special use funds are investments restricted for paying active union employee medical costs. In 2018, PPL received a favorable private letter ruling from the IRS permitting a transfer of excess funds from the PPL Bargaining Unit Retiree Health Plan VEBA to a new subaccount within the VEBA to be used to pay medical claims of active bargaining unit employees. In 2024, additional excess funds were removed from the PPL Bargaining Unit Retiree Health Plan VEBA and deposited in the existing subaccount within the VEBA to be used to pay medical claims of active bargaining unit employees. The funds are invested primarily in commingled debt and equity funds measured at NAV and are classified as investments in equity securities. Changes in the fair value of the funds are recorded to the Statements of Income.

**Price Risk Management Assets/Liabilities**

**Interest Rate Derivatives (PPL, LG&E and KU)**

To manage interest rate risk, PPL, LG&E and KU use interest rate derivatives such as treasury locks, forward-starting swaps, floating-to-fixed swaps and fixed-to-floating swaps. An income approach is used to measure the fair value of these derivatives, utilizing readily observable inputs, such as forward interest rates (e.g., SOFR and government security rates), as well as inputs that may not be observable, such as credit valuation adjustments. In certain cases, market information cannot practicably be obtained to value credit risk and therefore internal models are relied upon. These models use projected probabilities of default and estimated recovery rates based on historical observances. When the credit valuation adjustment is significant to the overall valuation, the contracts are classified as Level 3.

**Gas Contracts (PPL)**

To manage gas commodity price risk associated with natural gas purchases, RIE utilizes over-the-counter (OTC) gas swaps contracts with pricing inputs obtained from the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE), except in cases where the ICE publishes seasonal averages or where there were no transactions within the last seven days. RIE may utilize discounting based on quoted interest rate curves, including consideration of non-performance risk, and may include a liquidity reserve calculated based on bid/ask spread. Substantially all of these price curves are observable in the marketplace throughout at least 95% of the remaining contractual quantity, or they could be constructed from market observable curves with correlation coefficients of 95% or higher. These contracts are classified as Level 2.

RIE also utilizes gas option and purchase and capacity transactions, which are valued based on internally developed models. Industry-standard valuation techniques, such as the Black-Scholes pricing model, are used for valuing such instruments. For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is classified as Level 3. This includes derivative instruments valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility, and contract duration. Such instruments are classified as Level 3 as the model inputs generally are not observable. RIE considers non-performance risk and liquidity risk in the valuation of derivative instruments classified as Level 2 and Level 3.

The significant unobservable inputs used in the fair value measurement of the gas derivative instruments are implied volatility and gas forward curves. A relative change in commodity price at various locations underlying the open positions can result in significantly different fair value estimates.

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

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

	September 30, 2025		December 31, 2024	
	Carrying Amount (a)	Fair Value	Carrying Amount (a)	Fair Value
PPL	\$ 18,391	\$ 18,188	\$ 16,503	\$ 15,562
PPL Electric	5,707	5,559	5,214	4,862
LG&E	3,165	3,124	2,471	2,295
KU	3,760	3,611	3,066	2,750

(a) Amounts are net of debt issuance costs.

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

## 14. Derivative Instruments and Hedging Activities

*(All Registrants)*

### Risk Management Objectives

PPL has a risk management policy approved by the Board of Directors to manage market risk associated with commodities, interest rates on debt issuances (including price, liquidity and volumetric risk) and credit risk (including non-performance risk and payment default risk). The Risk Management Committee, comprised of senior management and chaired by the Vice President-Financial Strategy and Chief Risk Officer, oversees the risk management function. Key risk control activities designed to ensure compliance with the risk policy and detailed programs include, but are not limited to, credit review and approval, validation of transactions, verification of risk and transaction limits, value-at-risk analyses (VaR, a statistical model that attempts to estimate the value of potential loss over a given holding period under normal market conditions at a given confidence level) and the coordination and reporting of the Enterprise Risk Management program.

### Market Risk

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

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

#### Interest Rate Risk

- PPL and its subsidiaries are exposed to interest rate risk associated with forecasted fixed-rate and existing floating-rate debt issuances. PPL and LG&E utilize over-the-counter interest rate swaps to limit exposure to market fluctuations on floating-rate debt. PPL, LG&E and KU utilize hedging instruments to limit exposure to fluctuations in benchmark interest rates, when appropriate, in connection with future debt issuance.
- PPL and its subsidiaries are exposed to interest rate risk associated with debt securities and derivatives held by defined benefit plans. This risk is significantly mitigated to the extent that the plans are sponsored at, or sponsored on behalf of, the regulated utilities due to the recovery methods in place.

### **Commodity Price Risk**

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

- PPL Electric is required to purchase electricity to fulfill its obligation as a PLR. Potential commodity price risk is mitigated through its PAPUC-approved cost recovery mechanism and full-requirement supply agreements to serve its PLR customers which transfer the risk to energy suppliers.
- LG&E's and KU's rates include certain mechanisms for fuel, fuel-related expenses and energy purchases. In addition, LG&E's rates include a mechanism for natural gas supply costs. These mechanisms generally provide for timely recovery of market price fluctuations associated with these costs.
- RIE utilizes derivative instruments pursuant to its RIPUC-approved plan to manage commodity price risk associated with its natural gas purchases. RIE's commodity price risk management strategy is to reduce fluctuations in firm gas sales prices to its customers. RIE's costs associated with derivatives instruments are recoverable through its RIPUC-approved cost recovery mechanisms. RIE is also required to purchase electricity to fulfill its obligation to provide Last Resort Service (LRS). Potential commodity price risk is mitigated through its RIPUC-approved cost recovery mechanisms and full requirements service agreements to serve LRS customers, which transfer the risk to energy suppliers. Additionally, RIE is required to contract through long-term agreements for clean energy supply under the Rhode Island Renewable Energy Growth program and Long-term Clean Energy Standard. Potential commodity price risk is mitigated through its RIPUC-approved cost recovery mechanisms, which true-up cost differences between contract prices and market prices.

### **Volumetric Risk**

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

- PPL Electric, LG&E and KU are exposed to volumetric risk on retail sales, mainly due to weather and other economic conditions for which there is limited mitigation between rate cases.
- RIE is exposed to volumetric risk, which is significantly mitigated by regulatory mechanisms. RIE's electric and gas distribution rates both have a revenue decoupling mechanism, which allows for annual adjustments to RIE's delivery rates.

### **Equity Securities Price Risk**

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

### **Credit Risk**

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

PPL is exposed to credit risk from "in-the-money" transactions with counterparties as well as additional credit risk through certain of its subsidiaries, as discussed below.

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

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

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

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

PPL, LG&E and KU had no obligation to return or post cash collateral under master netting arrangements at September 30, 2025 and December 31, 2024.

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

## **Interest Rate Risk**

*(All Registrants)*

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

## **Cash Flow Hedges** *(PPL)*

Interest rate risks include exposure to adverse interest rate movements for outstanding variable rate debt and for future anticipated financings. Financial interest rate derivatives that qualify as cash flow hedges may be entered into to hedge floating interest rate risk associated with both existing and anticipated debt issuances.

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

For the three and nine months ended September 30, 2025 and 2024, PPL had no cash flow hedges reclassified into earnings associated with discontinued cash flow hedges.

At September 30, 2025, the amount of accumulated net unrecognized after-tax gains (losses) on qualifying derivatives expected to be reclassified into earnings during the next 12 months is insignificant. Amounts are reclassified as the hedged interest expense is recorded.

## **Economic Activity** *(PPL and LG&E)*

LG&E enters into interest rate swap contracts that economically hedge interest payments. Because realized gains and losses from the swaps, including terminated swap contracts, are recoverable through regulated rates, any subsequent changes in fair value of these derivatives are included in regulatory assets or liabilities until they are realized as interest expense. Realized gains and losses are recognized in "Interest Expense" on the Statements of Income at the time the underlying hedged interest expense is recorded. At September 30, 2025, LG&E held contracts with a notional amount of \$64 million that mature in 2033.

## **Commodity Price Risk** *(PPL)*

### **Economic Activity**

RIE enters into derivative contracts that economically hedge natural gas purchases. Realized gains and losses from the derivatives are recoverable through regulated rates, therefore subsequent changes in fair value are included in regulatory assets or liabilities until they are realized as purchased gas. Realized gains and losses are recognized in "Energy Purchases" on the Statements of Income upon settlement of the contracts. At September 30, 2025, RIE held contracts with notional volumes of 52 Bcf that range in maturity from 2025 through 2029.

Accounting and Reporting

(All Registrants)

All derivative instruments are recorded at fair value on the Balance Sheet as an asset or liability unless the NPNS is elected. NPNS contracts include certain full requirement purchase contracts and other physical purchase contracts. Changes in the fair value of derivatives not designated as NPNS are recognized in earnings unless specific hedge accounting criteria are met and designated as such, except for the changes in fair values of LG&E's interest rate swaps that are recognized as regulatory assets or regulatory liabilities. See Note 6 for amounts recorded in regulatory assets and regulatory liabilities at September 30, 2025 and December 31, 2024.

See Note 1 in each Registrant's 2024 Form 10-K for additional information on accounting policies related to derivative instruments.

(PPL)

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

	September 30, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management Assets/Liabilities (a)				
Gas contracts	\$ 3	\$ 6	\$ 7	\$ 10
Total current	3	6	7	10
Noncurrent:				
Price Risk Management Assets/Liabilities (a)				
Interest rate derivatives (b)	—	5	—	3
Gas contracts	1	5	2	3
Total noncurrent	1	10	2	6
Total derivatives	\$ 4	\$ 16	\$ 9	\$ 16

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

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended September 30, 2025.

Derivative Relationships	Three Months	Nine Months	Location of Gain (Loss) Recognized in Income on Derivative	Three Months	Nine Months
	Derivative Gain (Loss) Recognized in OCI	Derivative Gain (Loss) Recognized in OCI		Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:					
Interest rate derivatives	\$ —	\$ 1	Interest Expense	\$ (1)	\$ (2)
Derivatives Not Designated as Hedging Instruments			Location of Gain (Loss) Recognized in Income on Derivative	Three Months	Nine Months
Gas contracts		Energy purchases		\$ (2)	\$ (7)
		Other income(expense) -net		—	(1)
		Total		\$ (2)	\$ (8)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	Three Months	Nine Months
Interest rate derivatives	Regulatory assets - noncurrent	\$ —	\$ (2)
Gas Contracts	Regulatory assets - current	—	3
	Regulatory liabilities - current	(3)	—
	Regulatory assets - noncurrent	(6)	(6)
	Total	\$ (9)	\$ (5)

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities for the period ended September 30, 2024.

Derivative Relationships	Three Months Derivative Gain (Loss) Recognized in OCI	Nine Months Derivative Gain (Loss) Recognized in OCI	Location of Gain (Loss) Recognized in Income on Derivative	Three Months Gain (Loss) Reclassified from AOCI into Income	Nine Months Gain (Loss) Reclassified from AOCI into Income
Cash Flow Hedges:					
Interest rate derivatives	\$ —	\$ —	Interest Expense	\$ (1)	\$ (3)
Derivatives Not Designated as Hedging Instruments			Location of Gain (Loss) Recognized in Income on Derivative		
Gas contracts			Energy purchases	\$ (6)	\$ (31)
			Total	\$ (6)	\$ (31)
Derivatives Not Designated as Hedging Instruments			Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets		
Interest rate derivatives			Regulatory assets - noncurrent	\$ (3)	\$ —
Gas contracts			Regulatory assets - current	(2)	31
			Regulatory assets - noncurrent	(3)	3
			Total	\$ (8)	\$ 34

The following table presents the effect of cash flow hedge activity on the Statement of Income for the period ended September 30, 2025.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships	
	Three Months	Nine Months
	Interest Expense	Interest Expense
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	\$ 210	\$ 599
The effects of cash flow hedges:		
Gain (Loss) on cash flow hedging relationships:		
Interest rate derivatives:		
Amount of gain (loss) reclassified from AOCI to income	(1)	(2)

The following table presents the effect of cash flow hedge activity on the Statement of Income for the period ended September 30, 2024.

	Location and Amount of Gain (Loss) Recognized in Income on Hedging Relationships	
	Three Months	Nine Months
	Interest Expense	Interest Expense
Total income and expense line items presented in the income statement in which the effect of cash flow hedges are recorded	\$ 188	\$ 549
The effects of cash flow hedges:		
Gain (Loss) on cash flow hedging relationships:		
Interest rate derivatives:		
Amount of gain (loss) reclassified from AOCI to income	(1)	(3)

(LG&E)

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

	September 30, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Noncurrent:				
Price Risk Management Assets/Liabilities:				
Interest rate derivatives	\$ —	\$ 5	\$ —	\$ 3
Total noncurrent	—	5	—	3
Total derivatives	\$ —	\$ 5	\$ —	\$ 3

The following tables present the pre-tax effect of derivatives not designated as cash flow hedges that are recognized in income or regulatory assets for the period ended September 30, 2025.

Derivative Instruments	Location of Gain (Loss) Recognized in Regulatory Assets	Three Months		Nine Months	
Interest rate derivatives	Regulatory assets - noncurrent	\$ —	—	\$ —	(2)

The following tables present the pre-tax effect of derivatives not designated as cash flow hedges that are recognized in income or regulatory assets for the period ended September 30, 2024.

Derivative Instruments	Location of Gain (Loss) Recognized in Regulatory Assets	Three Months		Nine Months	
Interest rate derivatives	Regulatory assets - noncurrent	\$ —	(3)	\$ —	—

(PPL, LG&E and KU)

Offsetting Derivative Instruments

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

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

	Assets				Liabilities			
	Eligible for Offset			Net	Eligible for Offset			Net
	Gross	Derivative Instruments	Cash Collateral Received		Gross	Derivative Instruments	Cash Collateral Pledged	
September 30, 2025								
Derivatives								
PPL	\$ 4	\$ 3	\$ —	\$ 1	\$ 16	\$ 3	\$ —	\$ 13
LG&E	—	—	—	—	5	—	—	5



	Assets				Liabilities			
	Eligible for Offset			Net	Eligible for Offset			Net
	Gross	Derivative Instruments	Cash Collateral Received		Gross	Derivative Instruments	Cash Collateral Pledged	
December 31, 2024								
Derivatives								
PPL	\$ 9	\$ 5	\$ —	\$ 4	\$ 16	\$ 5	\$ —	\$ 11
LG&E	—	—	—	—	3	—	—	3

Credit Risk-Related Contingent Features

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

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

(PPL)

At September 30, 2025, derivative contracts in a net liability position that contain credit risk-related contingent features were \$3 million. The aggregate fair value of additional collateral requirements in the event of a credit downgrade below investment grade was \$3 million.

15. Asset Retirement Obligations

(PPL, LG&E and KU)

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

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

	PPL	LG&E	KU
Balance at December 31, 2024	\$ 157	\$ 84	\$ 64
Accretion	6	3	3
Changes in estimated timing or cost	3	1	2
Obligations settled	(18)	(9)	(7)
Balance at September 30, 2025	\$ 148	\$ 79	\$ 62

## 16. Accumulated Other Comprehensive Income (Loss)

(PPL)

The after-tax changes in AOCI by component for the periods ended September 30 were as follows.

	Unrealized gains (losses) on qualifying derivatives	Equity investees' AOCI	Defined benefit plans		
			Prior service costs	Actuarial gain (loss)	Total
<b>PPL</b>					
June 30, 2025	\$ 11	\$ 4	\$ (3)	\$ (202)	\$ (190)
Amounts arising during the period	—	—	—	(3)	(3)
Reclassifications from AOCI	1	—	—	(1)	—
Net OCI during the period	1	—	—	(4)	(3)
September 30, 2025	<u>\$ 12</u>	<u>\$ 4</u>	<u>\$ (3)</u>	<u>\$ (206)</u>	<u>\$ (193)</u>
December 31, 2024	\$ 9	\$ 4	\$ (3)	\$ (194)	\$ (184)
Amounts arising during the period	1	—	—	(11)	(10)
Reclassifications from AOCI	2	—	—	(1)	1
Net OCI during the period	3	—	—	(12)	(9)
September 30, 2025	<u>\$ 12</u>	<u>\$ 4</u>	<u>\$ (3)</u>	<u>\$ (206)</u>	<u>\$ (193)</u>
June 30, 2024	\$ 7	\$ 4	\$ (4)	\$ (167)	\$ (160)
Amounts arising during the period	—	—	—	(4)	(4)
Reclassifications from AOCI	2	—	—	(1)	1
Net OCI during the period	2	—	—	(5)	(3)
September 30, 2024	<u>\$ 9</u>	<u>\$ 4</u>	<u>\$ (4)</u>	<u>\$ (172)</u>	<u>\$ (163)</u>
December 31, 2023	\$ 6	\$ 3	\$ (4)	\$ (168)	\$ (163)
Amounts arising during the period	—	1	—	(2)	(1)
Reclassifications from AOCI	3	—	—	(2)	1
Net OCI during the period	3	1	—	(4)	—
September 30, 2024	<u>\$ 9</u>	<u>\$ 4</u>	<u>\$ (4)</u>	<u>\$ (172)</u>	<u>\$ (163)</u>

The following table presents PPL's gains (losses) and related income taxes for reclassifications from AOCI for the periods ended September 30.

Details about AOCI	Three Months		Nine Months		Affected Line Item on the Statements of Income
	2025	2024	2025	2024	
Qualifying derivatives					
Interest rate derivatives	\$ (1)	\$ (1)	\$ (2)	\$ (3)	Interest Expense
Total Pre-tax	(1)	(1)	(2)	(3)	
Income Taxes	—	(1)	—	—	
Total After-tax	(1)	(2)	(2)	(3)	
Defined benefit plans					
Net actuarial loss (a)	1	1	1	3	
Total Pre-tax	1	1	1	3	
Income Taxes	—	—	—	(1)	
Total After-tax	1	1	1	2	
Total reclassifications during the period	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	

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

## 17. New Accounting Guidance Pending Adoption

*(All Registrants)*

### Improvements to Income Tax Disclosures

In December 2023, the FASB issued guidance which requires public business entities to provide additional income tax disclosures, including a disaggregated rate reconciliation as well as information on income taxes paid.

For public business entities, this guidance will be applied on a prospective basis. Retrospective application is permitted. This guidance will be effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance.

Adoption of this guidance will result in including additional required disclosures. The Registrants plan to adopt the standard retrospectively effective for the year ending December 31, 2025.

### Disaggregation of Income Statement Expenses

In November 2024, the FASB issued guidance which requires public business entities to provide in the notes to financial statements specified information about certain costs and expenses. This includes the disclosure of amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities included in each relevant income statement expense caption. A relevant expense caption is an expense caption included on the face of the income statement within continuing operations that contains any of the specified expense categories (a)–(e). A qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated must also be disclosed. Additionally, public business entities must disclose the total amount of selling expenses and, in annual reporting periods, the entity's definition of selling expenses.

For public business entities, this guidance will be applied on a prospective basis. Retrospective application is permitted. This guidance will be effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted.

The Registrants are currently assessing the impact of adopting this guidance.

### Accounting for Internal-Use Software

In September 2025, the FASB issued guidance to clarify and modernize the accounting for costs related to internal-use software. This includes 1) eliminating the traditional stage-based model and requiring entities to start capitalizing software costs when (a) management has authorized/committed to funding the software project and (b) it is probable that the project will be completed and the software will be used to perform the function intended ("probable-to-complete recognition threshold"), 2) requiring entities to consider whether there is significant uncertainty associated with the development activities of the software when evaluating the probable-to-complete recognition threshold, and 3) clarifying disclosure requirements.

For all subjected entities, this guidance can be applied on either a prospective, modified, or retrospective basis. This guidance will be effective for annual periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted.

The Registrants are currently assessing the impact of adopting this guidance.

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

*(All Registrants)*

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

The following should be read in conjunction with the Registrants' Condensed Consolidated Financial Statements and the accompanying Notes and with the Registrants' 2024 Form 10-K. Capitalized terms and abbreviations are defined in the glossary. Dollars are in millions, except per share data, unless otherwise noted.

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

- "Overview" provides a description of each Registrant's business strategy and a discussion of important financial and operational developments.
- "Results of Operations" for all Registrants includes a "Statement of Income Analysis," which discusses significant changes in principal line items on the Statements of Income, comparing the three and nine months ended September 30, 2025 with the same periods in 2024. The PPL "Results of Operations" also includes "Segment Earnings," which provides a detailed analysis of earnings by reportable segment. These discussions include the non-GAAP financial measure "Earnings from Ongoing Operations" and provide an explanation of the non-GAAP financial measure and a reconciliation of the measure to the most comparable GAAP measure.
- "Financial Condition - Liquidity and Capital Resources" provides an analysis of the Registrants' liquidity positions and credit profiles. This section also includes a discussion of rating agency actions.
- "Financial Condition - Risk Management" provides an explanation of the Registrants' risk management programs relating to market and credit risk.

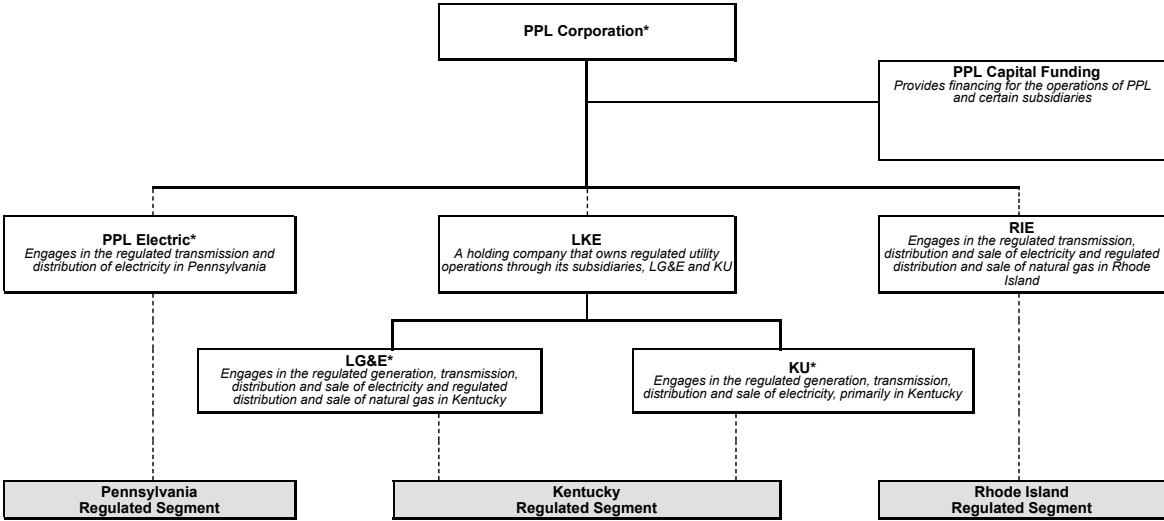
**Overview**

**Introduction**

*(PPL)*

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

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



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

*(PPL Electric)*

PPL Electric, headquartered in Allentown, Pennsylvania, is a wholly-owned subsidiary of PPL and a regulated public utility that is an electricity transmission and distribution service provider in eastern and central Pennsylvania. PPL Electric is subject to regulation as a public utility by the PAPUC, and certain of its transmission activities are subject to the jurisdiction of the FERC under the Federal Power Act. PPL Electric delivers electricity in its Pennsylvania service area and provides electricity supply to retail customers in that area as a PLR under the Customer Choice Act. PPL Electric was organized in 1920 as Pennsylvania Power & Light Company.

*(LG&E)*

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

*(KU)*

KU, headquartered in Lexington, Kentucky, is a wholly-owned subsidiary of LKE and a regulated utility engaged in the generation, transmission, distribution and sale of electricity in Kentucky and Virginia. KU is subject to regulation as a public utility by the KPSC and the VSCC, and certain of its transmission and wholesale power activities are subject to the jurisdiction of the FERC under the Federal Power Act. KU serves its Kentucky customers under the KU name and its Virginia customers under the Old Dominion Power name.

Segment Information *(PPL)*

PPL is organized into three reportable segments as depicted in the chart above: Kentucky Regulated, which primarily represents the results of LG&E and KU, Pennsylvania Regulated, which primarily represents the results of PPL Electric, and Rhode Island Regulated, which primarily represents the results of RIE. "Corporate and Other" primarily consists of corporate level financing costs, certain unallocated costs and certain non-recoverable costs incurred in conjunction with the acquisition of RIE.

## Business Strategy

*(All Registrants)*

PPL operates four regulated utilities located in Pennsylvania, Kentucky and Rhode Island. Each of these jurisdictions has distinct regulatory structures and each of the utilities has distinct customer classes.

PPL's strategy, which is supported by the other Registrants and subsidiaries, is focused on creating the utilities of the future to drive greater value for our customers and shareowners. Key objectives in support of this strategy include:

- Strengthening the reliability and resilience of our electric and gas networks to improve service and protect against current and future weather and storms.
- Advancing a cleaner energy future affordably and reliably. This includes expanding and modernizing our generation with natural gas, renewables and battery storage, while supporting research and development of low-carbon solutions.
- Driving operational efficiencies to improve customer service and help keep energy affordable.
- Utilizing artificial intelligence and other advanced technologies to inform decision making, optimize asset planning and maintenance and better manage supply and demand on the grid.
- Empowering customers through expanded digital options and improved service.
- Engaging with key stakeholders to strengthen resource adequacy, power economic development, and support the growth and success of the regions we serve.

This strategy supports our mission to provide safe, affordable, reliable and sustainable energy to our customers and competitive, long-term returns to shareowners.

## Financial and Operational Developments

*Joint Venture Agreement with Blackstone Infrastructure (PPL)*

On July 15, 2025, at the Pennsylvania Energy and Innovation Summit, PPL and Blackstone Infrastructure announced the creation of a joint venture to build, own and operate new electricity generation stations to power data centers in Pennsylvania under long-term energy services agreements (ESAs) to address underlying resource adequacy concerns in PJM. Construction of new generation stations will require the successful execution of ESAs with hyperscalers. PPL will own 51% of the joint venture interest and Blackstone Infrastructure will own 49%. The joint venture is actively engaged with hyperscalers, landowners, natural gas pipeline companies and turbine manufacturers, and has secured multiple land parcels to enable this new generation buildout; however, no ESAs with hyperscalers have been signed as of November 5, 2025.

## Regulatory Requirements

*(All Registrants)*

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

## Rate Case Proceedings

*(PPL and PPL Electric)*

On September 30, 2025, PPL Electric filed a request with the PAPUC for an increase in distribution base rates of approximately \$356 million, more than \$50 million of which is already included in customer bills through rate recovery mechanisms, and approval of certain regulatory and accounting treatments. The proposed increase in distribution base rates would increase PPL Electric's total annual revenue by approximately 8.6%. The application is based on a fully projected future test year of July 1, 2026 through June 30, 2027 and requested an authorized ROE of 11.3%. Subject to PAPUC approval, new rates are expected to become effective on July 1, 2026. A ruling from the PAPUC is anticipated during the second quarter of 2026. PPL and PPL Electric cannot predict the outcome of the proceeding.

*(PPL, LG&E and KU)*

On May 30, 2025, LG&E and KU filed requests with the KPSC for an increase in annual electricity and gas revenues of approximately \$391 million (\$105 million and \$226 million in electricity revenues at LG&E and KU and \$60 million in gas revenues at LG&E) and approval of certain regulatory and accounting treatments. The revenue increases would be an increase of 8.3% and 11.5% in electricity revenues at LG&E and KU, and an increase of 14.0% in gas revenues at LG&E.

The applications are based on a forecasted test year of January 1, 2026 through December 31, 2026 and request an authorized ROE of 10.95%. Subject to KPSC approval, new rates are expected to become effective on January 1, 2026. Certain counterparties have intervened in the proceedings.

In addition, pursuant to prior orders of the KPSC, the LG&E and KU rate case application included an assessment of a potential legal merger of LG&E and KU and concluded a legal merger may be appropriate. LG&E and KU have requested the KPSC to determine whether LG&E and KU have requested a reasonable plan for merger. Ultimately, approval for a merger would be required from the KPSC, VSCC and FERC. There is no assurance that LG&E and KU would receive regulatory approval for a potential merger.

On October 20, 2025, LG&E and KU filed with the KPSC a stipulation and recommendation (the agreement) regarding a proposed resolution of issues with a majority of the intervenors in the proceedings.

Under the agreement, the parties propose that the KPSC should issue orders granting a revised aggregate increase in annual electricity and gas revenues of approximately \$235 million, comprising increases of \$58 million and \$132 million in electricity revenues at LG&E and KU, respectively, and \$45 million in gas revenues at LG&E. The agreement proposes a revised authorized ROE of 9.90%.

The agreement proposes a "stay out" commitment from LG&E and KU to refrain from effective base rate increases before August 1, 2028, subject to certain exceptions. In connection with the stay out period, the agreement also proposes the establishment of two new rate tracker mechanisms, a Generation Cost Recovery Adjustment Clause (GCR) and a Sharing Mechanism Adjustment Clause (SM).

The proposed GCR mechanism would provide LG&E and KU recovery and return on investment of covered costs (excluding fuel amounts, which LG&E and KU can recover via an existing rate mechanism) of relevant new generation and energy storage assets authorized in the 2022 and 2025 CPCN proceedings (excluding the Mill Creek Unit 6 NGCC in 2031, see "2025 CPCN" for more information regarding the Mill Creek Unit 6 NGCC) as they are placed in service.

The proposed SM mechanism would address any base rate revenue deficiency or surplus during the final thirteen months of the stay out period, July 2027 through July 2028, below or above a suggested ROE band of 9.40% to 10.15%. Any such base rate revenue deficiency or surplus would be collected from or returned to customers over a thirteen-month billing period beginning November 2028.

Following issuance of the 2025 CPCN Order, LG&E and KU filed supplemental testimony with the KPSC in the rate case proceedings seeking recovery of the Mill Creek Unit 2 stay open costs through a proposed additional rate adjustment clause mechanism.

The agreement further authorizes LG&E and KU to use regulatory deferral accounting for actual expenses above or below base rate levels for certain expenses including: pension and post-retirement benefits, storm restoration, vegetation management, transmission waivers and credits, and gas line or well activities, with recovery of such deferred asset or liability amounts to be addressed in future rate cases.

A KPSC hearing in the underlying proceedings commenced on November 3, 2025. The agreement, as well as matters raised by non-agreeing intervenors, are subject to KPSC review and action, including approval, denial or modification. LG&E and KU anticipate a ruling from the KPSC during the fourth quarter of 2025, although the KPSC has until March 31, 2026 to issue its final order. PPL, LG&E and KU cannot predict the outcome of these proceedings.

(PPL, LG&E and KU)

### *Environmental Considerations for Coal-Fired Generation*

The businesses of LG&E and KU are subject to extensive federal, state and local environmental laws, rules and regulations, including those pertaining to CCRs, GHG, and ELGs. See Notes 6, 10 and 15 to the Financial Statements for a discussion of these significant environmental matters. These and other environmental requirements led PPL, LG&E and KU to retire approximately 1,500 MW of coal-fired generating plants in Kentucky since 2010. As part of the long-term generation planning process, LG&E and KU evaluate a range of factors including the impact of potential stricter environmental regulations, fuel price scenarios, the cost of replacement generation, continued operations and major maintenance costs and the risk of major equipment failures in determining when to retire generation assets.

As a result of environmental requirements and aging infrastructure, LG&E has sought and obtained approval to retire two older coal-fired units at the Mill Creek Plant. Mill Creek Unit 1, with 300 MW of capacity, was retired in 2024. Mill Creek Unit 2, with 297 MW of capacity, was approved to be retired in 2027, subject to certain conditions. On October 28, 2025, in LG&E and KU's 2025 CPCN proceeding, the KPSC declined to rule on a request to extend the operation of Mill Creek Unit 2.

On October 4, 2024, LG&E submitted an application related to the retirement of Mill Creek Unit 1, which occurred on December 31, 2024, requesting recovery of associated costs under the RAR. On February 24, 2025, the KPSC issued an order approving LG&E's cost recovery for Mill Creek Unit 1 under the RAR and related amounts were included in bills beginning in May 2025. See Note 6 to the Financial Statements for additional information on the Mill Creek Unit 1 RAR.

### *2025 CPCN*

On February 28, 2025, LG&E and KU filed an application with the KPSC regarding certain future plans for new generation and generation-related construction matters. The proposals included in the application are intended to serve anticipated load growth, including from potential data center demand in LG&E's or KU's service territory. The proposals did not include retirements of coal or other fossil-fueled plants, which would require additional KPSC approval procedures under Kentucky legislation enacted in 2023 and 2024.

LG&E and KU submitted a joint application to the KPSC for approval of certain certificates of public convenience and necessity, site compatibility certificates, and accounting treatment, where applicable, relating to a number of generation-related plans or projects that generally are expected to become operational or established within the next six years. The aggregate projected capital expenditures associated with these proposals are currently expected to be \$3.7 billion over the 2025 to 2031 period. Projected capital expenditures related to these proposals for the years 2025 through 2027 were included in PPL's, LG&E's and KU's projections in "Management Discussion and Analysis – Financial Condition - Liquidity and Capital Resources - Forecasted Uses of Cash – Capital Expenditures" in the 2024 Form 10-K. The application includes proposals to build:

- a 645 MW NGCC generation unit at KU's E.W. Brown station (Brown Unit 12),
- a 645 MW NGCC generation unit at LG&E's Mill Creek station (Mill Creek Unit 6),
- a four-hour 400 MW (1,600 MWh total) battery energy storage system (BESS) at LG&E's Cane Run station, and
- a selective catalytic reduction (SCR) environmental facility at KU's Ghent station Unit 2 (Ghent Unit 2).

The new NGCC units are anticipated to be wholly owned by LG&E and the BESS unit jointly owned by LG&E (32%) and KU (68%), with actual project costs allocated consistent with LG&E's and KU's ultimate ownership shares and existing shared dispatch, cost allocation, tariff or other frameworks. The proposed Mill Creek Unit 6 NGCC is in addition to a new NGCC unit currently under construction at that location (Mill Creek Unit 5).

The filing also notes projected in service dates for the projects, including the Brown Unit 12 NGCC in 2030, the Mill Creek Unit 6 NGCC in 2031, the Cane Run BESS in 2028 and the Ghent Unit 2 SCR in 2028.



On July 29, 2025, LG&E and KU filed with the KPSC a stipulation and recommendation regarding a proposed resolution of issues with several of the intervenors in the CPCN proceeding (stipulation). The stipulation recommends to the KPSC the approval of the large majority of LG&E's and KU's requested generation-related projects and associated accounting matters, subject to certain changes. Under the stipulation, the parties agree the KPSC should issue an order granting a CPCN for the proposed: (a) Brown Unit 12 NGCC; (b) Mill Creek Unit 6 NGCC; and (c) Ghent Unit 2 SCR. In addition, the proposal to build the \$775 million Cane Run BESS would be withdrawn without prejudice, the relevant costs regarding the proposed \$1.4 billion Mill Creek Unit 6 NGCC would be recovered through a new rate tracker mechanism, and the retirement date for the existing Mill Creek Unit 2 coal plant would be extended from 2027 to the operational date of the proposed Mill Creek Unit 6 NGCC or afterwards, subject to relevant future economic analysis, regulatory or environmental authorizations. The stipulation also contains provisions relating to regulatory asset accounting, proposed data center tariffs, future renewable power requests-for-proposals and other matters. LG&E and KU would retain the right to seek approval of the potentially withdrawn Cane Run BESS or similar substitute project in future regulatory proceedings.

On October 28, 2025, the KPSC issued an order approving much of LG&E's and KU's July 2025 stipulation, with certain modifications. The order granted the requested CPCNs and site-related permits to construct the proposed Brown Unit 12 NGCC, Mill Creek Unit 6 NGCC, and Ghent Unit 2 SCR. The order authorized inclusion of relevant costs of the Ghent Unit 2 SCR in KU's existing environmental cost recovery rate mechanism. The order established a separate monitoring case to receive and consider information during the construction of Mill Creek Unit 6 NGCC.

The order approved requests regarding regulatory asset deferral accounting treatment for certain AFUDC related amounts and noted the KPSC's expectation that the stipulating parties would follow through with their commitments regarding tariffs and power supply contracts related to potential future data center or high load customers in LG&E's and KU's pending rate proceedings. The order also approved other elements of the stipulation or the originally-filed application, with minor modifications.

The KPSC decided not to approve LG&E's and KU's proposed new rate adjustment cost recovery mechanisms for certain costs associated with Mill Creek Unit 6 NGCC and costs associated with operating the Mill Creek Unit 2 coal plant beyond its original retirement date in 2027. However, the denials were without prejudice to resubmission and the KPSC encouraged the parties to provide additional evidence on such matters in separate proceedings. LG&E and KU are providing such evidence addressing recovery of the Mill Creek Unit 2 stay open costs in their pending rate case proceedings. Recovery of Mill Creek Unit 6 costs will be addressed in a future proceeding. The KPSC declined to rule on the matter related to the retirement date of Mill Creek Unit 2 coal plant.

In light of the conditional withdrawal in the stipulation, the order did not include a CPCN for the Cane Run BESS. LG&E and KU retain the right to seek approval of the Cane Run BESS project or similar substitute projects at any time in future regulatory proceedings.

The KPSC's order is subject to certain rights to request rehearing or appeal by LG&E and KU and all intervenors. LG&E and KU continue to evaluate the order and related matters and cannot predict the outcome should they or other parties decide to appeal or request a rehearing of these matters.

### *FERC Transmission Rate Filing*

In 2018, LG&E and KU applied to the FERC requesting elimination of certain on-going waivers and credits to a sub-set of transmission customers relating to the 1998 merger of LG&E's and KU's parent entities and the 2006 withdrawal of LG&E and KU from the Midcontinent Independent System Operator, Inc. (MISO), a regional transmission operator and energy market. The application sought termination of LG&E's and KU's commitment to provide certain Kentucky municipalities mitigation for certain horizontal market power concerns arising out of the 1998 LG&E and KU merger and 2006 MISO withdrawal. The amounts at issue are generally waivers or credits granted to a limited number of Kentucky municipalities for either certain LG&E and KU or MISO transmission charges incurred for transmission service received. In 2019, the FERC granted LG&E's and KU's request to remove the ongoing credits, conditioned upon the implementation by LG&E and KU of a transition mechanism for certain existing power supply arrangements, which was subsequently filed, modified, and approved by the FERC in 2020 and 2021. In 2020, LG&E and KU and other parties filed appeals with the U.S. Court of Appeals - D.C. Circuit (D.C. Circuit Court of Appeals) regarding the FERC's orders on the elimination of the mitigation and required transition mechanism. In August 2022, the D.C. Circuit Court of Appeals issued an order remanding the proceedings back to the FERC. On May 18, 2023, the FERC issued an order on remand reversing its 2019 decision and requiring LG&E and KU to refund credits previously withheld, including under such transition mechanism. LG&E and KU filed a petition for review of the FERC's May 18, 2023 order with the D.C. Circuit Court of Appeals and provided refunds in accordance with the FERC order on December 1, 2023. The FERC issued an order on LG&E's and KU's compliance filing on November 16, 2023, and LG&E and KU filed a petition for review of this November 16, 2023 order on February 14, 2024. The FERC issued the substantive order on rehearing on March 21, 2024, reaffirming its prior decision. On August 8, 2025, the D.C. Circuit Court of Appeals issued a procedural ruling vacating the FERC's prior orders and remanded the matter back to the FERC for further proceedings. LG&E and KU cannot predict the ultimate outcome of the proceedings or any other post decision process but do not expect the annual impact to have a material effect on their operations or financial condition. LG&E and KU currently receive recovery of certain waivers and credits primarily through existing base rate levels. Additionally, LG&E's and KU's current Kentucky rate proceedings include requests regarding elements of regulatory liabilities or assets associated with potential future decreases or increases in the transmission waivers and credits that are the subject of these FERC proceedings.

*(PPL)*

### *Hold Harmless Implementation Agreement*

As a condition to the Acquisition (as defined in Note 8 to the Financial Statements) of RIE in May 2022, PPL made a commitment to the Rhode Island Division of Public Utilities and Carriers to hold harmless Rhode Island customers from the impact of future rate increases resulting from changes in Accumulated Deferred Income Taxes as a result of the Acquisition (the Hold Harmless Commitment). On June 13, 2025, an agreement was entered into by and among RIE, PPL, PPL Rhode Island Holdings and the Rhode Island Division of Public Utilities and Carriers Advocacy Section to satisfy RIE's obligations under the Hold Harmless Commitment of approximately \$155 million, and proposes to resolve that amount through bill credits issued to customers, with approximately \$74 million to be issued throughout the first quarter of 2026 and approximately \$81 million to be issued throughout the first quarter of 2027. The bill credits would be recorded as a reduction to revenue in the periods in which the credits are applied to customers' bills. On September 10, 2025, the Rhode Island Division of Public Utilities and Carriers approved the agreement. Also on September 10, 2025, the RIPUC opened a docket to evaluate RIE's bill credit proposal, including the underlying rate accounting supporting the proposal, and required RIE to file a tariff advice with the RIPUC, which RIE filed on October 2, 2025. Discovery in this proceeding is ongoing and an evidentiary hearing is scheduled for November 18, 2025. PPL cannot predict the outcome of the RIPUC inquiry.

### *FY 2026 Gas ISR Plan*

On December 31, 2024, RIE filed its FY 2026 Gas ISR Plan with the RIPUC with a budget that included \$187 million of capital investment spend and up to \$15 million of additional contingency plan spend in connection with the PHMSA's potential enactment of regulations during FY 2026 that, if enacted, would significantly alter RIE's leak detection and repair obligations under federal regulations. The plan also included proposed spending on curb-to-curb paving of \$22 million. On March 28, 2025, the RIPUC approved a FY 2026 Gas ISR Plan of \$165 million of which \$147 million is for capital investment spend and \$18 million is spend for paving costs as operations and maintenance (O&M), plus a potential additional \$15 million is available if the above-mentioned regulations are implemented by the PHMSA. On March 31, 2025, the RIPUC approved RIE's compliance filing for rates effective April 1, 2025.

*FY 2026 Electric ISR Plan*

On December 23, 2024, RIE filed its FY 2026 Electric ISR Plan with the RIPUC with a budget that included \$248 million of capital investment spend (including \$88 million for Advanced Metering Functionality (AMF)), \$14 million of vegetation operation and maintenance (O&M) spend and \$1 million of Other O&M spend. On March 28, 2025, the RIPUC approved a FY 2026 Electric ISR Plan of \$219 million for capital investment spend (including \$88 million for AMF), \$14 million for vegetation management O&M spend, and \$1 million for Other O&M spend. On March 31, 2025, the RIPUC approved RIE's compliance filing for rates effective April 1, 2025.

*DSIC Petition (PPL and PPL Electric)*

On April 26, 2024, PPL Electric filed a Petition with the PAPUC requesting that the PAPUC waive PPL Electric's DSIC cap of 5% of billed revenues and increase the maximum allowable DSIC to 9% for bills rendered on or after January 1, 2025. On February 28, 2025, the PAPUC issued its written order permitting PPL Electric to increase its DSIC cap from 5% to 7.5% for bills rendered on or after March 13, 2025 until the effective date of rates established in PPL Electric's next base rate case or the end of the PPL Electric's 2023-2027 Long-term Infrastructure Improvement Plan, whichever occurs first, at which time it will return to 5%.

**Results of Operations**

*(PPL)*

The "Statement of Income Analysis" discussion below describes significant changes in principal line items on the Statements of Income, comparing the three and nine months ended September 30, 2025 with the same periods in 2024. The "Segment Earnings" discussion provides a review of results by reportable segment. These discussions include the non-GAAP financial measure "Earnings from Ongoing Operations" and provide an explanation of the non-GAAP financial measure and a reconciliation of the measure to the most comparable GAAP measure.

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

A "Statement of Income Analysis" is presented separately for PPL Electric, LG&E and KU. The "Statement of Income Analysis" discussion below describes significant changes in principal line items on the Statements of Income, comparing the three and nine months ended September 30, 2025 with the same periods in 2024.

*(All Registrants)*

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

## PPL: Statement of Income Analysis and Segment Earnings

### Statement of Income Analysis

Net income for the periods ended September 30 includes the following results:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Operating Revenues	\$ 2,239	\$ 2,066	\$ 173	\$ 6,768	\$ 6,251	\$ 517
Operating Expenses						
Operation						
Fuel	231	207	24	657	597	60
Energy purchases	422	338	84	1,369	1,133	236
Other operation and maintenance	586	681	(95)	1,798	1,930	(132)
Depreciation	331	322	9	977	957	20
Taxes, other than income	100	90	10	314	271	43
Total Operating Expenses	1,670	1,638	32	5,115	4,888	227
Operating Income	569	428	141	1,653	1,363	290
Other Income (Expense) - net	39	32	7	90	86	4
Interest Expense	210	188	22	599	549	50
Income Before Income Taxes	398	272	126	1,144	900	244
Income Taxes	80	58	22	229	189	40
Net Income	\$ 318	\$ 214	\$ 104	\$ 915	\$ 711	\$ 204

### Operating Revenues

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

	Three Months	Nine Months
PPL Electric distribution volumes (a)	\$ —	\$ 18
PPL Electric PLR (b)	52	88
PPL Electric transmission formula rate (c)	22	39
LG&E ECR	7	5
LG&E volumes (a)	2	8
LG&E fuel and other energy purchases (d)	12	49
LG&E off-system sales (e)	2	9
KU volumes (a)	5	22
KU fuel and other energy purchases (f)	13	23
KU off-system sales (e)	2	16
RIE energy purchases and other recoveries (g)	21	125
RIE net metering presentation (h)	25	110
RIE capital investments	(3)	12
Other	13	(7)
Total	\$ 173	\$ 517

- (a) The increases for the nine months ended September 30, 2025 were primarily due to weather and other higher usage.
- (b) The increases were primarily the result of more PLR customers, higher prices and higher customer volumes.
- (c) The increases were primarily due to returns on additional transmission capital investments.
- (d) The increase for the three months ended September 30, 2025 was primarily due to higher recoveries of fuel expenses. The increase for the nine months ended September 30, 2025 was primarily due to higher recoveries of fuel expenses and energy purchases.
- (e) The increases for the nine months ended September 30, 2025 were primarily due to higher volumes.
- (f) The increases were primarily due to higher recoveries of fuel expenses.
- (g) The increase for the three months ended September 30, 2025 was primarily due to higher recoveries of transmission expenses and energy efficiency costs. The increase for the nine months ended September 30, 2025 was primarily due to higher recoveries of transmission expenses, gas maintenance expenses and gross earnings taxes.
- (h) In conjunction with the completion of the transition services agreement associated with the RIE acquisition, PPL conformed the presentation of RIE's net metering charges beginning in the fourth quarter of 2024 with the presentation of the other operating companies, resulting in an increase in Operating Revenues and a corresponding increase in Energy purchases. See Note 3 to the Financial Statements for additional information.

## Fuel

Fuel increased \$24 million for the three months ended September 30, 2025 compared with 2024, primarily due to an increase in commodity costs.

Fuel increased \$60 million for the nine months ended September 30, 2025 compared with 2024, primarily due to a \$38 million increase in commodity costs and a \$22 million increase in volumes due to weather.

## Energy Purchases

The increase (decrease) in energy purchases was due to:

	Three Months	Nine Months
PPL Electric PLR volumes	\$ 8	\$ 35
PPL Electric PLR prices	43	34
LG&E volumes	(3)	12
LG&E commodity costs	1	11
RIE net metering presentation (a)	25	110
RIE net metering	8	17
Other	2	17
Total	<u>\$ 84</u>	<u>\$ 236</u>

(a) In conjunction with the completion of the transition services agreement associated with the RIE acquisition, PPL conformed the presentation of RIE's net metering charges beginning in the fourth quarter of 2024 with the presentation of the other operating companies, resulting in an increase in Operating Revenues and a corresponding increase in Energy purchases. See Note 3 to the Financial Statements for additional information.

## Other Operation and Maintenance

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

	Three Months	Nine Months
PPL Electric storm costs	\$ (13)	\$ (5)
PPL Electric bad debt expenses	(2)	(17)
RIE gas maintenance expenses	—	21
RIE integration related expenses (a)	(20)	(68)
RIE transmission expenses	8	50
RIE bad debt expenses	(15)	(3)
RIE customer service expenses	8	25
RIE storm expenses	(6)	(6)
IT costs (b)	18	70
Transition costs associated with RIE (c)	(67)	(198)
Other	(6)	(1)
Total	<u>\$ (95)</u>	<u>\$ (132)</u>

(a) Certain transition services agreement costs in 2024 for IT systems that will not be part of PPL's ongoing operations.

(b) Primarily costs associated with PPL's restructuring and rebuilding of its IT infrastructure, organization and systems.

(c) See Note 8 to the Financial Statements for additional information.

**Taxes, Other Than Income**

The increase (decrease) in taxes, other than income was due to:

	Three Months	Nine Months
State gross earnings and gross receipts tax (a)	\$ 7	\$ 41
Property tax expense	5	4
Other	(2)	(2)
Total	\$ 10	\$ 43

(a) The increase for the nine months ended September 30, 2025 was primarily due to the RIE Gross Earnings Tax Holiday Credit that took place in 2024.

**Other Income (Expense) - net**

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

	Three Months	Nine Months
Defined benefit plans - non-service credits (Note 9)	\$ (1)	\$ (9)
Interest income	(4)	(12)
AFUDC - equity component	10	25
Miscellaneous	2	—
Total	\$ 7	\$ 4

**Interest Expense**

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

	Three Months	Nine Months
Long-term debt (a)	\$ 17	\$ 41
Other	5	9
Total	\$ 22	\$ 50

(a) The increases were primarily due to increased borrowings.

**Income Taxes**

The increase (decrease) in income taxes was due to:

	Three Months	Nine Months
Change in pre-tax income	\$ 26	\$ 51
Income tax credits	(2)	(5)
Utility rate-making tax adjustments (a)	(2)	(6)
Total	\$ 22	\$ 40

(a) Primarily consists of tax impacts of AFUDC equity and related depreciation across PPL’s regulated utility subsidiaries and flow through tax impacts of utility ratemaking. Flow through occurs when the regulator excludes deferred tax expense or benefit from recoverable costs when determining income tax expense.

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

## Segment Earnings

PPL's Net Income (Loss) by reportable segment for the periods ended September 30 were as follows:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Kentucky Regulated	\$ 185	\$ 169	\$ 16	\$ 534	\$ 493	\$ 41
Pennsylvania Regulated	159	142	17	482	441	41
Rhode Island Regulated	27	14	13	80	90	(10)
Corporate and Other (a)	(53)	(111)	58	(181)	(313)	132
Net Income (Loss)	\$ 318	\$ 214	\$ 104	\$ 915	\$ 711	\$ 204

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

### Earnings from Ongoing Operations

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

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

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

PPL's Earnings from Ongoing Operations by reportable segment for the periods ended September 30 were as follows:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Kentucky Regulated	\$ 191	\$ 172	\$ 19	\$ 548	\$ 497	\$ 51
Pennsylvania Regulated	160	142	18	485	458	27
Rhode Island Regulated	38	32	6	118	138	(20)
Corporate and Other	(34)	(36)	2	(112)	(99)	(13)
Earnings from Ongoing Operations	\$ 355	\$ 310	\$ 45	\$ 1,039	\$ 994	\$ 45

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

### Kentucky Regulated Segment

The Kentucky Regulated segment primarily consists of the regulated electricity generation, transmission and distribution operations conducted by LG&E and KU, as well as LG&E's regulated transmission, distribution and sale of natural gas.

Net Income and Earnings from Ongoing Operations for the periods ended September 30 include the following results:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Operating Revenues	\$ 944	\$ 895	\$ 49	\$ 2,841	\$ 2,698	\$ 143
Fuel	231	207	24	657	597	60
Energy purchases	23	25	(2)	149	124	25
Other operation and maintenance	201	196	5	601	593	8
Depreciation	180	178	2	535	531	4
Taxes, other than income	26	25	1	77	74	3
Total Operating Expenses	661	631	30	2,019	1,919	100
Other Income (Expense) - net	17	8	9	35	20	15
Interest Expense	68	60	8	191	181	10
Income Taxes	47	43	4	132	125	7
Net Income	185	169	16	534	493	41
Less: Special Items	(6)	(3)	(3)	(14)	(4)	(10)
Earnings from Ongoing Operations	\$ 191	\$ 172	\$ 19	\$ 548	\$ 497	\$ 51

The following after-tax gains (losses), which management considers special items, impacted the Kentucky Regulated segment's results and are excluded from Earnings from Ongoing Operations during the periods ended September 30.

Income Statement Line Item	Three Months		Nine Months	
	2025	2024	2025	2024
Strategic corporate initiatives, net of tax of \$0 (a)	\$ —	\$ —	\$ —	\$ (1)
IT transformation, net of tax of \$2, \$4 (b)	(5)	—	(11)	—
Office relocation and related costs, net of tax of \$1, \$1 (c)	(1)	—	(3)	—
FERC transmission credit refund, net of tax of \$0, \$0 (d)	—	1	—	1
ECR beneficial reuse transition adjustment, net of tax of \$2, \$2 (e)	—	(4)	—	(4)
Total Special Items	\$ (6)	\$ (3)	\$ (14)	\$ (4)

- (a) Costs incurred related to PPL's corporate centralization efforts.
- (b) Costs associated with PPL's restructuring and rebuilding of its IT infrastructure, organization and systems.
- (c) Certain costs related to the relocation of corporate offices.
- (d) Prior period impact related to a FERC refund order.
- (e) Prior period impact for an adjustment related to the ECR mechanism revenues.

The changes in the components of the Kentucky Regulated segment's results between these periods are due to the factors set forth below, which exclude the items that management considers special.

	Three Months	Nine Months
Operating Revenues	\$ 45	\$ 139
Fuel	(24)	(60)
Energy purchases	2	(25)
Other operation and maintenance	3	10
Depreciation	(1)	(4)
Taxes, other than income	(1)	(3)
Other Income (Expense) - net	9	15
Interest Expense	(8)	(10)
Income Taxes	(6)	(11)
Earnings from Ongoing Operations	19	51
Special Items, after-tax	(3)	(10)
Net Income	\$ 16	\$ 41

- Higher operating revenues for the three month period primarily due to a \$25 million increase in recoveries of fuel and energy purchases, a \$7 million increase in ECR revenues, a \$6 million increase in sales volumes due to weather and a \$5 million increase in off-system sales.
- Higher operating revenues for the nine month period primarily due to a \$72 million increase in recoveries of fuel and energy purchases, a \$30 million increase in sales volumes due to weather and a \$25 million increase in off-system sales.



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- Higher fuel expense for the three month period primarily due to an increase in commodity costs.
- Higher fuel expense for the nine month period primarily due to a \$38 million increase in commodity costs and a \$22 million increase in volumes due to weather.

### Pennsylvania Regulated Segment

The Pennsylvania Regulated segment consists of the regulated electricity transmission and distribution operations of PPL Electric.

Net Income and Earnings from Ongoing Operations for the periods ended September 30 include the following results:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Operating Revenues	\$ 786	\$ 716	\$ 70	\$ 2,298	\$ 2,159	\$ 139
Energy purchases	224	177	47	622	544	78
Other operation and maintenance	160	176	(16)	481	511	(30)
Depreciation	105	101	4	307	300	7
Taxes, other than income	38	32	6	111	98	13
Total Operating Expenses	527	486	41	1,521	1,453	68
Other Income (Expense) - net	14	13	1	36	33	3
Interest Income from Affiliate	2	7	(5)	4	27	(23)
Interest Expense	67	61	6	189	184	5
Income Taxes	49	47	2	146	141	5
Net Income	159	142	17	482	441	41
Less: Special Items	(1)	—	(1)	(3)	(17)	14
Earnings from Ongoing Operations	\$ 160	\$ 142	\$ 18	\$ 485	\$ 458	\$ 27

The following after-tax gains (losses), which management considers special items, impacted the Pennsylvania Regulated segment's results and are excluded from Earnings from Ongoing Operations during the periods ended September 30.

Income Statement Line Item		Three Months		Nine Months	
		2025	2024	2025	2024
PPL Electric billing issue, net of tax of \$5 (a)	Other operation and maintenance	\$ —	\$ —	\$ —	\$ (13)
Strategic corporate initiatives, net of tax of \$2 (b)	Other operation and maintenance	—	—	—	(4)
Office relocation and related costs, net of tax of \$1 (c)	Other operation and maintenance	—	—	(2)	—
IT transformation, net of tax of \$0, \$0 (d)	Other operation and maintenance	(1)	—	(1)	—
Total Special Items		\$ (1)	\$ —	\$ (3)	\$ (17)

- (a) Certain expenses related to billing issues.  
(b) Costs incurred related to PPL's corporate centralization and other strategic efforts.  
(c) Certain costs related to the relocation of corporate offices.  
(d) Costs associated with PPL's restructuring and rebuilding of its IT infrastructure, organization and systems.

The changes in the components of the Pennsylvania Regulated segment's results between these periods are due to the factors set forth below, which exclude the items that management considers special.

	Three Months	Nine Months
Operating Revenues	\$ 70	\$ 139
Energy purchases	(47)	(78)
Other operation and maintenance	17	11
Depreciation	(4)	(7)
Taxes, other than income	(6)	(13)
Other Income (Expense) - net	1	3
Interest Income from Affiliate	(5)	(23)
Interest Expense	(6)	(5)
Income Taxes	(2)	—
Earnings from Ongoing Operations	18	27
Special Items, after-tax	(1)	14
Net Income	\$ 17	\$ 41

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- Higher operating revenues for the three month period primarily due to a \$52 million increase in PLR and a \$22 million increase in transmission formula rate revenue.
- Higher operating revenues for the nine month period primarily due to an \$88 million increase in PLR, a \$39 million increase in transmission formula rate revenue and a \$18 million increase in distribution volumes.
- Higher energy purchases for the three month period primarily due to higher PLR prices.
- Higher energy purchases for the nine month period primarily due to higher PLR volumes of \$35 million and higher PLR prices of \$34 million.
- Lower other operation and maintenance for the three month period primarily due to a decrease in storm costs.

### Rhode Island Regulated Segment

The Rhode Island Regulated segment consists of the regulated electricity transmission and distribution and natural gas distribution operations of RIE.

Net Income and Earnings from Ongoing Operations for the periods ended September 30 include the following results:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Operating Revenues	\$ 509	\$ 455	\$ 54	\$ 1,629	\$ 1,393	\$ 236
Energy purchases	173	135	38	598	464	134
Other operation and maintenance	196	211	(15)	610	547	63
Depreciation	45	42	3	131	123	8
Taxes, other than income	38	33	5	127	99	28
Total Operating Expenses	452	421	31	1,466	1,233	233
Other Income (Expense) - net	2	7	(5)	5	20	(15)
Interest Income from Affiliate	—	—	—	3	—	3
Interest Expense	28	25	3	78	72	6
Income Taxes	4	2	2	13	18	(5)
Net Income	27	14	13	80	90	(10)
Less: Special Items	(11)	(18)	7	(38)	(48)	10
Earnings from Ongoing Operations	\$ 38	\$ 32	\$ 6	\$ 118	\$ 138	\$ (20)

The following after-tax gains (losses), which management considers special items, impacted the Rhode Island Regulated segment's results and are excluded from Earnings from Ongoing Operations during the periods ended September 30.

Income Statement Line Item	Three Months		Nine Months	
	2025	2024	2025	2024
Acquisition integration, net of tax of \$0, \$3, (\$2), \$12 (a)	\$ (1)	\$ (18)	\$ 6	\$ (48)
IT transformation, net of tax of \$0, \$1 (b)	(1)	—	(5)	—
Energy efficiency programs settlement, net of tax of \$2 (c)	—	—	(6)	—
Post TSA adjustments, net of tax of \$4 (d)	—	—	(14)	—
Post TSA adjustments, net of tax of \$1 (d)	—	—	(3)	—
Post TSA adjustments, net of tax of \$2 (d)	—	—	(6)	—
Post TSA adjustments, net of tax of \$0 (d)	—	—	(1)	—
Customer system integration impacts, net of tax of \$2, \$2 (e)	(9)	—	(9)	—
Total Special Items	\$ (11)	\$ (18)	\$ (38)	\$ (48)

- (a) 2025 costs are related to distributed generation projects that PPL will not seek regulatory recovery of. 2024 primarily includes certain transition services agreement costs for IT systems that will not be part of PPL's ongoing operations.
- (b) Costs associated with PPL's restructuring and rebuilding of its IT infrastructure, organization and systems.
- (c) See Note 10 to the Financial Statements for additional information.
- (d) Adjustments related to account reconciliations and process alignment subsequent to the end of the transition services agreement associated with the acquisition of RIE.
- (e) Certain collection process costs incurred due to the timing and implementation of the customer system integration.

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The changes in the components of the Rhode Island Regulated segment's results between these periods are due to the factors set forth below, which exclude the items that management considers special.

	Three Months	Nine Months
Operating Revenues	\$ 52	\$ 254
Energy purchases	(38)	(134)
Other operation and maintenance	6	(103)
Depreciation	(3)	(8)
Taxes, other than income	(5)	(28)
Other Income (Expense) - net	(2)	(5)
Interest Income from Affiliate	—	3
Interest Expense	(3)	(6)
Income Taxes	(1)	7
Earnings from Ongoing Operations	6	(20)
Special Items, after-tax	7	10
Net Income	\$ 13	\$ (10)

- Higher operating revenues for the three month period primarily due to a \$25 million increase related to the effects of conforming the presentation of RIE's net metering charges to that of PPL's other operating utilities beginning in the fourth quarter of 2024 and a \$21 million increase in recovery of energy purchases, transmission expenses, gross earnings taxes and gas maintenance expenses and \$6 million of other items that were not individually significant.
- Higher operating revenues for the nine month period primarily due to a \$110 million increase related to the effects of conforming the presentation of RIE's net metering charges to that of PPL's other operating utilities beginning in the fourth quarter of 2024, a \$125 million increase in recovery of energy purchases, transmission expenses, gross earnings taxes and gas maintenance expenses and a \$12 million increase related to capital investments.
- Higher energy purchases for the three month period primarily due to a \$25 million increase related to the effects of conforming the presentation of RIE's net metering charges to that of PPL's other operating utilities beginning in the fourth quarter of 2024, an \$8 million increase in net metering and \$5 million of other items that were not individually significant.
- Higher energy purchases for the nine month period primarily due to a \$110 million increase related to the effects of conforming the presentation of RIE's net metering charges to that of PPL's other operating utilities beginning in the fourth quarter of 2024 and a \$17 million increase in net metering.
- Lower operation and maintenance expense for the three month period primarily due to a \$26 million decrease in bad debt expenses, partially offset by an \$8 million increase in transmission expenses, a \$6 million increase in energy efficiency expenses and a \$5 million increase in IT costs.
- Higher operation and maintenance expense for the nine month period primarily due to a \$50 million increase in transmission expenses, a \$25 million increase in customer service costs, a \$21 million increase for gas maintenance expenses and a \$16 million increase in IT costs, partially offset by a \$14 million decrease in bad debt expenses.
- Higher depreciation for the three and nine month periods primarily due to an increase in PP&E additions, net of retirements.
- Higher taxes, other than income for the three and nine month periods primarily due to an increase in gross earnings taxes.
- Lower other income (expense) - net for the three month period primarily due to lower interest income.
- Higher interest expense for the three month period primarily due to increased borrowings.

## Reconciliation of Earnings from Ongoing Operations

The following tables contain after-tax gains (losses), in total, which management considers special items, that are excluded from Earnings from Ongoing Operations and a reconciliation to PPL's "Net Income" for the periods ended September 30.

	2025 Three Months				
	KY Regulated	PA Regulated	RI Regulated	Corporate and Other	Total
<b>Net Income (Loss)</b>	\$ 185	\$ 159	\$ 27	\$ (53)	\$ 318
Less: Special Items (expense) benefit:					
Acquisition integration, net of tax of \$0, \$4 (a)	—	—	(1)	(14)	(15)
IT transformation, net of tax of \$2, \$0, \$0, \$3 (b)	(5)	(1)	(1)	(5)	(12)
Office relocation and related costs, net of tax of \$1 (c)	(1)	—	—	—	(1)
Customer system integration impacts, net of tax of \$2 (d)	—	—	(9)	—	(9)
<b>Total Special Items</b>	<b>(6)</b>	<b>(1)</b>	<b>(11)</b>	<b>(19)</b>	<b>(37)</b>
<b>Earnings from Ongoing Operations</b>	<b>\$ 191</b>	<b>\$ 160</b>	<b>\$ 38</b>	<b>\$ (34)</b>	<b>\$ 355</b>

- (a) Primarily includes integration and related costs associated with the acquisition of RIE.
- (b) Costs associated with PPL's restructuring and rebuilding of its IT infrastructure, organization and systems.
- (c) Certain costs related to the relocation of corporate offices.
- (d) Certain collection process costs incurred due to the timing and implementation of the customer system integration.

	2024 Three Months				
	KY Regulated	PA Regulated	RI Regulated	Corporate and Other	Total
<b>Net Income (Loss)</b>	\$ 169	\$ 142	\$ 14	\$ (111)	\$ 214
Less: Special Items (expense) benefit:					
Talen litigation costs, net of tax of \$1 (a)	—	—	—	(2)	(2)
Strategic corporate initiatives, net of tax of \$1 (b)	—	—	—	(2)	(2)
Acquisition integration, net of tax of \$3, \$19 (c)	—	—	(18)	(71)	(89)
FERC transmission credit refund, net of tax of \$0 (d)	1	—	—	—	1
ECR beneficial reuse transition adjustment, net of tax of \$2 (e)	(4)	—	—	—	(4)
<b>Total Special Items</b>	<b>(3)</b>	<b>—</b>	<b>(18)</b>	<b>(75)</b>	<b>(96)</b>
<b>Earnings from Ongoing Operations</b>	<b>\$ 172</b>	<b>\$ 142</b>	<b>\$ 32</b>	<b>\$ (36)</b>	<b>\$ 310</b>

- (a) PPL incurred legal expenses related to litigation associated with its former affiliate.
- (b) Represents costs primarily related to PPL's centralization efforts and other strategic efforts.
- (c) Rhode Island Regulated primarily includes certain TSA costs for IT systems that will not be part of PPL's ongoing operations. Corporate and Other primarily includes integration and related costs associated with the acquisition of RIE.
- (d) Prior period impact related to a FERC refund order.
- (e) Prior period impact of an adjustment related to the ECR mechanism revenues.

	2025 Nine Months				
	KY Regulated	PA Regulated	RI Regulated	Corporate and Other	Total
<b>Net Income (Loss)</b>	\$ 534	\$ 482	\$ 80	\$ (181)	\$ 915
Less: Special Items (expense) benefit:					
Talen litigation costs, net of tax of \$(1) (a)	—	—	—	3	3
Acquisition integration, net of tax of \$(2), \$11 (b)	—	—	6	(41)	(35)
IT transformation, net of tax of \$4, \$0, \$1, \$8 (c)	(11)	(1)	(5)	(31)	(48)
Energy efficiency programs settlement, net of tax of \$2 (d)	—	—	(6)	—	(6)
Office relocation and related costs, net of tax of \$1, \$1 (e)	(3)	(2)	—	—	(5)
Post TSA adjustments, net of tax of \$7 (f)	—	—	(24)	—	(24)
Customer system integration impacts, net of tax of \$2 (g)	—	—	(9)	—	(9)
<b>Total Special Items</b>	<b>(14)</b>	<b>(3)</b>	<b>(38)</b>	<b>(69)</b>	<b>(124)</b>
<b>Earnings from Ongoing Operations</b>	<b>\$ 548</b>	<b>\$ 485</b>	<b>\$ 118</b>	<b>\$ (112)</b>	<b>\$ 1,039</b>

- (a) PPL incurred legal expenses and received insurance reimbursement related to litigation associated with its former affiliate, Talen Montana, LLC and certain affiliated entities.
- (b) Rhode Island Regulated primarily includes a final transition services agreement settlement. Corporate and Other primarily includes integration and related costs associated with the acquisition of RIE.
- (c) Costs associated with PPL's restructuring and rebuilding of its IT infrastructure, organization and systems.

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- (d) See Note 10 to the Financial Statements for additional information.  
(e) Certain costs related to the relocation of corporate offices.  
(f) Adjustments related to account reconciliations and process alignment subsequent to the end of the transition services agreement associated with the acquisition of RIE.  
(g) Certain collection process costs incurred due to the timing and implementation of the customer system integration.

	2024 Nine Months				
	KY Regulated	PA Regulated	RI Regulated	Corporate and Other	Total
<b>Net Income (Loss)</b>	\$ 493	\$ 441	\$ 90	\$ (313)	\$ 711
Less: Special Items (expense) benefit:					
Talen litigation costs, net of tax of \$1 (a)	—	—	—	(2)	(2)
Strategic corporate initiatives, net of tax of \$0, \$2, \$2 (b)	(1)	(4)	—	(6)	(11)
Acquisition integration, net of tax of \$12, \$55 (c)	—	—	(48)	(206)	(254)
PPL Electric billing issue, net of tax of \$5 (d)	—	(13)	—	—	(13)
FERC transmission credit refund, net of tax of \$0 (e)	1	—	—	—	1
ECR beneficial reuse transition adjustment, net of tax of \$2 (f)	(4)	—	—	—	(4)
<b>Total Special Items</b>	(4)	(17)	(48)	(214)	(283)
<b>Earnings from Ongoing Operations</b>	\$ 497	\$ 458	\$ 138	\$ (99)	\$ 994

- (a) PPL incurred legal expenses related to litigation associated with its former affiliate.  
(b) Represents costs primarily related to PPL's centralization efforts and other strategic efforts.  
(c) Rhode Island Regulated primarily includes certain TSA costs for IT systems that will not be part of PPL's ongoing operations. Corporate and Other primarily includes integration and related costs associated with the acquisition of RIE.  
(d) Certain expenses related to billing issues.  
(e) Prior period impact related to a FERC refund order.  
(f) Prior period impact of an adjustment related to the ECR mechanism revenues.

### PPL Electric: Statement of Income Analysis

Net income for the periods ended September 30 includes the following results:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Operating Revenues	\$ 786	\$ 716	\$ 70	\$ 2,298	\$ 2,159	\$ 139
Operating Expenses						
Operation						
Energy purchases	224	177	47	622	544	78
Other operation and maintenance	160	176	(16)	481	511	(30)
Depreciation	105	101	4	307	300	7
Taxes, other than income	38	32	6	111	98	13
Total Operating Expenses	527	486	41	1,521	1,453	68
Operating Income	259	230	29	777	706	71
Other Income (Expense) - net	14	13	1	36	33	3
Interest Income from Affiliate	2	7	(5)	4	27	(23)
Interest Expense	67	61	6	189	184	5
Income Before Income Taxes	208	189	19	628	582	46
Income Taxes	49	47	2	146	141	5
Net Income	\$ 159	\$ 142	\$ 17	\$ 482	\$ 441	\$ 41

Operating Revenues

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

	Three Months	Nine Months
Distribution price	\$ (3)	\$ (5)
Distribution volume (a)	—	18
PLR (b)	52	88
Transmission formula rate (c)	22	39
Other	(1)	(1)
Total	\$ 70	\$ 139

- (a) The increase for the nine months ended September 30, 2025 was primarily due to weather and other higher usage.  
(b) The increases were primarily the result of more PLR customers, higher prices and higher customer volumes.  
(c) The increases were primarily due to returns on additional transmission capital investments.

Energy Purchases

Energy purchases increased \$47 million for the three months ended September 30, 2025 compared with 2024, primarily due to higher PLR prices.

Energy purchases increased \$78 million for the nine months ended September 30, 2025 compared with 2024, primarily due to higher PLR volumes of \$35 million and higher PLR prices of \$34 million.

Other Operation and Maintenance

Other operation and maintenance decreased \$16 million for the three months ended September 30, 2025 compared with 2024, primarily due to lower storm costs.

Other operation and maintenance decreased \$30 million for the nine months ended September 30, 2025 compared with 2024, primarily due to lower bad debts.

## LG&E: Statement of Income Analysis

Net income for the periods ended September 30 includes the following results:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Operating Revenues						
Retail and wholesale	\$ 420	\$ 396	\$ 24	\$ 1,293	\$ 1,219	\$ 74
Electric revenue from affiliate	7	1	6	17	20	(3)
Total Operating Revenues	427	397	30	1,310	1,239	71
Operating Expenses						
Operation						
Fuel	97	75	22	254	228	26
Energy purchases	17	19	(2)	128	105	23
Energy purchases from affiliate	6	11	(5)	18	19	(1)
Other operation and maintenance	91	84	7	271	259	12
Depreciation	77	76	1	228	229	(1)
Taxes, other than income	13	13	—	39	38	1
Total Operating Expenses	301	278	23	938	878	60
Operating Income	126	119	7	372	361	11
Other Income (Expense) - net	8	3	5	16	9	7
Interest Income from Affiliate	—	1	(1)	—	1	(1)
Interest Expense	30	26	4	83	78	5
Income Before Income Taxes	104	97	7	305	293	12
Income Taxes	21	20	1	61	61	—
Net Income	\$ 83	\$ 77	\$ 6	\$ 244	\$ 232	\$ 12

### Operating Revenues

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

	Three Months	Nine Months
Fuel and other energy purchases (a)	\$ 16	\$ 40
Volumes (b)	2	8
Off-system sales (c)	3	13
ECR (d)	7	5
Other	2	5
Total	\$ 30	\$ 71

- (a) The increase for the three months ended September 30, 2025 was primarily due to higher recoveries of fuel expenses. The increase for the nine months ended September 30, 2025 was primarily due to higher recoveries of fuel expenses and energy purchases.
- (b) The increase for the nine months ended September 30, 2025 was primarily due to weather.
- (c) The increase for the nine months ended September 30, 2025 was primarily due to higher volumes.
- (d) The increase for the three months ended September 30, 2025 was primarily due to a 2024 adjustment related to the ECR mechanism revenues.

**Fuel**

Fuel expense increased \$22 million for the three months ended September 30, 2025 compared with 2024, primarily due to a \$12 million increase in volumes primarily due to weather and a \$9 million increase in commodity costs.

Fuel expense increased \$26 million for the nine months ended September 30, 2025 compared with 2024, primarily due to an increase in commodity costs.

**Energy Purchases**

Energy purchases increased \$23 million for the nine months ended September 30, 2025 compared with 2024, primarily due to a \$12 million increase in volumes primarily due to weather and an \$11 million increase in commodity costs.

**Energy Purchases from Affiliate**

Energy purchases from affiliate decreased \$5 million for the three months ended September 30, 2025 compared with 2024, primarily due to lower volumes.

**Other Operation and Maintenance**

Other operation and maintenance increased \$7 million for the three months ended September 30, 2025 compared with 2024, primarily due to higher IT costs.

**Other Income (Expense) - net**

Other income (expense) increased \$5 million for the three months ended September 30, 2025 compared with 2024, due to \$3 million of higher miscellaneous other income and \$2 million of higher AFUDC equity.

**Interest Expense**

Interest expense increased \$4 million for the three months ended September 30, 2025 compared with 2024, primarily due to increased borrowings.



KU: Statement of Income Analysis

Net income for the periods ended September 30 includes the following results:

	Three Months			Nine Months		
	2025	2024	\$ Change	2025	2024	\$ Change
Operating Revenues						
Retail and wholesale	\$ 524	\$ 498	\$ 26	\$ 1,548	\$ 1,479	\$ 69
Electric revenue from affiliate	6	11	(5)	18	19	(1)
Total Operating Revenues	530	509	21	1,566	1,498	68
Operating Expenses						
Operation						
Fuel	135	131	4	404	369	35
Energy purchases	6	7	(1)	20	19	1
Energy purchases from affiliate	7	1	6	17	20	(3)
Other operation and maintenance	101	103	(2)	303	306	(3)
Depreciation	102	102	—	305	302	3
Taxes, other than income	13	12	1	38	36	2
Total Operating Expenses	364	356	8	1,087	1,052	35
Operating Income	166	153	13	479	446	33
Other Income (Expense) - net	9	4	5	19	10	9
Interest Expense	38	35	3	108	102	6
Interest Expense with Affiliate	—	—	—	—	1	(1)
Income Before Income Taxes	137	122	15	390	353	37
Income Taxes	28	24	4	78	70	8
Net Income	\$ 109	\$ 98	\$ 11	\$ 312	\$ 283	\$ 29

Operating Revenues

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

	Three Months	Nine Months
Fuel and other energy purchases (a)	\$ 8	\$ 21
Volumes (b)	5	22
Off-system sales (c)	2	16
ECR	5	1
Other	1	8
Total	\$ 21	\$ 68

- (a) The increase for the three months ended September 30, 2025 was primarily due to higher recoveries of fuel expenses and energy purchases from affiliate. The increase for the nine months ended September 30, 2025 was primarily due to higher recoveries of fuel expenses.
- (b) The increase for the nine months ended September 30, 2025 was primarily due to weather.
- (c) The increase for the nine months ended September 30, 2025 was primarily due to higher volumes.

Fuel

Fuel expense increased \$4 million for the three months ended September 30, 2025 compared with 2024, primarily due to a \$10 million increase in commodity costs, partially offset by a \$6 million decrease in volumes primarily due to weather.

Fuel expense increased \$35 million for the nine months ended September 30, 2025 compared with 2024, primarily due to a \$19 million increase in volumes primarily due to weather and a \$16 million increase in commodity costs.

Energy Purchases from Affiliate

Energy purchases from affiliate increased \$6 million for the three months ended September 30, 2025 compared with 2024, primarily due to an increase in volumes.

## Financial Condition

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

### Liquidity and Capital Resources

*(All Registrants)*

The Registrants had the following at:

	<u>PPL</u>	<u>PPL Electric</u>	<u>LG&amp;E</u>	<u>KU</u>
<b><u>September 30, 2025</u></b>				
Cash and cash equivalents	\$ 1,102	\$ 13	\$ 515	\$ 341
Short-term debt	595	—	—	—
Long-term debt due within one year	1,455	—	390	414
Notes payable to affiliates		—	—	—
<b><u>December 31, 2024</u></b>				
Cash and cash equivalents	\$ 306	\$ 24	\$ 8	\$ 13
Short-term debt	303	—	25	140
Long-term debt due within one year	551	—	300	250
Notes payable to affiliates		—	43	73

*(All Registrants)*

Net cash provided by (used in) operating, investing and financing activities for the nine month periods ended September 30, and the changes between periods, were as follows.

	<u>PPL</u>	<u>PPL Electric</u>	<u>LG&amp;E</u>	<u>KU</u>
<b>2025</b>				
Operating activities	\$ 2,081	\$ 719	\$ 538	\$ 647
Investing activities	(2,860)	(1,362)	(561)	(681)
Financing activities	1,559	632	522	354
<b>2024</b>				
Operating activities	\$ 1,829	\$ 689	\$ 456	\$ 612
Investing activities	(1,944)	(1,240)	(327)	(463)
Financing activities	316	535	(143)	(151)
<b>Change - Cash Provided (Used)</b>				
Operating activities	\$ 252	\$ 30	\$ 82	\$ 35
Investing activities	(916)	(122)	(234)	(218)
Financing activities	1,243	97	665	505

### Operating Activities

The components of the change in cash provided by (used in) operating activities for the nine months ended September 30, 2025 compared with 2024 were as follows.

	<u>PPL</u>	<u>PPL Electric</u>	<u>LG&amp;E</u>	<u>KU</u>
<b>Change - Cash Provided (Used)</b>				
Net income	\$ 204	\$ 41	\$ 12	\$ 29
Non-cash components	54	(24)	2	27
Working capital	32	33	66	(13)
Other operating activities	(38)	(20)	2	(8)
<b>Total</b>	<u>\$ 252</u>	<u>\$ 30</u>	<u>\$ 82</u>	<u>\$ 35</u>

*(PPL)*

PPL's cash provided by operating activities in 2025 increased \$252 million compared with 2024.

- Net income increased \$204 million between the periods and included an increase in non-cash components of \$54 million.
- The \$32 million increase in cash from changes in working capital was primarily due to a decrease in net regulatory assets (primarily due to the timing of rate recovery mechanisms), a decrease in prepayments (primarily due to the timing of payments), an increase in accounts payable (primarily due to the timing of payments) and an increase in taxes payable (primarily due to the timing of payments), partially offset by an increase in accounts receivable (primarily due to the timing of payments).
- The \$38 million decrease in cash provided by other operating activities was driven primarily by an increase in other assets (primarily related to long-term cloud prepayments).

*(PPL Electric)*

PPL Electric's cash provided by operating activities in 2025 increased \$30 million compared with 2024.

- Net income increased \$41 million between the periods and included a decrease in non-cash components of \$24 million. The decrease in non-cash components was primarily due to a decrease in deferred income taxes and investment tax credits (primarily due to book versus tax plant timing differences).
- The \$33 million increase in cash from changes in working capital was primarily due to increases in taxes payable (primarily due to timing of payments), a decrease in net regulatory assets (primarily due to the timing of rate recovery mechanisms) and a decrease in prepayments (primarily due to the timing of payments), partially offset by an increase in accounts receivable (primarily due to the timing of payments).
- The \$20 million decrease in cash provided by other operating activities was driven primarily by an increase in noncurrent regulatory assets (primarily related to an increase in storm costs).

*(LG&E)*

LG&E's cash provided by operating activities in 2025 increased \$82 million compared with 2024.

- Net income increased \$12 million between the periods.
- The \$66 million increase in cash from changes in working capital was primarily due to a decrease in accounts receivable (primarily due to weather), an increase in accounts payable (primarily due to timing of payments) and a decrease in fuel, materials and supplies (primarily due to a decrease in coal volume), partially offset by a decrease in current regulatory assets (primarily due to the timing of rate recovery mechanisms).

*(KU)*

KU's cash provided by operating activities in 2025 increased \$35 million compared with 2024.

- Net income increased \$29 million between the periods and included an increase in non-cash components of \$27 million, primarily due to an increase in deferred income taxes and investment tax credits (primarily due to book versus tax plant timing differences).
- The \$13 million decrease in cash from changes in working capital was primarily due to a decrease in net regulatory liabilities (primarily due to timing of regulatory mechanisms) and an increase in fuel, materials and supplies (primarily due to an increase in coal volume), partially offset by a decrease in accounts receivable (primarily due to weather).

## Investing Activities

(All Registrants)

The components of the change in cash provided by (used in) investing activities for the nine months ended September 30, 2025 compared with 2024 were as follows.

	PPL	PPL Electric	LG&E	KU
Change - Cash Provided (Used)				
Expenditures for PP&E	\$ (923)	\$ (262)	\$ (234)	\$ (218)
Notes receivable from affiliate	—	131	—	—
Other investing activities	7	9	—	—
Total	<u>\$ (916)</u>	<u>\$ (122)</u>	<u>\$ (234)</u>	<u>\$ (218)</u>

For PPL, the increase in expenditures for PP&E was due to an increase in project expenditures at PPL Electric, RIE, LG&E and KU. The increase in expenditures at PPL Electric was primarily due to increases in transmission and distribution projects. The increase in expenditures at LG&E was primarily due to Mill Creek Unit 5, Calvary transmission pipeline installation and the E.W. Brown battery storage project. The increase in expenditures at KU was primarily due to Mill Creek Unit 5.

For PPL Electric, the change in "Notes receivable from affiliate" activity resulted from payments received of \$131 million from an affiliate. See Note 11 to the Financial Statements for further discussion of intercompany borrowings.

## Financing Activities

(All Registrants)

PPL regularly analyzes and evaluates its capital structure and may explore potential transactions, including debt or equity purchases and/or exchanges from time to time through redemptions, open market purchases, private transactions, or otherwise, or seek to raise additional debt or equity capital, depending on market conditions.

The components of the change in cash provided by (used in) financing activities for the nine months ended September 30, 2025 compared with 2024 were as follows.

	PPL	PPL Electric	LG&E	KU
Change - Cash Provided (Used)				
Debt issuance/retirement, net	\$ 1	\$ (153)	\$ 700	\$ 700
Dividends	(36)	(15)	(10)	(12)
Capital contributions/distributions, net	—	(245)	85	73
Change in short-term debt, net	1,284	509	(25)	(47)
Net increase (decrease) in notes payable with affiliate	—	—	(77)	(201)
Other financing activities	(6)	1	(8)	(8)
Total	<u>\$ 1,243</u>	<u>\$ 97</u>	<u>\$ 665</u>	<u>\$ 505</u>

See Note 7 to the Financial Statements in this Form 10-Q for information on 2025 short-term and long-term debt activity, equity transactions and PPL dividends. See Note 8 to the Financial Statements in the Registrants' 2024 Form 10-K for information on 2024 activity.

## Credit Facilities

The Registrants maintain credit facilities to enhance liquidity, provide credit support and provide a backstop to commercial paper programs. Amounts borrowed under these credit facilities are reflected in "Short-term debt" on the Balance Sheets. At September 30, 2025, the total committed borrowing capacity under credit facilities and the borrowings under these facilities were:

## External

	Committed Capacity	Borrowed	Letters of Credit and Commercial Paper Issued (c)	Unused Capacity
PPL Capital Funding Credit Facilities (a)	\$ 1,600	\$ —	\$ 596	\$ 1,004
PPL Electric Credit Facility	750	—	1	749
LG&E Credit Facility	600	—	—	600
KU Credit Facility	600	—	—	600
Total Credit Facilities (b)	\$ 3,550	\$ —	\$ 597	\$ 2,953

- (a) Includes a \$1.5 billion syndicated credit facility with a \$250 million borrowing sublimit for RIE and a \$1.25 billion sublimit for PPL Capital Funding. RIE's borrowing sublimit is adjustable, at the borrowers' option, from \$0 to \$600 million, with the remaining balance of the \$1.5 billion available under the facility allocated to PPL Capital Funding. At September 30, 2025, PPL Capital Funding had \$445 million of commercial paper outstanding and RIE had \$151 million of commercial paper outstanding. RIE's obligations under the facility are not guaranteed by PPL.
- (b) The commitments under the credit facilities are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than the following percentages of the total committed capacity: PPL - 8%, PPL Electric - 7%, LG&E - 7% and KU - 7%.
- (c) Commercial paper issued reflects the undiscounted face value of the issuance.

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

## Intercompany (LG&E and KU)

	Committed Capacity	Borrowed	Commercial Paper Issued	Unused Capacity
LG&E Money Pool (a)	\$ 750	\$ —	\$ —	\$ 750
KU Money Pool (a)	650	—	—	650

- (a) LG&E and KU participate in an intercompany money pool agreement whereby LKE and/or KU make available to LG&E, and LKE and/or LG&E make available to KU funds up to the difference between LG&E's and KU's FERC borrowing limit and LG&E's and KU's commercial paper issued, at an interest rate based on the lower of a market index of commercial paper issues and two additional rate options based on SOFR.

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

## Commercial Paper (All Registrants)

The Registrants, and PPL Capital Funding and RIE, maintain commercial paper programs to provide an additional financing source to fund short-term liquidity needs, as necessary. Commercial paper issuances, included in "Short-term debt" on the Balance Sheets, are supported by the respective Registrant's credit facility, with PPL Capital Funding and RIE's issuances supported by PPL Capital Funding's syndicated credit facility. The following commercial paper programs were in place at September 30, 2025:

	Capacity	Commercial Paper Issuances (b)	Unused Capacity
PPL Capital Funding (a)	\$ 1,600	\$ 445	\$ 1,155
RIE (a)	400	151	249
PPL Electric	750	—	750
LG&E	600	—	600
KU	600	—	600
Total PPL	\$ 3,950	\$ 596	\$ 3,354

- (a) Issuances under the PPL Capital Funding and RIE commercial paper programs are supported by the PPL Capital Funding syndicated credit facility, which has a total capacity of \$1.5 billion, currently with a \$250 million borrowing sublimit for RIE and a \$1.25 billion sublimit for PPL Capital Funding. PPL Capital Funding's Commercial paper program is also backed by a separate bilateral credit facility for \$100 million.
- (b) Commercial paper issued reflects the undiscounted face value of the issuance.

## Long-term Debt (All Registrants)

See Note 7 to the Financial Statements for information regarding the Registrants' long-term debt activities.

(PPL)

## Equity Security Activities

### *ATM Program*

In February 2025, PPL entered into an equity distribution agreement, pursuant to which PPL may sell, from time to time, up to an aggregate of \$2 billion of its common stock through an ATM Program, which may utilize an optional forward sales component. Each forward contract under the agreement must be settled within 24 months. The compensation paid to the selling agents by PPL may be up to 2% of the gross offering proceeds of the shares. During the nine months ended September 30, 2025, PPL entered into forward contracts to sell approximately 38.7 million shares of its common stock at a blended initial forward price of approximately \$35.50 per share. The forward sale price may be adjusted based on changes in daily interest rates, for certain stock loan fees as determined by a third-party agent, and will be subject to predetermined reductions based on expected dividends. Each outstanding forward contract must be settled on or before dates ranging from December 30, 2025 to August 11, 2027. PPL may elect, at its discretion, to physically settle, net share settle or net cash settle the forward contracts. At September 30, 2025, PPL could have settled the forward sale contracts with physical delivery of approximately 38.7 million shares of common stock for proceeds of approximately \$1.4 billion. The forward contracts under the ATM program are classified as equity transactions.

### *Common Stock Dividends*

In August 2025, PPL declared a quarterly common stock dividend, payable October 1, 2025, of 27.25 cents per share. Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors.

## Rating Agency Actions

(All Registrants)

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

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

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

Since June 2023, the rating agencies have taken no ratings actions related to the Registrants and their subsidiaries.

## Ratings Triggers

(PPL, LG&E and KU)

Various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity and fuel, commodity transportation and storage, and interest rate instruments, contain provisions that require the posting of additional collateral or permit the counterparty to terminate the contract, if PPL's, LG&E's or KU's or their subsidiaries' credit rating, as applicable, were to fall below investment grade. See Note 14 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral requirements for PPL for derivative contracts in a net liability position at September 30, 2025.

(All Registrants)

For additional information on the Registrants' liquidity and capital resources, see "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Registrants' 2024 Form 10-K.

**Risk Management** (All Registrants)

**Market Risk**

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

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

**Interest Rate Risk**

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

The following interest rate hedges were outstanding at September 30, 2025.

	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates (b)	Maturities Ranging Through
<b>PPL and LG&amp;E</b>				
Economic hedges				
Interest rate derivatives (c)	\$ 64	\$ (5)	\$ (1)	2033

- (a) Includes accrued interest, if applicable.
- (b) Effects of adverse movements decrease assets or increase liabilities, as applicable, which could result in an asset becoming a liability. Sensitivities represent a 10% adverse movement in interest rates.
- (c) Realized changes in the fair value of such economic hedges are recoverable through regulated rates and any subsequent changes in the fair value of these derivatives are included in regulatory assets or regulatory liabilities.

The Registrants are exposed to a potential increase in interest expense and to changes in the fair value of their debt portfolios. The estimated impact of a 10% adverse movement in interest rates on the fair value of debt at September 30, 2025 is shown below.

	10% Adverse Movement in Rates on Fair Value of Debt
PPL	\$ 727
PPL Electric	288
LG&E	137
KU	177

**Commodity Price Risk**

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

- PPL Electric is required to purchase electricity to fulfill its obligation as a PLR. Potential commodity price risk is mitigated through its PAPUC-approved cost recovery mechanism and full-requirement supply agreements to serve its PLR customers which transfer the risk to energy suppliers.

- LG&E's and KU's rates include certain mechanisms for fuel, fuel-related expenses and energy purchases. In addition, LG&E's rates include a mechanism for natural gas supply costs. These mechanisms generally provide for timely recovery of market price fluctuations associated with these costs.
- RIE utilizes derivative instruments pursuant to its RIPUC-approved plan to manage commodity price risk associated with its natural gas purchases. RIE's commodity price risk management strategy is to reduce fluctuations in firm gas sales prices to its customers. RIE's costs associated with derivatives instruments are recoverable through its RIPUC-approved cost recovery mechanisms. RIE is also required to purchase electricity to fulfill its obligation to provide Last Resort Service (LRS). Potential commodity price risk is mitigated through its RIPUC-approved cost recovery mechanisms and full requirements service agreements to serve LRS customers, which transfer the risk to energy suppliers. Additionally, RIE is required to contract through long-term agreements for clean energy supply under the Rhode Island Renewable Energy Growth program and Long-term Clean Energy Standard. Potential commodity price risk is mitigated through its RIPUC-approved cost recovery mechanisms, which true-up cost differences between contract prices and market prices.

#### ***Volumetric Risk***

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

- PPL Electric, LG&E and KU are exposed to volumetric risk on retail sales, mainly due to weather and other economic conditions for which there is limited mitigation between rate cases.
- RIE is exposed to volumetric risk, which is significantly mitigated by regulatory mechanisms. RIE's electric and gas distribution rates both have a revenue decoupling mechanism, which allows for annual adjustments to RIE's delivery rates.

#### ***Inflation and Supply Chain Related Risk***

PPL and its subsidiaries continue to monitor the impact of inflation and supply chain disruptions. PPL and its subsidiaries monitor the cost of fuel, construction, regulatory and environmental compliance costs and other costs, including as a result of tariffs. Mechanisms are in place to mitigate the risk of inflationary effects and supply chain disruptions, to the extent possible, but increased costs and supply chain disruptions may directly or indirectly affect our ongoing operations. These mechanisms include pricing strategies, productivity improvements and cost reductions in order to ensure that the Registrants are able to procure the necessary materials and other resources needed to maintain services in a safe and reliable manner, and to invest in infrastructure consistent with the capital expenditure plan. For additional information see "Forward-looking Information" at the beginning of this report and "Item 1A. Risk Factors" of the Registrants' 2024 Form 10-K.

#### **Credit Risk**

See Notes 13 and 14 to the Financial Statements in this Form 10-Q and "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Risk Management - Credit Risk" in the Registrants' 2024 Form 10-K for additional information.

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

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

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

The Registrants from time to time evaluate opportunities for potential acquisitions, divestitures and development projects. Development projects are reexamined based on market conditions and other factors to determine whether to proceed with, modify or terminate the projects. Any resulting transactions may impact future financial results. See Note 8 to the Financial Statements for additional information on acquisition, development, and divestiture activity.



**Environmental Matters** *(All Registrants)*

Extensive federal, state and local environmental laws and regulations are applicable to the Registrants' air emissions, water discharges and the management of hazardous and solid waste, as well as other aspects of the Registrants' businesses. The costs of compliance or alleged non-compliance cannot be predicted with certainty but could be significant. In addition, costs may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed. Costs may take the form of increased capital expenditures or operating and maintenance expenses, monetary fines, penalties or other restrictions. Many of these environmental law considerations are also applicable to the operations of key suppliers, or customers, such as coal producers and industrial power users, and may impact the costs for their products or their demand for the Registrants' services. Increased capital and operating costs are expected to be subject to rate recovery. The Registrants can provide no assurances as to the ultimate outcome of future environmental or rate proceedings before regulatory authorities.

See "Environmental Matters" in Item 1. "Business" in the Registrants' 2024 Form 10-K for information about environmental laws and regulations affecting the Registrants' business. See "Financial Condition - Liquidity and Capital Resources - Forecasted Uses of Cash - Capital Expenditures" in "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Registrants' 2024 Form 10-K for information on projected environmental capital expenditures for 2025 through 2027. See "Legal Matters" in Note 10 to the Financial Statements for a discussion of the more significant environmental claims. See Note 15 to the Financial Statements for information related to the impacts of CCRs on AROs.

The information below represents an update to “Item 1. Business – Environmental Matters” in the Registrants' 2024 Form 10-K.

*(PPL, LG&E and KU)*

**EPA Deregulatory Initiative**

On March 12, 2025, the EPA announced a plan to reconsider 31 environmental rules including the Section 111 performance standards and emissions limits for greenhouse gases, the endangerment finding for greenhouse gases, the Good Neighbor Plan, the Mercury and Air Toxics Standards, revisions to the fine particulate matter standard, the ELGs, and the CCRs Rule. Supplementing previous Executive Orders directing various regulatory changes, on April 9, 2025, President Trump issued an Executive Order and Presidential Memorandum directing review of existing rules, repeal of unlawful rules, and initiation of a zero-based budgeting process by which certain rules would automatically expire unless extended. While the administration may seek to implement some regulatory changes outside of the rulemaking process, changes to existing rules are generally expected to require formal rulemaking proceedings. Any final EPA actions repealing or revising current rules will likely result in legal challenges. PPL, LG&E, and KU are unable to predict future regulatory changes, if any, that may result from the EPA's deregulatory plan or the outcome of any associated legal challenges. PPL, LG&E, and KU are closely monitoring the ongoing EPA initiative and any related litigation for the impact to our business including planned capital expenditures to comply with the EPA rules.

**Air**

**NAAQS**

The Clean Air Act has a significant impact on the operation of fossil fuel generation plants. The Clean Air Act requires the EPA periodically to establish and review NAAQS for six pollutants including ozone (contributed to by nitrogen oxide emissions) and particulate matter, which are particularly relevant for fossil fuel generation plants. On February 2, 2024, the D.C. Circuit Court granted the EPA's motion for voluntary remand, without vacatur, of the ozone rule, which was under legal challenge. The EPA will complete a new review to incorporate new studies and updated analyses to determine the adequacy of the existing ozone standard. On March 6, 2024, the EPA finalized revisions to the particulate matter standard that lowers the primary standard for fine particulates. Several states and trade groups challenged the EPA's finalized revisions to the particulate matter standard in the D.C. Circuit Court. In March 2025, the EPA announced that it would reconsider the revised fine particulate standard. Nonattainment designations for counties in which LG&E and KU generation is located, including Jefferson County, Kentucky, could potentially require additional particulate matter and nitrogen oxide reductions from sources including LG&E's Mill Creek Station, and more stringent requirements for new generation. PPL, LG&E, and KU are unable to predict future implementation actions or the outcome of future evaluations by the EPA and the states with respect to the NAAQS standards.

In March 2021, the EPA released final revisions to the Cross-State Air Pollution Rule (CSAPR), aimed at ensuring compliance with the 2008 ozone NAAQS and providing for reductions in ozone season nitrogen oxide emissions for 2021 and subsequent years. In March 2023, the EPA released a final Federal Implementation Plan under the Good Neighbor provisions of the Clean Air Act providing for significant additional nitrogen oxide emission reductions for compliance with the revised 2015 ozone NAAQS. The reductions in Kentucky state-wide nitrogen oxide budgets were scheduled to commence in 2023, with the largest reductions planned for 2026. The rules provide for reduced availability of nitrogen oxide allowances that have historically permitted operational flexibility for fossil units and could potentially result in constraints that may require implementation of additional emission controls or accelerate implementation of lower emission generation technologies. In June 2024, the U.S. Supreme Court issued a stay of the Good Neighbor Plan while the D.C. Circuit Court considers legal challenges to the rule. On December 10, 2024, EPA published in the Federal Register a supplement to the record. On December 6, 2024, the U.S. Court of Appeals for the Sixth Circuit vacated and remanded the EPA's disapproval of Kentucky's state implementation plan for the ozone NAAQS. In March 2025, the EPA announced that it would reconsider the Good Neighbor Plan. PPL, LG&E, and KU are monitoring ongoing legal and regulatory developments.

PPL, LG&E, and KU are unable to predict the ultimate outcome of pending litigation or future emission reductions that may be required by future federal rules or state implementation actions. Compliance with the NAAQS, CSAPR, Good Neighbor Plan, and related requirements may require installation of additional pollution controls or other compliance actions, inclusive of retirements, the costs of which PPL, LG&E and KU believe would be subject to rate recovery.

#### ***Modification of Mercury and Air Toxics Standards***

In 2012, the EPA issued the Mercury and Air Toxics Standards (MATS) rule requiring reductions in mercury and other hazardous air pollutants from fossil fuel-fired power plants. LG&E and KU installed significant controls to achieve compliance with MATS and other rules. On May 7, 2024, the EPA issued a final rule increasing the stringency of MATS and further reducing emissions of certain hazardous air pollutants to reflect perceived developments in control technologies. Legal challenges to the rule have been filed in the D.C. Circuit Court. PPL, LG&E, and KU have reviewed the final rule and do not expect significant operational changes or additional controls to be required. On June 17, 2025, the EPA proposed in the Federal Register to repeal the 2024 MATS revisions except for the Particulate Matter Continuous Emission Monitoring System testing criteria. The EPA intends to finalize the rule revisions by the end of the 2025 calendar year.

#### ***Greenhouse Gas Standards***

On May 9, 2024, the EPA issued a final rule under Section 111 of the Clean Air Act, which establishes performance standards and emissions limits aimed at reducing GHG emissions from certain new, existing, and modified fossil fuel-fired electric generating units (EGUs). In the final rule, the EPA announced it would set performance standards for existing natural gas-fired turbines in a future rule. The standards require phased implementation of carbon mitigation technologies including state-of-the-art efficiency requirements, carbon capture and sequestration, and natural gas co-firing. New natural gas EGUs would be immediately subject to the stricter efficiency standard. Legal challenges to the rule have been filed in the D.C. Circuit Court. PPL, LG&E, and KU are unable to predict the impact of new GHG reduction requirements until completion of a comprehensive review and resolution of related legal and regulatory proceedings. While the impact of new GHG reduction requirements on operations and financial results of operations could potentially be substantial, the cost of complying with such requirements is expected to be subject to rate recovery. On June 17, 2025, the EPA proposed in the Federal Register two options for repeal of the 2024 standard. In the first proposal, the EPA would determine that EGU emissions of greenhouse gases do not pose an endangerment to the health and welfare of the public and repeal the 2024 and 2015 standards for EGUs. Under an alternate proposal, the EPA would repeal the 2024 standards for existing coal, natural-gas and oil-fired steam generating units along with most standards for new combustion turbines. On July 29, 2025, the EPA proposed revocation of the 2009 endangerment finding which provides the basis for regulating GHG emissions. This proposal would leave in place efficiency standards for new combustion turbines. The EPA intends to finalize the rule changes by the end of the 2025 calendar year.

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

There has been no new accounting guidance adopted in 2025. See Note 17 to the Financial Statements for discussion of significant accounting guidance pending adoption as of September 30, 2025.

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

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following table summarizes the accounting policies by Registrant that are particularly important to an understanding of the reported financial condition or results of operations and require management to make estimates or other judgments of matters that are inherently uncertain. See "Item 7. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Registrants' 2024 Form 10-K for a discussion of each critical accounting policy.

	PPL	PPL Electric	LG&E	KU
Defined Benefits	X	X	X	X
Income Taxes	X	X	X	X
Regulatory Assets and Liabilities	X	X	X	X
Price Risk Management	X			
Goodwill Impairment	X		X	X
AROs			X	X
Revenue Recognition - Unbilled Revenue	X		X	X

**PPL Corporation  
PPL Electric Utilities Corporation  
Louisville Gas and Electric Company  
Kentucky Utilities Company**

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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

**Item 4. Controls and Procedures**

(a) Evaluation of disclosure controls and procedures.

The Registrants' principal executive officers and principal financial officers, based on their evaluation of the Registrants' disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) have concluded that, as of September 30, 2025, the Registrants' disclosure controls and procedures are effective to ensure that material information relating to the Registrants and their consolidated subsidiaries is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, particularly during the period for which this quarterly report has been prepared. The principal officers have concluded that the disclosure controls and procedures are also effective to ensure that information required to be disclosed in reports filed under the Exchange Act is accumulated and communicated to management, including the principal executive and principal financial officers, to allow for timely decisions regarding required disclosure.

(b) Change in internal controls over financial reporting.

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

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

For information regarding legal, tax, regulatory, environmental or other administrative proceedings that became reportable events or were pending in the third quarter of 2025 see:

- "Item 3. Legal Proceedings" in each Registrant's 2024 Form 10-K; and
- Notes 5, 6, 8 and 10 to the Financial Statements.

**Item 1A. Risk Factors**

There have been no material changes in the Registrants' risk factors from those disclosed in "Item 1A. Risk Factors" of the Registrants' 2024 Form 10-K.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

*Securities Trading Plans of Directors and Executive Officers*

During the three months ended September 30, 2025, none of our directors or executive officers adopted, terminated or modified any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408 of Regulation S-K.

## Item 6. Exhibits

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

- [4\(a\)](#) - Supplemental Indenture No. 26, dated as of August 1, 2025, of PPL Electric Utilities Corporation to The Bank of New York Mellon, as Trustee (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated August 6, 2025)
- [4\(b\)](#) - Supplemental Indenture No. 10, dated as of August 1, 2025, of Louisville Gas and Electric Company to The Bank of New York Mellon, as Trustee (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated August 13, 2025)
- [4\(c\)](#) - Supplemental Indenture No. 11, dated as of August 1, 2025, of Kentucky Utilities Company to The Bank of New York Mellon, as Trustee (Exhibit 4(c) to PPL Corporation Form 8-K Report (File No. 1-11459) dated August 13, 2025)
- [\\*4\(d\)](#) - Supplemental Indenture No. 27, dated as of September 15, 2025, of PPL Electric Utilities Corporation to The Bank of New York Mellon, as Trustee
- [\\*\[\\_\]10\(a\)](#) - Amended and Restated PPL Executive Deferred Compensation Plan, dated December 20, 2024
- [\\*\[\\_\]10\(b\)](#) - Amendment No. 1 to said PPL Executive Deferred Compensation Plan, dated August 25, 2025

Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended September 30, 2025, filed by the following officers for the following companies:

- [\\*31\(a\)](#) - PPL Corporation's principal executive officer
- [\\*31\(b\)](#) - PPL Corporation's principal financial officer
- [\\*31\(c\)](#) - PPL Electric Utilities Corporation's principal executive officer
- [\\*31\(d\)](#) - PPL Electric Utilities Corporation's principal financial officer
- [\\*31\(e\)](#) - Louisville Gas and Electric Company's principal executive officer
- [\\*31\(f\)](#) - Louisville Gas and Electric Company's principal financial officer
- [\\*31\(g\)](#) - Kentucky Utilities Company's principal executive officer
- [\\*31\(h\)](#) - Kentucky Utilities Company's principal financial officer

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended September 30, 2025, furnished by the following officers for the following companies:

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

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

**SIGNATURES**

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

**PPL Corporation**  
(Registrant)

Date: November 5, 2025

/s/ Marlene C. Beers

---

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

**PPL Electric Utilities Corporation**  
(Registrant)

Date: November 5, 2025

/s/ Marlene C. Beers

---

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

**Louisville Gas and Electric Company**  
(Registrant)

**Kentucky Utilities Company**  
(Registrant)

Date: November 5, 2025

/s/ Christopher M. Garrett

---

Christopher M. Garrett  
Vice President-Finance and Accounting  
(Principal Accounting and Financial Officer)

*This instrument is Supplemental Indenture No. 27 to, and a restatement in its entirety of, the Indenture, dated as of August 1, 2001, between PPL Electric Utilities Corporation and The Chase Manhattan Bank, trustee (predecessor in trust of the trustee herein), as heretofore amended.*

---

**PPL ELECTRIC UTILITIES CORPORATION,  
Issuer**

**TO**

**THE BANK OF NEW YORK MELLON,  
Trustee**

**(successor in trust to The Chase Manhattan Bank)**

---

**Indenture**

**Dated as of August 1, 2001**

**Supplemental Indenture No. 27**

**Dated as of September 15, 2025**

**Constituting a Restatement in its Entirety  
of the aforesaid Indenture, as heretofore amended**

---

**THIS IS AN OPEN-END MORTGAGE INDENTURE  
AND SECURES FUTURE ADVANCES**

---



PPL ELECTRIC UTILITIES CORPORATION

Reconciliation and tie between Trust Indenture Act of 1939  
and Indenture, dated as of August 1, 2001

Trust Indenture Act Section	Indenture Section
§310 (a)(1) .....	1009
(a)(2) .....	1009
(a)(3) .....	1015
(a)(4) .....	Not Applicable
(b) .....	1008, 1010
§311 (a) .....	1013
(b) .....	1013
(c) .....	Not Applicable
§312 (a) .....	1101
(b) .....	1101
(c) .....	1101
§313 (a) .....	1102
(b)(1) .....	Not Applicable
(b)(2) .....	1102
(c) .....	1102
(d) .....	1102
§314 (a) .....	1102
(a)(4) .....	705
(b) .....	Not Applicable
(c)(1) .....	105
(c)(2) .....	105
(c)(3) .....	Not Applicable
(d) .....	Not Applicable
(e) .....	105
§315 (a) .....	1001(a)
(b) .....	1002
(c) .....	1001(b)
(d) .....	1001(c)
(d)(1) .....	1001(a)(1), 1001(c)(1)
(d)(2) .....	1001(c)(2)
(d)(3) .....	1001(c)(3)
(e) .....	914
§316 (a) .....	912, 913
(a)(1)(A) .....	902, 912
(a)(1)(B) .....	913
(a)(2) .....	Not Applicable
(b) .....	908
§317 (a)(1) .....	903
(a)(2) .....	904
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**INDENTURE**, dated as of August 1, 2001 (the “Execution Date”) between **PPL ELECTRIC UTILITIES CORPORATION**, a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania (herein called the “Company”), having its principal office at 827 Hausman Road, Allentown, Pennsylvania 18104 and **THE BANK OF NEW YORK MELLON**, a New York banking corporation, having its principal corporate trust office at 240 Greenwich Street, 7<sup>th</sup> Floor, New York, New York 10286, as trustee, being the successor in trust to The Chase Manhattan Bank (herein called the “Trustee”), this instrument being Supplemental Indenture No. 27 to, and a restatement in its entirety of, the aforesaid Indenture, dated as of August 1, 2001 (the “Original Indenture”), as heretofore amended. The Original Indenture and any and all indentures and instruments amendatory thereof or supplemental thereto are hereinafter sometimes collectively called the “Indenture”.

#### **RECITALS OF THE COMPANY**

The Original Indenture was authorized, executed and delivered by the Company to provide for the issuance from time to time of its debt securities (herein called the “Securities”), to be issued in one or more series as contemplated therein, and to provide security for the payment of the principal of and premium, if any, and interest, if any, on the Securities.

The Company has heretofore executed and delivered to the Trustee supplemental indentures for the purposes recited therein including the purpose of creating series of Securities, as set forth in Schedule A hereto, and establishing the terms of the Securities of such series.

The Original Indenture has heretofore been amended by provisions set forth in Supplemental Indenture No. 10, dated as of May 1, 2009, Supplemental Indenture No. 11, dated as of July 1, 2011, Supplemental Indenture No. 15, dated as of July 1, 2013, and Supplemental Indenture No. 17, dated as of October 1, 2015.

Section 1304 of the Original Indenture provides that any supplemental indenture may restate the Indenture as theretofore in effect in its entirety, and that any such restatement will supersede the Indenture as theretofore in effect for all purposes.

The Company now desires to restate the Original Indenture as heretofore amended, as contemplated by Section 1304 of the Original Indenture, and has requested the Trustee to join in the execution and delivery of this Supplemental Indenture No. 27 in order to effectuate such restatement; it being understood, acknowledged and agreed, however, that, anything herein or in the Original Indenture or any supplemental indenture to the contrary notwithstanding, (a) the execution and delivery of this Supplemental Indenture No. 27 and the restatement of the Original Indenture as heretofore amended, as aforesaid, shall not affect the Lien (as hereinafter defined) granted and/or created in the granting clauses of the Original Indenture, or the priority of such Lien, (b) such Lien shall continue in effect from the date of the original grant or creation thereof (except to the extent heretofore released), (c) without limiting the generality of the foregoing, pursuant to Granting Clause Second below, such Lien shall continue in effect, subject to the applicable exceptions described in such Granting Clause, with respect to all right, title and interest of the Company in all property, real, personal and mixed, wherever located (other than Excepted Property) acquired by the Company after the Execution Date, including such property acquired after the date of the execution and delivery of this Supplemental Indenture No. 27, and (d) the provisions or terms of particular series of Securities that are not included in the restatement shall remain in effect as set forth in the respective Supplemental Indentures establishing such Securities.

---



The Company duly authorized the execution and delivery of the Original Indenture and of each supplemental indenture heretofore executed and delivered. The Company has further duly authorized the execution and delivery of this Supplemental Indenture No. 27 to restate the Original Indenture as heretofore amended, as contemplated above; and all acts and things necessary to make each of this Supplemental Indenture No. 27 and the Indenture a valid agreement of the Company have been performed.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms used herein shall have the meanings assigned to them in Article One of this Indenture.

Prior to the Release Date (as hereinafter defined), the Outstanding Securities will be secured by a lien on the Mortgaged Property (as hereinafter defined) to the extent provided herein.

The Company may issue Class A Bonds (as hereinafter defined) of one or more series and deliver such Class A Bonds to the Trustee to hold in trust for the benefit of the Holders (as hereinafter defined) from time to time of the Outstanding Securities, and pursuant to the terms and provisions hereof, the Company may require the Trustee to deliver to the Company for cancellation any and all Class A Bonds held by the Trustee.

The Company has previously issued Securities under the Indenture on the basis of Class A Bonds issued under the PPL 1945 Mortgage and delivered to the Trustee as contemplated in Section 1602. The PPL 1945 Mortgage has been discharged in accordance with Section 1707 and such Class A Bonds were surrendered or cancelled as contemplated in Section 1707.

All acts necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been performed. For all purposes of this Indenture, except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms used herein shall have the meanings assigned to them in Article One of this Indenture.

## **GRANTING CLAUSES**

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that, in consideration of the premises and of the purchase of the Securities by the Holders thereof, and in order to secure the payment of the principal of and premium, if any, and interest, if any, on all Securities from time to time Outstanding and the performance of the covenants therein and herein contained, and to declare the terms and conditions on which such Securities are secured, the Company hereby grants, bargains, sells, conveys, assigns, transfers, mortgages, pledges, sets over and confirms to the Trustee, and grants to the Trustee a security interest in and lien on, the following (subject, however, to the terms and conditions set forth in this Indenture):

### **Granting Clause First**

All right, title and interest of the Company, as of the Execution Date, in and to all property, real, personal and mixed, wherever located (other than Excepted Property), including without limitation all right, title and interest of the Company in and the following property so located (other than Excepted Property): (a) all real property owned in fee, easements and other interests in real property which are specifically described or referred

to in Exhibit A attached hereto and incorporated herein by this reference; (b) all facilities, machinery, equipment and fixtures for the transmission and distribution of electric energy including, but not limited to, all switchyards, towers, substations, transformers, poles, lines, cables, conduits, ducts, conductors, meters, regulators and all other property used or to be used for any or all of such purposes; (c) all buildings, offices, warehouses, structures or improvements in addition to those referred to or otherwise included in clauses (a) and (b) above; (d) all computers, data processing, data storage, data transmission and/or telecommunications facilities, equipment and apparatus necessary for the operation or maintenance of any facilities, machinery, equipment or fixtures described or referred to in clause (b) above; and (e) all of the foregoing property in the process of construction;

#### **Granting Clause Second**

Subject to the applicable exceptions permitted by Section 1810(d), Section 1203 and Section 1205, all right, title and interest of the Company in all property, real, personal and mixed, wherever located (other than Excepted Property) which may be hereafter acquired by the Company, it being the intention of the Company that all such property acquired by the Company after the Execution Date shall be as fully embraced within and subjected to the Lien hereof as if such property were owned by the Company as of the Execution Date;

#### **Granting Clause Third**

Any Excepted Property, which may, from time to time after the Execution Date, by delivery or by an instrument supplemental to this Indenture, be subjected to the Lien hereof by the Company, the Trustee being hereby authorized to receive the same at any time as additional security hereunder; it being understood that any such subjection to the Lien hereof of any Excepted Property as additional security may be made subject to such reservations, limitations or conditions respecting the use and disposition of such property or the proceeds thereof as shall be set forth in such instrument;

#### **Granting Clause Fourth**

All other property of whatever kind and nature expressly subjected to the Lien of this Indenture by any of the terms and provisions hereof; and

#### **Excepted Property**

Expressly excepting and excluding, however, from the Lien of this Indenture all right, title and interest of the Company in and to the following property, whether now owned or hereafter acquired (herein sometimes called "Excepted Property"):

- (a) all cash on hand or in banks or other financial institutions, deposit accounts, securities accounts, shares of stock, interests in general or limited partnerships or limited liability companies, bonds, notes, other evidences of indebtedness and other securities, security entitlements and investment property, of whatsoever kind and nature, not hereafter paid or

delivered to, deposited with or held by the Trustee hereunder or required so to be;

(b) all contracts, leases, operating agreements and other agreements of whatsoever kind and nature; all contract rights, bills, notes and other instruments and chattel paper (except to the extent that any of the same constitute securities, security entitlements or investment property, in which case they are separately excepted from the Lien of this Indenture under clause (a) above); all revenues, income and earnings, all accounts, accounts receivable, rights to payment, payment intangibles and unbilled revenues, and all rents, tolls, issues, product and profits, claims, credits, demands and judgments; all governmental and other licenses, permits, franchises, consents and allowances; and all patents, patent licenses and other patent rights, patent applications, trade names, trademarks, copyrights and other intellectual property; and all claims, credits, choses in action, commercial tort claims and other intangible property and general intangibles including, but not limited to, computer software;

(c) all automobiles, buses, trucks, truck cranes, tractors, trailers and similar vehicles and movable equipment; all rolling stock, rail cars and other railroad equipment; all vessels, boats, barges, and other marine equipment; all airplanes, helicopters, aircraft engines and other flight equipment; all parts, accessories and supplies used in connection with any of the foregoing; and all personal property of such character that the perfection of a security interest therein or other Lien thereon is not governed by the Uniform Commercial Code as in effect in the jurisdiction in which such property is located;

(d) all goods, stock in trade, wares, merchandise and inventory held for the purpose of sale or lease in the ordinary course of business; all materials, supplies, inventory and other items of personal property which are consumable (otherwise than by ordinary wear and tear) in their use in the operation of the Mortgaged Property; all fuel, including nuclear fuel, whether or not any such fuel is in a form consumable in the operation of the Mortgaged Property, including separate components of any fuel in the forms in which such components exist at any time before, during or after the period of the use thereof as fuel; all hand and other portable tools and equipment; all furniture and furnishings; and computers and data processing, data storage, data transmission, telecommunications and other facilities, equipment and apparatus, which, in any case, are used primarily for administrative or clerical purposes or are otherwise not necessary for the operation or maintenance of the facilities, machinery, equipment or fixtures described or referred to in clause (b), (c), (d) or (e) of Granting Clause First of this Indenture;

(e) all coal, ore, gas, oil and other minerals and all timber, and all rights and interests in any of the foregoing, whether or not such minerals or timber shall have been mined or extracted or otherwise separated from the land; and all electric energy and capacity, gas (natural or artificial), steam, water and other products generated, produced, manufactured, purchased or otherwise acquired by the Company;

(f) all real property, leaseholds, gas rights, wells, gathering, tap or other pipe lines, or facilities, equipment or apparatus, in any case used or to be used primarily for the production or gathering of natural gas;

(g) all property which is the subject of a lease agreement designating the Company as lessee and all right, title and interest of the Company in and to such property and in, to and under such lease agreement, whether or not such lease agreement is intended as security;

(h) all property, real, personal and mixed, which prior to the Execution Date has been released from the Lien of the PPL 1945 Mortgage;

(i) all property, real, personal and mixed, which subsequent to the Execution Date, has been released from the Lien of this Indenture, other than pursuant to Section 1811, and any improvements, extensions and additions to such properties and renewals, replacements and substitutions of or for any parts thereof;

(j) all property located outside of the Commonwealth of Pennsylvania;

(k) any and all property and plants used by the Company in the generation of electricity; and

(l) all property not used by the Company in its electric transmission and distribution business;

provided, however, that, subject to the provisions of Section 1203, (x) if, at any time after the occurrence of an Event of Default, the Trustee, or any separate trustee or co-trustee appointed under Section 1015 or any receiver appointed pursuant to Section 917 or otherwise, shall have entered into possession of all or substantially all the Mortgaged Property, to the extent permitted by law, all the Excepted Property described or referred to in the foregoing clauses (b), (c), and (d) then owned or held or thereafter acquired by the Company, to the extent that the same is used in connection with, or otherwise relates or is attributable to, the Mortgaged Property, shall immediately, and, in the case of any Excepted Property described or referred to in clause (g), to the extent that the same is used in connection with, or otherwise relates or is attributable to, the Mortgaged Property, upon demand of the Trustee or such other trustee or receiver, become subject to the Lien of this Indenture, junior and subordinate to any Liens at that time existing on such Excepted

Property, and the Trustee or such other trustee or receiver may, to the extent permitted by law or by the terms of any such other Lien (and subject to the rights of the holders of all such other Liens), at the same time likewise take possession thereof, and (y) whenever all Events of Default shall have been cured and the possession of all or substantially all of the Mortgaged Property shall have been restored to the Company, such Excepted Property shall again be excepted and excluded from the Lien hereof to the extent set forth above; it being understood that the Company may, however, pursuant to Granting Clause Third, subject any Excepted Property to the Lien of this Indenture whereupon the same shall cease to be Excepted Property;

TO HAVE AND TO HOLD all such property, real, personal and mixed, unto the Trustee, its successors in trust and their assigns forever;

SUBJECT, HOWEVER, to Permitted Liens; and

SUBJECT, FURTHER, to the condition that, with respect to any property which is now or hereafter becomes subject to the Lien of any Class A Mortgage, the Lien of this Indenture shall at all times be junior, subject and subordinate to the Lien of such Class A Mortgage;

IN TRUST, NEVERTHELESS, for the equal and ratable benefit and security of the Holders from time to time of all Outstanding Securities without any priority of any such Security over any other such Security;

PROVIDED, HOWEVER, that the right, title and interest of the Trustee in and to the Mortgaged Property shall cease, terminate and become void in accordance with, and subject to the conditions set forth in, Article Eight or Section 1811 hereof, and if the principal of and premium and interest, if any, on the Securities shall have been paid to the Holders thereof, or shall have been paid to the Company pursuant to Section 703 hereof or to the appropriate Governmental Authority pursuant to applicable law after the Maturity thereof, then and in that case this Indenture shall terminate, and the Trustee shall execute and deliver to the Company such instruments as the Company shall require to evidence such termination; otherwise this Indenture, and the estate and rights hereby granted, shall be and remain in full force and effect; and

IT IS HEREBY COVENANTED AND AGREED by and between the Company and the Trustee that all the Securities are to be authenticated and delivered, and that the Mortgaged Property is to be held, subject to the further covenants, conditions and trusts hereinafter set forth, and the Company hereby covenants and agrees to and with the Trustee, for the equal and ratable benefit of all holders of the Securities, as follows:

## **ARTICLE ONE**

### **Definitions And Other Provisions Of General Application**

#### **SECTION 101. Definitions.**

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(b) all terms used herein without definition which are defined in the Trust Indenture Act as in effect on the Execution Date, either directly or by reference therein, have the meanings assigned to them therein;

(c) all terms used herein without definition which are defined in the Uniform Commercial Code of New York as in effect on the Execution Date shall have the meanings assigned to them therein;

(d) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States of America, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States of America at the date of such computation or, at the election of the Company from time to time, at the Execution Date; provided, however, that in determining generally accepted accounting principles applicable to the Company, effect shall be given, to the extent required, to any order, rule or regulation of any administrative agency, regulatory authority or other governmental body having jurisdiction over the Company;

(e) any reference to an “Article” or a “Section” refers to an Article or a Section, as the case may be, of this Indenture; and

(f) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

**“Accountant”** means a person engaged in the accounting profession or otherwise qualified to pass on accounting matters (including, but not limited to, a Person certified or licensed as a public accountant, whether or not then engaged in the public accounting profession), which Person, unless required to be Independent, may be an employee or Affiliate of the Company.

**“Act”**, when used with respect to any Holder of a Security, has the meaning specified in Section 104.

**“Affiliate”** of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, **“control”** when used with respect to any specified Person means the power to direct generally the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **“controlling”** and **“controlled”** have meanings correlative to the foregoing.

**“Authenticating Agent”** means any Person or Persons (other than the Company or an Affiliate of the Company) authorized by the Trustee to act on behalf of the Trustee to authenticate the Securities of one or more series.



**“Authorized Officer”** means the Chairman of the Board, the President, any Vice President or the Treasurer of the Company, or any other Person duly authorized pursuant to a Board Resolution to act in respect of matters relating to this Indenture.

**“Authorized Purposes”** means the authentication and delivery of Securities, the release of property and/or the withdrawal of cash under any of the provisions of this Indenture.

**“Benefitted Securities”** shall have the meaning specified in Section 707.

**“Board of Directors”** means either the board of directors of the Company or any committee of that board duly authorized to act in respect of matters relating to this Indenture.

**“Board Resolution”** means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors of the Company and to be in full force and effect on the date of such certification, and delivered to the Trustee.

**“Business Day”**, when used with respect to a Place of Payment or any other particular location specified in the Securities or this Indenture, means any day, other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in such Place of Payment or other location are generally authorized or required by law, regulation or executive order to remain closed, except as may be otherwise specified as contemplated by Section 301.

**“Class A Bondholder’s Certificate”** has the meaning specified in Section 1705.

**“Class A Bonds”** means bonds or other obligations now or hereafter issued and Outstanding under any Class A Mortgage or Mortgages.

**“Class A Mortgage”** means the PPL 1945 Mortgage and each other mortgage or deed of trust or similar indenture, as amended and supplemented from time to time, (i) to which any corporation that is subsequently merged into or consolidated with the Company was a party at the time of such merger or consolidation or (ii)(A) which constitutes a Lien on property conveyed or otherwise transferred to the Company and (B) the obligations of the mortgagor under which have been duly assumed by the Company, and, in the case of either (i) or (ii) above, which is hereafter designated an additional Class A Mortgage in an indenture supplemental hereto executed and delivered in accordance with Section 1706.

**“Commission”** means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the Execution Date such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body, if any, performing such duties at such time.

**“Company”** means the Person named as the “Company” in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor Person.

**“Company Order”** or **“Company Request”** mean, respectively, a written order or request, as the case may be, signed in the name of the Company by an Authorized Officer and delivered to the Trustee.

**“Corporate Trust Office”** means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the Execution Date is located at 450 West 33<sup>rd</sup> Street, 15<sup>th</sup> Floor, New York, New York 10001.

**“corporation”** means a corporation, association, company, joint stock company, limited liability company or business trust, and references to “corporate” and other derivations of “corporation” herein shall be deemed to include appropriate derivations of such entities.

**“Cost”** with respect to Property Additions has the meaning specified in Section 104.

**“Debt”** has the meaning specified in Section 707.

**“Defaulted Interest”** has the meaning specified in Section 307.

**“Discount Security”** means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 902.

**“Dollar”** or **“\$”** means a dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts.

**“Electric Utility Property”** means any facilities, machinery, equipment and fixtures for the transmission and distribution of electric energy, including switchyards, towers, substations, transformers, poles, lines, cable, conduits, ducts, conductors, meters, regulators and all other property of the Company, real or personal, or improvements, extensions, additions, renewals or replacements of the foregoing, in each case used or useful or to be used in or in connection with the business of transmitting and distributing electric energy of the character described in Granting Clause First or Granting Clause Second (without regard to whether the Release Date has occurred), whether owned by the Company at the Execution Date or hereafter acquired (other than Excepted Property with respect to all of the property described in this definition).

**“Eligible Obligations”** means:

(a) with respect to Securities denominated in Dollars, Government Obligations or, if specified pursuant to Section 301 with respect to any Securities, other Investment Securities; or

(b) with respect to Securities denominated in a currency other than Dollars or in a composite currency, such other obligations or instruments as shall be specified with respect to such Securities, as contemplated by Section 301.

**“Event of Default”** has the meaning specified in Section 901.

**“Excepted Property”** has the meaning specified in the granting clauses of this Indenture.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended.



**“Execution Date”** has the meaning specified in the first paragraph of this Indenture.

**“Expert”** means a Person which is an engineer, appraiser or other expert and which, with respect to any certificate to be signed by such Person and delivered to the Trustee, is qualified to pass upon the matters set forth in such certificate. For purposes of this definition, (a) “engineer” means a Person engaged in the engineering profession or otherwise qualified to pass upon engineering matters (including, but not limited to, a Person licensed as a professional engineer, whether or not then engaged in the engineering profession) and (b) “appraiser” means a Person engaged in the business of appraising property or otherwise qualified to pass upon the Fair Value or fair market value of property.

**“Expert’s Certificate”** means a certificate signed by an Authorized Officer and by an Expert (which Expert (a) shall be selected either by the Board of Directors or by an Authorized Officer, the execution of such certificate by such Authorized Officer to be conclusive evidence of such selection, and (b) except as otherwise required in Sections 1206, 1603, 1707, 1810, may be an employee or Affiliate of the Company) and delivered to the Trustee. The amount stated in any Expert’s Certificate as to the Cost, Fair Value or fair market value of property shall be conclusive and binding upon the Company, the Trustee and the Holders of the Securities.

**“Fair Value”** with respect to property, means the fair value of such property as may be determined by reference to (a) the amount which would be likely to be obtained in an arm’s-length transaction with respect to such property between an informed and willing buyer and an informed and willing seller, under no compulsion, respectively, to buy or sell, (b) the amount of investment with respect to such property which, together with a reasonable return thereon, would be likely to be recovered through ordinary business operations or otherwise, (c) the Cost, accumulated depreciation, and replacement cost with respect to such property and/or (d) any other relevant factors; provided, however, that (x) the Fair Value of property shall be determined without deduction for any Liens on such property prior to the Lien of this Indenture (except as otherwise provided in Section 1803) and (y) the Fair Value to the Company of Property Additions may be of less value to a Person which is not the owner or operator of the Mortgaged Property or any portion thereof than to a Person which is such owner or operator. Fair Value may be determined, without physical inspection, by the use of accounting and engineering records and other data maintained by the Company or otherwise available to the Expert certifying the same.

**“Funded Cash”** has the meaning specified in Section 102.

**“Funded Property”** has the meaning specified in Section 102.

**“Governmental Authority”** means the government of the United States or of any State or Territory thereof or of the District of Columbia or of any county, municipality or other political subdivision of any thereof, or any department, agency, authority or other instrumentality of any of the foregoing.

**“Government Obligations”** means securities which are (a) (i) direct obligations of the United States where the payment or payments thereunder are supported by the full faith and credit of the United States or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States where the timely payment or payments thereunder are unconditionally guaranteed as a full faith and credit obligation by the United States or (b) depository receipts issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such Government

Obligation or a specific payment of interest on or principal of or other amount with respect to any such Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of or other amount with respect to the Government Obligation evidenced by such depository receipt.

**“Holder”** means a Person in whose name a Security is registered in the Security Register.

**“Indenture”** means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this Indenture and any such supplemental indenture, respectively. The term “Indenture” shall also include the provisions or terms of particular series of Securities established in any Officer’s Certificate, Board Resolution or Company Order delivered pursuant to Sections 201, 301, 303 and 1307.

**“Independent”** when applied to any Accountant or Expert, means such a Person who (a) is in fact independent, (b) does not have any direct material financial interest in the Company or in any other obligor upon the Securities or in any Affiliate of the Company or of such other obligor, (c) is not connected with the Company or such other obligor as an officer, employee, promoter, underwriter, trustee, partner, director or any person performing similar functions and (d) is approved by the Trustee in the exercise of reasonable care.

**“Independent Expert’s Certificate”** means a certificate signed by an Independent Expert and delivered to the Trustee.

**“interest”** with respect to a Discount Security means interest, if any, borne by such Security at a Stated Interest Rate rather than interest calculated at any imputed rate.

**“Interest Payment Date”** when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

**“Investment Securities”** means any of the following obligations or securities on which neither the Company, any other obligor on the Securities nor any Affiliate of either is the obligor: (a) Government Obligations; (b) interest bearing deposit accounts (which may be represented by certificates of deposit) in any national or state bank (which may include the Trustee or any Paying Agent) or savings and loan association which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (c) bankers’ acceptances drawn on and accepted by any commercial bank (which may include the Trustee or any Paying Agent) which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (d) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, any State or Territory of the United States or the District of Columbia, or any political subdivision of any of the foregoing, which are rated by a nationally recognized rating organization in either of the two (2) highest

rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (e) bonds or other obligations of any agency or instrumentality of the United States; (f) corporate debt securities which are rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (g) repurchase agreements with respect to any of the foregoing obligations or securities with any banking or financial institution (which may include the Trustee or any Paying Agent) which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (h) securities issued by any regulated investment company (including any investment company for which the Trustee or any Paying Agent is the advisor), as defined in Section 851 of the Internal Revenue Code of 1986, as amended, or any successor section of such Code or successor federal statute, provided that the portfolio of such investment company is limited to obligations or securities of the character and investment quality contemplated in clauses (a) through (f) above and repurchase agreements which are fully collateralized by any of such obligations or securities; and (i) any other obligations or securities which may lawfully be purchased by the Trustee in its capacity as such.

**“Lien”** means any mortgage, deed of trust, pledge, security interest, encumbrance, easement, lease, reservation, restriction, servitude, charge or similar right and any other lien of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, and any defect, irregularity, exception or limitation in record title.

**“Maturity”** when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as provided in such Security or in this Indenture, whether at the Stated Maturity, by declaration of acceleration, upon call for redemption or otherwise.

**“Mortgaged Property”** means, as of any particular time, all property which at such time is subject to the Lien of this Indenture.

**“Notice of Default”** means a written notice of the kind specified in Section 901(c).

**“Officer’s Certificate”** means a certificate signed by an Authorized Officer of the Company and delivered to the Trustee.

**“Opinion of Counsel”** means a written opinion of counsel, who may be counsel for the Company, and who shall be acceptable to the Trustee.

**“Outstanding”** when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(a) Securities theretofore canceled or delivered to the Trustee for cancellation;

(b) Securities deemed to have been paid for all purposes of this Indenture in accordance with Section 801 (whether or not the Company’s indebtedness in respect thereof shall be satisfied and discharged for any other purpose); and

(c) Securities, the principal, premium, if any, and interest, if any, which have been fully paid pursuant to the third paragraph of Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it and the Company that such Securities are held by a bona fide purchaser or purchasers in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether or not the Holders of the requisite principal amount of the Securities Outstanding under this Indenture, or the Outstanding Securities of any series or Tranche, have given any request, demand, authorization, direction, notice, consent or waiver hereunder or whether or not a quorum is present at a meeting of Holders of Securities,

(x) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor (unless the Company, such Affiliate or such obligor owns all Securities Outstanding under this Indenture, or all Outstanding Securities of each such series and each such Tranche, as the case may be, determined without regard to this clause (x)) shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which the Trustee actually knows to be so owned shall be so disregarded; provided, however, that Securities so owned which have been pledged in good faith may be regarded as Outstanding if it is established to the reasonable satisfaction of the Trustee that the pledgee, and not the Company, or any such other obligor or Affiliate of either thereof, has the right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor; and provided, further, that in no event shall any Security which shall have been delivered to evidence or secure, in whole or in part, the Company's obligations in respect of other indebtedness be deemed to be owned by the Company if the principal of such Security is payable, whether at Stated Maturity or upon mandatory redemption, at the same time as the principal of such other indebtedness is payable, whether at Stated Maturity or upon mandatory redemption or acceleration, but only to the extent of such portion of the principal amount of such Security as does not exceed the principal amount of such other indebtedness, and

(y) the principal amount of a Discount Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 902; and

(z) the principal amount of any Security which is denominated in a currency other than Dollars or in a composite currency that shall be deemed to be Outstanding for such purposes shall be the amount of Dollars which could have been purchased by the principal amount (or, in the case of a Discount Security, the Dollar equivalent on the date determined as set forth below of the amount determined as provided in (y) above) of such currency or composite currency evidenced by such Security, in each such case certified to the Trustee in an Officer's Certificate, based (i) on the average of the mean of the buying and selling spot rates quoted by three banks which are members of the New York Clearing House

Association selected by the Company in effect at 11:00 A.M. (New York time) in The City of New York on the fifth Business Day preceding any such determination or (ii) if on such fifth Business Day it shall not be possible or practicable to obtain such quotations from such three banks, on such other quotations or alternative methods of determination which shall be as consistent as practicable with the method set forth in (i) above;

provided, further, that in the case of any Security the principal of which is payable from time to time without presentment or surrender, the principal amount of such Security that shall be deemed to be Outstanding at any time for all purposes of this Indenture shall be the original principal amount thereof less the aggregate amount of principal thereof theretofore paid.

**“Outstanding”** when used with respect to Class A Bonds, has the meaning specified in the related Class A Mortgage.

**“Paying Agent”** means any Person, including the Company, authorized by the Company to pay the principal of, and premium, if any, or interest, if any, on any Securities on behalf of the Company.

**“Periodic Offering”** means an offering of Securities of a series from time to time any or all of the specific terms of which Securities, including without limitation the rate or rates of interest, if any, thereon, the Stated Maturity or Maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Company or its agents from time to time subsequent to the initial request for the authentication and delivery of such Securities by the Trustee, as contemplated in Section 301 and clause (b) of Section 303.

**“Permitted Liens”** means, as of any particular time, any of the following:

(a) Liens existing at the Execution Date (including but not limited to, the Lien of the PPL 1945 Mortgage);

(b) as to property acquired by the Company after the Execution Date, Liens existing or placed thereon at the time of the acquisition thereof (including, but not limited to, the Lien of any Class A Mortgage);

(c) Liens for taxes, assessments and other governmental charges or requirements which are not delinquent or which are being contested in good faith by appropriate proceedings;

(d) mechanics', workmen's, repairmen's, materialmen's, warehousemen's, and carriers' Liens, other Liens incident to construction, Liens or privileges of any employees of the Company for salary or wages earned, but not yet payable, and other Liens, including without limitation Liens for worker's compensation awards, arising in the ordinary course of business for charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings;

(e) Liens in respect of attachments, judgments or awards arising out of judicial or administrative proceedings (i) in an amount not exceeding the greater of (A) Ten Million Dollars (\$10,000,000) and (B) three percent (3%) of the sum of (1) the principal amount



of the Securities then Outstanding and (2) the principal amount of Class A Bonds then Outstanding other than Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701 or (ii) with respect to which the Company shall (X) in good faith be prosecuting an appeal or other proceeding for review and with respect to which the Company shall have secured a stay of execution pending such appeal or other proceeding or (Y) have the right to prosecute an appeal or other proceeding for review;

(f) easements, leases, reservations or other rights of others in, on, over and/or across, and laws, regulations and restrictions affecting, and defects, irregularities, exceptions and limitations in title to, the Mortgaged Property or any part thereof; provided, however, that such easements, leases, reservations, rights, laws, regulations, restrictions, defects, irregularities, exceptions and limitations do not in the aggregate materially impair the use by the Company of the Mortgaged Property considered as a whole for the purposes for which it is held by the Company;

(g) defects, irregularities, exceptions and limitations in title to real property subject to rights-of-way in favor of the Company or otherwise or used or to be used by the Company primarily for right-of-way purposes or real property held under lease, easement, license or similar right; provided, however, that (i) the Company shall have obtained from the apparent owner or owners of such real property a sufficient right, by the terms of the instrument granting such right-of-way, lease, easement, license or similar right, to the use thereof for the purposes for which the Company acquired the same; (ii) the Company has power under eminent domain or similar statutes to remove such defects, irregularities, exceptions or limitations or (iii) such defects, irregularities, exceptions and limitations may be otherwise remedied without undue effort or expense; and defects, irregularities, exceptions and limitations in title to flood lands, flooding rights and/or water rights;

(h) Liens securing indebtedness or other obligations neither created, assumed nor guaranteed by the Company nor on account of which it customarily pays interest upon real property or rights in or relating to real property acquired by the Company for the purpose of the transmission or distribution of electric energy, gas or water, for the purpose of telephonic, telegraphic, radio, wireless or other electronic communication or otherwise for the purpose of obtaining rights-of-way;

(i) leases existing at the Execution Date affecting properties owned by the Company at said date and renewals and extensions thereof; and leases affecting such properties entered into after such date or affecting properties acquired by the Company after such date which, in either case, (i) have respective terms of not more than ten (10) years (including extensions or renewals at the option of the tenant) or (ii) do not materially impair the use by the Company of such properties for the respective purposes for which they are held by the Company;

(j) Liens vested in lessors, licensors, franchisors or permittees for rent or other amounts to become due or for other obligations or acts to be performed, the payment of which rent or the performance of which other obligations or acts is required under leases, subleases, licenses, franchises or permits, so long as the payment of such rent or other

amounts or the performance of such other obligations or acts is not delinquent or is being contested in good faith and by appropriate proceedings;

(k) controls, restrictions, obligations, duties and/or other burdens imposed by federal, state, municipal or other law, or by rules, regulations or orders of Governmental Authorities, upon the Mortgaged Property or any part thereof or the operation or use thereof or upon the Company with respect to the Mortgaged Property or any part thereof or the operation or use thereof or with respect to any franchise, grant, license, permit or public purpose requirement, or any rights reserved to or otherwise vested in Governmental Authorities to impose any such controls, restrictions, obligations, duties and/or other burdens;

(l) rights which Governmental Authorities may have by virtue of franchises, grants, licenses, permits or contracts, or by virtue of law, to purchase, recapture or designate a purchaser of or order the sale of the Mortgaged Property or any part thereof, to terminate franchises, grants, licenses, permits, contracts or other rights or to regulate the property and business of the Company; and any and all obligations of the Company correlative to any such rights;

(m) Liens required by law or governmental regulations (i) as a condition to the transaction of any business or the exercise of any privilege or license, (ii) to enable the Company to maintain self-insurance or to participate in any funds established to cover any insurance risks, (iii) in connection with workmen's compensation, unemployment insurance, social security, any pension or welfare benefit plan or (iv) to share in the privileges or benefits required for companies participating in one or more of the arrangements described in clauses (ii) and (iii) above;

(n) Liens on the Mortgaged Property or any part thereof which are granted by the Company to secure duties or public or statutory obligations or to secure, or serve in lieu of, surety, stay or appeal bonds;

(o) rights reserved to or vested in others to take or receive any part of any coal, ore, gas, oil and other minerals, any timber and/or any electric capacity or energy, gas, water, steam and any other products, developed, produced, manufactured, generated, purchased or otherwise acquired by the Company or by others on property of the Company;

(p) (i) rights and interests of Persons other than the Company arising out of contracts, agreements and other instruments to which the Company is a party and which relate to the common ownership or joint use of property; and (ii) all Liens on the interests of Persons other than the Company in property owned in common by such Persons and the Company if and to the extent that the enforcement of such Liens would not adversely affect the interests of the Company in such property in any material respect;

(q) any restrictions on assignment and/or requirements of any assignee to qualify as a permitted assignee and/or public utility or public service corporation;

(r) any Liens which have been bonded for the full amount in dispute or for the payment of which other adequate security arrangements have been made;

(s) rights and interests granted pursuant to Section 1802(c);

(t) Prepaid Liens, Liens of any Class A Mortgage, Purchase Money Liens and all other Liens permitted to exist under Section 707 (whether before or after the Release Date); and

(u) any Lien of the Trustee granted pursuant to Section 1007.

**“Permitted Secured Debt”** has the meaning specified in Section 707.

**“Person”** means any individual, corporation, partnership, limited liability partnership, limited liability company, joint venture, trust or unincorporated organization or any Governmental Authority.

**“Place of Payment”** when used with respect to the Securities of any series, or Tranche thereof, means the place or places, specified as contemplated by Section 301, at which, subject to Section 702, principal of and premium, if any, and interest, if any, on the Securities of such series or Tranche are payable.

**“PPL 1945 Mortgage”** shall mean the Mortgage and Deed of Trust, dated as of October 1, 1945, by and between the Company and Bankers Trust Company (as successor to Morgan Guaranty Trust Company of New York), as supplemented and modified from time to time.

**“Predecessor Security”** of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

**“Prepaid Liens”** means any Lien securing indebtedness for the payment of which money in the necessary amount shall have been irrevocably deposited in trust with the trustee or other holder of such Lien; provided, however, that if such indebtedness is to be redeemed or otherwise prepaid prior to the stated maturity thereof, any notice requisite to such redemption or prepayment shall have been given in accordance with the mortgage or other instrument creating such Lien or irrevocable instructions to give such notice shall have been given to such trustee or other holder.

**“Property Additions”** has the meaning specified in Section 104.

**“Purchase Money Lien”** means, with respect to any property being acquired or disposed of by the Company or being released from the Lien of this Indenture, a Lien on such property which

(a) is taken or retained by the transferor of such property to secure all or part of the purchase price thereof;



(b) is granted to one or more Persons other than the transferor which, by making advances or incurring an obligation, give value to enable the grantor of such Lien to acquire rights in or the use of such property;

(c) is granted to any other Person in connection with the release of such property from the Lien of this Indenture on the basis of the deposit with the Trustee or the trustee or other holder of a Lien prior to the Lien of this Indenture of obligations secured by such Lien on such property (as well as any other property subject thereto);

(d) is held by a trustee or agent for the benefit of one or more Persons described in clause (a), (b) and/or (c) above, provided that such Lien may be held, in addition, for the benefit of one or more other Persons which shall have theretofore given, or may thereafter give, value to or for the benefit or account of the grantor of such Lien for one or more other purposes; or

(e) otherwise constitutes a purchase money mortgage or a purchase money security interest under applicable law;

and, without limiting the generality of the foregoing, for purposes of this Indenture, the term Purchase Money Lien shall be deemed to include any Lien described above whether or not such Lien (x) shall permit the issuance or other incurrence of additional indebtedness secured by such Lien on such property, (y) shall permit the subjection to such Lien of additional property and the issuance or other incurrence of additional indebtedness on the basis thereof and/or (z) shall have been granted prior to the acquisition, disposition or release of such property, shall attach to or otherwise cover property other than the property being acquired, disposed of or released and/or shall secure obligations issued prior and/or subsequent to the issuance of the obligations delivered in connection with such acquisition, disposition or release.

**“Redemption Date”** when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

**“Redemption Price”** when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture, exclusive of accrued and unpaid interest.

**“Regular Record Date”** for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

**“Release Date”** shall mean the date chosen by the Company and specified in the Company Order delivered to the Trustee under Section 1811.

**“Required Currency”** has the meaning specified in Section 311.

**“Responsible Officer”** when used with respect to the Trustee, means any vice president or assistant vice president, trust officer or any other officer of the Trustee in the department in the Corporate Trust Office of the Trustee (or any successor division or department) responsible for the administration of this Indenture. To the extent permitted by law, the term “responsible officer” as used in the Trust Indenture Act with respect to an indenture trustee shall mean Responsible Officer as defined in this Indenture.

**“Retired Securities”** means any Securities authenticated and delivered under this Indenture which (a) no longer remain Outstanding by reason of the applicability of clause (a) or (b) in the definition of “Outstanding” (other than any Predecessor Security of any Security), (b) have not been made the basis under any of the provisions of this Indenture of one or more Authorized Purposes and (c) have not been paid, redeemed, purchased or otherwise retired by the application thereto of Funded Cash.

**“Secured Debt”** has the meaning specified in Section 707.

**“Securities”** has the meaning stated in the first recital of this Indenture and more particularly means any securities authenticated and delivered under this Indenture.

**“Securities Act”** means the Securities Act of 1933, as amended.

**“Security Register” and “Security Registrar”** have the respective meanings specified in Section 305.

**“Special Record Date”** for the payment of any Defaulted Interest on the Securities of any series means a date fixed by the Trustee pursuant to Section 307.

**“Stated Interest Rate”** means a rate (whether fixed or variable) at which an obligation by its terms is stated to bear simple interest. Any calculation or other determination to be made under this Indenture by reference to the Stated Interest Rate on a Security shall be made without regard to the effective interest cost to the Company of such Security and without regard to the Stated Interest Rate on, or the effective cost to the Company of, any other indebtedness the Company’s obligations in respect of which are evidenced or secured in whole or in part by such Security.

**“Stated Maturity”** when used with respect to any Security or any obligation or any installment of principal thereof or interest thereon, means the date on which the principal of such obligation or such installment of principal or interest is stated to be due and payable (without regard to any provisions for redemption, prepayment, acceleration, purchase or extension).

**“Successor Company”** has the meaning set forth in Section 1201.

**“supplemental indenture” or “indenture supplemental hereto”** means an instrument supplementing or amending this Indenture executed and delivered pursuant to Article Thirteen.

**“Tranche”** means a group of Securities which (a) are of the same series and (b) have identical terms except as to principal amount and/or date of issuance.

**“Trustee”** means the Person named as the “Trustee” in the first paragraph of this Indenture until a successor Trustee shall have been appointed by the Company pursuant to Section 1010 or otherwise have become such with respect to one or more series of Securities pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, “Trustee” as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

**“Trust Indenture Act”** means, as of any time, the Trust Indenture Act of 1939 as in effect at such time.

**“United States”** means the United States of America, its territories, its possessions and other areas subject to its jurisdiction.

## **SECTION 102. Funded Property; Funded Cash.**

**“Funded Property”** means:

- (a) all Property Additions to the extent that the same shall then be subject to the Lien of a Class A Mortgage;
- (b) all Property Additions to the extent that the same shall have been made the basis of the authentication and delivery of Securities under this Indenture pursuant to Section 1603;
- (c) all Property Additions to the extent that the same shall have been made the basis of the release of Funded Property from the Lien of this Indenture pursuant to Section 1803;
- (d) all Property Additions to the extent that the same shall have been substituted for Funded Property retired pursuant to Section 104;
- (e) all Property Additions to the extent that the same shall have been made the basis of the withdrawal of cash held by the Trustee pursuant to Section 1605 or 1806; and
- (f) all Property Additions to the extent that the same shall have been used as the basis of a credit against, or otherwise in satisfaction of, the requirements of any sinking, improvement, maintenance, replacement or similar fund or analogous provision established with respect to the Securities of any series, or any Tranche thereof, as contemplated by Section 301; provided, however, that any such Property Additions shall cease to be Funded Property when all of the Securities of such series or Tranche shall cease to be Outstanding.

In the event that in any certificate filed with the Trustee in connection with any of the Property Additions referred to in clauses (a), (b), (c), (e) and (f) of this Section, only a part of the Cost or Fair Value of the Property Additions described in such certificate shall be required for the purposes of such certificate, then such Property Additions shall be deemed to be Funded Property only to the extent so required for the purpose of such certificate.

All Funded Property that shall be abandoned, destroyed, released or otherwise disposed of shall for the purpose of Section 104 hereof be deemed Funded Property retired and for other purposes of this Indenture shall thereupon cease to be Funded Property but as in this Indenture provided may at any time thereafter again become Funded Property. Neither any reduction in the Cost or book value of property recorded in the plant account of the Company, nor the transfer of any amount appearing in such account to intangible and/or adjustment accounts, otherwise than in connection with actual retirements of physical

property abandoned, destroyed, released or disposed of, and otherwise than in connection with the removal of such property in its entirety from plant account, shall be deemed to constitute a retirement of Funded Property.

The Company may make allocations, on a pro-rata or other reasonable basis (including, but not limited to, the designation of specific properties or the designation of all or a specified portion of the properties reflected in one or more generic accounts or subaccounts in the Company's books of account), for the purpose of determining the extent to which fungible properties, or other properties not otherwise identified, reflected in the same generic account or subaccount in the Company's books of account constitute Funded Property or Funded Property retired.

**"Funded Cash"** means:

(a) cash, held by the Trustee hereunder, to the extent that it represents the proceeds of insurance on Funded Property (except as otherwise provided in Section 1815), or cash deposited in connection with the release of Funded Property pursuant to Article Eighteen, or the payment of the principal of, or the proceeds of the release of, obligations secured by Purchase Money Lien and delivered to the Trustee pursuant to Article Eighteen, all subject, however, to the provisions of Section 1815 and Section 1806;

(b) any cash deposited with the Trustee under Section 1605; and

(c) any cash received by the Trustee from the payment of the principal of Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701.

### **SECTION 103. [Reserved].**

### **SECTION 104. Property Additions; Cost.**

(a) **"Property Additions"** means, as of any particular time, any item, unit or element of property which at such time is owned by the Company and is Mortgaged Property.

(b) When any Property Additions are certified to the Trustee as the basis of any Authorized Purpose (except as otherwise provided in Section 1803 and Section 1806),

(i) there shall be deducted from the Cost or Fair Value to the Company thereof, as the case may be (as of the date so certified), an amount equal to the Cost (or as to Property Additions of which the Fair Value to the Company at the time the same became Funded Property was certified to be an amount less than the Cost as determined pursuant to this Section, then such Fair Value, as so certified, in lieu of Cost) of all Funded Property of the Company retired to the date of such certification (other than the Funded Property, if any, in connection with the application for the release of which such certificate is filed) and not theretofore deducted from the Cost or Fair Value to the Company of Property Additions theretofore certified to the Trustee, and

(ii) there may, at the option of the Company, be added to such Cost or Fair Value, as the case may be, the sum of

(1) the principal amount of any obligations secured by Purchase Money Lien, not theretofore so added and which the Company then elects so to add, which shall theretofore have been delivered to the Trustee or the trustee or other holder of a Lien prior to the Lien of this Indenture as the basis of the release of Funded Property retired from the Lien of this Indenture or such prior Lien, as the case may be;

(2) one hundred and fifty percentum (150%) of the amount of any cash, not theretofore so added and which the Company then elects so to add, which shall theretofore have been delivered to the Trustee or the trustee or other holder of a Lien prior to the Lien of this Indenture as the proceeds of insurance on Funded Property retired (to the extent of the portion thereof deemed to be Funded Cash) or as the basis of the release of Funded Property retired from the Lien of this Indenture or from such prior Lien, as the case may be;

(3) one hundred and fifty percentum (150%) of the principal amount of any Security or Securities, or portion of such principal amount, not theretofore so added and which the Company then elects so to add, (I) which shall theretofore have been delivered to the Trustee as the basis of the release of Funded Property retired or (II) the right to the authentication and delivery of which under the provisions of Section 1604 shall at any time theretofore have been waived under Section 1803(d)(iii) as the basis of the release of Funded Property retired;

(4) the Cost or Fair Value to the Company (whichever shall be less) of any Property Additions, not theretofore so added and which the Company then elects so to add, which shall theretofore have been made the basis of the release of Funded Property retired (such Fair Value to be the amount shown in the Expert's Certificate delivered to the Trustee in connection with such release); and

(5) the Cost to the Company of any Property Additions (including Property Additions subject to the Lien of a Class A Mortgage) not theretofore so added and which the Company then elects so to add, to the extent that the same shall have been substituted for Funded Property retired;

provided, however, that the aggregate of the amounts added under clause (ii) above shall in no event exceed the amounts deducted under clause (i) above.

(c) Except as otherwise provided in Section 1803, the term "**Cost**" with respect to Property Additions shall mean the sum of (i) any cash delivered in payment therefor or for the acquisition thereof, (ii) an amount equivalent to the fair market value in cash (as of the date of delivery) of any securities or other property delivered in payment therefor or for the acquisition thereof, (iii) the principal amount of any obligations secured by prior Lien (other than a Class A Mortgage) upon such Property Additions outstanding at the time of the acquisition thereof, (iv) the principal amount of any other obligations incurred or assumed in connection with the payment for such Property Additions or for the acquisition thereof and (v) any other amounts which, in accordance with generally accepted accounting principles, are properly charged or chargeable to the plant or other property accounts of the Company with respect to such Property Additions as part of the cost of construction or acquisition thereof, including, but not limited to, any

allowance for funds used during construction or any similar or analogous amount; provided, however, that, notwithstanding any other provision of this Indenture,

(i) with respect to Property Additions owned by a successor corporation immediately prior to the time it shall have become such by consolidation or merger or acquired by a successor corporation in or as a result of a consolidation or merger (excluding, in any case, Property Additions owned by the Company immediately prior to such time), Cost shall mean the amount or amounts at which such Property Additions are recorded in the plant or other property accounts of such successor corporation, or the predecessor corporation from which such Property Additions are acquired, as the case may be, immediately prior to such consolidation or merger;

(ii) with respect to Property Additions which shall have been acquired (otherwise than by construction) by the Company without any consideration consisting of cash, securities or other property or the incurring or assumption of indebtedness, no determination of Cost shall be required, and, wherever in this Indenture provision is made for Cost or Fair Value, Cost with respect to such Property Additions shall mean an amount equal to the Fair Value to the Company thereof or, if greater, the aggregate amount reflected in the Company's books of account with respect thereto upon the acquisition thereof; and

(iii) in no event shall the Cost of Property Additions be required to reflect any depreciation or amortization in respect of such Property Additions, or any adjustment to the amount or amounts at which such Property Additions are recorded in plant or other property accounts due to the non-recoverability of investment or otherwise.

If any Property Additions are shown by the Expert's Certificate provided for in Section 1603(b)(ii) to include property which has been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company, the Cost thereof need not be reduced by any amount in respect of any goodwill, going concern value rights and/or intangible property simultaneously acquired for which no separate or distinct consideration shall have been paid or apportioned, and in such case the term Property Additions as defined herein may include such goodwill, going concern value rights and intangible property.

#### **SECTION 105. Compliance Certificates and Opinions.**

Except as otherwise expressly provided in this Indenture, upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:



(a) a statement that each Person signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such Person, such condition or covenant has been complied with.

#### **SECTION 106. Form of Documents Delivered to Trustee.**

(a) Any Officer's Certificate may be based (without further examination or investigation), insofar as it relates to or is dependent upon legal matters, upon an opinion of, or representations by, counsel, and, insofar as it relates to or is dependent upon matters which are subject to verification by Accountants, upon a certificate or opinion of, or representations by, an Accountant, and insofar as it relates to or is dependent upon matters which are required in this Indenture to be covered by a certificate or opinion of, or representations by, an Expert, upon the certificate or opinion of, or representations by, an Expert, unless, in any case, such officer has actual knowledge that the certificate or opinion or representations with respect to the matters upon which such Officer's Certificate may be based as aforesaid are erroneous.

Any Expert's Certificate may be based (without further examination or investigation), insofar as it relates to or is dependent upon legal matters, upon an opinion of, or representations by, counsel, and insofar as it relates to or is dependent upon factual matters, information with respect to which is in the possession of the Company and which are not subject to verification by Experts, upon a certificate or opinion of, or representations by, an officer or officers of the Company, unless such expert has actual knowledge that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous.

Any certificate of an Accountant may be based (without further examination or investigation), insofar as it relates to or is dependent upon legal matters, upon an opinion of, or representations by, counsel, and in so far as it relates to or is dependent upon factual matters, information with respect to which is in the possession of the Company and which are not subject to verification by Accountants, upon a certificate of, or representations by, an officer or officers of the Company, unless such Accountant has actual knowledge that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous.

Any Opinion of Counsel may be based (without further examination or investigation), insofar as it relates to or is dependent upon factual matters, information with respect to which is in the possession of the Company, upon a certificate of, or representations by, an officer or officers of the Company, and, insofar as it relates to or is dependent upon matters which are subject to verification by Accountants upon a certificate or opinion of, or representations by, an Accountant, and, insofar as it relates to or is dependent upon matters required in this Indenture to be covered by a certificate or opinion of, or representations by, an Expert, upon the certificate or opinion of, or representations by, an Expert, unless

such counsel has actual knowledge that the certificate or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous. In addition, any Opinion of Counsel may be based (without further examination or investigation), insofar as it relates to or is dependent upon matters covered in an Opinion of Counsel rendered by other counsel, upon such other Opinion of Counsel, unless such counsel has actual knowledge that the Opinion of Counsel rendered by such other counsel with respect to the matters upon which his Opinion of Counsel may be based as aforesaid are erroneous. Further, any Opinion of Counsel with respect to the status of title to or the sufficiency of descriptions of property, and/or the existence of Liens thereon, and/or the recording or filing of documents, and/or any similar matters, may be based (without further examination or investigation) upon (i) title insurance policies or commitments and reports, lien search certificates and other similar documents or (ii) certificates of, or representations by, officers, employees, agents and/or other representatives of the Company or (iii) any combination of the documents referred to in (i) and (ii), unless, in any case, such counsel has actual knowledge that the document or documents with respect to the matters upon which his opinion may be based as aforesaid are erroneous. If, in order to render any Opinion of Counsel provided for herein, the signer thereof shall deem it necessary that additional facts or matters be stated in any Officer's Certificate, certificate of an Accountant or Expert's Certificate provided for herein, then such certificate may state all such additional facts or matters as the signer of such Opinion of Counsel may request.

(b) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents. Where (i) any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, or (ii) two or more Persons are each required to make, give or execute any such application, request, consent, certificate, statement, opinion or other instrument, any such applications, requests, consents, certificates, statements, opinions or other instruments may, but need not, be consolidated and form one instrument.

(c) Whenever, subsequent to the receipt by the Trustee of any Board Resolution, Officer's Certificate, Expert's Certificate, Opinion of Counsel or other document or instrument, a clerical, typographical or other inadvertent or unintentional error or omission shall be discovered therein, a new document or instrument may be substituted therefor in corrected form with the same force and effect as if originally filed in the corrected form and, irrespective of the date or dates of the actual execution and/or delivery thereof, such substitute document or instrument shall be deemed to have been executed and/or delivered as of the date or dates required with respect to the document or instrument for which it is substituted. Anything in this Indenture to the contrary notwithstanding, if any such corrective document or instrument indicates that action has been taken by or at the request of the Company which could not have been taken had the original document or instrument not contained such error or omission, the action so taken shall not be invalidated or otherwise rendered ineffective but shall be and remain in full force and effect, except to the extent that such action was a result of willful misconduct or bad faith. Without limiting the generality of the foregoing, any Securities issued under the authority of such defective document or instrument shall nevertheless be the valid obligations of the Company entitled to the benefits of this Indenture equally and ratably with all other Outstanding Securities, except as aforesaid.



## **SECTION 107. Acts of Holders.**

(a) Any request, demand, authorization, direction, notice, consent, election, waiver or other action provided by this Indenture to be made, given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing or, alternatively, may be embodied in and evidenced by the record of Holders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders duly called and held in accordance with the provisions of Article Fourteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments and so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and (subject to Section 1001) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section. The record of any meeting of Holders shall be proved in the manner provided in Section 1406.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof or may be proved in any other manner which the Trustee and the Company deem sufficient. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The ownership, principal amount (except as otherwise contemplated in clause (y) of the first proviso to the definition of Outstanding) and serial numbers of Securities held by any Person, and the date of holding the same, shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, election, waiver or other Act of a Holder shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) Until such time as written instruments shall have been delivered to the Trustee with respect to the requisite percentage of principal amount of Securities for the action contemplated by such instruments, any such instrument executed and delivered by or on behalf of a Holder may be revoked with respect to any or all of such Securities by written notice by such Holder or any subsequent Holder, proven in the manner in which such instrument was proven.

(f) Securities of any series, or any Tranche thereof, authenticated and delivered after any Act of Holders may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any action taken by such Act of Holders. If the Company shall so determine, new Securities of any series, or any Tranche thereof, so modified as to conform, in the opinion of the Trustee and the Company,

to such action may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series or Tranche.

(g) The Company may, at its option, by Company Order, fix in advance a record date for the determination of Holders entitled to give any request, demand, authorization, direction, notice, consent, waiver or other Act solicited by the Company, but the Company shall have no obligation to do so; provided, however, that the Company may not fix a record date for the giving or making of any notice, declaration, request or direction referred to in the next sentence. In addition, the Trustee may, at its option, fix in advance a record date for the determination of Holders entitled to join in the giving or making of any Notice of Default, any declaration of acceleration referred to in Section 902, any request to institute proceedings referred to in Section 907 or any direction referred to in Section 912. If any such record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act, or such notice, declaration, request or direction, may be given before or after such record date, but only the Holders of record at the close of business on the record date shall be deemed to be Holders for the purposes of determining (i) whether Holders of the requisite proportion of the Outstanding Securities have authorized or agreed or consented to such Act (and for that purpose the Outstanding Securities shall be computed as of the record date) and/or (ii) which Holders may revoke any such Act (notwithstanding subsection (e) of this Section ); and any such Act, given as aforesaid, shall be effective whether or not the Holders which authorized or agreed or consented to such Act remain Holders after such record date and whether or not the Securities held by such Holders remain Outstanding after such record date.

#### **SECTION 108. Notices, Etc. to Trustee or Company.**

Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, election, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with, the Trustee by any Holder or by the Company, or the Company by the Trustee or by any Holder, shall be sufficient for every purpose hereunder (unless otherwise expressly provided herein) if in writing and delivered personally to an officer or other responsible employee of the addressee, or transmitted by email or other direct written electronic means to such telephone number or other electronic communications address set forth for such party below or such other address as the parties hereto shall from time to time designate, or transmitted by registered or certified mail or reputable overnight courier, charges prepaid, to the applicable address set forth for such party below or to such other address as either party hereto may from time to time designate:

If to the Trustee, to:

The Bank of New York Mellon  
Janelle Poland, Senior Analyst, Corporate Trust-Corporate Finance  
500 Ross Street, 12<sup>th</sup> Floor  
Pittsburgh, PA 15262

Telephone: 412-234-0276  
Email: janelle.poland@bny.com

If to the Company, to:

PPL Electric Utilities Corporation

c/o PPL Services Corporation  
645 Hamilton Street, Suite 9  
Allentown, Pennsylvania 18101

Attention: Treasurer  
Telephone: 1-800-345-3085  
Email: Corporate.Finance@pplweb.com

Any communication contemplated herein shall be deemed to have been made, given, furnished and filed if personally delivered, on the date of delivery, if transmitted by email or other direct written electronic means, on the date of transmission, and if transmitted by registered or certified mail or reputable overnight courier, on the date of receipt.

**SECTION 109. Notice to Holders of Securities; Waiver.**

Except as otherwise expressly provided herein, where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given, and shall be deemed given, to Holders if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at the address of such Holder as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such Notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Any notice required by this Indenture may be waived in writing by the Person entitled to receive such notice, either before or after the event otherwise to be specified therein, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**SECTION 110. Conflict with Trust Indenture Act.**

If any provision of this Indenture limits, qualifies or conflicts with another provision hereof which is required or deemed to be included in this Indenture by, or is otherwise governed by, any provision of the Trust Indenture Act, such other provision shall control; and if any provision hereof otherwise conflicts with the Trust Indenture Act, the Trust Indenture Act shall control.

**SECTION 111. Effect of Headings and Table of Contents.**

The Article and Section headings in this Indenture and the Table of Contents are for convenience only and shall not affect the construction hereof.

**SECTION 112. Successors and Assigns.**

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

**SECTION 113. Separability Clause.**

In case any provision in this Indenture or the Securities shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**SECTION 114. Benefits of Indenture.**

Nothing in this Indenture or the Securities, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders of any Outstanding Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

**SECTION 115. Governing Law.**

This Indenture and the Securities shall be governed by and construed in accordance with the law of the State of New York (including without limitation Section 5-1401 of the New York General Obligations Law or any successor to such statute), except to the extent that the Trust Indenture Act shall be applicable and except to the extent that the law of any other jurisdiction shall mandatorily govern.

**SECTION 116. Legal Holidays.**

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities other than a provision in Securities of any series, or any Tranche thereof, or in the indenture supplemental hereto, Board Resolution or Officer's Certificate which establishes the terms of the Securities of such series or Tranche, which specifically states that such provision shall apply in lieu of this Section) payment of interest or principal and premium, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, or Stated Maturity, and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to such Business Day.

**SECTION 117. Investment of Cash Held by Trustee.**

Any cash held by the Trustee or any Paying Agent under any provision of this Indenture shall, except as otherwise provided in Section 1806 or in Article Eight, at the request of the Company evidenced by Company Order, be invested or reinvested in Investment Securities designated by the Company (such Company Order to contain a representation to the effect that the securities designated therein constitute Investment Securities), any interest on such Investment Securities shall be promptly paid over to the Company as received free and clear of any Lien. Such Investment Securities shall be held subject to the same provisions hereof as the cash used to purchase the same, but upon a like request of the Company shall be sold, in whole or in designated part, and the proceeds of such sale shall be held subject to the same provisions hereof as the cash used to purchase the Investment Securities so sold. If such sale

shall produce a net sum less than the cost of the Investment Securities so sold, the Company shall pay to the Trustee or any such Paying Agent, as the case may be, such amount in cash as, together with the net proceeds from such sale, shall equal the cost of the Investment Securities so sold, and if such sale shall produce a net sum greater than the cost of the Investment Securities so sold, the Trustee or any such Paying Agent, as the case may be, shall promptly pay over to the Company an amount in cash equal to such excess, free and clear of any Lien. In no event shall the Trustee be liable for any loss incurred in connection with the sale of any Investment Security pursuant to this Section.

Notwithstanding the foregoing, if an Event of Default shall have occurred and be continuing, interest on Investment Securities and any gain upon the sale thereof shall be held as part of the Mortgaged Property until such Event of Default shall have been cured or waived, whereupon such interest and gain shall be promptly paid over to the Company free and clear of any Lien.

## **ARTICLE TWO**

### **Security Forms**

#### **SECTION 201. Forms Generally.**

The definitive Securities of each series shall be in substantially the form or forms thereof established in the indenture supplemental hereto establishing such series or in a Board Resolution establishing such series, or in an Officer's Certificate pursuant to such a supplemental indenture or Board Resolution, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof. If the form or forms of Securities of any series are established in a Board Resolution or in an Officer's Certificate pursuant to a Supplemental Indenture or a Board Resolution, such Board Resolution and Officer's Certificate, if any, shall be delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

Unless otherwise specified as contemplated by Section 301, the Securities of each series shall be issuable in registered form without coupons. The definitive Securities shall be produced in such manner as shall be determined by the officers executing such Securities, as evidenced by their execution thereof.

## **SECTION 202. Form of Trustee's Certificate of Authentication.**

The Trustee's certificate of authentication shall be in substantially the form set forth below:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

## **ARTICLE THREE**

### **The Securities**

## **SECTION 301. Amount Unlimited; Issuable in Series.**

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. Subject to the last paragraph of this Section, prior to the authentication and delivery of Securities of any series there shall be established by specification in or pursuant to a supplemental indenture or in a Board Resolution of the Company or in or pursuant to an Officer's Certificate of the Company (which need not comply with Section 105) or in a Company Order pursuant to a supplemental indenture, a Board Resolution or an Officer's Certificate:

(a) the title of the Securities of such series (which shall distinguish the Securities of such series from Securities of all other series);

(b) any limit upon the aggregate principal amount of the Securities of such series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Section 304, 305, 306, 506 or 1306 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(c) the Person or Persons (without specific identification) to whom any interest on Securities of such series, or any Tranche thereof, shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(d) the date or dates on which the principal of the Securities of such series or any Tranche thereof, is payable or any formulary or other method or other means by which such date or dates shall be determined, by reference to an index or other fact or event ascertainable outside of this Indenture or otherwise (without regard to any provisions for redemption, prepayment, acceleration, purchase or



extension); and the right, if any, to extend the Maturity of the Securities of such series, or any Tranche thereof, and the duration of any such extension;

(e) the rate or rates at which the Securities of such series, or any Tranche thereof, shall bear interest, if any (including the rate or rates at which overdue principal shall bear interest after Maturity if different from the rate or rates at which such Securities shall bear interest prior to Maturity, and, if applicable, the rate or rates at which overdue premium or interest shall bear interest, if any), or any formulary or other method or other means by which such rate or rates shall be determined by reference to an index or other fact or event ascertainable outside of this Indenture or otherwise, the date or dates from which such interest shall accrue; the Interest Payment Dates and the Regular Record Dates, if any, for the interest payable on such Securities on any Interest Payment Date; and the basis of computation of interest, if other than as provided in Section 310; and the right, if any, to extend the interest payment periods and the duration of any such extension;

(f) the place or places at which and/or methods (if other than as provided elsewhere in this Indenture) by which (i) the principal of and premium, if any, and interest, if any, on Securities of such series, or any Tranche thereof, shall be payable, (ii) registration of transfer of Securities of such series, or any Tranche thereof, may be effected, (iii) exchanges of Securities of such series, or any Tranche thereof, may be effected and (iv) notices and demands to or upon the Company in respect of the Securities of such series, or any Tranche thereof, and this Indenture may be served; the Security Registrar and any Paying Agent or Agents for such series or Tranche; and, if such is the case, that the principal of such Securities shall be payable without the presentment or surrender thereof;

(g) the period or periods within which, or the date or dates on which, the price or prices at which and the terms and conditions upon which the Securities of such series, or any Tranche thereof, may be redeemed, in whole or in part, at the option of the Company and any restrictions on such redemptions;

(h) the obligation or obligations, if any, of the Company to redeem or purchase or repay the Securities of such series, or any Tranche thereof, pursuant to any sinking fund or other mandatory redemption provisions or at the option of a Holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the terms and conditions upon which such Securities shall be redeemed or purchased or repaid, in whole or in part, pursuant to such obligation and applicable exceptions to the requirements of Section 504 in the case of mandatory redemption or redemption or repayment at the option of the Holder;

(i) the denominations in which Securities of such series, or any Tranche thereof, shall be issuable if other than denominations of One Thousand Dollars (\$1,000) and any integral multiple thereof;

(j) if the principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, are to be payable, at the election of the Company or a Holder thereof, in a coin or currency other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made and the manner in which the amount of such coin or currency payable is to be determined;

(k) the currency or currencies, including composite currencies, in which payment of the principal of and premium, if any, and interest, if any, on the Securities of such series, or any Tranche thereof, shall be payable (if other than Dollars) and the manner in which the equivalent of the principal amount

thereof in Dollars is to be determined for any purpose, including for the purpose of determining the principal amount deemed to be Outstanding at any time;

(l) if the principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, are to be payable, or are to be payable at the election of the Company or a Holder thereof, in securities or other property, the type and amount of such securities or other property, or the formulary or other method or other means by which such amount shall be determined, and the period or periods within which, and the terms and conditions upon which, any such election may be made;

(m) if the amount payable in respect of principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, may be determined with reference to an index or other fact or event ascertainable outside this Indenture, the manner in which such amounts shall be determined to the extent not established pursuant to clause (e) of this paragraph;

(n) if other than the entire principal amount thereof, the portion of the principal amount of Securities of such series, or any Tranche thereof, which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 902;

(o) any Events of Default, in addition to those specified in Section 901, or any exceptions to those specified in Section 901, with respect to the Securities of such series, and any covenants of the Company for the benefit of the Holders of the Securities of such series, or any Tranche thereof, in addition to those set forth in Article Seven, or any exceptions to those set forth in Article Seven;

(p) the terms, if any, pursuant to which the Securities of such series, or any Tranche thereof, may be converted into or exchanged for shares of capital stock or other securities of the Company or any other Person;

(q) the obligations or instruments, if any, which shall be considered to be Eligible Obligations in respect of the Securities of such series, or any Tranche thereof, denominated in a currency other than Dollars or in a composite currency, whether Eligible Obligations include Investment Securities with respect to Securities of such series, and any provisions for satisfaction and discharge of Securities of any series, in addition to those set forth in Article Eight, or any exceptions to those set forth in Article Eight;

(r) if the Securities of such series, or any Tranche thereof, are to be issued in global form, (i) any limitations on the rights of the Holder or Holders of such Securities to transfer or exchange the same or to obtain the registration of transfer thereof, (ii) any limitations on the rights of the Holder or Holders thereof to obtain certificates therefor in definitive form in lieu of global form and (iii) any other matters incidental to such Securities;

(s) if the Securities of such series, or any Tranche thereof, are to be issuable as bearer securities, any and all matters incidental thereto which are not specifically addressed in a supplemental indenture as contemplated by clause (g) of Section 1301;

(t) to the extent not established pursuant to clause (r) of this paragraph, any limitations on the rights of the Holders of the Securities of such Series, or any Tranche thereof, to transfer or exchange such Securities or to obtain the registration of transfer thereof; and if a service charge will be made for the



registration of transfer or exchange of Securities of such series, or any Tranche thereof, the amount or terms thereof;

(u) any exceptions to Section 116, or variation in the definition of Business Day, with respect to the Securities of such series, or any Tranche thereof;

(v) whether the Securities of such series are Benefitted Securities under Section 707;

(w) any other terms of the Securities of such series, or any Tranche thereof, that the Company may elect to specify.

With respect to Securities of a series subject to a Periodic Offering, the indenture supplemental hereto or the Board Resolution which establishes such series, or the Officer's Certificate pursuant to such supplemental indenture or Board Resolution, as the case may be, may provide general terms or parameters for Securities of such series and provide either that the specific terms of Securities of such series, or any Tranche thereof, shall be specified in a Company Order or that such terms shall be determined by the Company or its agents in accordance with procedures specified in a Company Order as contemplated in clause (b) of Section 303.

Unless otherwise provided with respect to a series of Securities as contemplated in Section 301(b), the aggregate principal amount of a series of Securities may be increased and additional Securities of such series may be issued up to the maximum aggregate principal amount authorized with respect to such series as increased.

#### **SECTION 302. Denominations.**

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, the Securities of each series shall be issuable in denominations of One Thousand Dollars (\$1,000) and any integral multiple thereof.

#### **SECTION 303. Execution, Authentication, Delivery and Dating.**

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities or any Tranche thereof, the Securities shall be executed on behalf of the Company by an Authorized Officer of the Company, and may have the corporate seal of the Company affixed thereto or reproduced thereon attested by its Secretary, one of its Assistant Secretaries or any other Authorized Officer. The signature of any or all of these officers on the Securities may be manual or facsimile.

A Security bearing the manual or facsimile signature of an individual who was at the time of execution an Authorized Officer of the Company shall bind the Company, notwithstanding that any such individual has ceased to be an Authorized Officer prior to the authentication and delivery of the Security or did not hold such office at the date of such Security.

The Trustee shall authenticate and deliver Securities of a series for original issue, at one time or from time to time in accordance with the Company Order referred to below, upon receipt by the Trustee of:

(a) the instrument or instruments establishing the form or forms and terms of the Securities of such series, as provided in Sections 201 and 301;

(b) a Company Order requesting the authentication and delivery of such Securities and, to the extent that the terms of such Securities shall not have been established in an indenture supplemental hereto or in a Board Resolution, or in an Officer's Certificate pursuant to a supplemental indenture or Board Resolution, all as contemplated by Section 301, either (i) establishing such terms or (ii) in the case of Securities of a series subject to a Periodic Offering, specifying procedures, acceptable to the Trustee, by which such terms are to be established (which procedures may provide, to the extent acceptable to the Trustee, for authentication and delivery pursuant to oral or electronic instructions from the Company or any agent or agents thereof, which oral instructions are to be promptly confirmed electronically or in writing), in either case in accordance with the instrument or instruments establishing the terms of the Securities of such series delivered pursuant to clause (a) above. If applicable, the Company Order shall also designate the related series of Class A Bonds being delivered to the Trustee in connection with the issuance of such series of Securities;

(c) if prior to the Release Date, any opinions, certificates, documents and instruments required by Article Sixteen;

(d) Securities of such series, each executed on behalf of the Company by an Authorized Officer of the Company;

(e) an Officer's Certificate (i) which shall comply with the requirements of Section 105 of this Indenture and (ii) which states that no Event of Default under this Indenture has occurred or is occurring;

(f) an Opinion of Counsel which shall comply with the requirements of Section 105 of this Indenture and that states that:

(i) the form or forms of such Securities have been duly authorized by the Company and have been established in conformity with the provisions of this Indenture;

(ii) the terms of such Securities have been duly authorized by the Company and have been established in conformity with the provisions of this Indenture; and

(iii) when such Securities shall have been authenticated and delivered by the Trustee and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, such Securities will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by this Indenture, and enforceable in accordance with their terms, subject, as to enforcement, to laws relating to or affecting generally the enforcement of mortgagees' and other creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

provided, however, that, with respect to Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel only once at or prior to the time of the first

authentication and delivery of Securities of such series and that in lieu of the opinions described in clauses (ii) and (iii) above such Opinion of Counsel may, alternatively, state, respectively,

(x) that, when the terms of such Securities shall have been established pursuant to a Company Order or Orders, or pursuant to such procedures as may be specified from time to time by a Company Order or Orders, all as contemplated by and in accordance with the instrument or instruments delivered pursuant to clause (a) above, such terms will have been duly authorized by the Company and will have been established in conformity with the provisions of this Indenture; and

(y) that, such Securities, when (1) executed by the Company, (2) authenticated and delivered by the Trustee in accordance with this Indenture, (3) issued and delivered by the Company and (4) paid for, all as contemplated by and in accordance with the aforesaid Company Order or Orders, as the case may be, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by the Indenture, and enforceable in accordance with their terms, subject, as to enforcement, to laws relating to or affecting generally the enforcement of mortgagees' and other creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

With respect to Securities of a series subject to a Periodic Offering, the Trustee may conclusively rely, as to the authorization by the Company of any of such Securities, the forms and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and other documents delivered pursuant to Sections 201 and 301 and this Section, as applicable, at or prior to the time of the first authentication of Securities of such series, unless and until such opinion or other documents have been superseded or revoked or expire by their terms. In connection with the authentication and delivery of Securities of a series, pursuant to a Periodic Offering, the Trustee shall be entitled to assume that the Company's instructions to authenticate and deliver such Securities do not violate any applicable law or any applicable rule, regulation or order of any governmental agency or commission having jurisdiction over the Company.

If the forms or terms of the Securities of any series have been established by or pursuant to a Board Resolution or an Officer's Certificate as permitted by Sections 201 or 301, the Trustee shall not be required to authenticate such Securities if the issuance of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Except as otherwise specified as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, each Security shall be dated the date of its authentication.

Except as otherwise specified as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, no Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee or its agent by manual signature of an authorized officer thereof, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the

benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder to the Company, or any Person acting on its behalf, but shall never have been issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 309 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits hereof.

#### **SECTION 304. Temporary Securities.**

Pending the preparation of definitive Securities of any series, or any Tranche thereof, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as any officer executing such Securities may determine, as evidenced by such officer's execution of such Securities; provided, however, that temporary Securities need not recite specific redemption, sinking fund, conversion or exchange provisions.

If temporary Securities of any series or Tranche are issued, the Company shall cause definitive Securities of such series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Securities of such series or Tranche, the temporary Securities of such series or Tranche shall be exchangeable for definitive Securities of such series or Tranche, upon surrender of the temporary Securities of such series or Tranche at the office or agency of the Company maintained pursuant to Section 702 in a Place of Payment for such series or Tranche, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series or Tranche, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor definitive Securities of the same series or Tranche, of authorized denominations and of like tenor and aggregate principal amount.

Until exchanged in full as hereinabove provided, temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series and Tranche and of like tenor authenticated and delivered hereunder.

#### **SECTION 305. Registration, Registration of Transfer and Exchange.**

The Company shall cause to be kept in one of the offices or agencies designated pursuant to Section 702, with respect to the Securities of each series or any Tranche thereof, a register (the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities of such series or Tranche and the registration of transfer thereof. The Company shall designate one Person to maintain the Security Register for the Securities of each series, and such Person is referred to herein, with respect to such series, as the "Security Registrar." Anything herein to the contrary notwithstanding, the Company may designate one or more of its offices or an office of any Affiliate as an office in which the Security Register with respect to the Securities of one or more series, or any Tranche or Tranches thereof, shall be maintained, and the Company may designate itself or any Affiliate as the Security Registrar with respect to one or more of such series. The Security Register shall be open for inspection by the Trustee and the Company at all reasonable times.

Except as otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, upon surrender for registration of transfer of any Security of such series or Tranche at the office or agency of the Company maintained pursuant to Section 702 in a Place of Payment for such series or Tranche, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount.

Except as otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, any Security of such series or Tranche may be exchanged at the option of the Holder for one or more new Securities of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at any such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities, which the Holder making the exchange is entitled to receive.

All Securities delivered upon any registration of transfer or exchange of Securities shall be valid obligations of the Company, evidencing the same obligation, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed or shall be accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee, duly executed by the Holder thereof or his attorney duly authorized in writing.

Unless otherwise specified as contemplated by Section 301, with respect to Securities of any series, or any Tranche thereof, no service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 506 or 1306 not involving any transfer.

The Company shall not be required to execute or to provide for the registration of transfer of or the exchange of (a) Securities of any series, or any Tranche thereof, during a period of 15 days immediately preceding the date notice is to be given identifying the serial numbers of the Securities of such series or Tranche called for redemption or (b) any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

#### **SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities.**

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and Tranche, and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (a) evidence to their satisfaction of the ownership of and the destruction, loss or theft of any Security and (b) such security or indemnity as may be reasonably required by them to save each of them and any agent of any of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such



destroyed, lost or stolen Security, a new Security of the same series and Tranche, and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Notwithstanding the foregoing, in case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) in connection therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone other than the Holder of such new security, and any such new Security shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of such series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

#### **SECTION 307. Payment of Interest; Interest Rights Preserved.**

Unless otherwise provided as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the related Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a date (a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall

promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company shall promptly cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at the address of such Holder as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date.

(b) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

#### **SECTION 308. Persons Deemed Owners.**

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and premium, if any, and (subject to Sections 305 and 307) interest, if any, on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

#### **SECTION 309. Cancellation.**

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and, if not theretofore canceled, shall be promptly canceled by the Trustee. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever or which the Company shall not have issued and sold, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of in accordance with the Trustee's then customary procedures, unless otherwise directed by a Company Order; provided, however, that the Trustee shall not be required to destroy any Securities.

#### **SECTION 310. Computation of Interest.**

Except as otherwise specified as contemplated by Section 301 for Securities of any series, or Tranche thereof, interest on the Securities of each series shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months, and with respect to any period less

than a full month, on the basis of the actual number of days elapsed during such period. For example, the interest for a period running from the 15<sup>th</sup> day of one month to the 15<sup>th</sup> day of the next month would be calculated on the basis of one 30-day month.

#### **SECTION 311. Payment to Be in Proper Currency.**

In the case of any Security denominated in any currency other than Dollars or in a composite currency (the “Required Currency”), except as otherwise specified with respect to such Security as contemplated by Section 301, the obligation of the Company to make any payment of the principal thereof, or the premium or interest thereon, shall not be discharged or satisfied by any tender by the Company, or recovery by the Trustee, in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the Trustee timely holding the full amount of the Required Currency then due and payable. If any such tender or recovery is in a currency other than the Required Currency, the Trustee may take such actions as it considers appropriate to exchange such currency for the Required Currency. The costs and risks of any such exchange, including without limitation the risks of delay and exchange rate fluctuation, shall be borne by the Company, the Company shall remain fully liable for any shortfall or delinquency in the full amount of Required Currency then due and payable, and in no circumstances shall the Trustee be liable therefor except in the case of its negligence or willful misconduct. The Company hereby waives any defense of payment based upon any such tender or recovery which is not in the Required Currency, or which, when exchanged for the Required Currency by the Trustee, is less than the full amount of Required Currency then due and payable.

#### **SECTION 312. Extension of Interest Payment.**

The Company shall have the right at any time, to extend interest payment periods on all the Securities of any series hereunder, if so specified as contemplated by Section 301 with respect to such Securities and upon such terms as may be specified as contemplated by Section 301 with respect to such Securities.

#### **SECTION 313. CUSIP Numbers.**

The Company in issuing the Securities may use “CUSIP” or other similar numbers (if then generally in use), and, if so, the Company, the Trustee or the Security Registrar may use “CUSIP” or such other numbers in notices or redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only the other identification numbers printed on the Securities, in which case none of the Company or, as the case may be, the Trustee or the Security Registrar, or any agent of any of them, shall have any liability in respect of any CUSIP number used on any such notice, and any such redemption shall not be affected by any defect in or omission of such numbers.

### **ARTICLE FOUR**

#### **Securities of the First Series**

There is hereby created two series of Securities (herein sometimes referred to as “Securities of the First Series” and “Securities of the Second Series,” respectively). The form, designation and terms



of the Securities of the First Series and the Securities of the Second Series shall be established in a supplemental indenture or a Board Resolution, and/or in an Officer's Certificate pursuant to a supplemental indenture or a Board Resolution in accordance with Section 301.

## **ARTICLE FIVE**

### **Redemption of Securities**

#### **SECTION 501. Applicability of Article.**

Securities of any series, or any Tranche thereof, which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of such series or Tranche) in accordance with this Article.

#### **SECTION 502. Election to Redeem; Notice to Trustee.**

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution or an Officer's Certificate. The Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of such Securities to be redeemed. In the case of any redemption of Securities (a) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture or (b) pursuant to an election of the Company which is subject to a condition specified in the terms of such Securities, the Company shall furnish the Trustee with an Officer's Certificate evidencing compliance with such restriction or condition.

#### **SECTION 503. Selection of Securities to Be Redeemed.**

If less than all the Securities of any series, or any Tranche thereof, are to be redeemed, the particular Securities to be redeemed shall be selected by the Trustee from the Outstanding Securities of such series or Tranche not previously called for redemption, by such method as shall be provided for such particular series or Tranche, or in the absence of any such provision, by such method of random selection as the Trustee shall deem fair and appropriate and which may, in any case, provide for the selection for redemption of portions (equal to any authorized denomination for Securities of such series or Tranche) of the principal amount of Securities of such series or Tranche of a denomination larger than the minimum authorized denomination for Securities of such series or Tranche; provided, however, that if, as indicated in an Officer's Certificate, the Company shall have offered to purchase all or any principal amount of the Securities then Outstanding of any series, or any Tranche thereof, and less than all of such Securities as to which such offer was made shall have been tendered to the Company for such purchase, the Trustee, if so directed by Company Order, shall select for redemption all or any principal amount of such Securities which have not been so tendered.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected to be redeemed in part, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

**SECTION 504. Notice of Redemption.**

Notice of redemption shall be given in the manner provided in Section 109 to the Holders of Securities to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date.

All notices of redemption shall state:

- (a) the Redemption Date,
- (b) the Redemption Price,
- (c) if less than all the Securities of any series or Tranche are to be redeemed, the identification of the particular Securities to be redeemed and the portion of the principal amount of any Security to be redeemed in part,
- (d) that on the Redemption Date the Redemption Price, together with accrued interest, if any, to the Redemption Date, will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,
- (e) the place or places where such Securities are to be surrendered for payment of the Redemption Price and accrued interest, if any, unless it shall have been specified as contemplated by Section 301 with respect to such Securities that such surrender shall not be required,
- (f) that the redemption is for a sinking or other fund, if such is the case, and
- (g) such other matters as the Company shall deem desirable or appropriate.

Unless otherwise specified with respect to any Securities in accordance with Section 301, with respect to any notice of redemption of Securities at the election of the Company, unless, upon the giving of such notice, such Securities shall be deemed to have been paid in accordance with Section 801, such notice may state that such redemption shall be conditional upon the receipt by the Paying Agent or Agents for such Securities, on or prior to the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest, if any, on such Securities and that if such money shall not have been so received such notice shall be of no force or effect and the Company shall not be required to redeem such Securities. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and within a reasonable time thereafter notice shall be given, in the manner in which the notice of redemption was given, that such money was not so received and such redemption was not required to be made.

Notice of redemption of Securities to be redeemed at the election of the Company, and any notice of non-satisfaction of a condition for redemption as aforesaid, shall be given by the Company or, on Company Request, by the Trustee in the name and at the expense of the Company.

**SECTION 505. Securities Payable on Redemption Date.**

Notice of redemption having been given as aforesaid, and the conditions, if any, set forth in such notice having been satisfied, the Securities or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless, in the case of an unconditional notice of redemption, the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities or portions thereof, if interest-bearing, shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with such notice, such Security or portion thereof shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that no such surrender shall be a condition to such payment if so specified as contemplated by Section 301 with respect to such Security; and provided, further, that except as otherwise specified as contemplated by Section 301 with respect to such Security, any installment of interest on any Security the Stated Maturity of which installment is on or prior to the Redemption Date shall be payable to the Holder of such Security, or one or more Predecessor Securities, registered as such at the close of business on the related Regular Record Date according to the terms of such Security and subject to the provisions of Sections 305 and 307.

**SECTION 506. Securities Redeemed in Part.**

Upon the surrender of any Security which is to be redeemed only in part at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities of the same series and Tranche, of any authorized denomination requested by such Holder and of like tenor and in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

**ARTICLE SIX**

**Sinking Funds**

**SECTION 601. Applicability of Article.**

The provisions of this Article shall be applicable to any sinking fund for the retirement of the Securities of any series, or any Tranche thereof, except as otherwise specified as contemplated by Section 301 for Securities of such series or Tranche.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series, or any Tranche thereof, is herein referred to as a “mandatory sinking fund payment”, and any payment in excess of such minimum amount provided for by the terms of Securities of any series, or any Tranche thereof, is herein referred to as an “optional sinking fund payment”. If provided for by the terms of Securities of any series, or any Tranche thereof, the cash amount of any sinking fund payment may be

subject to reduction as provided in Section 602. Each sinking fund payment shall be applied to the redemption of Securities of the series or Tranche in respect of which it was made as provided for by the terms of such Securities.

**SECTION 602. Satisfaction of Sinking Fund Payments with Securities.**

The Company (a) may deliver to the Trustee Outstanding Securities (other than any previously called for redemption) of a series or Tranche in respect of which a mandatory sinking fund payment is to be made and (b) may apply as a credit Securities of such series or Tranche which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of such mandatory sinking fund payment; provided, however, that no Securities shall be applied in satisfaction of a mandatory sinking fund payment if such Securities shall have been previously so applied. Securities so applied shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

**SECTION 603. Redemption of Securities for Sinking Fund.**

Not less than 45 days prior to each sinking fund payment date for the Securities of any series, or any Tranche thereof, the Company shall deliver to the Trustee an Officer's Certificate specifying:

- (a) the amount of the next succeeding mandatory sinking fund payment for such series or Tranche;
- (b) the amount, if any, of the optional sinking fund payment to be made together with such mandatory sinking fund payment;
- (c) the aggregate sinking fund payment;
- (d) the portion, if any, of such aggregate sinking fund payment which is to be satisfied by the payment of cash;
- (e) the portion, if any, of such aggregate sinking fund payment which is to be satisfied by delivering and crediting Securities of such series or Tranche pursuant to Section 602 and stating the basis for such credit and that such Securities have not previously been so credited, and the Company shall also deliver to the Trustee any Securities to be so delivered. If the Company shall not deliver such Officer's Certificate, the next succeeding sinking fund payment for such series or Tranche shall be made entirely in cash in the amount of the mandatory sinking fund payment. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 503 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 504. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 505 and 506.

## **ARTICLE SEVEN**

### **Representations and Covenants**

#### **SECTION 701. Payment of Securities; Lawful Possession.**

(a) The Company shall pay the principal of and premium, if any, and interest, if any, on the Securities of each series in accordance with the terms of such Securities and this Indenture.

(b) At the Execution Date, the Company is lawfully possessed of the Mortgaged Property and has sufficient right and authority to mortgage and pledge the Mortgaged Property, as provided in and by this Indenture.

#### **SECTION 702. Maintenance of Office or Agency.**

The Company shall maintain in each Place of Payment for the Securities of each series, or any Tranche thereof, an office or agency where payment of such Securities shall be made, where the registration of transfer or exchange of such Securities may be effected and where notices and demands to or upon the Company in respect of such Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of each such office or agency and prompt notice to the Holders of any such change in the manner specified in Section 109. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, then payment of such Securities shall be made, registration of transfer or exchange thereof may be effected and notices and demands in respect of such Securities and this Indenture may be served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent for all such purposes in any such event.

The Company may also from time to time designate one or more other offices or agencies with respect to the Securities of one or more series, or any Tranche thereof, for any or all of the foregoing purposes and may from time to time rescind such designations; provided, however, that, unless otherwise specified as contemplated by Section 301 with respect to the Securities of such series or Tranche, no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency for such purposes in each Place of Payment for such Securities in accordance with the requirements set forth above. The Company shall give prompt written notice to the Trustee, and prompt notice to the Holders in the manner specified in Section 109, of any such designation or rescission and of any change in the location of any such other office or agency.

Anything herein to the contrary notwithstanding, any office or agency required by this Section may be maintained at an office of the Company, in which event the Company shall perform all functions to be performed at such office or agency.

#### **SECTION 703. Money for Securities Payments to Be Held in Trust.**

If the Company shall at any time act as its own Paying Agent with respect to the Securities of any series, or any Tranche thereof, it shall, on or before each due date of the principal of and premium, if any, and interest, if any, on any of such Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and premium or interest so becoming due until such

sums shall be paid to such Persons or otherwise disposed of as herein provided. The Company shall promptly notify the Trustee of any failure by the Company (or any other obligor on such Securities) to make any payment of principal of or premium, if any, or interest, if any, on such Securities.

Whenever the Company shall have one or more Paying Agents for the Securities of any series, or any Tranche thereof, it shall, on or before each due date of the principal of and premium, if any, and interest, if any, on such Securities, deposit with such Paying Agents sums sufficient (without duplication) to pay the principal and premium or interest so becoming due, such sums to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company shall promptly notify the Trustee of any failure by it so to act.

The Company shall cause each Paying Agent for the Securities of any series, or any Tranche thereof, other than the Company or the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent shall:

(a) hold all sums held by it for the payment of the principal of and premium, if any, or interest, if any, on such Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(b) give the Trustee notice of any failure by the Company (or any other obligor upon such Securities) to make any payment of principal of or premium, if any, or interest, if any, on such Securities; and

(c) at any time during the continuance of any such failure, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent and furnish to the Trustee such information as it possesses regarding the names and addresses of the Persons entitled to such sums.

The Company may at any time pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent and, if so stated in a Company Order delivered to the Trustee, in accordance with the provisions of Article Seven; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of and premium, if any, or interest, if any, on any Security and remaining unclaimed for two years after such principal and premium, if any, or interest, if any, has become due and payable shall be paid to the Company on Company Request, or, if then held by the Company, shall be discharged from such trust; and, upon such payment or discharge, the Holder of such Security shall, as an unsecured general creditor and not as the Holder of an Outstanding Security, look only to the Company for payment of the amount so due and payable and remaining unpaid, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such payment to the Company, shall, upon receipt of a Company Order and at the expense of the Company cause to be mailed, on one occasion only, notice to such Holder that such money remains



unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such mailing, any unclaimed balance of such money then remaining will be paid to the Company. In the absence of any such Company Request, the Trustee shall from time to time deliver such unclaimed funds to, or as directed by, the pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the Trustee and the escheat authority and, upon any such delivery, all liability of the Trustee with respect to such unclaimed funds shall thereupon cease.

#### **SECTION 704. Corporate Existence.**

Subject to the rights of the Company under Article Twelve, the Company shall do or cause to be done all things necessary to preserve and keep its corporate existence in full force and effect.

#### **SECTION 705. Annual Officer's Certificate as to Compliance.**

Not later than May 1 in each year, commencing May 1, 2002, the Company shall deliver to the Trustee an Officer's Certificate which need not comply with the requirements of Section 105, executed by the principal executive officer, the principal financial officer or the principal accounting officer of the Company, as to such officer's knowledge of the Company's compliance with all conditions and covenants under this Indenture, such compliance to be determined without regard to any period of grace or requirement of notice under this Indenture, and making any other statements as may be required by the Trust Indenture Act.

#### **SECTION 706. Waiver of Certain Covenants.**

The Company may omit in any particular instance to comply with any term, provision or condition set forth in

(a) any covenant or restriction specified with respect to the Securities of any one or more series, or any one or more Tranches thereof, if before the time for such compliance the Holders of at least a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches with respect to which compliance with such covenant or restriction is to be omitted, considered as one class, shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition; provided, however, that no such waiver shall be effective as to any of the matters contemplated in clause (a), (b) or (c) in Section 1302 without the consent of the Holders specified in such Section; and

(b) Article Twelve if before the time for such compliance the Holders of at least a majority in principal amount of Securities Outstanding under this Indenture shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition;

but, in either case, no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

## **SECTION 707. Limitation on Liens.**

(a) Except as otherwise specified as contemplated by Section 301 for Securities of any series, so long as any Securities of any series are Outstanding, the Company shall not, from and after the Release Date, issue any Secured Debt (other than Permitted Secured Debt), without the consent of the Holders of a majority in principal amount of all the Outstanding Securities of all series and Tranches with respect to which this covenant is specified as contemplated by Section 301 (the “Benefitted Securities”), considered as one class, except as expressly contemplated in subsections (b) and (c) of this Section.

(b) The provisions of subsection (a) shall not prohibit the creation or existence of any Secured Debt if either:

(i) the Company shall make effective provision whereby the Benefitted Securities shall be secured at least equally and ratably with such Secured Debt; or

(ii) the Company shall deliver to the Trustee bonds, notes or other evidences of indebtedness secured by the Lien which secures such Secured Debt (hereinafter called “Secured Obligations”) (i) in an aggregate principal amount equal to the aggregate principal amount of each series then Outstanding, (ii) maturing (or being subject to mandatory redemption) on the Stated Maturities of such series and (iii) containing, in addition to any mandatory redemption provisions applicable to all Secured Obligations outstanding under such Lien and any mandatory redemption provisions contained therein pursuant to clause (ii) above, mandatory redemption provisions correlative to the provisions, if any, for the mandatory redemption (pursuant to a sinking fund or otherwise) of the Securities of such series or for the redemption thereof at the option of the Holder, as well as a provision for mandatory redemption upon an acceleration of the maturity of all Outstanding Securities of such series following an Event of Default (such mandatory redemption to be rescinded upon the rescission of such acceleration); it being expressly understood that such Secured Obligations (x) may, but need not, bear interest, (y) may, but need not, contain provisions for the redemption thereof at the option of the issuer, any such redemption to be made at a redemption price or prices not less than the principal amount thereof and (z) shall be held by the Trustee for the benefit of the Holders of all Securities of such series from time to time Outstanding subject to such terms and conditions relating to surrender to the Company, transfer restrictions, voting, application of payments of principal and interest and other matters as shall be set forth in an indenture supplemental hereto specifically providing for the delivery to the Trustee of such Secured Obligations.

(c) If the Company shall elect either of the alternatives described in subsection (b), the Company shall deliver to the Trustee:

(i) an indenture supplemental to this Indenture (i) together with evidence of appropriate inter-creditor arrangements, whereby this Indenture shall be secured by the Lien referred to in subsection (b) equally and ratably with all other indebtedness secured by such Lien or (ii) providing for the delivery to the Trustee of Secured Obligations;

(ii) an Officer’s Certificate (i) stating that, to the knowledge of the signer, (x) no Event of Default has occurred and is continuing and (y) no event has occurred and is



continuing which entitles the secured party under such Lien to accelerate the maturity of the indebtedness outstanding thereunder and (y) stating the aggregate principal amount of indebtedness issuable, and then proposed to be issued, under and secured by such Lien;

(iii) an Opinion of Counsel (i) if the Outstanding Securities under this Indenture are to be secured by such Lien, to the effect that all Securities then Outstanding are entitled to the benefit of such Lien equally and ratably with all other indebtedness outstanding secured by such Lien or (ii) if Secured Obligations are to be delivered to the Trustee, to the effect that such Secured Obligations have been duly issued under such Lien and constitute valid obligations, entitled to the benefit of such Lien equally and ratably with all other indebtedness then outstanding secured by such Lien.

(d) For purposes of this Section, except as otherwise expressly provided or unless the context otherwise requires:

(i) **“Debt”**, with respect to any Person, means (A) indebtedness of such Person for borrowed money evidenced by a bond, debenture, note or other written instrument or agreement by which such Person is obligated to repay such borrowed money and (B) any guaranty by such Person of any such indebtedness of another Person. “Debt” does not include, among other things, (w) indebtedness of such person under any installment sale or conditional sale agreement or any other agreement relating to indebtedness for the deferred purchase price of property or services, (x) any trade obligation (including obligations under power or other commodity purchase agreements and any hedges or derivatives associated therewith), or other obligations of such Person in the ordinary course of business, (y) obligations of such Person under any lease agreement (including any lease intended as security), whether or not such obligations are required to be capitalized on the balance sheet of such Person under generally accepted accounting principles, or (z) liabilities secured by any Lien on any property owned by such Person if and to the extent that such Person has not assumed the obligation to pay such liabilities.

(ii) **“Permitted Secured Debt”** means, as of any particular time, any of the following:

(A) Secured Debt which matures less than one year from the date of the issuance or incurrence thereof and is not extendible at the option of the issuer; and any refundings, refinancings and/or replacements of any such Secured Debt by or with similar Secured Debt;

(B) Secured Debt secured by Purchase Money Liens or any other Liens existing or placed upon property at the time of, or within one hundred eighty (180) days after, the acquisition thereof by the Company, and any refundings, refinancings and/or replacements of any such Secured Debt; provided, however, that no such Purchase Money Lien or other Lien shall extend to or cover any property of the Company other than (i) the property so acquired and improvements, extensions and additions to such property and renewals, replacements and substitutions of or for such property or any part or parts thereof and (ii) with respect to Purchase Money Liens, other property subsequently acquired by the Company;

(C) Secured Debt relating to governmental obligations the interest on which is not included in gross income for purpose of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (or any successor provision of law), for the purpose of financing or refinancing, in whole or in part, costs of acquisition or construction of property to be used by the Company, to the extent that the Lien which secures such Secured Debt is required either by applicable law or by the issuer of such governmental obligations or is otherwise necessary in order to establish or maintain such exclusion from gross income; and any refundings, refinancings and/or replacements of any such Secured Debt by or with similar Secured Debt;

(D) Secured Debt (i) which is related to the construction or acquisition of property not previously owned by the Company or (ii) which is related to the financing of a project involving the development or expansion of property of the Company and (iii) in either case, the obligee in respect of which has no recourse to the Company or any property of the Company other than the property constructed or acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (or the proceeds of such property or such project); and any refundings, refinancings and/or replacements of any Secured Debt by or with Secured Debt described in clause (iii) above;

(E) Secured Debt permitted under clause (b) of this Section 707; and

(F) in addition to the Permitted Secured Debt described in clauses (A) through (E) above, Secured Debt not otherwise permitted in this Section 707 in an aggregate principal amount not exceeding 10% of the total assets of the Company and its consolidated subsidiaries, as shown on the latest balance sheet of the Company and its consolidated subsidiaries, audited by independent certified public accountants, dated prior to the date of the creation, issuance, incurrence or assumption of such Secured Debt.

(iii) **“Secured Debt”** means Debt created, issued, incurred or assumed by the Company which is secured by a Lien upon any property (other than Excepted Property) of the Company, real, personal or mixed, of whatever kind or nature and wherever located.

## **ARTICLE EIGHT**

### **Satisfaction and Discharge**

#### **SECTION 801. Satisfaction and Discharge of Securities.**

Any Security or Securities, or any portion of the principal amount thereof, shall be deemed to have been paid and no longer Outstanding for all purposes of this Indenture, and the entire indebtedness of the Company in respect thereof shall be satisfied and discharged, if there shall have been irrevocably deposited with the Trustee or any Paying Agent (other than the Company), in trust:

(a) money in an amount which shall be sufficient, or

(b) in the case of a deposit made prior to the Maturity of such Securities or portions thereof, Eligible Obligations, which shall not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by the Trustee or such Paying Agent, shall be sufficient, or

(c) a combination of (a) or (b) which shall be sufficient,

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Securities or portions thereof; provided, however, that in the case of the provision for payment or redemption of less than all the Securities of any series or Tranche, such Securities or portions thereof shall have been selected by the Trustee as provided herein and, in the case of a redemption, the notice requisite to the validity of such redemption shall have been given or irrevocable authority shall have been given by the Company to the Trustee to give such notice, under arrangements satisfactory to the Trustee; and provided, further, that the Company shall have delivered to the Trustee and such Paying Agent:

(x) if such deposit shall have been made prior to the Maturity of such Securities, a Company Order stating that the money and Eligible Obligations deposited in accordance with this Section shall be held in trust, as provided in Section 703;

(y) if Eligible Obligations shall have been deposited, an Opinion of Counsel to the effect that such obligations constitute Eligible Obligations and do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, and a report of an independent public accountant of nationally recognized standing, selected by the Company, to the effect that the other requirements set forth in clause (b) and (c) above have been satisfied; and

(z) if such deposit shall have been made prior to the Maturity of such Securities, an Officer's Certificate stating the Company's intention that, upon delivery of such Officer's Certificate, its indebtedness in respect of such Securities or portions thereof will have been satisfied and discharged as contemplated in this Section.

Upon the deposit of money or Eligible Obligations, or both, in accordance with this Section, together with the documents required by clauses (x), (y) and (z) above, the Trustee shall, upon Company Request, acknowledge in writing that such Securities or portions thereof are deemed to have been paid for all purposes of this Indenture and that the entire indebtedness of the Company in respect thereof has been satisfied and discharged as contemplated in this Section. In the event that all of the conditions set forth in the preceding paragraph shall have been satisfied in respect of any Securities or portions thereof except that, for any reason, the Officer's Certificate specified in clause (z) (if otherwise required) shall not have been delivered, such Securities or portions thereof shall nevertheless be deemed to have been paid for all purposes of this Indenture, and the Holders of such Securities or portions thereof shall nevertheless be no longer entitled to the benefits provided by this Indenture or of any of the covenants of the Company under Article Seven (except the covenants contained in Sections 702 and 703) or any other covenants made in respect of such Securities or portions thereof as contemplated by Section 301 or Section 1301(b), but the indebtedness of the Company in respect of such Securities or portions thereof shall not be deemed to have been satisfied and discharged prior to Maturity for any other purpose; and, upon Company Request, the

Trustee shall acknowledge in writing that such Securities or portions thereof are deemed to have been paid for all purposes of this Indenture.

If payment at Stated Maturity of less than all of the Securities of any series, or any Tranche thereof, is to be provided for in the manner and with the effect provided in this Section, the Trustee shall select such Securities, or portions of principal amount thereof, in the manner specified by Section 503 for selection for redemption of less than all the Securities of a series or Tranche.

In the event that Securities which shall be deemed to have been paid for purposes of this Indenture, and, if such is the case, in respect of which the Company's indebtedness shall have been satisfied and discharged, all as provided in this Section, do not mature and are not to be redeemed within the sixty (60) day period commencing with the date of the deposit of moneys or Eligible Obligations, as aforesaid, the Company shall, as promptly as practicable, give a notice, in the same manner as a notice of redemption with respect to such Securities, to the Holders of such Securities to the effect that such deposit has been made and the effect thereof.

Notwithstanding that any Securities shall be deemed to have been paid for purposes of this Indenture, as aforesaid, the obligations of the Company and the Trustee in respect of such Securities under Sections 304, 305, 306, 504, 702, 703, 1007 and 1014 and this Article shall survive.

The Company shall pay, and shall indemnify the Trustee or any Paying Agent with which Eligible Obligations shall have been deposited as provided in this Section against, any tax, fee or other charge imposed on or assessed against such Eligible Obligations or the principal or interest received in respect of such Eligible Obligations, including, but not limited to, any such tax payable by any entity deemed, for tax purposes, to have been created as a result of such deposit.

Anything herein to the contrary notwithstanding, (a) if, at any time after a Security would be deemed to have been paid for purposes of this Indenture, and, if such is the case, the Company's indebtedness in respect thereof would be deemed to have been satisfied and discharged, pursuant to this Section (without regard to the provisions of this paragraph), the Trustee or any Paying Agent, as the case may be, (i) shall be required to return the money or Eligible Obligations, or combination thereof, deposited with it as aforesaid to the Company or its representative under any applicable Federal or State bankruptcy, insolvency or other similar law, or (ii) is unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, such Security shall thereupon be deemed retroactively not to have been paid and any satisfaction and discharge of the Company's indebtedness in respect thereof shall retroactively be deemed not to have been effected, and such Security shall be deemed to remain Outstanding and (b) any satisfaction and discharge of the Company's indebtedness in respect of any Security shall be subject to the provisions of the last paragraph of Section 703.

## **SECTION 802. Satisfaction and Discharge of Indenture.**

This Indenture shall upon Company Request cease to be of further effect (except as hereinafter expressly provided), and the Trustee, at the expense of the Company, shall execute such instruments as the Company shall reasonably request to evidence and acknowledge the satisfaction and discharge of this Indenture, when:

(a) no Securities remain Outstanding hereunder; and

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company;

provided, however, that if, in accordance with the last paragraph of Section 801, any Security, previously deemed to have been paid for purposes of this Indenture, shall be deemed retroactively not to have been so paid, this Indenture shall thereupon be deemed retroactively not to have been satisfied and discharged, as aforesaid, and to remain in full force and effect, and the Company shall execute and deliver such instruments as the Trustee shall reasonably request to evidence and acknowledge the same.

Notwithstanding the satisfaction and discharge of this Indenture as aforesaid, the obligations of the Company and the Trustee under Sections 304, 305, 306, 504, 702, 703, 1007 and 1014 and this Article shall survive.

Upon satisfaction and discharge of this Indenture as provided in this Section, the Trustee shall turn over to the Company any and all money, securities and other property then held by the Trustee for the benefit of the Holders of the Securities (other than money and Eligible Obligations held by the Trustee pursuant to Section 803) and shall execute and deliver to the Company such instruments as, in the judgment of the Company, shall be necessary, desirable or appropriate to effect or evidence the satisfaction and discharge of this Indenture.

#### **SECTION 803. Application of Trust Money.**

Neither the Eligible Obligations nor the money deposited pursuant to Section 801, nor the principal or interest payments on any such Eligible Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest, if any, on the Securities or portions of principal amount thereof in respect of which such deposit was made, all subject, however, to the provisions of Section 703; provided, however, that any cash received from such principal or interest payments on such Eligible Obligations, if not then needed for such purpose, shall, to the extent practicable and upon Company Request and delivery to the Trustee of the documents referred to in clause (y) in the first paragraph of Section 801, be invested in Eligible Obligations of the type described in clause (b) in the first paragraph of Section 801 maturing at such times and in such amounts as shall be sufficient, together with any other moneys and the proceeds of any other Eligible Obligations then held by the Trustee, to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Securities or portions thereof on and prior to the Maturity thereof, and interest earned from such reinvestment shall be paid over to the Company as received, free and clear of any trust, lien or pledge under this Indenture (except the lien provided by Section 1007); and provided, further, that any moneys held in accordance with this Section on the Maturity of all such Securities in excess of the amount required to pay the principal of and premium, if any, and interest, if any, then due on such Securities shall be paid over to the Company free and clear of any trust, lien or pledge under this Indenture (except the lien provided by Section 1007); and provided, further, that if an Event of Default shall have occurred and be continuing, moneys to be paid over to the Company pursuant to this Section shall be held until such Event of Default shall have been waived or cured.



## ARTICLE NINE

### Events of Default; Remedies

#### SECTION 901. Events of Default.

“Event of Default”, wherever used herein with respect to Securities, means any one of the following events:

(a) default in the payment of any interest on any Security when it becomes due and payable and continuance of such default for a period of 30 days; provided, however, that no such default shall constitute an “Event of Default” if the Company has made a valid extension of the interest payment period with respect to the Securities of such series, of which such Security is a part, if so provided as contemplated by Section 301; or

(b) default in the payment of the principal of or premium, if any, on any Security when it becomes due and payable; provided, however, that no such default shall constitute an “Event of Default” if the Company has made a valid extension of the Maturity of the Securities of the series, of which such Security is a part, if so provided as contemplated by Section 301; or

(c) default in the performance of, or breach of, any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in this Section specifically addressed) and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Securities, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder, unless the Trustee, or the Trustee and the Holders of a principal amount of Securities not less than the principal amount of Securities the Holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Holders of such principal amount of Securities, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Company within such period and is being diligently pursued; or

(d) the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency or other similar law or (2) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the Company seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State bankruptcy, insolvency or similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the Company or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days; or

(e) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in a case or proceeding under any applicable Federal or State bankruptcy, insolvency or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State bankruptcy, insolvency or similar law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Directors of the Company.

(f) So long as the Trustee shall hold any Outstanding Class A Bonds which were delivered to the Trustee as the basis for the authentication and delivery of Securities which remain Outstanding hereunder, the occurrence of a matured event of default under the Class A Mortgage under which such Class A Bonds were authenticated and delivered (other than any such matured event of default which (i) is not a failure to make payments on Class A Bonds and is not of similar kind or character to the Event of Default described in clause (d) or (e) above and (ii) has not resulted in the acceleration of the Class A Bonds Outstanding under such Class A Mortgage); provided, however, that, anything in this Indenture to the contrary notwithstanding, the waiver or cure of such event of default under Class A Mortgage shall constitute a waiver and cure of the corresponding Event of Default hereunder and the rescission and annulment of the consequences of any such event under such Class A Mortgage shall constitute a rescission and annulment of the consequences thereof.

#### **SECTION 902. Acceleration of Maturity; Rescission and Annulment.**

If an Event of Default shall have occurred and be continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities may declare the principal amount (or, if any of the Securities of such series are Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof as contemplated by Section 301) of all of the Securities to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon receipt by the Company of notice of such declaration such principal amount (or specified amount) together with premium, if any, and accrued and unpaid interest shall become immediately due and payable.

At any time after such a declaration of acceleration of the maturity of the Securities then Outstanding shall have been made, but before any sale of any of the Mortgaged Property has been made and before a judgment or decree for payment of the money due shall have been obtained by the Trustee as provided in this Article, the Event or Events of Default giving rise to such declaration of acceleration shall, without further act, be deemed to have been cured, and such declaration and its consequences shall, without further act, be deemed to have been rescinded and annulled, if

- (a) the Company shall have paid or deposited with the Trustee a sum sufficient to pay
  - (i) all overdue interest, if any, on all Securities then Outstanding;
  - (ii) the principal of and premium, if any, on any Securities then Outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities;
  - (iii) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities;
  - (iv) all amounts due to the Trustee under Section 1007;

and

(b) all Events of Default, other than the non-payment of the principal of Securities of such series which shall have become due solely by such declaration of acceleration, shall have been cured or waived as provided in Section 913.

No such rescission shall affect any subsequent Event of Default or impair any right consequent thereon.

#### **SECTION 903. Collection of Indebtedness and Suits for Enforcement by Trustee.**

If an Event of Default described in clause (a) or (b) of Section 901 shall have occurred, the Company shall, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Securities with respect to which such Event of Default shall have occurred, the whole amount then due and payable on such Securities for principal and premium, if any, and interest, if any, and, to the extent permitted by law, interest on premium, if any, and on any overdue principal and interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 1007.

If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default shall have occurred and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.



#### **SECTION 904. Trustee May File Proofs of Claim.**

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for amounts due to the Trustee under Section 1007 and any claims of the Trustee as holder of Class A Bonds) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amounts due it under Section 1007.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, be a member of a creditors' or similar other committee.

#### **SECTION 905. Trustee May Enforce Claims Without Possession of Securities.**

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee, without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been recovered.

#### **SECTION 906. Application of Money Collected.**

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, to the extent permitted by law, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, if any, upon presentation of the Securities in respect of which or for the benefit of which such money shall have been collected and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

**First:** To the payment of all amounts due the Trustee under Section 1007;

**Second:** To the payment of the amounts then due and unpaid upon the Securities for principal of and premium, if any, and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest, if any, respectively; and

**Third:** To the payment of the remainder, if any, to the Company or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

#### **SECTION 907. Limitation on Suits.**

No Holder shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of 25% in aggregate principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders shall have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and

(e) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Outstanding Securities;

it being understood and intended that no one or more of the Holders of any Securities shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders.

#### **SECTION 908. Unconditional Right of Holders to Receive Principal, Premium and Interest.**

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and premium, if any, and (subject to Section 307) interest, if any, on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for

the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

**SECTION 909. Restoration of Rights and Remedies.**

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and such Holder shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and such Holder shall continue as though no such proceeding had been instituted.

**SECTION 910. Rights and Remedies Cumulative.**

Except as otherwise provided in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**SECTION 911. Delay or Omission Not Waiver.**

No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

**SECTION 912. Control by Holders of Securities.**

If an Event of Default shall have occurred and be continuing, the Holders of a majority in principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; provided, however, that

(a) such direction shall not be in conflict with any rule of law or with this Indenture, and could not involve the Trustee in personal liability in circumstances where indemnity would not, in the Trustee's sole discretion, be adequate, and

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

### **SECTION 913. Waiver of Past Defaults.**

The Holders of not less than a majority in principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past default hereunder and its consequences, except a default

(a) in the payment of the principal of or premium, if any, or interest, if any, on any Outstanding Security, or

(b) in respect of a covenant or provision hereof which under Section 1302 cannot be modified or amended without the consent of the Holder of each Outstanding Security of any series or tranche affected.

Upon any such waiver, such default shall cease to exist, and any and all Events of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

### **SECTION 914. Undertaking for Costs.**

The Company and the Trustee agree, and each Holder by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant, in each case in the manner, to the extent, and subject to the exceptions provided in the Trust Indenture Act; provided, that the provisions of this Section shall not be deemed to authorize any court to require such an undertaking and shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in aggregate principal amount of the Bonds then Outstanding, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or premium, if any, or interest, if any, on any Bond on or after the Stated Maturity or Maturities expressed in such Bond (or in the case of redemption, on or after the Redemption Date).

### **SECTION 915. Waiver of Usury, Stay or Extension Laws.**

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

## **SECTION 916. Defaults under Class A Mortgages.**

In addition to every other right and remedy provided herein, the Trustee may (but shall not be obligated to) exercise any right or remedy available to the Trustee in its capacity as owner and holder of Class A Bonds which arises as a result of a default or matured event of default under any Class A Mortgage, whether or not an Event of Default shall then have occurred and be continuing.

## **SECTION 917. Receiver and Other Remedies.**

If an Event of Default shall have occurred and, during the continuance thereof, the Trustee shall have commenced judicial proceedings to enforce any right under this Indenture, the Trustee shall, to the extent permitted by law, be entitled, prior to the Release Date, as against the Company, to the appointment of a receiver of the Mortgaged Property and subject to the rights, if any, of others to receive collections from former, present or future customers of the rents, issues, profits, revenues and other income thereof, and whether or not any receiver is appointed, the Trustee shall be entitled to retain possession and control of, and to collect and receive the income from cash, securities and other personal property held by the Trustee hereunder and to all other remedies available to mortgagees and secured parties under the Uniform Commercial Code or any other applicable law.

# **ARTICLE TEN**

## **The Trustee**

## **SECTION 1001. Certain Duties and Responsibilities.**

(a) Except during the continuance of an Event of Default,

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities, as provided herein, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to such Securities; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

#### **SECTION 1002. Notice of Defaults.**

The Trustee shall give notice of any default hereunder in the manner and to the extent required to do so by the Trust Indenture Act, unless such default shall have been cured or waived; provided, however, that in the case of any default of the character specified in Section 901(c), no such notice to Holders shall be given until at least 60 days after the occurrence thereof. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time, or both, would become, an Event of Default.

The Trustee shall give to the trustee under each Class A Mortgage a copy of each notice of default given to the Holders pursuant to this Section. In addition, the Trustee shall give to the Holders copies of each notice of default under any Class A Mortgage given to the Trustee in its capacity as owner and holder of Class A Bonds delivered thereunder.

#### **SECTION 1003. Certain Rights of Trustee.**

Subject to the provisions of Section 1001 and to the applicable provisions of the Trust Indenture Act:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;



(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order, or as otherwise expressly provided herein, and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Holder pursuant to this Indenture, unless such Holder shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall (subject to applicable legal requirements) be entitled to examine, during normal business hours, the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be charged with knowledge of any default (as defined in Section 1002) or Event of Default unless either (1) a Responsible Officer of the Trustee shall have actual knowledge of such default or Event of Default or (2) written notice of such default or Event of Default shall have been given to the Trustee by the Company or any other obligor on such Securities, or by any Holder of such Securities, or, in the case of an Event of Default described in Section 901(f), by the trustee under the applicable Class A Mortgage;

(i) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder; and

(j) the Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

#### **SECTION 1004. Not Responsible for Recitals or Issuance of Securities.**

The recitals contained herein and in the Securities (except the Trustee's certificates of authentication) shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Mortgaged Property, the title of the Company to the Mortgaged Property, the security afforded by the Lien of this Indenture, the validity or genuineness of any securities deposited with the Trustee hereunder, or the validity or sufficiency of this Indenture or of the Securities. Neither Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

#### **SECTION 1005. May Hold Securities.**

Each of the Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 1008 and 1013, may otherwise deal with the Company with the same rights it would have if it were not the Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

#### **SECTION 1006. Money Held in Trust.**

Money held by the Trustee in trust hereunder need not be segregated from other funds, except to the extent required by law. The Trustee shall be under no liability for interest on or investment of any money received by it hereunder except as expressly provided herein or otherwise agreed with, and for the sole benefit of, the Company.

#### **SECTION 1007. Compensation and Reimbursement.**

The Company agrees

(a) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith; and

(c) to indemnify the Trustee and hold it harmless from and against, any loss, liability or expense reasonably incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.



As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Securities upon the Mortgaged Property and all property and funds held or collected by the Trustee as such, other than property and funds held in trust under Section 803 (except moneys payable to the Company as provided in Section 803).

In addition and without prejudice to the rights provided to the Trustee under any of the provisions of this Indenture, when the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 901(d) or Section 901(e), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal and State bankruptcy, insolvency or other similar law.

The Company's obligations under this Section 1007 and the Lien referred to in this Section 1007 shall survive the resignation or removal of the Trustee, the discharge of the Company's obligations under Article Eight of this Indenture and/or the termination of this Indenture.

"Trustee" for purposes of this Section 1007 shall include any predecessor Trustee; provided, however, that the negligence, willful misconduct or bad faith of any Trustee hereunder shall not affect the rights of any other Trustee hereunder.

#### **SECTION 1008. Disqualification; Conflicting Interests.**

If the Trustee shall have or acquire any conflicting interest within the meaning of the Trust Indenture Act, it shall either eliminate such conflicting interest or resign to the extent, in the manner and with the effect, and subject to the conditions, provided in the Trust Indenture Act and this Indenture. For purposes of Section 310(b)(1) of the Trust Indenture Act and to the extent permitted thereby, the Trustee, in its capacity as trustee in respect of the Securities of any series, shall not be deemed to have a conflicting interest arising from its capacity as trustee in respect of the Securities of any other series.

#### **SECTION 1009. Corporate Trustee Required; Eligibility.**

There shall at all times be a Trustee hereunder which shall be

(a) a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by Federal, State or District of Columbia authority, or

(b) if and to the extent permitted by the Commission by rule, regulation or order upon application, a corporation or other Person organized and doing business under the laws of a foreign government, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 or the Dollar equivalent of the applicable foreign currency and subject to supervision or examination by authority of such foreign government or a political subdivision thereof substantially equivalent to supervision or examination applicable to United States institutional trustees,

and, in either case, qualified and eligible under this Article and the Trust Indenture Act. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising

or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section and the Trust Indenture Act, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

**SECTION 1010. Resignation and Removal; Appointment of Successor.**

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 1011.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 1011 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Trustee and the Company.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 1008 after written request therefor by the Company or by any Holder who has been a bona fide Holder for at least six months, or

(ii) the Trustee shall cease to be eligible under Section 1009 or Section 310(a) of the Trust Indenture Act and shall fail to resign after written request therefor by the Company or by any such Holder, or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (x) the Company by Board Resolutions may remove the Trustee with respect to all Securities or (y) subject to Section 914, any Holder who has been a bona fide Holder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause (other than as contemplated by clause (y) in subsection (d) or this Section), the Company, by Board Resolutions, shall promptly appoint a successor Trustee or Trustees and shall comply with the applicable requirements of Section 1011. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered

to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 1011, become the successor Trustee and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 1011, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) So long as no event which is, or after notice or lapse of time, or both, would become, an Event of Default shall have occurred and be continuing, and except with respect to a Trustee appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities pursuant to subsection (e) of this Section, if the Company shall have delivered to the Trustee (i) Board Resolutions of the Company appointing a successor Trustee, effective as of a date specified therein, and (ii) an instrument of acceptance of such appointment, effective as of such date, by such successor Trustee in accordance with Section 1011, the Trustee shall be deemed to have resigned as contemplated in subsection (b) of this Section, the successor Trustee shall be deemed to have been appointed by the Company pursuant to subsection (e) of this Section and such appointment shall be deemed to have been accepted as contemplated in Section 1011, all as of such date, and all other provisions of this Section and Section 1011 shall be applicable to such resignation, appointment and acceptance except to the extent inconsistent with this subsection (f).

(g) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to all Holders of Securities in the manner provided in Section 106. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

#### **SECTION 1011. Acceptance of Appointment by Successor.**

(a) In case of the appointment hereunder of a successor Trustee, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of all sums owed to it, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder (including all interest in the Class A Bonds), subject nevertheless to its Lien provided for in Section 1007.

(b) Upon request of any such successor Trustee, the Company shall execute any instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in subsection (a) of this Section.

(c) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

#### **SECTION 1012. Merger, Conversion, Consolidation or Succession to Business.**

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

#### **SECTION 1013. Preferential Collection of Claims Against Company.**

If the Trustee shall be or become a creditor of the Company or any other obligor upon the Securities (other than by reason of a relationship described in Section 311(b) of the Trust Indenture Act), the Trustee shall be subject to any and all applicable provisions of the Trust Indenture Act regarding the collection of claims against the Company or such other obligor. For purposes of Section 311(b) of the Trust Indenture Act (a) the term "cash transaction" shall have the meaning provided in Rule 11b-4 under the Trust Indenture Act, and (b) the term "self-liquidating paper" shall have the meaning provided in Rule 11b-6 under the Trust Indenture Act.

#### **SECTION 1014. Appointment of Authenticating Agent.**

The Trustee may appoint an Authenticating Agent or Agents with respect to the Securities of one or more series, or any Tranche thereof, which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series or Tranche issued upon original issuance, exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State or territory thereof or the District of Columbia or the Commonwealth of Puerto Rico, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency

or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

The provisions of Sections 308, 1004 and 1005 shall be applicable to each Authenticating Agent.

If an appointment with respect to the Securities of one or more series, or any Tranche thereof, shall be made pursuant to this Section, the Securities of such series or Tranche may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication substantially in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,  
As Trustee

By \_\_\_\_\_  
As Authenticating Agent

By \_\_\_\_\_  
Authorized Officer

If all of the Securities of a series may not be originally issued at one time, and if the Trustee does not have an office capable of authenticating Securities upon original issuance located in a Place of Payment where the Company wishes to have Securities of such series authenticated upon original issuance, the Trustee, if so requested by the Company in writing (which writing need not comply with Section 102 and need not be accompanied by an Opinion of Counsel), shall appoint, in accordance with this Section and in accordance with such procedures as shall be acceptable to the Trustee, an Authenticating Agent having an office in a Place of Payment designated by the Company with respect to such series of Securities.



## **SECTION 1015. Co-trustee and Separate Trustees.**

At any time or times, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Company and the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the Holders of at least 33% in principal amount of the Securities then Outstanding, the Company shall for such purpose join with the Trustee in the execution and delivery of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, or to act as separate trustee, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons, in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Company does not join in such appointment within 15 days after the receipt by it of a request so to do, or if an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument or instruments from the Company be required by any co-trustee or separate trustee to more fully confirm to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Company.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following conditions:

(a) the Securities shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee;

(b) the rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed either by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) the Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Company, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, if an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Company. Upon the written request of the Trustee, the Company shall join with the Trustee in the execution and delivery of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(d) no co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder, and the Trustee shall not be personally liable by reason of any act or omission of any such co-trustee or separate trustee; and

(e) any Act of Holders delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

## **ARTICLE ELEVEN**

### **Holders' Lists and Reports by Trustee and Company**

#### **SECTION 1101. Lists of Holders.**

Semiannually, not later than June 30 and December 31 in each year, and at such other times as the Trustee may request in writing, the Company shall furnish or cause to be furnished to the Trustee information as to the names and addresses of the Holders, and the Trustee shall preserve such information and similar information received by it in any other capacity and afford to the Holders access to information so preserved by it, all to such extent, if any, and in such manner as shall be required by the Trust Indenture Act; provided, however, that no such list need be furnished so long as the Trustee shall be the Security Registrar.

#### **SECTION 1102. Reports by Trustee and Company.**

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the time and in the manner provided pursuant thereto. Reports so required to be transmitted at stated intervals of not more than 12 months shall be transmitted no later than November 15 in each calendar year with respect to the 12-month period ending on the preceding September 15, commencing September 15, 2001. A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each securities exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

The Company shall file with the Trustee (within thirty (30) days after filing with the Commission in the case of reports that pursuant to the Trust Indenture Act must be filed with the Commission and furnished to the Trustee) and transmit to the Holders, such other information, reports and other documents, if any, at such times and in such manner, as shall be required by the Trust Indenture Act.

## **ARTICLE TWELVE**

### **Consolidation, Merger, Conveyance, or Other Transfer**

#### **SECTION 1201. Company may Consolidate, etc., Only on Certain Terms.**

The Company shall not consolidate with or merge into any other corporation, or convey or otherwise transfer, or lease, as or substantially as an entirety the Company's Electric Utility Property to any Person, unless:

(a) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or other transfer, or which leases, as or substantially as an entirety such Electric Utility Property shall be a corporation organized and existing under the laws of the United States, any State or Territory thereof or the District of Columbia (such corporation being hereinafter sometimes called the "Successor Company") and shall execute and deliver to the Trustee an indenture supplemental hereto, in form recordable and reasonably satisfactory to the Trustee, which:

(i) in the case of a consolidation, merger, conveyance or other transfer, or in the case of a lease if the term thereof extends beyond the last Stated Maturity of the Securities then Outstanding, contains an express assumption by the Successor Company of the due and punctual payment of the principal of and premium, if any, and interest, if any, on all the Securities then Outstanding and the performance and observance of every covenant and condition of this Indenture to be performed or observed by the Company, and

(ii) in the case of a consolidation, merger, conveyance or other transfer prior to the Release Date, contains a grant, conveyance, transfer and mortgage by the Successor Company, of the same tenor of the Granting Clauses herein,

(A) confirming the Lien of this Indenture on the Mortgaged Property (as constituted immediately prior to the time such transaction became effective) and subjecting to the Lien of this Indenture all property, real, personal and mixed, thereafter acquired by the Successor Company which shall constitute an improvement, extension or addition to the Mortgaged Property (as so constituted) or a renewal, replacement or substitution of or for any part thereof, and,

(B) at the election of the Successor Company, subjecting to the Lien of this Indenture such property, real, personal or mixed, in addition to the property described in subclause (A) above, then owned or thereafter acquired by the Successor Company as the Successor Company shall, in its sole discretion, specify or describe therein,

and the Lien confirmed or created by such grant, conveyance, transfer and mortgage shall have force, effect and standing similar to those which the Lien of this Indenture would have had if the Company had not been a party to such consolidation, merger, conveyance or other transfer and had itself, after the time such transaction became effective, purchased, constructed or otherwise acquired the property subject to such grant, conveyance, transfer and mortgage;

(b) in the case of a lease, such lease shall be made expressly subject to termination at any time during the continuance of an Event of Default, by (i) the Company or the Trustee and (ii) the purchaser of the property so leased at any sale thereof hereunder, whether such sale be made under the power of sale hereby conferred or pursuant to judicial proceedings;

(c) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each of which shall state that such consolidation, merger, conveyance or other transfer or lease, and such supplemental indenture, comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with; and



(d) immediately after giving effect to such transaction (and treating any Debt that becomes an obligation of the Successor Company as a result of such transaction as having been incurred by the Successor Company at the time of such transaction), no Default or Event of Default shall have occurred and be continuing.

As used in this Article and in Section 1810(d), the terms “improvement”, “extension” and “addition” shall be limited to (a) with respect to real property subject to the Lien of this Indenture, any item of personal property which has been so affixed or attached to such real property as to be regarded a part of such real property under applicable law and (b) with respect to personal property subject to the Lien of this Indenture, any improvement, extension or addition to such personal property which (i) is made to maintain, renew, repair or improve the function of such personal property and (ii) is physically installed in or affixed to such personal property.

#### **SECTION 1202. Successor Company Substituted.**

Upon any consolidation or merger or any conveyance or other transfer of, as or substantially as an entirety the Company’s Electric Utility Property in accordance with Section 1201, the Successor Company shall succeed to, and be substituted for, and may exercise every power and right of, the Company under this Indenture with the same effect as if such Successor Company had been named as the “Company” herein. Without limiting the generality of the foregoing:

(a) all property of the Successor Company then subject to the Lien of this Indenture, of the character described in Section 104, shall constitute Property Additions;

(b) the Successor Company may execute and deliver to the Trustee, and thereupon the Trustee shall, subject to the provisions of Article Sixteen, authenticate and deliver, Securities upon any basis provided in Article Sixteen; and

(c) the Successor Company may, subject to the applicable provisions of this Indenture, cause Property Additions to be applied to any other Authorized Purpose.

All Securities so executed by the Successor Company, and authenticated and delivered by the Trustee, shall in all respects be entitled to the benefit of the Lien of this Indenture equally and ratably with all Securities executed, authenticated and delivered prior to the time such consolidation, merger, conveyance or other transfer became effective.

#### **SECTION 1203. Extent of Lien Hereof on Property of Successor Company.**

Unless, in the case of a consolidation, merger, conveyance or other transfer contemplated by Section 1201, the indenture supplemental hereto contemplated in Section 1201 or in Article Thirteen expressly provides otherwise, neither this Indenture nor such supplemental indenture shall become or be, or be required to become or be, a Lien upon any of the properties:

(a) owned by the Successor Company or any other party to such transaction (other than the Company) immediately prior to the time of effectiveness of such transaction or

(b) acquired by the Successor Company at or after the time of effectiveness of such transaction,

except, in either case, properties acquired from the Company in or as a result of such transaction and improvements, extensions and additions to such properties and renewals, replacements and substitutions of or for any part or parts thereof.

**SECTION 1204. Release of Company upon Conveyance or Other Transfer.**

In the case of a conveyance or other transfer to any Person or Persons as contemplated in Section 1201, upon the satisfaction of all the conditions specified in Section 1201 the Company (such term being used in this Section without giving effect to such transaction) shall be released and discharged from all obligations and covenants under this Indenture and on and under all Securities then Outstanding (unless the Company shall have delivered to the Trustee an instrument in which it shall waive such release and discharge) and, upon request by the Company, the Trustee shall acknowledge in writing that the Company has been so released and discharged.

**SECTION 1205. Merger into Company; Extent of Lien Hereof.**

(a) Nothing in this Indenture shall be deemed to prevent or restrict any consolidation or merger after the consummation of which the Company would be the surviving or resulting corporation or any conveyance or other transfer, or lease, of any part of the Company's Electric Utility Property which does not constitute the entirety or substantially the entirety of its Electric Utility Property.

(b) Unless, in the case of a consolidation or merger described in subsection (a) of this Section, an indenture supplemental hereto shall otherwise provide, this Indenture shall not become or be, or be required to become or be, a Lien upon any of the properties acquired by the Company in or as a result of such transaction or any improvements, extensions or additions to such properties or any renewals, replacements or substitutions of or for any part or parts thereof.

**SECTION 1206. Transfer of Less than Substantially All.**

A conveyance, transfer or lease by the Company of Electric Utility Property shall not be deemed to constitute the conveyance, transfer or lease as or substantially as an entirety of its Electric Utility Property for purposes of this Indenture if the Fair Value of the Electric Utility Property retained by the Company exceeds an amount equal to one hundred and fifty percentum (150%) of the aggregate principal amount of all Outstanding Securities. Such Fair Value shall be established by the delivery to the Trustee of an Independent Expert's Certificate stating the Independent Expert's opinion of such Fair Value as of a date not more than 90 days before or after such conveyance, transfer or lease. This Article is not intended to limit the Company's conveyances, transfers or leases of less than the entirety or substantially the entirety of its Electric Utility Property.

## ARTICLE THIRTEEN

### Supplemental Indentures

#### SECTION 1301. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities all as provided in Article Twelve; or

(b) to add one or more covenants of the Company or other provisions for the benefit of the Holders of all or any series of Securities, or any Tranche, thereof or to surrender any right or power herein conferred upon the Company (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series); or

(c) to add any additional Events of Default with respect to all or any series of Securities Outstanding hereunder (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or

(d) to change or eliminate any provision of this Indenture or to add any new provision to this Indenture; provided, however, that if such change, elimination or addition shall adversely affect the interests of the Holders of Securities of any series or Tranche Outstanding on the date of such supplemental indenture in any material respect, such change, elimination or addition shall become effective with respect to such series or Tranche only pursuant to the provisions of Section 1302 hereof or when no Security of such series or Tranche remains Outstanding; or

(e) to provide additional collateral security for the Securities of any series; or

(f) to establish the form or terms of Securities of any series or Tranche as contemplated by Sections 201 and 301; or

(g) to provide for the authentication and delivery of bearer securities and coupons appertaining thereto representing interest, if any, thereon and for the procedures for the registration, exchange and replacement thereof and for the giving of notice to, and the solicitation of the vote or consent of, the holders thereof, and for any and all other matters incidental thereto; or

(h) to evidence and provide for the acceptance of appointment hereunder by a separate or successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for

or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 1011(b); or

(i) to provide for the procedures required to permit the Company to utilize, at its option, a non-certificated system of registration for all, or any series or Tranche of, the Securities; or

(j) to change any place or places where (1) the principal of and premium, if any, and interest, if any, on all or any series of Securities, or any Tranche thereof, shall be payable, (2) all or any series of Securities, or any Tranche thereof, may be surrendered for registration of transfer, (3) all or any series of Securities, or any Tranche thereof, may be surrendered for exchange and (4) notices and demands to or upon the Company in respect of all or any series of Securities, or any Tranche thereof, and this Indenture may be served;

(k) to amend and restate this Indenture, as originally executed and delivered and as it may have been subsequently amended, in its entirety, but with such additions, deletions and other changes as shall not adversely affect the interests of the Holders of the Securities in any material respect; or

(l) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other changes to the provisions hereof or to add other provisions with respect to matters or questions arising under this Indenture, provided that such other changes or additions shall not materially adversely affect the interests of the Holders of Securities of any series or Tranche in any material respect; or

(m) in connection with the establishment of the Release Date under Section 1811, to amend this Indenture to eliminate any provisions related to the Lien of this Indenture, the Mortgaged Property, and Class A Bonds which are no longer applicable, including Articles Sixteen, Seventeen and Eighteen.

Without limiting the generality of the foregoing, if the Trust Indenture Act as in effect at the Execution Date or at any time thereafter shall be amended and

(x) if any such amendment shall require one or more changes to any provisions hereof or the inclusion herein of any additional provisions, or shall by operation of law be deemed to effect such changes or incorporate such provisions by reference or otherwise, this Indenture shall be deemed to have been amended so as to conform to such amendment to the Trust Indenture Act, and the Company and the Trustee may, without the consent of any Holders, enter into an indenture supplemental hereto to evidence such amendment hereof; or

(y) if any such amendment shall permit one or more changes to, or the elimination of, any provisions hereof which, at the Execution Date or at any time thereafter, are required by the Trust Indenture Act to be contained herein or are contained herein to reflect any provision of the Trust Indenture Act as in effect at such date, this Indenture shall be deemed to have been amended to effect such changes or elimination, and the Company and

the Trustee may, without the consent of any Holders, enter into an indenture supplemental hereto to this Indenture to effect such changes or elimination or evidence such amendment.

#### **SECTION 1302. Supplemental Indentures With Consent of Holders.**

Subject to the provisions of Section 1301, with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under this Indenture, considered as one class, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture; provided, however, that if there shall be Securities of more than one series Outstanding hereunder and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and provided, further, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security of each series or Tranche so directly affected,

(a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security (other than pursuant to the terms thereof), or reduce the principal amount thereof or the rate of interest thereon (or the amount of any installment of interest thereon) or change the method of calculating such rate or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of a Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 902, or change the coin or currency (or other property), in which any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(b) permit the creation of any Lien ranking prior to the Lien of this Indenture with respect to all or substantially all of the Mortgaged Property or, other than pursuant to Section 1811, terminate the Lien of this Indenture on all or substantially all of the Mortgaged Property or deprive such Holder of the benefit of the security of the Lien of this Indenture, or

(c) reduce the percentage in principal amount of the Outstanding Securities of any series or any Tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with any provision of this Indenture or of any default hereunder and its consequences, or reduce the requirements of Section 1404 for quorum or voting.

A supplemental indenture which (x) changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of the Holders of, or which is to remain in effect

only so long as there shall be Outstanding, Securities of one or more particular series, or one or more Tranches thereof, or (y) modifies the rights of the Holders of Securities of such series or Tranches with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series or Tranche.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Anything in this Indenture to the contrary notwithstanding, if the Officer's Certificate, supplemental indenture or Board Resolution, as the case may be, establishing the Securities of any series or Tranche shall provide that the Company may make certain specified additions, changes or eliminations to or from the Indenture which shall be specified in such Officer's Certificate, supplemental indenture or Board Resolution establishing such series or Tranche, (a) the Holders of Securities of such series or Tranche shall be deemed to have consented to a supplemental indenture containing such additions, changes or eliminations to or from the Indenture which shall be specified in such Officer's Certificate, supplemental indenture or Board Resolution establishing such series or Tranche, (b) no Act of such Holders shall be required to evidence such consent and (c) such consent may be counted in the determination of whether or not the Holders of the requisite principal amount of Securities shall have consented to such supplemental indenture.

#### **SECTION 1303. Execution of Supplemental Indentures.**

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 1001) shall be fully protected in relying upon, an Opinion of Counsel and an Officer's Certificate stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and containing the statements required by Section 105. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which adversely affects the Trustee's own rights, duties, immunities or liabilities under this Indenture or otherwise.

#### **SECTION 1304. Effect of Supplemental Indentures.**

Upon the execution of any supplemental indenture under this Article this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby. Any supplemental indenture permitted by this Article may restate this Indenture in its entirety, and, upon the execution and delivery thereof, any such restatement shall supersede this Indenture as theretofore in effect for all purposes.

Upon the execution and delivery of the supplemental indenture described in Section 1811, (a) the Lien of this Indenture shall be deemed to have been satisfied and discharged, (b) upon request by the Company, the Trustee shall release, quitclaim and otherwise turn over to the Company the Mortgaged Property (other than money and Eligible Obligations held by the Trustee pursuant to Section 803), (c) upon request by the Company, the Trustee shall execute and deliver to the Company such deeds and other instruments as, in the judgment of the Company, shall be necessary, desirable or appropriate to effect or evidence such satisfaction, discharge, release and quitclaim and (d) the Company shall, as promptly as



practicable, give notice to all Holders of such satisfaction and discharge in the same manner as a notice of redemption.

**SECTION 1305. Conformity With Trust Indenture Act.**

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

**SECTION 1306. Reference in Securities to Supplemental Indentures.**

Securities of any series, or any Tranche thereof, authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series, or any Tranche thereof, so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company, and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series or Tranche.

**SECTION 1307. Modification Without Supplemental Indenture.**

To the extent, if any, that the terms of any particular series of Securities shall have been established in or pursuant to a Board Resolution or an Officer's Certificate pursuant to a supplemental indenture or Board Resolution as contemplated by Section 301, and not in an indenture supplemental hereto, additions to, changes in or the elimination of any of such terms may be effected by means of a supplemental Board Resolution or Officer's Certificate pursuant to a Board Resolution or a supplemental indenture and complying with the requirements of Section 105, as the case may be, delivered to, and accepted by, the Trustee in writing; provided, however, that such supplemental Board Resolution or Officer's Certificate shall not be accepted by the Trustee or otherwise be effective unless all conditions set forth in this Indenture which would be required to be satisfied if such additions, changes or elimination were contained in a supplemental indenture shall have been appropriately satisfied. Upon the written acceptance thereof by the Trustee, any such supplemental Board Resolution or Officer's Certificate shall be deemed to be effective and constitute part of the Indenture and a supplemental indenture hereunder, including for purposes of Section 1816. Such acceptance shall be conveyed by a written instrument signed by a Responsible Officer of the Trustee.

**ARTICLE FOURTEEN**

**Meetings of Holders; Action Without Meeting**

**SECTION 1401. Purposes for Which Meetings May Be Called.**

A meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series or Tranches.

#### **SECTION 1402. Call, Notice and Place of Meetings.**

(a) The Trustee may at any time call a meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, for any purpose specified in Section 1401, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine, or, with the approval of the Company, at any other place. Notice of every such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) If the Trustee shall have been requested to call a meeting of the Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, by the Company or by the Holders of 33% in aggregate principal amount of all of such series and Tranches, considered as one class, for any purpose specified in Section 1301, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have given the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series and Tranches in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, or in such other place as shall be determined or approved by the Company, for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

(c) Any meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, shall be valid without notice if the Holders of all Outstanding Securities of such series or Tranches are present in person or by proxy and if representatives of the Company and the Trustee are present, or if notice is waived in writing before or after the meeting by the Holders of all Outstanding Securities of such series, or by such of them as are not present at the meeting in person or by proxy, and by the Company and the Trustee.

#### **SECTION 1403. Persons Entitled to Vote at Meetings.**

To be entitled to vote at any meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, a Person shall be (a) a Holder of one or more Outstanding Securities of such series or Tranches, or (b) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series or Tranches by such Holder or Holders. The only Persons who shall be entitled to attend any meeting of Holders of Securities of any series or Tranche shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

#### **SECTION 1404. Quorum; Action.**

The Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of the series and Tranches with respect to which a meeting shall have been called as hereinbefore provided, considered as one class, shall constitute a quorum for a meeting of Holders of Securities of such series and Tranches; provided, however, that if any action is to be taken at such meeting which this Indenture expressly provides may be taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of such series and Tranches, considered as one



class, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series and Tranches, considered as one class, shall constitute a quorum. In the absence of a quorum within one hour of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series and Tranches, be dissolved. In any other case the meeting may be adjourned for such period as may be determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for such period as may be determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Except as provided by Section 1405(e), notice of the reconvening of any meeting adjourned for more than 30 days shall be given as provided in Section 1402(a) not less than ten days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series and Tranches which shall constitute a quorum.

Except as limited by Section 1302, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted only by the affirmative vote of the Holders of a majority in aggregate principal amount of the Outstanding Securities of the series and Tranches with respect to which such meeting shall have been called, considered as one class; provided, however, that, except as so limited, any resolution with respect to any action which this Indenture expressly provides may be taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of such series and Tranches, considered as one class, may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of such series and Tranches, considered as one class.

Any resolution passed or decision taken at any meeting of Holders of Securities duly held in accordance with this Section shall be binding on all the Holders of Securities of the series and Tranches with respect to which such meeting shall have been held, whether or not present or represented at the meeting.

#### **SECTION 1405. Attendance at Meetings; Determination of Voting Rights; Conduct and Adjournment of Meetings.**

(a) Attendance at meetings of Holders of Securities may be in person or by proxy; and, to the extent permitted by law, any such proxy shall remain in effect and be binding upon any future Holder of the Securities with respect to which it was given unless and until specifically revoked by the Holder or future Holder of such Securities before being voted.

(b) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities in regard to proof of the holding of such Securities and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 107 and the appointment of any proxy shall be proved in the manner specified in Section 107. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 107 or other proof.

(c) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 1402(b), in which case the Company or the Holders of Securities of the series and Tranches calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches represented at the meeting, considered as one class.

(d) At any meeting each Holder or proxy shall be entitled to one vote for each \$1,000 principal amount of Securities held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security or proxy.

(e) Any meeting duly called pursuant to Section 1402 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches represented at the meeting, considered as one class; and the meeting may be held as so adjourned without further notice.

#### **SECTION 1406. Counting Votes and Recording Action of Meetings.**

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities, of the series and Tranches with respect to which the meeting shall have been called, held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports of all votes cast at the meeting. A record, in duplicate, of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1402 and, if applicable, Section 1404. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Company, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

#### **SECTION 1407. Action Without Meeting.**

In lieu of a vote of Holders at a meeting as hereinbefore contemplated in this Article, any request, demand, authorization, direction, notice, consent, waiver or other action may be made, given or taken by Holders by one or more written instruments as provided in Section 107.

## **ARTICLE FIFTEEN**

### **Immunity of Incorporators, Stockholders, Officers and Directors**

#### **SECTION 1501. Liability Solely Corporate.**

No recourse shall be had for the payment of the principal of or premium, if any, or interest, if any, on any Securities or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under this Indenture, against any incorporator, stockholder, member, officer or director, as such, past, present or future of the Company or of any predecessor or successor of the Company (either directly or through the Company or a predecessor or successor of the Company), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Indenture and all the Securities are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, member, officer or director, past, present or future, of the Company or of any predecessor or successor of the Company, either directly or indirectly through the Company or any predecessor or successor of the Company, because of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or to be implied herefrom or therefrom, and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of this Indenture and the issuance of the Securities.

## **ARTICLE SIXTEEN**

### **Issuance of Securities Prior to the Release Date**

#### **SECTION 1601. General.**

Prior to the Release Date, the Trustee shall authenticate and deliver Securities, for original issue, at one time or from time to time in accordance with the Company Order referred to below, only pursuant to Section 1602, 1603, 1604 or 1605.

#### **SECTION 1602. Issuance of Securities on the Basis of Class A Bonds.**

(a) Securities of any one or more series may be authenticated and delivered on the basis of, and in an aggregate principal amount not exceeding, the aggregate principal amount of Class A Bonds delivered to the Trustee for such purpose.

(b) Securities of any series shall be authenticated and delivered by the Trustee on the basis of the delivery to the Trustee of Class A Bonds which have not theretofore been made the basis under any provisions of this Indenture of one or more Authorized Purposes upon receipt by the Trustee of:

(i) The documents with respect to the Securities of such series specified in Section 303;

(ii) Class A Bonds (A) maturing (or being subject to mandatory redemption) on such dates and in such principal amounts that, at each Stated Maturity of the Securities

of such series (or the Tranche thereof then to be authenticated and delivered), there shall mature (or be redeemed) Class A Bonds equal in principal amount to the Securities of such series or Tranche then to mature and (B) containing, in addition to any mandatory redemption provisions applicable to all Class A Bonds Outstanding under the related Class A Mortgage and any mandatory redemption provisions contained therein pursuant to clause (A) above, mandatory redemption provisions correlative to the provisions, if any, for the mandatory redemption (pursuant to a sinking fund or otherwise) of the Securities of such series or Tranche or for the redemption thereof at the option of the Holder; it being expressly understood that such Class A Bonds (X) may, but need not, bear interest, (Y) may, but need not, contain provisions for the redemption thereof at the option of the Company, any such redemption to be made at a redemption price or prices not less than the principal amount thereof and (Z) shall be held by the Trustee in accordance with Article Seventeen; and

(iii) an Opinion of Counsel to the effect that:

(1) the form or forms of such Class A Bonds have been duly authorized by the Company and have been established in conformity with the provisions of the related Class A Mortgage;

(2) the terms of such Class A Bonds have been duly authorized by the Company and have been established in conformity with the provisions of the related Class A Mortgage; and

(3) (I) such Class A Bonds have been duly executed by the Company and authenticated by the trustee under the related Class A Mortgage and (II) when the Securities to be authenticated and delivered on the basis of the delivery to the Trustee of such Class A Bonds shall have been authenticated and delivered by the Trustee in accordance with this Indenture and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, such Class A Bonds will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject, as to enforcement, to laws relating to or affecting generally the enforcement of mortgagee's creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity as at law) and except as enforcement of provisions thereof may be limited by state laws affecting the remedies of the enforcement of the security provided for in the Class A Mortgage; and such Class A Bonds will be entitled to the benefit of the Lien of such Class A Mortgage equally and ratably with all other Class A Bonds then Outstanding under such Class A Mortgage, except as to sinking fund or similar provisions.

provided, however, that, with respect to Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel only once at or prior to the time of the first authentication and delivery of such Securities and that, in lieu of the opinions described in clauses (B) and (C) above, counsel may opine that:

(X) when the terms of such Class A Bonds shall have been established in accordance with the instrument or instruments creating the series of which such Class A Bonds are a part, such terms will have been duly authorized by the Company and will have been established in conformity with the provisions of the related Class A Mortgage; and/or

(Y) (I) either (1) such Class A Bonds have been duly issued and delivered by the Company and authenticated and delivered by the trustee under the related Class A Mortgage or (2) when such Class A Bonds shall have been authenticated and delivered by the trustee under the related Class A Mortgage in accordance with the instrument or instruments creating the series of which such Class A Bonds are a part, such Class A Bonds will have been duly authenticated and delivered under such Class A Mortgage and (II) when such Class A Bonds shall have been issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, and when the Securities to be authenticated and delivered on the basis of the delivery to the Trustee of such Class A Bonds shall have been authenticated and delivered by the Trustee in accordance with this Indenture and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, such Class A Bonds will constitute valid obligations of the Company, entitled to the benefit of the Lien of such Class A Mortgage equally and ratably with all other Class A Bonds then Outstanding under such Class A Mortgage.

#### **SECTION 1603. Issuance of Securities on the Basis of Property Additions.**

(a) Securities of any one or more series may be authenticated and delivered on the basis of Property Additions which do not constitute Funded Property in a principal amount not exceeding sixty-six and two-thirds percentum ( $66 \frac{2}{3}\%$ ) of the balance of the Cost or the Fair Value to the Company of such Property Additions (whichever shall be less) after making any deductions and any additions pursuant to Section 104(b).

(b) Securities of any series shall be authenticated and delivered by the Trustee on the basis of Property Additions upon receipt by the Trustee of:

(i) the documents with respect to the Securities of such series specified in Section 303;

(ii) an Expert's Certificate dated as of a date not more than ninety (90) days prior to the date of the Company Order referring to it,

(1) describing the property designated by the Company, in its discretion, to be made the basis of the authentication and delivery of such Securities (such description of property to be made by reference, at the election of the Company, either to specified items, units and/or elements of property or portions thereof, on a percentage or Dollar basis, or to properties reflected in specified accounts or subaccounts in the Company's books of account or portions thereof, on a Dollar basis), and stating the Cost of such property;

(2) stating that all such property constitutes Property Additions;

(3) stating that such Property Additions are desirable for use in the conduct of the business, or one of the businesses, of the Company;

(4) stating that such Property Additions, to the extent of the Cost or Fair Value to the Company thereof (whichever is less) to be made the basis of the authentication and delivery of such Securities, do not constitute Funded Property;

(5) stating, except as to Property Additions acquired, made or constructed wholly through the delivery of securities or other property, that the amount of cash forming all or part of the Cost thereof was equal to or more than an amount to be stated therein;

(6) briefly describing, with respect to any Property Additions acquired, made or constructed in whole or in part through the delivery of securities or other property, the securities or other property so delivered and stating the date of such delivery;

(7) stating what part, if any, of such Property Additions includes property which within six months prior to the date of acquisition thereof by the Company had been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company and stating whether or not, in the judgment of the signers, the Fair Value thereof to the Company, as of the date of such certificate, is less than Twenty-five Thousand Dollars (\$25,000) and whether or not such Fair Value is less than one percent (1%) of the aggregate principal amount of Securities then Outstanding;

(8) stating, in the judgment of the signers, the Fair Value to the Company, as of the date of such certificate, of such Property Additions, except any thereof with respect to the Fair Value to the Company of which a statement is to be made in an Independent Expert's Certificate pursuant to clause (iii) below;

(9) stating the amount required to be deducted under Section 104(b)(i) and the amounts elected to be added under Section 104(b)(ii) in respect of Funded Property retired of the Company;

(10) if any property included in such Property Additions is subject to a Lien of the character described (I) in clause (f) of the definition of Permitted Liens, stating that such Lien does not, in the judgment of the signers, materially impair the use by the Company of the Mortgaged Property considered as a whole, or (II) in clause (i)(ii) of the definition of Permitted Liens, stating that such Lien does not, in the judgment of the signers, materially impair the use by the Company of such property for the purposes for which it is held by the Company or (III) in clause (p)(ii) of the definition of Permitted Liens, stating that the enforcement of such Lien would not, in the judgment of the signers, adversely affect the interests of the Company in such property in any material respect;



(11) stating the lower of the Cost or the Fair Value to the Company of such Property Additions, after the deductions therefrom and additions thereto specified in such Expert's Certificate pursuant to clause (9) above;

(12) stating the aggregate principal amount of the Securities to be authenticated and delivered on the basis of such Property Additions (such amount not to exceed sixty-six and two-thirds percentum (66 2/3%) of the amount stated pursuant to clause (11) above);

(iii) in case any Property Additions are shown by the Expert's Certificate provided for in clause (ii) above to include property which, within six months prior to the date of acquisition thereof by the Company, had been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company and such certificate does not show the Fair Value thereof to the Company, as of the date of such certificate, to be less than Twenty-five Thousand Dollars (\$25,000) or less than one percent (1%) of the aggregate principal amount of Securities then Outstanding, an Independent Expert's Certificate stating, in the judgment of the signer, the Fair Value to the Company, as of the date of such Independent Expert's Certificate, of (X) such Property Additions which have been so used or operated and (at the option of the Company) as to any other Property Additions included in the Expert's Certificate provided for in clause (ii) above and (Y) in case such Independent Expert's Certificate is being delivered in connection with the authentication and delivery of Securities, any property so used or operated which has been subjected to the Lien of this Indenture since the commencement of the then current calendar year as the basis for the authentication and delivery of Securities and as to which an Independent Expert's Certificate has not previously been furnished to the Trustee;

(iv) in case any Property Additions are shown by the Expert's Certificate provided for in clause (ii) above to have been acquired, made or constructed in whole or in part through the delivery of securities or other property, an Expert's Certificate stating, in the judgment of the signers, the fair market value in cash of such securities or other property at the time of delivery thereof in payment for or for the acquisition of such Property Additions;

(v) an Opinion of Counsel to the effect that:

(1) this Indenture constitutes, or, upon the delivery of, and/or the filing and/or recording in the proper places and manner of, the instruments of conveyance, assignment or transfer, if any, specified in said opinion, will constitute, a Lien on all the Property Additions to be made the basis of the authentication and delivery of such Securities, subject to no Lien thereon prior to the Lien of this Indenture except Permitted Liens;

(2) such Property Additions are not subject to the Lien of any Class A Mortgage; and

(3) the Company has corporate authority to operate such Property Additions; and

(vi) copies of the instruments of conveyance, assignment and transfer, if any, specified in the Opinion of Counsel provided for in clause (v) above.

**SECTION 1604. Issuance of Securities on the Basis of Retired Securities.**

(a) Subject to the provisions of subsection (c) of this Section, Securities of any one or more series may be authenticated and delivered on the basis of, and in an aggregate principal amount not exceeding the aggregate principal amount of, Retired Securities.

(b) Securities of any series shall be authenticated and delivered by the Trustee on the basis of Retired Securities upon receipt by the Trustee of:

(i) the documents with respect to the Securities of such series specified in Section 303; and

(ii) an Officer's Certificate stating that Retired Securities, specified by series, in an aggregate principal amount not less than the aggregate principal amount of Securities to be authenticated and delivered, have theretofore been authenticated and delivered and, as of the date of such Officer's Certificate, constitute Retired Securities and are the basis for the authentication and delivery of such Securities.

(c) No Securities shall be authenticated or delivered hereunder on the basis of any Retired Securities theretofore authenticated and delivered on the basis of Class A Bonds pursuant to Section 1602 until the Class A Mortgage under which such Class A Bonds were delivered has been discharged pursuant to the provisions thereof.

**SECTION 1605. Issuance of Securities on the Basis of Deposit of Cash.**

(a) Securities of any one or more series may be authenticated and delivered on the basis of, and in an aggregate principal not exceeding the amount of, any deposit with the Trustee of cash for such purpose.

(b) Securities of any series shall be authenticated and delivered by the Trustee on the basis of the deposit of cash when the Trustee shall have received, in addition to such deposit, the documents with respect to the Securities of such series specified in Section 303.

(c) All cash deposited with the Trustee under the provisions of this Section, and all cash required by Section 1702(a) to be applied in accordance with the provisions of this Section, shall be held by the Trustee as a part of the Mortgaged Property and may be withdrawn from time to time by the Company, upon application of the Company to the Trustee, in an amount equal to the aggregate principal amount of Securities to the authentication and delivery of which the Company shall be entitled under any of the provisions of this Indenture by virtue of compliance with all applicable provisions of this Indenture (except as hereinafter in this subsection (c) otherwise provided).



Upon any such application for withdrawal, the Company shall comply with all applicable provisions of this Article relating to the authentication and delivery of Securities except that the Company shall not in any event be required to deliver the documents specified in Section 303; provided, however, that (i) such withdrawal shall not be made on the basis of the delivery of Class A Bonds pursuant to Section 1602 unless an equal principal amount of Securities which were authenticated and delivered pursuant to this Section on the basis of the deposit of the cash then to be withdrawn (or Securities authenticated and delivered, directly or indirectly, on the basis of the retirement of such Securities) remain Outstanding and (ii) if such withdrawal is to be made on such basis, the requirements of Section 1602(b)(ii) with respect to such Class A Bonds shall be determined by reference to such Securities which remain Outstanding.

Any withdrawal of cash under this subsection (c) shall operate as a waiver by the Company of its right to the authentication and delivery of the Securities on which it is based and such Securities may not thereafter be authenticated and delivered hereunder. Any Property Additions which have been made the basis of any such right to the authentication and delivery of Securities so waived shall be deemed to have been made the basis of the withdrawal of such cash; any Retired Securities which have been made the basis of any such right to the authentication and delivery of Securities so waived shall be deemed to have been made the basis of the withdrawal of such cash; and any Class A Bonds which have been made the basis of any such right to the authentication and delivery of Securities so waived shall be deemed to have been made the basis of the authentication and delivery of the Securities which initially had been authenticated and delivered pursuant to this Section on the basis of the deposit of the cash so withdrawn (or Securities initially authenticated and delivered, directly or indirectly, on the basis of the retirement of such Securities) which remain Outstanding.

(d) If at any time the Company shall so direct, any sums deposited with the Trustee under the provisions of this Section may be used or applied to the purchase, payment or redemption of Securities in the manner and subject to the conditions provided in clauses (d) and (e) of Section 1806.

## **ARTICLE SEVENTEEN**

### **Class A Bonds; Additional Class A Mortgages; Discharge of Class A Mortgage**

#### **SECTION 1701. Registration and Ownership of Class A Bonds.**

Class A Bonds delivered to the Trustee pursuant to Section 1602 shall be registered in the name of the Trustee or its nominee and shall be owned and held by the Trustee, subject to the provisions of this Indenture, for the benefit of the Holders of all Securities from time to time Outstanding, and the Company shall have no interest therein. The Trustee shall be entitled to exercise all rights of securityholders under each Class A Mortgage either in its discretion or as otherwise provided in this Article or in Article Nine.

If, notwithstanding the intention of the parties expressed in this Section 1701, it shall be finally determined by an appropriate court that the Company has any interest in the Class A Bonds held by the Trustee pursuant to this Indenture, the Company hereby, to the extent permitted by law, grants to the Trustee, for the benefit of the Holders of all Securities from time to time Outstanding, a security interest in such interest of the Company in such Class A Bonds.

## **SECTION 1702. Payments on Class A Bonds.**

(a) Any payment by the Company of principal of or premium or interest on any Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701 shall be applied by the Trustee to the payment of any principal, premium or interest, as the case may be, in respect of the Securities which is then due, and, to the extent of such application, the obligation of the Company hereunder to make such payment in respect of the Securities shall be deemed to have been satisfied and discharged.

If, at the time of any such payment of principal of Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701, there shall be no principal then due in respect of the Securities, such payment in respect of such Class A Bonds shall be deemed to constitute Funded Cash and shall be held by the Trustee as part of the Mortgaged Property, to be withdrawn, used or applied in the manner, to the extent and for the purposes, and subject to the conditions, provided in Section 1605(c); and thereafter the Securities authenticated and delivered on the basis of such Class A Bonds shall, to the extent of such payment of principal, be deemed to have been authenticated and delivered on the basis of the deposit of cash.

If, at the time of any such payment of premium or interest on Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701, there shall be no premium or interest, as the case may be, then due in respect of the Securities, such payment in respect of such Class A Bonds shall be remitted to the Company upon receipt by the Trustee of a Company Order requesting the same, together with an Officer's Certificate stating that no Event of Default has occurred and is continuing; provided, however, that, if an Event of Default shall have occurred and be continuing, such proceeds shall be held as part of the Mortgaged Property until such Event of Default shall have been cured or waived.

(b) Any payment by the Company hereunder of principal of or premium or interest on Securities which shall have been authenticated and delivered upon the basis of the delivery to the Trustee of Class A Bonds (other than by the application of the proceeds of a payment in respect of such Class A Bonds) shall, to the extent thereof, be deemed, for all purposes of this Indenture, to satisfy and discharge the obligation of the Company, if any, to make a payment of principal, premium or interest, as the case may be, in respect of such Class A Bonds which is then due.

(c) The Trustee hereby waives notice of any redemption of Class A Bonds delivered to it pursuant to Section 1602.

## **SECTION 1703. Surrender of Class A Bonds.**

At the time any Securities which shall have been authenticated and delivered on the basis of the delivery to the Trustee of Class A Bonds cease to be Outstanding (other than as a result of the application of the proceeds of the payment or redemption of such Class A Bonds), the Trustee shall surrender to, or upon the order of, the Company an equal principal amount of such Class A Bonds. In the event that the principal of, and interest and premium, if any, on any Class A Bond, or portion thereof, has been paid, the Trustee shall promptly surrender such Class A Bond, or such portion, to or to the order of the Company for cancellation.

#### **SECTION 1704. No Transfer of Class A Bonds.**

Anything in this Indenture to the contrary notwithstanding, the Trustee shall not sell, assign or otherwise transfer any Class A Bonds delivered to and held by it pursuant to Sections 1602 and 1701 except to a successor trustee under this Indenture and except as provided in Section 1703. The Company may take such actions as it shall deem necessary, desirable or appropriate to effect compliance with such restrictions on transfer, including the placing of a legend on each such Class A Bond and the issuance of stop-transfer instructions to the trustee under the related Class A Mortgage or any other transfer agent thereunder.

#### **SECTION 1705. Voting of Class A Bonds.**

The Trustee shall, as the owner and holder of Class A Bonds delivered to and held by it pursuant to this Indenture, attend such meeting or meetings of bondholders under each Class A Mortgage or, at its option, deliver its proxy in connection therewith, as relate to matters with respect to which it, as such holder, is entitled to vote or consent. So long as no Event of Default hereunder shall have occurred and be continuing, either at any such meeting or meetings, or otherwise when the consent of the holders of the Class A Bonds Outstanding under any Class A Mortgage is sought without a meeting, the Trustee shall vote as holder of Class A Bonds Outstanding under such Class A Mortgage, or shall consent with respect thereto, as follows:

(a) the Trustee shall vote all such Class A Bonds, or shall consent with respect thereto, (i) in favor of any or all amendments or modifications of such Class A Mortgage of substantially the same tenor and effect as any or all of those set forth in Exhibit B to this Indenture and/or (ii) in favor of any amendment or modification of such Class A Mortgage (A) to conform any provision thereof in all material respects to the correlative provision of this Indenture, (B) to add thereto any provision not otherwise contained therein which conforms in all material respects to a provision contained in this Indenture and/or (C) to delete therefrom any provision thereof to which this Indenture contains no correlative provision and/or (iii) any combination of amendments and/or modifications described in clauses (i) and (ii) above; and/or

(b) with respect to any other amendments or modifications of such Class A Mortgage, the Trustee shall vote all such Class A Bonds, or shall consent with respect thereto, proportionately with the vote or consent of the holders of all other Class A Bonds Outstanding under such Class A Mortgage the holders of which are eligible to vote or consent, as indicated in a Class A Bondholder's Certificate delivered to the Trustee; provided, however, that the Trustee shall not so vote in favor of, or so consent to, any amendment or modification of a Class A Mortgage which, if it were an amendment or modification of this Indenture, would require the consent of any Holders of Securities obtained in the manner prescribed in Section 1302, without the prior consent of those Holders of Securities which would be required under said Section 1302 for such an amendment or modification of this Indenture;

provided, however, that as a condition to the Trustee voting or giving consent under Sections 1705(a) and/or (b), the Trustee shall have received an Officer's Certificate and an Opinion of Counsel stating that in the opinion of such signers said voting or consent is authorized or permitted by said subsections.

For purposes of this Section, “**Class A Bondholder’s Certificate**” means a certificate signed by the temporary chairman, the temporary secretary, the permanent chairman, the permanent secretary, or an inspector of votes at any meeting or meetings of bondholders under a Class A Mortgage, or by the trustee under such Class A Mortgage in the case of consents of such bondholders which are sought without a meeting, which states what the signer thereof reasonably believes will be the proportionate votes or consents of the holders of all Class A Bonds (other than the Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701) outstanding under such Class A Mortgage and counted for the purposes of determining whether such bondholders have approved or consented to the matter put before them.

#### **SECTION 1706. Designation of Additional Class A Mortgages.**

(a) In the event that, after the Execution Date, a corporation which was the mortgagor under a mortgage, deed of trust or similar indenture shall have merged into or consolidated with the Company, or shall have conveyed or otherwise transferred property to the Company subject to the Lien of such a mortgage, deed of trust or similar indenture and the Company shall have duly assumed and agreed to perform and pay all the obligations of the mortgagor thereunder, such mortgage, deed of trust or similar indenture may be designated by the Company an additional Class A Mortgage upon delivery to the Trustee of the following:

(i) a Company Order authorizing the designation of such mortgage, deed of trust or similar indenture as an additional Class A Mortgage;

(ii) an Officer’s Certificate (A) stating that no event of default has occurred and is continuing which entitles the trustee under such mortgage, deed of trust or similar indenture to accelerate the maturity of the obligations outstanding thereunder, (B) reciting the aggregate principal amount of obligations theretofore issued under such mortgage, deed of trust or similar indenture and the aggregate principal amount of obligations then outstanding thereunder and (C) either (1) stating that the terms of such mortgage, deed of trust or similar indenture, as then in effect, do not permit the issuance of obligations thereunder upon the basis of property additions in a principal amount exceeding sixty-six and two-thirds percentum ( $66\frac{2}{3}\%$ ) of the balance of the cost or fair value of such property additions to the issuer thereof (whichever shall be less) after making deductions and additions similar to those provided for in Section 104, or (2) in the event that the statements contained in clause (1) above cannot be made, stating that the Company has irrevocably waived its right to the authentication and delivery of further obligations under such mortgage, deed of trust or similar indenture (I) on any basis, in a principal amount equal to the excess of (x) the aggregate principal amount of obligations then outstanding under such mortgage, deed of trust or similar indenture which were issued on the basis of property additions or on the basis of the retirement of obligations which were issued (whether directly or indirectly when considered in light of the successive issuance and retirement of obligations) on the basis of property additions over (y) an amount equal to sixty-six and two-thirds percentum ( $66\frac{2}{3}\%$ ) of the aggregate Dollar amount of property additions certified as the basis for the issuance of such obligations then outstanding and (II) on the basis of property additions, in a principal amount exceeding sixty-six and two-thirds percentum ( $66\frac{2}{3}\%$ ) of the balance of the Cost or Fair Value to the Company thereof (whichever shall be less) after making deductions and additions similar to those provided

for in Section 104; and

(iii) an Opinion or Opinions of Counsel to the effect that (A) the corporation that was the mortgagor under such mortgage, deed of trust or similar indenture has been duly and lawfully merged into or consolidated with the Company or has duly and lawfully conveyed or otherwise transferred property to the Company; (B) if required by applicable law, such mortgage, deed of trust or similar indenture is qualified under the Trust Indenture Act; (C) the Company has duly assumed and agreed to perform and pay the obligations of the mortgagor under such mortgage, deed of trust or similar indenture; (D) such mortgage, deed of trust or similar indenture constitutes a Lien upon the property described therein subject to no Lien prior thereto except Liens generally of the character of Permitted Liens; (E) this Indenture constitutes, or, upon the delivery of, and/or the filing and/or the recording in the proper places and manner of, the instruments of conveyance, assignment or transfer, if any, specified in such opinion, will constitute, a Lien on the property described in such mortgage, deed of trust or similar indenture which is generally of the character described, and is located in the States specified, in the Granting Clauses of this Indenture and which was acquired by the Company from such corporation by virtue of such merger, consolidation, conveyance or other transfer, subject to no Lien thereon prior to the Lien of this Indenture except the Lien of such mortgage, deed of trust or similar indenture and Permitted Liens; (F) the terms of such mortgage, deed of trust or similar indenture, as then in effect, do not permit the further issuance of obligations thereunder except on the basis of property additions generally of the character of Property Additions, the retirement or deposit of outstanding obligations, the deposit of prior Lien obligations or the deposit of cash; (G) either (1) the terms of such mortgage, deed of trust or similar indenture, as then in effect, do not permit the further issuance of obligations thereunder upon the basis of property additions in a principal amount exceeding sixty-six and two-thirds percentum (66 2/3%) of the balance of the Cost or the Fair Value to the Company thereof (whichever shall be less) after making deductions and additions similar to those provided for in Section 104, or, if such is not the case, (2) that the waivers contemplated by clause (ii)(C)(2) above have been duly made; (H) in the case of a conveyance or other transfer to the Company of property subject to the Lien of such mortgage, deed of trust or similar indenture, no Person (other than the Company) has the right to issue or redeem obligations secured by, or to obtain the release of property from the Lien of, such mortgage, deed of trust or similar indenture; and (I) the indenture supplemental hereto referred to in clause (i) of subsection (b) of this Section complies with the requirements of said clause (i), and the indenture supplemental to such mortgage, deed of trust or similar indenture referred to in clause (ii) of subsection (b) of this Section complies with the requirements of said clause (ii).

(b) At such time as there shall have been executed and delivered and properly recorded and filed:

(i) an indenture supplemental hereto (A) in which such mortgage, deed of trust or similar indenture has been designated as an additional Class A Mortgage and (B) by which the Company has specifically imposed the Lien of this Indenture upon properties of the character described, and located in the States specified, in the Granting Clauses of this Indenture which shall have been acquired by the Company from such corporation by virtue of the merger, consolidation, conveyance or other transfer (and later improvements,



extensions and additions thereto and renewals and replacements thereof) as contemplated by Section 1205(b) and

(ii) an indenture supplemental to such mortgage, deed of trust or similar indenture by which such mortgage, deed of trust or similar indenture has been amended to provide that, so long as the Trustee shall hold any obligations outstanding thereunder which were delivered to the Trustee as the basis for the authentication and delivery of Securities which remain Outstanding hereunder, an Event of Default hereunder shall constitute a matured event of default thereunder; provided, however, that the waiver or cure of such Event of Default hereunder and the rescission and annulment of the consequences thereof shall constitute a cure of the corresponding event of default under such mortgage, deed of trust or similar indenture and a rescission and annulment of the consequences thereof,

then such mortgage, deed of trust or similar indenture and all obligations issued and outstanding thereunder shall for all purposes hereof be treated as a Class A Mortgage and as Class A Bonds, respectively, to the full and same extent as if specifically identified in Article One.

#### **SECTION 1707. Discharge of Class A Mortgage.**

The Trustee shall surrender for cancellation to the trustee under any Class A Mortgage all Class A Bonds delivered to and then held by it pursuant to Sections 1602 and 1701 which were delivered under such Class A Mortgage upon receipt by the Trustee of:

- (a) a Company Order requesting such surrender for cancellation of such Class A Bonds;
- (b) an Officer's Certificate stating that no Event of Default has occurred and is continuing, and that no Class A Bonds are Outstanding under such Class A Mortgage other than Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701 and that promptly upon such surrender such Class A Mortgage will be satisfied and discharged pursuant to the terms thereof;

(c) an Expert's Certificate

(i) describing the property constituting Property Additions designated by the Company, in its discretion, to be deemed, on and after the date of such surrender for cancellation and for all purposes of this Indenture, to be Funded Property, such Property Additions to have, in the aggregate, a Cost (or as to Property Additions of which the Fair Value to the Company specified pursuant to subclause (viii) or clause (d) below is less than the Cost thereof, then such Fair Value in lieu of Cost) not less than one hundred fifty percentum (150%) of the aggregate principal amount of Securities which shall have been authenticated and delivered under Section 1602 on the basis of Class A Bonds authenticated and delivered under such Class A Mortgage and which, at such date, either remain Outstanding or constitute Retired Securities (such description of property to be made by reference, at the election of the Company, either to specified items, units and/or elements of property or portions thereof, on a percentage or Dollar basis, or to properties or portions thereof reflected in specified accounts or subaccounts in the Company's books of account, on a Dollar basis), and stating the Cost of such property;

- (ii) stating that all such property constitutes Property Additions;
- (iii) stating that such Property Additions are desirable for use in the conduct of the business, or one of the businesses, of the Company;
- (iv) stating that such Property Additions, to the extent of the Cost (or as to Property Additions of which the Fair Value to the Company specified pursuant to subclause (viii) or clause (d) below is less than the Cost thereof, then such Fair Value in lieu of Cost) thereof to be deemed to be Funded Property pursuant to this Section, do not constitute Funded Property;
- (v) stating, except as to Property Additions acquired, made or constructed wholly through the delivery of securities or other property, that the amount of cash forming all or part of the Cost thereof was equal to or more than an amount to be stated therein;
- (vi) briefly describing, with respect to any Property Additions acquired, made or constructed in whole or in part through the delivery of securities or other property, the securities or other property so delivered and stating the date of such delivery;
- (vii) stating what part, if any, of such Property Additions included property which within six (6) months prior to the date of acquisition thereof by the Company had been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company and stating whether or not, in the judgment of the signers, the Fair Value to the Company thereof, as of the date of such certificate, is less than Twenty-five Thousand Dollars (\$25,000) and whether or not the Fair Value to the Company thereof, as of such date, is less than one percent (1%) of the aggregate principal amount of Securities then Outstanding;
- (viii) stating, in the judgment of the signers, the Fair Value to the Company, as of the date of such certificate, of such Property Additions, except any thereof with respect to the Fair Value to the Company of which a statement is to be made in an Independent Expert's Certificate pursuant to clause (d) below; provided, however, that if any such Property Additions shall have theretofore been certified to the trustee under such Class A Mortgage in connection with the authentication and delivery of Class A Bonds thereunder, the release of property, the withdrawal of cash or the satisfaction of the requirements of any sinking, improvement, maintenance, replacement or similar fund or analogous provision, then there may be stated, in lieu of the Fair Value to the Company of such Property Additions as of the date of such certificate, the Fair Value to the Company thereof as so certified to the trustee under such Class A Mortgage; it being understood that the Company may make allocations on a pro-rata or other reasonable basis for purposes of determining whether or not, and/or the extent to which, any such Property Additions shall have theretofore been so certified to the trustee under a Class A Mortgage; and
- (ix) if any property included in such Property Additions is subject to a Lien of the character described (I) in clause (f) of the definition of Permitted Liens, stating that such Lien does not, in the judgment of the signers, materially impair the use by the Company of the Mortgaged Property considered as a whole, or (II) in clause (i)(ii) of the

definition of Permitted Liens, stating that such Lien does not, in the judgment of the signers, materially impair the use by the Company of such property for the purposes for which it is held by the Company or (III) in clause (p)(ii) of the definition of Permitted Liens, stating that the enforcement of such Lien would not, in the judgment of the signers, adversely affect the interests of the Company in such property in any material respect;

(x) stating the lower of the Cost or the Fair Value to the Company of such Property Additions, as required to be stated in such Expert's Certificate pursuant to clauses (i) and (viii) above, respectively; and

(xi) stating the aggregate principal amount of the Securities referred to in clause (i) above (such amount not to exceed the amount stated pursuant to clause (x) above);

(d) in case any Property Additions are shown by the Expert's Certificate provided for in clause (c) above to include property which, within six months prior to the date of acquisition thereof by the Company, had been used or operated by others than the Company in a business similar to that in which it has been or is to be used or operated by the Company and such certificate does not show the Fair Value to the Company thereof, as of the date of such certificate, to be less than Twenty-five Thousand Dollars (\$25,000) or less than one percent (1%) of the aggregate principal amount of Securities then Outstanding, an Independent Expert's Certificate stating, in the judgment of the signer, the Fair Value to the Company, as of the date of such Independent Expert's Certificate, of (x) such Property Additions which have been so used or operated and (at the option of the Company) as to any other Property Additions included in the Expert's Certificate provided for in clause (c) above and (y) any property so used or operated which has been subjected to the Lien of this Indenture since the commencement of the then current calendar year as the basis for the authentication and delivery of Securities and as to which an Independent Expert's Certificate has not previously been furnished to the Trustee;

(e) in case any Property Additions are shown by the Expert's Certificate provided for in clause (c) above to have been acquired, made or constructed in whole or in part through the delivery of securities or other property, an Expert's Certificate stating, in the judgment of the signers, the fair market value in cash of such securities or other property at the time of delivery thereof in payment for or for the acquisition of such Property Additions;

(f) an Opinion of Counsel to the effect that:

(i) this Indenture constitutes, or, upon (x) the satisfaction and discharge of such Class A Mortgage and/or (y) the delivery of, and/or the filing and/or recording in the proper places and manner of, the instruments of conveyance, assignment or transfer, if any, specified in said opinion, will constitute, a Lien on all the Property Additions to be deemed to be Funded Property in accordance with this Section, subject to no Lien thereon prior to the Lien of this Indenture except Permitted Liens; and

(ii) the Company has corporate authority to operate such Property Additions;

(g) an Opinion of Counsel to the effect that upon satisfaction and discharge of such Class A Mortgage the Lien of this Indenture on the property formerly subject to the Lien of such Class A



Mortgage, to the extent the same is part of the Mortgaged Property, will be subject to no Lien prior to the Lien of this Indenture, except Permitted Liens; and

(h) copies of the instruments of conveyance, assignment and transfer, if any, specified in the Opinion of Counsel provided for in clause (f) above.

## **ARTICLE EIGHTEEN**

### **Possession, Use and Release of Mortgaged Property**

#### **SECTION 1801. Quiet Enjoyment.**

Unless one or more Events of Default shall have occurred and be continuing, the Company shall be permitted to possess, use and enjoy the Mortgaged Property (except, to the extent not herein otherwise provided, such cash and securities as are expressly required to be deposited with the Trustee).

#### **SECTION 1802. Dispositions without Release.**

Unless an Event of Default shall have occurred and be continuing, the Company may at any time and from time to time, without any release or consent by, or report to, the Trustee:

(a) sell or otherwise dispose of, free from the Lien of this Indenture, any machinery, equipment, apparatus, towers, transformers, poles, lines, cables, conduits, ducts, conductors, meters, regulators, holders, tanks, retorts, purifiers, odorizers, scrubbers, compressors, valves, pumps, mains, pipes, service pipes, fittings, connections, services, tools, implements, or any other fixtures or personalty, then subject to the Lien hereof, which shall have become old, inadequate, obsolete, worn out, unfit, unadapted, unserviceable, undesirable or unnecessary for use in the operations of the Company upon replacing the same by, or substituting for the same, similar or analogous property, or other property performing a similar or analogous function or otherwise obviating the need therefor, having a Fair Value to the Company at least equal to that of the property sold or otherwise disposed of and subject to the Lien hereof, subject to no Liens prior hereto except Permitted Liens and any other Liens to which the property sold or otherwise disposed of was subject;

(b) cancel or make changes or alterations in or substitutions for any and all easements, servitudes, rights-of-way and similar rights and/or interests; and

(c) grant, free from the Lien of this Indenture, easements, ground leases or rights-of-way in, upon, over and/or across the property or rights-of-way of the Company for the purpose of roads, pipe lines, transmission lines, distribution lines, communication lines, railways, removal of coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities and/or equipment; provided, however, that such grant shall not materially impair the use of the property or rights-of-way for the purposes for which such property or rights-of-way are held by the Company.

### **SECTION 1803. Release of Mortgaged Property.**

Unless an Event of Default shall have occurred and be continuing, the Company may obtain the release of any part of the Mortgaged Property, or any interest therein, other than Funded Cash held by the Trustee, and the Trustee shall release all its right, title and interest in and to the same from the Lien hereof, upon receipt by the Trustee of:

(a) a Company Order requesting the release of such property and transmitting therewith a form of instrument or instruments to effect such release;

(b) an Officer's Certificate stating that, to the knowledge of the signer, no Event of Default has occurred and is continuing;

(c) an Expert's Certificate made and dated not more than ninety (90) days prior to the date of such Company Order:

(i) describing the property to be released;

(ii) stating the Fair Value, in the judgment of the signers, of the property to be released;

(iii) stating the Cost of the property to be released (or, if the Fair Value to the Company of such property at the time the same became Funded Property was certified to be an amount less than the Cost thereof, then such Fair Value, as so certified, in lieu of Cost); and

(iv) stating that, in the judgment of the signers, such release will not impair the security under this Indenture in contravention of the provisions hereof;

(d) an amount in cash to be held by the Trustee as part of the Mortgaged Property, equal to the amount, if any, by which sixty-six and two-thirds percentum ( $66\frac{2}{3}\%$ ) of the amount referred to in clause (c)(iii) above exceeds the aggregate of the following items:

(i) an amount equal to sixty-six and two-thirds percentum ( $66\frac{2}{3}\%$ ) of the aggregate principal amount of any obligations secured by Purchase Money Lien delivered to the Trustee, to be held as part of the Mortgaged Property, subject to the limitations hereafter in this Section set forth;

(ii) an amount equal to sixty-six and two-thirds percentum ( $66\frac{2}{3}\%$ ) of the Cost or Fair Value to the Company (whichever is less), after making any deductions and any additions pursuant to Section 104, of any Property Additions not constituting Funded Property described in an Expert's Certificate, dated not more than ninety (90) days prior to the date of the Company Order requesting such release and complying with clause (ii) and, to the extent applicable, clause (iii) in Section 1603(b), delivered to the Trustee; provided, however, that the deductions and additions contemplated by Section 104 shall not be required to be made if such Property Additions were acquired, made or constructed on or after the ninetieth (90th) day preceding the date of such Company Order;

(iii) the aggregate principal amount of Securities to the authentication and delivery of which the Company shall be entitled under the provisions of Section 1604, by virtue of compliance with all applicable provisions of Section 1604 (except as hereinafter in this Section otherwise provided); provided, however, that such release shall operate as a waiver by the Company of the right to the authentication and delivery of such Securities and, to such extent, no such Securities may thereafter be authenticated and delivered hereunder; and any Securities which were the basis of such right to the authentication and delivery of Securities so waived shall be deemed to have been made the basis of such release of property;

(iv) any amount in cash and/or an amount equal to sixty-six and two-thirds percentum (66 2/3%) of the aggregate principal amount of any obligations secured by Purchase Money Lien that, in either case, is evidenced to the Trustee by a certificate of the trustee or other holder of a Lien prior to the Lien of this Indenture to have been received by such trustee or other holder in accordance with the provisions of such Lien in consideration for the release of such property or any part thereof from such Lien, all subject to the limitations hereafter in this Section set forth;

(v) the aggregate principal amount of any Outstanding Securities delivered to the Trustee; and

(vi) any taxes and expenses incidental to any sale, exchange, dedication or other disposition of the property to be released;

provided, however, that no obligations secured by Purchase Money Lien upon any property being released from the Lien hereof shall be used as a credit in connection with such release unless all obligations secured by such Purchase Money Lien shall be delivered to the Trustee or to the trustee or other holder of a Lien prior to the Lien of this Indenture;

(e) if the release is on the basis of Property Additions or on the basis of the right to the authentication and delivery of Securities under Section 1604, all documents contemplated below in this Section; and

(f) if the release is on the basis of the delivery to the Trustee or to the trustee or other holder of a prior Lien of obligations secured by Purchase Money Lien, all documents contemplated below in this Section, to the extent required.

If and to the extent that the release of property is, in whole or in part, based upon Property Additions (as permitted under the provisions of clause (d)(ii) in the first paragraph of this Section), the Company shall, subject to the provisions of said clause (d)(ii) and except as hereafter in this paragraph provided, comply with all applicable provisions of this Indenture as if such Property Additions were to be made the basis of the authentication and delivery of Securities equal in principal amount to sixty-six and two-thirds percentum (66 2/3%) of the Cost (or, as to property of which the Fair Value to the Company at the time the same became Funded Property was certified to be an amount less than the Cost thereof, such Fair Value, as so certified, in lieu of Cost) of that portion of the property to be released which is to be released on the basis of such Property Additions, as shown by the Expert's Certificate required by clause (c) in the first paragraph of this Section; provided, however, that the Cost of any Property Additions

received or to be received by the Company in whole or in part as consideration in exchange for the property to be released shall for all purposes of this Indenture be deemed to be the amount stated in the Expert's Certificate provided for in clause (c) in the first paragraph of this Section to be the Fair Value of the property to be released (x) plus the amount of any cash and the fair market value of any other consideration, further to be stated in such Expert's Certificate, paid and/or delivered or to be paid and/or delivered by, and the amount of any obligations assumed or to be assumed by, the Company in connection with such exchange as additional consideration for such Property Additions and/or (y) less the amount of any cash and the fair market value of any other consideration, which shall also be stated in such Expert's Certificate, received or to be received by the Company in connection with such exchange in addition to such Property Additions. If and to the extent that the release of property is in whole or in part based upon the right to the authentication and delivery of Securities under Section 1604 (as permitted under the provisions of clause (d)(iii) in the first paragraph of this Section), the Company shall, except as hereafter in this paragraph provided, comply with all applicable provisions of Section 1604 relating to such authentication and delivery. Notwithstanding the foregoing provisions of this paragraph, in no event shall the Company be required to deliver the documents specified in Section 303.

If the release of property is, in whole or in part, based upon the delivery to the Trustee or the trustee or other holder of a Lien prior to the Lien of this Indenture of obligations secured by Purchase Money Lien, the Company shall deliver to the Trustee:

(x) an Officer's Certificate (i) stating that no event has occurred and is continuing which entitles the holder of such Purchase Money Lien to accelerate the maturity of the obligations, if any, outstanding thereunder and (ii) reciting the aggregate principal amount of obligations, if any, then outstanding thereunder in addition to the obligations then being delivered in connection with the release of such property and the terms and conditions, if any, on which additional obligations secured by such Purchase Money Lien are permitted to be issued; and

(y) an Opinion of Counsel stating that, in the opinion of the signer, (i) such obligations are valid obligations, entitled to the benefit of such Purchase Money Lien equally and ratably with all other obligations, if any, then outstanding thereunder, (ii) that such Purchase Money Lien constitutes, or, upon the delivery of, and/or the filing and/or recording in the proper places and manner of, the instruments of conveyance, assignment or transfer, if any, specified in such opinion, will constitute, a Lien upon the property to be released, subject to no Lien prior thereto except Liens generally of the character of Permitted Liens and such Liens, if any, as shall have existed thereon immediately prior to such release as Liens prior to the Lien of this Indenture, (iii) if any obligations in addition to the obligations being delivered in connection with such release of property are then outstanding, or are permitted to be issued, under such Purchase Money Lien, (A) that such Purchase Money Lien constitutes, or, upon the delivery of, and/or the filing and/or recording in the proper places and manner of, the instruments of conveyance, assignment or transfer, if any, specified in such opinion, will constitute, a Lien upon all other property, if any, purporting to be subject thereto, subject to no Lien prior thereto except Liens generally of the character of Permitted Liens and (B) that the terms of such Purchase Money Lien, as then in effect, do not permit the issuance of obligations thereunder except on the basis of property generally of the character of Property Additions, the retirement or deposit of outstanding obligations, the deposit of prior Lien obligations or the deposit of cash.

If the Opinion of Counsel provided to the Trustee pursuant to clause (y) above is conditioned upon the filing and/or recording of any instruments of conveyance, assignment or transfer, the Company shall promptly cause such instruments to be filed and/or recorded in the proper places and manner

and shall deliver to the Trustee evidence of such filing and/or recording promptly upon receipt of such evidence by the Company.

If (a) any property to be released from the Lien of this Indenture under any provision of this Article (other than Section 1807) is subject to a Lien prior to the Lien hereof and is to be sold, exchanged, dedicated or otherwise disposed of subject to such prior Lien and (b) after such release, such prior Lien will not be a Lien on any property subject to the Lien hereof, then the Fair Value of such property to be released shall be deemed, for all purposes of this Indenture, to be the value thereof unencumbered by such prior Lien less the principal amount of the indebtedness secured by such prior Lien.

Any Outstanding Securities delivered to the Trustee pursuant to clause (d) in the first paragraph of this Section shall, upon receipt of a Company Order, forthwith be canceled by the Trustee. Any cash and/or obligations deposited with the Trustee pursuant to the provisions of this Section 1803, and the proceeds of any such obligations, shall be held as part of the Mortgaged Property and shall be withdrawn, released, used or applied in the manner, to the extent and for the purposes, and subject to the conditions, provided in Section 1806.

Anything in this Indenture to the contrary notwithstanding, if property to be released constitutes Funded Property in part only, the Company shall obtain the release of the part of such property which constitutes Funded Property under this Section 1803 and obtain the release of the part of such property which does not constitute Funded Property under Section 1804. In such event, (a) the application of Property Additions in the release under this Section 1803 as contemplated in clause (d)(ii) in the first paragraph thereof shall be taken into account in clause (v) or clause (vi), whichever may be applicable, of the Expert's Certificate described in clause (c) in Section 1804 and (b) the Trustee shall, at the election of the Company, execute and deliver a separate instrument of release with respect to the property released under each of such Sections or a consolidated instrument of release with respect to the property released under both of such Sections considered as a whole.

#### **SECTION 1804. Release of Property Not Constituting Funded Property.**

Unless an Event of Default shall have occurred and be continuing, the Company may obtain the release of any part of the Mortgaged Property, or any interest therein, which does not constitute Funded Property, and the Trustee shall release all its right, title and interest in and to the same from the Lien hereof, upon receipt by the Trustee of:

(a) a Company Order requesting the release of such property and transmitting therewith a form of instrument or instruments to effect such release;

(b) an Officer's Certificate describing the property to be released and stating that, to the knowledge of the signer, no Event of Default has occurred and is continuing;

(c) an Expert's Certificate, made and dated not more than ninety (90) days prior to the date of such Company Order:

- (i) describing the property to be released;
- (ii) stating the Fair Value, in the judgment of the signers, of the property to be



released;

(iii) stating the Cost of the property to be released;

(iv) stating that the property to be released does not constitute Funded Property;

(v) if true, stating either (A) that the aggregate amount of the Cost or Fair Value to the Company (whichever is less) of all Property Additions which do not constitute Funded Property (excluding the property to be released), after making deductions therefrom and additions thereto of the character contemplated by Section 104, is not less than zero (0) or (B) that the Cost or Fair Value (whichever is less) of the property to be released does not exceed the aggregate Cost or Fair Value to the Company (whichever is less) of Property Additions acquired, made or constructed on or after the ninetieth (90th) day prior to the date of the Company Order requesting such release;

(vi) if neither of the statements contemplated in subclause (v) above can be made, stating the amount by which zero (0) exceeds the amount referred to in subclause (v)(A) above (showing in reasonable detail the calculation thereof); and

(vii) stating that, in the judgment of the signers, such release will not impair the security under this Indenture in contravention of the provisions hereof; and

(d) if the Expert's Certificate required by clause (c) above contains neither of the statements contemplated in clause (c)(v) above, an amount in cash, to be held by the Trustee as part of the Mortgaged Property, equal to the amount, if any, by which the lower of (i) the Cost or Fair Value (whichever shall be less) of the property to be released and (ii) the amount shown in clause (c)(vi) above exceeds the aggregate of items of the character described in subclauses (iii) and (v) of clause (d) in the first paragraph of Section 1803 that the Company then elects to use as a credit under this Section 1804 (subject, however, to the same limitations and conditions with respect to such items as are set forth in Section 1803).

Any Outstanding Securities delivered to the Trustee pursuant to clause (d) above shall forthwith be canceled by the Trustee.

#### **SECTION 1805. Release of Minor Properties.**

Notwithstanding the provisions of Sections 1803 and 1804, unless an Event of Default shall have occurred and be continuing, the Company may obtain the release from the Lien hereof of any part of the Mortgaged Property, or any interest therein, and the Trustee shall whenever from time to time requested by the Company in a Company Order transmitting therewith a form of instrument or instruments to effect such release, and without requiring compliance with any of the provisions of Section 1803 or 1804, release from the Lien hereof all the right, title and interest of the Trustee in and to the same provided that the aggregate Fair Value of the property to be so released on any date in a given calendar year, together with all other property theretofore released pursuant to this Section 1805 in such calendar year, shall not exceed the greater of (a) Ten Million Dollars (\$10,000,000) and (b) three percent (3%) of the sum of (i) the aggregate principal amount of Securities then Outstanding and (ii) the aggregate principal amount of Class A Bonds then Outstanding other than Class A Bonds delivered to and then held by the Trustee pursuant to

Sections 1602 and 1701. Prior to the granting of any such release, there shall be delivered to the Trustee (x) an Officer's Certificate stating that, to the knowledge of the signer, no Event of Default has occurred and is continuing and (y) an Expert's Certificate stating, in the judgment of the signers, the Fair Value of the property to be released, the aggregate Fair Value of all other property theretofore released pursuant to this Section in such calendar year and, as to Funded Property, the Cost thereof (or, if the Fair Value to the Company of such property at the time the same became Funded Property was certified to be an amount less than the Cost thereof, then such Fair Value, as so certified, in lieu of Cost), and that, in the judgment of the signers, the release thereof will not impair the security under this Indenture in contravention of the provisions hereof. On or before December 31st of each calendar year, the Company shall deposit with the Trustee an amount in cash equal to sixty-six and two thirds percentum (66  $\frac{2}{3}$ %) of the aggregate Cost of the properties constituting Funded Property so released during such year (or, if the Fair Value to the Company of any particular property at the time the same became Funded Property was certified to be an amount less than the Cost thereof, then such Fair Value, as so certified, in lieu of Cost); provided, however, that no such deposit shall be required to be made hereunder to the extent that cash or other consideration shall, as indicated in an Officer's Certificate delivered to the Trustee, have been deposited with the trustee or other holder of a Class A Mortgage or other Lien prior to the Lien of this Indenture in accordance with the provisions thereof; and provided, further, that the amount of cash so required to be deposited may be reduced, at the election of the Company, by the items specified in clause (d) in the first paragraph of Section 1803, subject to all of the limitations and conditions specified in such Section, to the same extent as if such property were being released pursuant to Section 1803. Any cash deposited with the Trustee under this Section may thereafter be withdrawn, used or applied in the manner, to the extent and for the purposes, and subject to the conditions, provided in Section 1806.

**SECTION 1806. Withdrawal or Other Application of Funded Cash; Purchase Money Obligations.**

Subject to the provisions of Section 1605 and Section 1702(a) and except as hereafter in this Section provided, unless an Event of Default shall have occurred and be continuing, any Funded Cash held by the Trustee, and any other cash which is required to be withdrawn, used or applied as provided in this Section,

(a) may be withdrawn from time to time by the Company to the extent of an amount equal to sixty-six and two-thirds percentum (66  $\frac{2}{3}$ %) of the Cost or the Fair Value to the Company (whichever is less) of Property Additions not constituting Funded Property, after making any deductions and additions pursuant to Section 104, described in an Expert's Certificate, dated not more than ninety (90) days prior to the date of the Company Order requesting such withdrawal and complying with clause (ii) and, to the extent applicable, clause (iii) in Section 1603(b), delivered to the Trustee; provided, however, that the deductions and additions contemplated by Section 104 shall not be required to be made if such Property Additions were acquired, made or constructed on or after the ninetieth (90th) day preceding the date of such Company Order;

(b) may be withdrawn from time to time by the Company in an amount equal to the aggregate principal amount of Securities to the authentication and delivery of which the Company shall be entitled under the provisions of Section 1604 hereof, by virtue of compliance with all applicable provisions of Section 1604 (except as hereinafter in this Section otherwise provided); provided, however, that such withdrawal of cash shall operate as a waiver by the Company of the right to the authentication and delivery of such Securities and, to such extent, no such Securities may thereafter be authenticated and delivered

hereunder; and any such Securities which were the basis of such right to the authentication and delivery of Securities so waived shall be deemed to have been made the basis of such withdrawal of cash;

(c) may be withdrawn from time to time by the Company in an amount equal to the aggregate principal amount of any Outstanding Securities delivered to the Trustee;

(d) may, upon the request of the Company, be used by the Trustee for the purchase of Securities in the manner, at the time or times, in the amount or amounts, at the price or prices and otherwise as directed or approved by the Company, all subject to the limitations hereafter in this Section set forth; or

(e) may, upon the request of the Company, be applied by the Trustee to the payment (or provision therefor pursuant to Article Eight) at Stated Maturity of any Securities or to the redemption (or similar provision therefor) of any Securities which are, by their terms, redeemable, in each case of such series as may be designated by the Company, any such redemption to be in the manner and as provided in Article Five, all subject to the limitations hereafter in this Section set forth.

Such moneys shall, from time to time, be paid or used or applied by the Trustee, as aforesaid, upon the request of the Company in a Company Order, and upon receipt by the Trustee of an Officer's Certificate stating that, to the knowledge of the signer, no Event of Default has occurred and is continuing. If and to the extent that the withdrawal of cash is based upon Property Additions (as permitted under the provisions of clause (a) above), the Company shall, subject to the provisions of said clause (a) and except as hereafter in this paragraph provided, comply with all applicable provisions of this Indenture as if such Property Additions were made the basis for the authentication and delivery of Securities equal in principal amount to the cash so to be withdrawn. If and to the extent that the withdrawal of cash is based upon the right to the authentication and delivery of Securities (as permitted under the provisions of clause (b) above), the Company shall, except as hereafter in this paragraph provided, comply with all applicable provisions of Section 1604 relating to such authentication and delivery. Notwithstanding the foregoing provisions of this paragraph, in no event shall the Company be required to deliver the documents specified in Section 303.

Notwithstanding the generality of clauses (d) and (e) above, no cash to be applied pursuant to such clauses shall be applied to the payment of an amount in excess of the principal amount of any Securities to be purchased, paid or redeemed except to the extent that the aggregate principal amount of all Securities theretofore, and of all Securities then to be, purchased, paid or redeemed pursuant to such clauses is not less than the aggregate cost for principal of, premium, if any, and accrued interest, if any, on and brokerage commissions, if any, with respect to, such Securities.

Any Outstanding Securities delivered to the Trustee pursuant to clause (c) in the first paragraph of this Section shall, upon request by the Company, forthwith be canceled by the Trustee.

Any obligations secured by Purchase Money Lien delivered to the Trustee in consideration of the release of property from the Lien of this Indenture, together with any evidence of such Purchase Money Lien held by the Trustee, shall be released from the Lien of this Indenture and delivered to or upon the order of the Company upon payment by the Company to the Trustee of an amount in cash equal to the aggregate principal amount of such obligations less the aggregate amount theretofore paid to the Trustee (by the Company, the obligor or otherwise) in respect of the principal of such obligations.



The principal of and interest on any such obligations secured by Purchase Money Lien held by the Trustee shall be paid to the Trustee as and when the same become payable. The interest received by the Trustee on any such obligations shall be deemed not to constitute Funded Cash and shall be remitted to the Company; provided, however, that if an Event of Default shall have occurred and be continuing, such proceeds shall be held as part of the Mortgaged Property until such Event of Default shall have been cured or waived.

The Trustee shall have and may exercise all the rights and powers of any owner of such obligations and of all substitutions therefor and, without limiting the generality of the foregoing, may collect and receive all insurance moneys payable to it under any of the provisions thereof and apply the same in accordance with the provisions thereof, may consent to extensions thereof at a higher or lower rate of interest, may join in any plan or plans of voluntary or involuntary reorganization or readjustment or rearrangement and may accept and hold hereunder new obligations, stocks or other securities issued in exchange therefor under any such plan. Any discretionary action which the Trustee may be entitled to take in connection with any such obligations or substitutions therefor shall be taken, so long as no Event of Default shall have occurred and be continuing, in accordance with a Company Order, and, during the continuance of an Event of Default, in its own discretion.

Anything herein to the contrary notwithstanding, the Company may irrevocably waive all right to the withdrawal pursuant to this Section of, and any other rights with respect to, any obligations secured by Purchase Money Lien held by the Trustee, and the proceeds of any such obligations, by delivery to the Trustee of a Company Order:

(x) specifying such obligations and stating that the Company thereby waives all rights to the withdrawal thereof and of the proceeds thereof pursuant to this Section, and any other rights with respect thereto; and

(y) directing that the principal of such obligations be applied as provided in clause (e) in the first paragraph of this Section, specifying the Securities to be paid or redeemed or for the payment or redemption of which payment is to be made.

Following any such waiver, the interest on any such obligations shall be applied to the payment of interest, if any, on the Securities to be paid or redeemed or for the payment or redemption of which provision is to be made, as specified in the aforesaid Company Order, as and when such interest shall become due from time to time, and any excess funds remaining from time to time after such application shall be applied to the payment of interest on any other Securities as and when the same shall become due. Pending any such application, the interest on such obligations shall be invested in Investment Securities as shall be selected by the Company and specified in written instructions delivered to the Trustee. The principal of any such obligations shall be applied solely to the payment of principal of the Securities to be paid or redeemed or for the payment or redemption of which provision is to be made, as specified in the aforesaid Company Order. Pending such application, the principal of such obligations shall be invested in Eligible Obligations as shall be selected by the Company and specified in written instructions delivered to the Trustee. The obligation of the Company to pay the principal of such Securities when the same shall become due at maturity, shall be offset and reduced by the amount of the proceeds of such obligations then held, and to be applied, by the Trustee in accordance with this paragraph.

#### **SECTION 1807. Release of Property Taken by Eminent Domain, etc.**

Should any of the Mortgaged Property, or any interest therein, be taken by exercise of the power of eminent domain or be sold to an entity possessing the power of eminent domain under a threat to exercise the same, and should the Company elect not to obtain the release of such property pursuant to other provisions of this Article, the Trustee shall, upon request of the Company evidenced by a Company Order transmitting therewith a form of instrument or instruments to effect such release, release from the Lien hereof all its right, title and interest in and to the property so taken or sold (or with respect to an interest in property, subordinate the Lien hereof to such interest), upon receiving (a) an Opinion of Counsel to the effect that such property has been taken by exercise of the power of eminent domain or has been sold to an entity possessing the power of eminent domain under threat of an exercise of such power, (b) an Officer's Certificate stating the amount of net proceeds received or to be received for such property so taken or sold, and the amount so stated shall be deemed to be the Fair Value of such property for the purpose of any notice to the Holders of Securities, (c) if any portion of such property constitutes Funded Property, an Expert's Certificate stating the Cost thereof (or, if the Fair Value to the Company of such portion of such property at the time the same became Funded Property was certified to be an amount less than the Cost thereof, then such Fair Value, as so certified, in lieu of Cost) and (d) if any portion of such property constitutes Funded Property, a deposit by the Company of an amount in cash equal to sixty-six and two-thirds percentum (66 2/3%) of the Cost or Fair Value stated in the Expert's Certificate delivered pursuant to clause (c) above; provided, however, that the amount required to be so deposited shall not exceed the portion of the net proceeds received or to be received for such property so taken or sold which is allocable on a pro-rata or other reasonable basis to the portion of such property constituting Funded Property; and provided, further, that no such deposit shall be required to be made hereunder if the proceeds of such taking or sale shall, as indicated in an Officer's Certificate delivered to the Trustee, have been deposited with the trustee or other holder of a Class A Mortgage or other Lien prior to the Lien of this Indenture. Any cash deposited with the Trustee under this Section may thereafter be withdrawn, used or applied in the manner, to the extent and for the purposes, and subject to the conditions, provided in Section 1806.

#### **SECTION 1808. Alternative Release Provision.**

Anything in this Indenture to the contrary notwithstanding, unless an Event of Default shall have occurred and be continuing, the Company may obtain the release of any part of the Mortgaged Property which is subject to the Lien of a Class A Mortgage, and the Trustee shall release all of its right, title and interest in and to the same from the Lien of this Indenture, by delivery to the Trustee of an Officer's Certificate stating that, to the knowledge of the signer, no Event of Default has occurred and is continuing, an Expert's Certificate as to the Fair Value of the property to be released and stating that, in the judgment of the signers, such release will not impair the security under this Indenture in contravention of the provisions hereof, and a copy of a release of such part of the Mortgaged Property from the Lien of such Class A Mortgage executed by the trustee thereunder; provided, however, that this Section shall not apply with respect to any release of Mortgaged Property from the Lien of any Class A Mortgage in connection with the discharge of such Class A Mortgage as contemplated by Section 1707.

#### **SECTION 1809. Disclaimer or Quitclaim.**

In case the Company has sold, exchanged, dedicated or otherwise disposed of, or has agreed or intends to sell, exchange, dedicate or otherwise dispose of, or a Governmental Authority has ordered the Company to divest itself of, any Excepted Property or any other property not subject to the Lien

hereof, or the Company desires to disclaim or quitclaim title to property to which the Company does not purport to have title, the Trustee shall, from time to time, disclaim or quitclaim such property upon receipt by the Trustee of the following:

(a) a Company Order requesting such disclaimer or quitclaim and transmitting therewith a form of instrument to effect such disclaimer or quitclaim;

(b) an Officer's Certificate describing the property to be disclaimed or quitclaimed; and

(c) an Opinion of Counsel stating the signer's opinion that such property is not subject to the Lien hereof or required to be subject thereto by any of the provisions hereof and complying with the requirements of Section 105 of this Indenture.

#### **SECTION 1810. Miscellaneous.**

(a) The Expert's Certificate as to the Fair Value of property to be released from the Lien of this Indenture in accordance with any provision of this Article, and as to the nonimpairment, by reason of such release, of the security under this Indenture in contravention of the provisions hereof, shall be made by an Independent Expert if the Fair Value of such property and of all other property released since the commencement of the then current calendar year, as set forth in the certificates required by this Indenture, is ten percent (10%) or more of the aggregate principal amount of the Securities at the time Outstanding; but such Expert's Certificate shall not be required to be made by an Independent Expert in the case of any release of property if the Fair Value thereof, as set forth in the certificates required by this Indenture, is less than Twenty-five Thousand Dollars (\$25,000) or less than one percent (1%) of the aggregate principal amount of the Securities at the time Outstanding. To the extent that the Fair Value of any property to be released from the Lien of this Indenture shall be stated in an Independent Expert's Certificate, such Fair Value shall not be required to be stated in any other Expert's Certificate delivered in connection with such release.

(b) No release of property from the Lien of this Indenture effected in accordance with the provisions, and in compliance with the conditions, set forth in this Article and in Sections 105 and 106 shall be deemed to impair the security of this Indenture in contravention of any provision hereof.

(c) If the Mortgaged Property shall be in the possession of a receiver or trustee, lawfully appointed, the powers hereinbefore conferred upon the Company with respect to the release of any part of the Mortgaged Property or any interest therein or the withdrawal of cash may be exercised, with the approval of the Trustee, by such receiver or trustee, notwithstanding that an Event of Default may have occurred and be continuing, and any request, certificate, appointment or approval made or signed by such receiver or trustee for such purposes shall be as effective as if made by the Company or any of its officers or appointees in the manner herein provided; and if the Trustee shall be in possession of the Mortgaged Property under any provision of this Indenture, then such powers may be exercised by the Trustee in its discretion notwithstanding that an Event of Default may have occurred and be continuing.

(d) If the Company shall retain any interest in any property released from the Lien of this Indenture as provided in Section 1803, 1804 or 1805, this Indenture shall not become or be, or be required to become or be, a Lien upon such property or such interest therein or any improvements, extensions or additions to such property or renewals, replacements or substitutions of or for such property or any part or

parts thereof unless the Company shall execute and deliver to the Trustee an indenture supplemental hereto, in recordable form, containing a grant, conveyance, transfer and mortgage thereof. As used in this subsection, the terms “improvements”, “extensions” and “additions” shall be limited as set forth in Section 1201.

(e) Notwithstanding the occurrence and continuance of an Event of Default, the Trustee, in its discretion, may release from the Lien hereof any part of the Mortgaged Property or permit the withdrawal of cash, upon compliance with the other conditions specified in this Article in respect thereof.

(f) No purchaser or grantee of property purporting to have been released hereunder shall be bound to ascertain the authority of the Trustee to execute the instrument or instruments of release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Article to be sold, granted, exchanged, dedicated or otherwise disposed of, be under obligation to ascertain or inquire into the authority of the Company to make any such sale, grant, exchange, dedication or other disposition.

#### **SECTION 1811. Establishment of the Release Date.**

The date upon which the Lien of this Indenture shall be discharged, canceled, terminated or satisfied (the “Release Date”) shall be deemed to occur for all purposes under this Indenture upon the date chosen by the Company and specified in a Company Order delivered to the Trustee, which date shall not be earlier than the date of delivery by the Company to the Trustee of the following:

(a) A Company Order requesting execution and delivery by the Trustee of a supplemental indenture and such instruments as the Company may deem necessary or desirable to discharge, cancel, terminate or satisfy the Lien of this Indenture;

(b) An Officer’s Certificate stating that:

(i) To the knowledge of the signer, no Event of Default has occurred and is continuing; and

(ii) All Class A Mortgages have been satisfied and discharged;

(c) Any other documents required by the terms of any then Outstanding Securities; and

(d) An Opinion of Counsel to the effect that none of the Company’s Electric Utility Property, other than Excepted Property, is subject to any Lien other than the Lien of this Indenture and Permitted Liens.

Upon the occurrence of a Release Date, the Trustee shall execute and deliver to the order of the Company the supplemental indenture and instruments described above to discharge, cancel, terminate or satisfy the Lien of this Indenture.

#### **SECTION 1812. Preservation of Lien.**

Until the Release Date, the Company shall maintain and preserve the Lien of this Indenture so long as any Securities shall remain Outstanding, subject, however, to the provisions of Article Eighteen and Article Thirteen.

#### **SECTION 1813. Maintenance of Properties.**

Until the Release Date, the Company shall cause (or, with respect to property owned in common with others, make reasonable effort to cause) the Mortgaged Property, considered as a whole, to be maintained and kept in good condition, repair and working order and shall cause (or, with respect to property owned in common with others, make reasonable effort to cause) to be made such repairs, renewals, replacements, betterments and improvements thereof, as, in the judgment of the Company, may be necessary in order that the operation of the Mortgaged Property, considered as a whole, may be conducted in accordance with common industry practice; provided, however, that nothing in this Section shall prevent the Company from discontinuing, or causing the discontinuance of, the operation and maintenance of any portion of the Mortgaged Property if such discontinuance is in the judgment of the Company desirable in the conduct of its business; and provided, further, that nothing in this Section shall prevent the Company from selling, transferring or otherwise disposing of, or causing the sale, transfer or other disposition of, any portion of the Mortgaged Property in compliance with the other Articles of this Indenture.

#### **SECTION 1814. Payment of Taxes; Discharge of Liens.**

Until the Release Date, the Company shall pay all taxes and assessments and other governmental charges lawfully levied or assessed upon the Mortgaged Property, or upon any part thereof, or upon the interest of the Trustee in the Mortgaged Property, before the same shall become delinquent, and shall observe and conform in all material respects to all valid requirements of any Governmental Authority relative to the Mortgaged Property and all covenants, terms and conditions upon or under which any of the Mortgaged Property is held; and the Company shall not suffer any Lien to be created upon the Mortgaged Property, or any part thereof, prior to the Lien hereof, other than Permitted Liens and the Liens of Class A Mortgages and other than, in the case of property hereafter acquired, Purchase Money Liens and any other Liens existing or placed thereon at the time of the acquisition thereof (including, but not limited to, the Lien of any Class A Mortgage); provided, however, that nothing in this Section contained shall require the Company (i) to observe or conform to any requirement of Governmental Authority or to cause to be paid or discharged, or to make provision for, any such Lien, or to pay any such tax, assessment or governmental charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, (ii) to pay, discharge or make provisions for any tax, assessment or other governmental charge, the validity of which shall not be so contested if adequate security for the payment of such tax, assessment or other governmental charge and for any penalties or interest which may reasonably be anticipated from failure to pay the same shall be given to the Trustee or (iii) to pay, discharge or make provisions for any Liens existing on the Mortgaged Property at the Execution Date; and provided, further, that nothing in this Section shall prohibit the issuance or other incurrence of additional indebtedness, or the refunding of outstanding indebtedness, secured by any Lien prior to the Lien hereof which is permitted under this Section to continue to exist.



## **SECTION 1815. Insurance.**

(a) Until the Release Date, the Company shall (i) keep or cause to be kept all the property subject to the Lien of this Indenture insured against loss by fire, to the extent that property of similar character is usually so insured by companies similarly situated and operating like properties, to a reasonable amount, by reputable insurance companies, the proceeds of such insurance (except as to any loss of Excepted Property and except as to any particular loss less than the greater of (A) Ten Million Dollars (\$10,000,000) and (B) three percent (3%) of the sum of (1) the principal amount of Securities Outstanding on the date of such particular loss and (2) the principal amount of the Class A Bonds Outstanding on the date of such particular loss, other than Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701) to be made payable, subject to applicable law, to the Trustee as the interest of the Trustee may appear, to the trustee of a Class A Mortgage, or to the trustee or other holder of any other Lien prior hereto upon property subject to the Lien hereof, if the terms thereof require such payment or (ii) in lieu of or supplementing such insurance in whole or in part, adopt some other method or plan of protection against loss by fire at least equal in protection to the method or plan of protection against loss by fire of companies similarly situated and operating properties subject to similar fire hazards or properties on which an equal primary fire insurance rate has been set by reputable insurance companies; and if the Company shall adopt such other method or plan of protection, it shall, subject to applicable law (and except as to any loss of Excepted Property and except as to any particular loss less than the greater of (X) Ten Million Dollars (\$10,000,000) and (Y) three percent (3%) of the sum of (1) the principal amount of Securities Outstanding on the date of such particular loss and (2) the principal amount of the Class A Bonds Outstanding on the date of such particular loss, other than Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701) pay to the Trustee on account of any loss covered by such method or plan an amount in cash equal to the amount of such loss less any amounts otherwise paid to the Trustee in respect of such loss or paid to the trustee under a Class A Mortgage or to the trustee or other holder of any other Lien prior hereto upon property subject to the Lien hereof in respect of such loss if the terms thereof require such payment. Any cash so required to be paid by the Company pursuant to any such method or plan shall for the purposes of this Indenture be deemed to be proceeds of insurance. In case of the adoption of such other method or plan of protection, the Company shall furnish to the Trustee a certificate of an actuary or other qualified person appointed by the Company with respect to the adequacy of such method or plan.

Anything herein to the contrary notwithstanding, the Company may have fire insurance policies with (i) a deductible provision in a dollar amount per occurrence not exceeding the greater of (A) Ten Million Dollars (\$10,000,000) and (B) three percent (3%) of the sum of (1) the principal amount of the Securities Outstanding on the date such policy goes into effect and (2) the principal amount of the Class A Bonds Outstanding on the date such policy goes into effect, other than Class A Bonds delivered to and held by the Trustee pursuant to Sections 1602 and 1701, and/or (ii) co-insurance or self insurance provisions with a dollar amount per occurrence not exceeding thirty percent (30%) of the loss proceeds otherwise payable; provided, however, that the dollar amount described in clause (i) above may be exceeded to the extent such dollar amount per occurrence is below the deductible amount in effect as to fire insurance (X) on property of similar character insured by companies similarly situated and operating like property or (Y) on property as to which an equal primary fire insurance rate has been set by reputable insurance companies.

(b) All moneys paid to the Trustee by the Company in accordance with this Section or received by the Trustee as proceeds of any insurance, in either case on account of a loss on or with respect

to Funded Property, shall, subject to the requirements of any Class A Mortgage or other Lien prior hereto upon property subject to the Lien hereof, be held by the Trustee and, subject as aforesaid, shall be paid by it to the Company to reimburse the Company for an equal amount expended or committed for expenditure in the rebuilding, renewal and/or replacement of or substitution for the property destroyed or damaged, upon receipt by the Trustee of:

- (i) a Company Request requesting such payment,
- (ii) an Expert's Certificate:

(A) describing the property so damaged or destroyed;

(B) stating the Cost of such property (or, if the Fair Value to the Company of such property at the time the same became Funded Property was certified to be an amount less than the Cost thereof, then such Fair Value, as so certified, in lieu of Cost) or, if such damage or destruction shall have affected only a portion of such property, stating the allocable portion of such Cost or Fair Value;

(C) stating the amounts so expended or committed for expenditure in the rebuilding, renewal, replacement of and/or substitution for such property; and

(D) stating the Fair Value to the Company of such property as rebuilt or renewed or as to be rebuilt or renewed and/or of the replacement or substituted property, and if

(a) within six months prior to the date of acquisition thereof by the Company, such property has been used or operated, by a person or persons other than the Company, in a business similar to that in which it has been or is to be used or operated by the Company, and

(b) the Fair Value to the Company of such property as set forth in such Expert's Certificate is not less than Twenty-five Thousand Dollars (\$25,000) and not less than one percent (1%) of the aggregate principal amount of the Securities at the time Outstanding,

the Expert making the statement required by this clause (D) shall be an Independent Expert, and

(iii) an Opinion of Counsel stating that, in the opinion of the signer, the property so rebuilt or renewed or to be rebuilt or renewed, and/or the replacement property, is or will be subject to the Lien hereof to the same extent as was the property so destroyed or damaged.

Any such moneys not so applied within thirty-six (36) months after its receipt by the Trustee, or in respect of which notice in writing of intention to apply the same to the work of rebuilding, renewal, replacement or substitution then in progress and uncompleted shall not have been given to the Trustee by the Company within such thirty-six (36) months, or which the Company shall at any time notify

the Trustee is not to be so applied, shall thereafter be withdrawn, used or applied in the manner, to the extent and for the purposes, and subject to the conditions, provided in Section 1806; provided, however, that if the amount of such moneys shall exceed sixty-six and two-thirds percentum (66 2/3%) of the amount stated pursuant to clause (B) in the Expert's Certificate referred to above, the amount of such excess shall not be deemed to be Funded Cash, shall not be subject to Section 1806 and shall be remitted to or upon the order of the Company upon the withdrawal, use or application of the balance of such moneys pursuant to Section 1806.

Anything in this Indenture to the contrary notwithstanding, if property on or with respect to which a loss occurs constitutes Funded Property in part only, the Company may, at its election, obtain the reimbursement of insurance proceeds attributable to the part of such property which constitutes Funded Property under this subsection (b) and obtain the reimbursement of insurance proceeds attributable to the part of such property which does not constitute Funded Property under subsection (c) of this Section 1815.

(c) All moneys paid to the Trustee by the Company in accordance with this Section or received by the Trustee as proceeds of any insurance, in either case on account of a loss on or with respect to property which does not constitute Funded Property, shall, subject to the requirements of any Class A Mortgage or other Lien prior hereto upon property subject to the Lien hereof, be held by the Trustee and, subject as aforesaid, shall be paid by it to the Company upon receipt by the Trustee of:

- (i) a Company Request requesting such payment;
- (ii) an Expert's Certificate stating:

(A) that such moneys were paid to or received by the Trustee on account of a loss on or with respect to property which does not constitute Funded Property; and

(B) if true, either (I) that the aggregate amount of the Cost or Fair Value to the Company (whichever is less) of all Property Additions which do not constitute Funded Property (excluding, to the extent of such loss, the property on or with respect to which such loss was incurred), after making deductions therefrom and additions thereto of the character contemplated by Section 104, is not less than zero (0) or (II) that the amount of such loss does not exceed the aggregate Cost or Fair Value to the Company (whichever is less) of Property Additions acquired, made or constructed on or after the ninetieth (90th) day prior to the date of the Company Request requesting such payment; or

(C) if neither of the statements contemplated in subclause (B) above can be made, the amount by which zero (0) exceeds the amount referred to in subclause (B)(I) above (showing in reasonable detail the calculation thereof); and

(iii) if the Expert's Certificate required by clause (ii) above contains neither of the statements contemplated in clause (ii)(B) above, an amount in cash, to be held by the Trustee as part of the Mortgaged Property, equal to the amount shown in clause (ii)(C) above.



To the extent that the Company shall be entitled to withdraw proceeds of insurance pursuant to this subsection (c), such proceeds shall be deemed not to constitute Funded Cash.

(d) Whenever under the provisions of this Section the Company is required to deliver moneys to the Trustee and at the same time shall have satisfied the conditions set forth herein for payment of moneys by the Trustee to the Company, there shall be paid to or retained by the Trustee or paid to the Company, as the case may be, only the net amount.

(e) Upon the occurrence of the Release Date, this Section shall cease to be in effect and the Trustee shall promptly return to the Company all moneys held by the Trustee pursuant to this Section.

#### **SECTION 1816. Recording, Filing, etc.**

Until the Release Date, the Company shall cause this Indenture and all indentures and instruments supplemental hereto (or notices, memoranda or financing statements as may be recorded or filed to place third parties on notice thereof) to be promptly recorded and filed and re-recorded and re-filed in such manner and in such places, as may be required by law in order fully to preserve and protect the security of the Holders of the Securities and all rights of the Trustee, and shall furnish to the Trustee:

(a) promptly after the execution and delivery of this Indenture and of each supplemental indenture, an Opinion of Counsel either stating that in the opinion of such counsel this Indenture or such supplemental indenture (or any other instrument, resolution, certificate, notice, memorandum or financing statement in connection therewith) has been properly recorded and filed, so as to make effective the Lien intended to be created hereby or thereby, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such Lien effective. The Company shall be deemed to be in compliance with this subsection (a) if (i) the Opinion of Counsel herein required to be delivered to the Trustee shall state that this Indenture or such supplemental indenture (or any other instrument, resolution, certificate notice, memorandum or financing statement in connection therewith) has been received for record or filing in each jurisdiction in which it is required to be recorded or filed and that, in the opinion of such counsel (if such is the case), such receipt for record or filing makes effective the Lien intended to be created by this Indenture or such supplemental indenture, and (ii) such opinion is delivered to the Trustee within such time, following the Execution Date or such supplemental indenture, as shall be practicable having due regard to the number and distance of the jurisdictions in which this Indenture or such supplemental indenture (or such other instrument, resolution, certificate, notice, memorandum or financing statement in connection therewith) is required to be recorded or filed; and

(b) on or before December 1 of each year, beginning December 1, 2001, an Opinion of Counsel stating either (i) that in the opinion of such counsel such action has been taken, since the date of the most recent Opinion of Counsel furnished pursuant to this subsection (b) or the first Opinion of Counsel furnished pursuant to subsection (a) of this Section, with respect to the recording, filing, re-recording, and re-filing of this Indenture and of each indenture supplemental to this Indenture (or any other instrument, resolution, certificate, notice, memorandum or financing statement in connection therewith), as is necessary to maintain the effectiveness of the Lien hereof, and reciting the details of such action, or (ii) that in the opinion of such counsel no such action is necessary to maintain the effectiveness of such Lien.

Until the Release Date, the Company shall execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as may be necessary or proper to carry

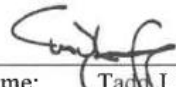
out the purposes of this Indenture and to make subject to the Lien hereof any property hereafter acquired, made or constructed and intended to be subject to the Lien hereof, and to transfer to any new trustee or trustees or co-trustee or co-trustees, the estate, powers, instruments or funds held in trust hereunder.

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This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

PPL ELECTRIC UTILITIES CORPORATION

By:   
Name: Todd J. Henninger  
Title: Senior Vice President and Treasurer

[SEAL]

ATTEST:

  
Secretary



THE BANK OF NEW YORK MELLON,  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

[SEAL]

ATTEST

\_\_\_\_\_  
Trust Officer

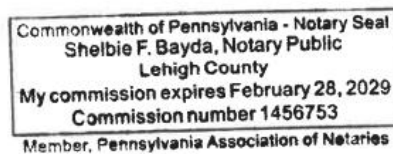
COMMONWEALTH OF PENNSYLVANIA )  
 ) ss.:  
COUNTY OF LEHIGH )

On this 25<sup>th</sup> day of September, 2025, before me, a notary public, the undersigned officer, personally appeared Tadd J. Henninger, who acknowledged himself to be the Senior Vice President and Treasurer of PPL ELECTRIC UTILITIES CORPORATION, a corporation of the Commonwealth of Pennsylvania and that he, as such Senior Vice President and Treasurer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Senior Vice President and Treasurer.

In witness whereof, I hereunto set my hand and official seal.

By: Shelbie F. Bayda

NOTARIAL SEAL



IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

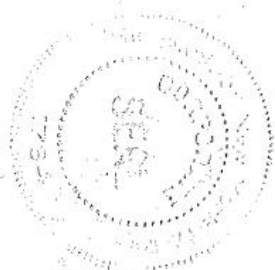
PPL ELECTRIC UTILITIES CORPORATION

By: \_\_\_\_\_  
Name: Tadd J. Henninger  
Title: Senior Vice President and Treasurer

[SEAL]

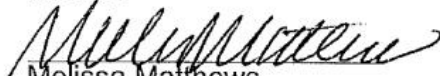
ATTEST:

\_\_\_\_\_  
Secretary

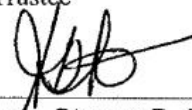


[SEAL]

ATTEST

  
Melissa Matthews  
Trust Officer

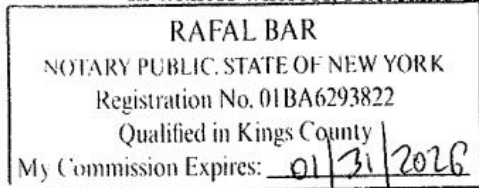
THE BANK OF NEW YORK MELLON,  
as Trustee

By:  \_\_\_\_\_  
Name: Stacey B. Poindexter  
Title: Vice President

STATE OF NEW YORK     )  
  ) ss.:  
COUNTY OF NEW YORK    )

On this 15<sup>th</sup> day of September, 2025, before me, a notary public, the undersigned officer, personally appeared Stacey B. Poindexter, who acknowledged himself/herself to be a Vice President of THE BANK OF NEW YORK MELLON, a corporation and that he/she, as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Vice President.

In witness whereof, I hereunto set my hand and official seal.



By: Rafal Bar  
Notary Public, State of New York

The Bank of New York Mellon, hereby certifies that its precise name and address as Trustee hereunder are:

The Bank of New York Mellon

240 Greenwich Street  
New York, New York 10286  
Attn: Corporate Trust Administration

THE BANK OF NEW YORK MELLON

By: [Signature]  
Vice President

**Description of Real Property that is Mortgaged Property as of the Execution Date**

All real property owned by PPL Electric Utilities Corporation (the “Company”) on the Execution Date (as defined in the Indenture), other than Excepted Property (as defined in the Indenture).

The Mortgaged Property that is real property is identified by reference to the Grantee Index and the Grantor Index kept in each county in which the Company owns real property and by the uniform parcel identifier in those of such counties that have adopted the uniform parcel identifier system.

The Mortgaged Property includes all real property owned by the Company on the Execution Date and recorded on or before the Execution Date under any of the following names:

- PPL Electric Utilities Corporation,
- Pennsylvania Power & Light Company or
- PP&L, Inc.

in the following counties of the Commonwealth of Pennsylvania:

ADAMS  
ARMSTRONG  
BEDFORD  
BERKS  
BLAIR  
BUCKS  
CAMBRIA  
CARBON  
CENTRE  
CHESTER  
CLINTON  
COLUMBIA  
CUMBERLAND  
DAUPHIN  
FRANKLIN  
HUNTINGDON  
INDIANA  
JUNIATA  
LACKAWANNA

LANCASTER  
LEBANON  
LEHIGH  
LUZERNE  
LYCOMING  
MONROE  
MONTGOMERY  
MONTOUR  
NORTHAMPTON  
NORTHUMBERLAND  
PERRY  
PIKE  
SCHUYLKILL  
SNYDER  
SUSQUEHANNA  
UNION  
WAYNE  
WESTMORELAND  
WYOMING  
YORK

other than Excepted Property.

Mortgaged Property does not include any real property that was transferred by the Company prior to the Execution Date even if the transfer is recorded after the Execution Date.



**MODIFICATIONS OF CLASS A MORTGAGES**

1. The deletion of any provisions in any Class A Mortgage limiting the payment of dividends or distributions on the common stock of the Company or purchases of the Company's common stock, including the deletion of Section 39(III) of the PPL 1945 Mortgage and all references thereto.
2. The deletion of any provisions in any Class A Mortgage that require a sale, exchange or other disposition, or an agreement to sell, exchange or dispose, of property to be released from the Lien of a Class A Mortgage, including the deletion of the text of clause (a) of subdivision (3) of the first paragraph of Section 59 of the PPL 1945 Mortgage.
3. The modification of any provisions in any Class A Mortgage that require insurance proceeds or other payments be paid to the trustee under such Class A Mortgage in case of any loss so that such proceeds or payments need not be paid to such trustee with respect to any loss less than the greater of (A) Ten Million Dollars (\$10,000,000) and (B) three percent (3%) of the sum of (1) the principal amount of Securities Outstanding on the date of such particular loss and (2) the principal amount of the Class A Bonds Outstanding on the date of such particular loss, other than Class A Bonds delivered to and held by the Trustee under the Indenture.
4. The modification of any Class A Mortgage to provide that the term "corporation" as used in such Class A Mortgage shall mean "corporation, limited liability company, partnership, or trust or other legal entity" and to provide that any provision requiring the Company to maintain its "corporate existence" shall be not be interpreted to prevent the Company from changing from a corporation, limited liability company, partnership, trust or other legal entity to a corporation, limited liability company, a partnership, a trust or any other legal entity, including, but not limited to, Sections 35, 41, 84, 85, 86, 87, 99 and 105 of the PPL 1945 Mortgage. Any provision of such Class A Mortgage referring to "stockholders", or any class of stockholders, shall be deemed to include comparable members if the Company becomes a limited liability company, or the owners of comparable equity interests in the Company if the Company becomes another type of legal entity.
5. The modification of any provision in any Class A Mortgage that requires the computation of the annual interest requirements for any series of bonds that bears interest at a variable rate shall be computed as follows:
  - a. By multiplying the principal amount of such bonds outstanding on the date of the certificate or opinion containing such computation by the average annual rate in effect for such series during the period (or any portion thereof in which bonds of such series were outstanding) being used for the calculation of adjusted net earnings if such bonds were outstanding during such period;
  - b. By multiplying the principal amount of such bonds outstanding or applied for on the date of the certificate or opinion containing such computation by the initial interest rate upon issuance if such bonds were or are to be issued after the period being used for the calculation of adjusted net earnings.
6. The deletion of any provision in any Class A Mortgage that requires a net earnings test or net earnings certificate as a condition precedent to the issuance or authentication of Class A Bonds under such Class A Mortgage.

## SCHEDULE A – Securities Issued Hereunder

<b>Supplemental Indenture No.</b>	<b>Dated as of</b>	<b>Series</b>	<b>Series Designation</b>	<b>Principal Amount Authorized</b>	<b>Principal Amount Issued</b>	<b>Principal Amount Outstanding<sup>1</sup></b>
1	August 1, 2001	First	Senior Secured Bonds, 5 7/8% Series due 2007	\$300,000,000	\$300,000,000	None
1	August 1, 2001	Second	Senior Secured bonds, 6 1/4% Series due 2009	\$500,000,000	\$500,000,000	None
2	February 1, 2003	Third	Senior Secured Bonds, 3.125% Pollution Control Series due 2008	\$90,000,000	\$90,000,000	None
3	May 1, 2003	Fourth	Senior Secured Bonds, 4.30% Series due 2013	\$100,000,000	\$100,000,000	None
4	February 1, 2005	Fifth	Senior Secured Bonds, 4.70% Pollution Control Series due 2029	\$115,500,000	\$115,500,000	None
5	May 1, 2005	Sixth	Senior Secured Bonds, 4.75% Pollution Control Series due 2027	\$108,250,000	\$108,250,000	None
6	December 1, 2005	Seventh	Senior Secured Bonds, 4.95% Series due 2015	\$100,000,000	\$100,000,000	None
6	December 1, 2005	Eighth	Senior Secured Bonds, 5.15% Series due 2020	\$100,000,000	\$100,000,000	None
7	August 1, 2007	Ninth	Senior Secured Bonds, 6.45% Series due 2037	\$250,000,000	\$250,000,000	\$250,000,000
8	October 1, 2008	Tenth	Senior Secured Bonds, 7.125% Series due 2013	\$400,000,000	\$400,000,000	None
9	October 1, 2008	Eleventh	Senior Secured Bonds, Variable Rate Pollution Control Series 2008	\$90,000,000	\$90,000,000	None
10	May 1, 2009	Twelfth	First Mortgage Bonds, 6.25% Series due 2039	\$300,000,000	\$300,000,000	\$300,000,000
11	July 1, 2011 <sup>2</sup>	—	—	—	—	—
12	July 1, 2011	Thirteenth	First Mortgage Bonds, 5.20% Series due 2041	\$250,000,000	\$250,000,000	\$250,000,000
13	August 1, 2011	Fourteenth	First Mortgage Bonds, 3.00% Series due 2021	\$400,000,000	\$400,000,000	None
14	August 1, 2012	Fifteenth	First Mortgage Bonds, 2.50% Series due 2022	\$250,000,000	\$250,000,000	None
15	July 1, 2013	Sixteenth	First Mortgage Bonds, 4.75% Series due 2043	\$350,000,000	\$350,000,000	\$350,000,000
16	June 1, 2014	Seventeenth	First Mortgage Bonds, 4.125% Series due 2044	\$300,000,000	\$300,000,000	\$300,000,000

<sup>1</sup> As of September 15, 2025.

<sup>2</sup> Supplemental Indenture No. 11 provided for certain amendments to the Original Indenture and did not provide for the establishment of any series of Securities.

17	October 1, 2015	Eighteenth	First Mortgage Bonds, 4.15% Series due 2045	\$350,000,000	\$350,000,000	\$350,000,000
18	March 1, 2016	Nineteenth	First Mortgage Bonds, Pollution Control Series 2016A	\$115,500,000	\$115,500,000	\$115,500,000
18	March 1, 2016	Twentieth	First Mortgage Bonds, Pollution Control Series 2016B	\$108,250,000	\$108,250,000	\$108,250,000
19	May 1, 2017	Twenty-First	First Mortgage Bonds, 3.950% Series due 2047	\$475,000,000	\$475,000,000	\$475,000,000
20	June 1, 2018	Twenty-Second	First Mortgage Bonds, 4.15% Series due 2048	\$400,000,000	\$400,000,000	\$400,000,000
21	September 1, 2019	Twenty-Third	First Mortgage Bonds, 3.00% Series due 2049	\$400,000,000	\$400,000,000	\$400,000,000
22	September 15, 2020	Twenty-Fourth	First Mortgage Bonds, Floating Rate Series due 2023	\$250,000,000	\$250,000,000	None
23	June 15, 2021	Twenty-Fifth	First Mortgage Bonds, Floating Rate Series due 2024	\$650,000,000	\$650,000,000	None
24	March 1, 2023	Twenty-Sixth	First Mortgage Bonds, 5% Series due 2033	\$600,000,000	\$600,000,000	\$600,000,000
24	March 1, 2023	Twenty-Seventh	First Mortgage Bonds, 5.25% Series due 2053	\$750,000,000	\$750,000,000	\$750,000,000
25	January 1, 2024	Twenty-Eighth	First Mortgage Bonds, 4.85% Series due 2034	\$650,000,000	\$650,000,000	\$650,000,000
26	August 1, 2025	Twenty-Ninth	First Mortgage Bonds, 5.55% Series due 2055	\$500,000,000	\$500,000,000	\$500,000,000



**PPL  
EXECUTIVE DEFERRED COMPENSATION PLAN**

**AMENDED AND RESTATED  
EFFECTIVE JANUARY 1, 2025**

**PPL**  
**EXECUTIVE DEFERRED COMPENSATION PLAN**  
**(Amended and Restated January 1, 2025)**

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## **ARTICLE I**

### **PURPOSE**

PPL Services Corporation ("PPL" or the "Company") sponsors and maintains this PPL Executive Deferred Compensation Plan (the "Plan") for the benefit of certain executive officers, senior management employees and eligible highly compensated employees of PPL and other Participating Companies. The purpose of this Plan is to provide eligible employees a financially advantageous method to defer earned income.

This Plan received account balances from the terminated PPL Montana Officers Deferred Compensation Plan and the terminated PPL Global Officers Deferred Compensation Plan, effective November 1, 2003, by reason of the merger of those two terminated plans into this Plan as of that date.

The Plan was originally effective July 1, 1985, and is restated effective January 1, 2025 to incorporate all amendments to that date and to add the following entities as Participating Companies: Kentucky Utilities Company, LG&E and KU Services Company, and Louisville Gas and Electric Company.

## **ARTICLE II**

### **DEFINITIONS**

**“Account”** means a bookkeeping account representing the total of all amounts credited for the benefit of a Participant under the Plan. A Participant’s Account tracks the amount of Deferred Base Compensation, Deferred Cash Awards, and Deferred Company Contributions. An Account may also include the balance of any account from the PPL Global Officers Deferred Compensation Plan and/or the PPL Montana Officers Deferred Compensation Plan as of the date those Plans were terminated and merged into this Plan. Each Account will have sub-accounts for each Plan Year a Participant participates in the Plan for (i) Deferred Base Compensation, (ii) Deferred Cash Awards, and (iii) Deferred Company Contributions. Each Account will classify each sub-account as either Pre-2005 Amounts or Post-2004 Amounts. Reference to an Account means any Account, sub-account or all Accounts and sub-accounts, as the context requires.

**“Affiliated Company” or “Affiliated Companies”** means any parent or subsidiaries of PPL (or companies under common control with PPL) that are members of the same controlled group of corporations (within the meaning of Code Section 1563(a)) as PPL or which are under common control with PPL (within the meaning of Code Section 414(c)).

**“Base Compensation”** means Cash Compensation other than a Cash Award.

**“Beneficiary”** means any person, trust or other entity designated by a Participant as the party who is or may become entitled to receive a benefit under the Plan upon the Participant’s death.

**“Cash Award”** means annual short-term incentive pay.

**“Cash Compensation”** means eligible compensation as defined under the applicable Savings Plan but excluding any overtime pay and without regard to any Code Section 401(a)(17) limit.

**“CLC”** means Corporate Leadership Council, the members of which are named by the Chairman and Chief Executive Officer of PPL Corporation.

**“Code”** means the Internal Revenue Code of 1986, as amended from time to time.

**“Deferral Election”** means an election made and filed by a Participant, in the form and manner prescribed by the CLC, specifying the amount of the Participant’s Base Compensation and/or Cash Award to be deferred, the Participant’s deemed investment elections, and the payment timing and form applicable to those deferral elections.

**“Deferred Base Compensation”** means the Base Compensation of a Participant deferred under this Plan.

**“Deferred Cash Award”** means the Cash Award of a Participant deferred under this Plan.

**“Deferred Company Contributions”** means Matching Contributions and/or Employer Contributions credited to a Participant’s Account under this Plan.

**“Deferred Compensation”** means Deferred Base Compensation and/or Deferred Cash Award.



**“Disability” or “Disabled”** means a Participant who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's employer.

**“Eligible Employee”** means any employee of a Participating Company in career levels T1, T2, P6, M4 or M5. Notwithstanding the foregoing to the contrary, any employee of a Participating Company in career level P5 who elected to defer Cash Compensation in 2023 will remain an Eligible Employee if the employee remains employed with a Participating Company in career level P5 or any other eligible career level. For purposes of the annual Base Compensation deferral window, whether an individual, other than an employee in career levels T1 and T2, qualifies as an Eligible Employee will be determined by the October 15<sup>th</sup> immediately preceding the deferral window.

**“Employer Contributions”** means the company contributions credited to a Participant's Account under this Plan pursuant to Section 3.3.

**“ESOP”** means the PPL Employee Stock Ownership Plan.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time.

**“Matching Contribution”** means the company contributions credited to a Participant's Account pursuant to Section 3.2.

**“Participant”** means an Eligible Employee who has executed a Deferral Election and returned it to the CLC as provided in Section 3.1 or who becomes eligible for a Deferred Company Contribution or any other person with an Account, regardless of whether the individual continues to be an Eligible Employee.

**“Participating Company”** means PPL and any other Affiliated Company that is designated by the Board of Directors of PPL. Participating Companies are listed in Appendix A.

**“Plan”** means this PPL Executive Deferred Compensation Plan as set forth herein and as hereafter amended from time to time.

**“Plan Year”** means the accounting year of the Plan, which is the twelve-consecutive month period commencing on each January 1 and ending on the following December 31.

**“Post-2004 Amount”** means the Participant's Account attributable to Deferred Compensation and Deferred Company Contributions after December 31, 2004, plus applicable earnings.

**“Pre-2005 Amount”** means the Participant's Account as of December 31, 2004, plus applicable earnings.

**“PPL”** means PPL Services Corporation.

**“PPL Corporation”** means PPL Corporation.

**“Savings Plan”** means any qualified defined contribution retirement plan with a 401(k) arrangement sponsored by a Participating Company, each as amended from time to time, as applicable with respect to each Participant at the relevant time.

**“Section 409A”** means Section 409A of the Code, as amended, and the final Treasury Regulations issued thereunder.

**“Separation from Service”** means a “separation from service” as defined in Section 409A.

**“SERP”** means the PPL Supplemental Executive Retirement Plan.

**“Unforeseeable Emergency”** means an “unforeseeable emergency” as defined in Section 409A.

**ARTICLE III**  
**DEFERRAL ELECTION; COMPANY CONTRIBUTIONS**

**3.1 Deferral Elections**

An Eligible Employee may elect to participate for each Plan Year by making a Deferral Election within the time periods prescribed below.

(a) Base Compensation. To be effective for a Plan Year, a Deferral Election to defer a portion of Base Compensation must be returned by the deadline set by the CLC, which in no event will be later than the December 31 immediately preceding the applicable Plan Year. All Deferral Elections are irrevocable for the Plan Year for which the Deferral Election is made and cannot be changed or revoked after the deadline set by the CLC, which in no event will be later than the December 31 immediately preceding the Plan Year except as otherwise provided in the Plan.

(b) Cash Awards. An irrevocable Deferral Election to defer a portion of a Cash Award may be made on or before June 30 of the performance period, i.e., the calendar year a Participant performs services for a Participating Company to which the Cash Award relates, if:

(1) the individual is an Eligible Employee and performs services continuously from the later of (a) the beginning of the performance period or (b) the date the performance criteria are established through the date an election is made under this subsection;

(2) the individual becomes an Eligible Employee no later than May 15 of the applicable performance period; and

(3) the Cash Award has not become readily ascertainable.

(c) First Year Eligibility. An Eligible Employee who first becomes eligible to participate in the Plan during a Plan Year due to becoming designated as an employee in career levels T1 or T2, may make a Deferral Election within thirty (30) days after the designation to defer Base Compensation that will be paid for services to be performed after the election. If an Eligible Employee first becomes eligible to participate in the Plan during a Plan Year for a reason other than becoming designated as an employee in career levels T1 or T2, they may make a Deferral Election to defer Base Compensation pursuant to subsection (a) above. An Eligible Employee who first becomes eligible to participate in the Plan during a Plan Year may make a Deferral Election as to a Cash Award if eligible under and pursuant to subsection (b) above.

(d) Form and Time of Payment. A Deferral Election will provide the Eligible Employee with the opportunity to elect the following with regard to the applicable Plan Year's deferrals and associated Deferred Company Contributions: (i) the time and form of payment upon their Separation from Service, (ii) the form of payment upon their becoming Disabled but without incurring a Separation from Service, and (iii) the time and form of payment on a specified date, which must be at least twelve (12) months after the Deferral Election becomes irrevocable. A Participant may elect a different payment form for each payment event specified above.

### **3.2 Matching Contributions**

If an Eligible Employee contributes Deferred Compensation for the Plan Year, the Eligible Employee will also receive a Matching Contribution amount based on the amount of their Deferred Compensation and the matching contribution formula the Eligible Employee is eligible for under the applicable Savings Plan.

### **3.3 Employer Contributions**

If an Eligible Employee is eligible to receive a nonelective employer contribution under the applicable Savings Plan, the Eligible Employee will receive an Employer Contribution based on the same percentage provided under the applicable Savings Plan of the Eligible Employee's Cash Compensation paid for the Plan Year minus the amount of the nonelective employer contribution made to the Eligible Employee's account in the applicable Savings Plan for that Plan Year.

## **ARTICLE IV**

### **ACCOUNT**

#### **4.1 Accounts**

All Deferred Compensation and Deferred Company Contributions, plus applicable earnings, will be credited to a Participant's Account.

#### **4.2 Investment of Accounts**

The portion of a Participant's Account maintained in dollars will be deemed to be invested in the investment options selected by the Participant, in the percentages elected by the Participant for each Account. The CLC will determine and communicate to Participants the investment options available under the Plan. If a Participant fails to make an investment election, their Account(s) will be deemed to be invested in the qualified default investment alternative (QDIA) for the Savings Plan in which the Participant is eligible at that time. The Account(s) will be adjusted to reflect the earnings, gains and losses, reduced by any allocable costs or expenses, such Account(s) would have experienced had it actually been invested in the specific funds at the relevant times.

Participants may change their deemed investment elections under the Plan in the form and manner prescribed by the CLC. The Company is not obligated to actually invest any assets in the investment funds selected by the Participant.

## **ARTICLE V**

### **PAYMENT OF ACCOUNT**

#### **5.1 Time of Payment**

(a) Pre-2005 Amounts. Payments for Pre-2005 Amounts will commence immediately when the Participant's employment with a Participating Company terminates for any reason, including retirement.

(b) Post-2004 Amounts. Payment of the Participant's Post-2004 Amounts for a particular Plan Year will begin in accordance with the Participant's Deferral Election associated with the first to occur of: (1) the Participant's Separation from Service, (2) the Participant's Disability or (3) the specified date, as elected by the Participant, if applicable.

(1) Separation from Service Timing. With respect to a particular Plan Year's Deferred Compensation and Deferred Company Contributions, a Participant may elect to begin to receive their Post-2004 Amounts in the event of a Separation from Service on one of the following dates: (A) the date that is six (6) months after Separation from Service, (B) the first anniversary of Separation from Service, (C) the second anniversary of Separation from Service, (D) the third anniversary of Separation from Service, (E) the fourth anniversary of Separation from Service, or (F) the fifth anniversary of Separation from Service.

(2) Disability Timing. In the event a Participant's Post-2004 Amounts are payable due to a Disability, payment will begin within thirty (30) days of the Participant's Disability.

(3) Participant Election Timing. A Participant may elect to receive their Post-2004 Amounts on a specified date in accordance with their Deferral Election.

If there is not a valid election on file with respect to any Post-2004 Amount, amounts will be paid on the date that is six (6) months after the Participant's Separation from Service.

#### **5.2 Form of Payment**

(a) (1) Pre-2005 Amounts. The Pre-2005 Amounts will be paid to a Participant in a lump sum or in annual installments up to a maximum of fifteen (15) years, as elected by the Participant. The election must have been made before the applicable Cash Compensation and/or Cash Award was deferred and may not be changed. Any Pre-2005 Amounts for which the Participant did not make a valid election will be paid in the form of a lump sum.

(2) Post-2004 Amounts. Post-2004 Amounts will be paid as elected in accordance with the Participant's Deferral Election in a lump sum or in annual installments up to a maximum of fifteen (15) years. Any Post-2004 Amounts for which the Participant did not make a valid election will be paid in the form of a lump sum.

(b) Solely with respect to Pre-2005 Amounts, all annual installment payments will, except for the final payment, be not less than \$5,000. To the extent necessary, the number of annual installments may be reduced to ensure that each annual installment payment is at least \$5,000.

### **5.3 Death of Participant**

(a) If a Participant dies while employed by PPL or an Affiliated Company or before any and all payments have been paid under this Article, payments will be made to the Beneficiary designated in writing by the Participant. A Participant may change their Beneficiary designation and designate a new Beneficiary at any time prior to the Participant's death in the form and manner prescribed by the CLC. The person named as the Participant's Beneficiary need not consent or approve of a change in Beneficiary designation. In the event the designated Beneficiary does not survive the Participant, payment will be made to an alternate Beneficiary designated in writing by the Participant. If no such designation is in effect at the time of the Participant's death, or if the alternate Beneficiary does not survive the Participant, payment will be made to the Participant's estate.

(b) Payments made to a Participant's designated Beneficiary will be made in a lump sum on or before the first day of the second month following the date of the Participant's death.

### **5.4 Unforeseeable Emergency Withdrawal**

Upon the Participant's request, the CLC may determine, in its sole discretion, that an amount will be paid to a Participant or a Beneficiary upon an Unforeseeable Emergency. In such case, a lump sum payment will be made upon the occurrence of the Unforeseeable Emergency equal to the amount necessary to satisfy the emergency need, including amounts to pay any Federal, state, local or foreign taxes or penalties reasonably anticipated to result from the distribution. A distribution pursuant to this paragraph will not be made to the extent that an Unforeseeable Emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, or by liquidation of the Participant's assets to the extent the liquidation does not itself cause severe financial hardship, or by cessation of future deferrals under the Plan.

### **5.5 Incompetence**

If the person to receive payment is a minor or is deemed by the CLC or is adjudged to be legally incompetent, the payments will be made to the duly appointed guardian or committee of such minor or incompetent, or they may be made to such person or persons the CLC believes are caring for or supporting such minors or incompetents.

## **ARTICLE VI** **ADMINISTRATION**

### **6.1 Plan Administration**

The Plan will be administered by the CLC. The CLC or its delegate will have the discretionary authority and final right to interpret, construe and make benefit determinations (including eligibility and amount) under the Plan. The decisions of the CLC are final and conclusive for all purposes. If one or more members of the CLC are disqualified by personal interest from taking part in a particular decision, the remaining member or members of the CLC (although less than a quorum) will have full authority to act on the matter. The CLC will have authority to delegate specified duties and responsibilities to specific members of the CLC, other PPL Committees, or other PPL management employees.

### **6.2 Expenses**

All expenses and costs in connection with administration of the Plan will be borne by PPL.

### **6.3 Maintenance of Separate Accounts**

All payments from this Plan to a Participant or a Beneficiary will be made from the general assets of the applicable Participating Company. This Plan will not require any Participating Company or an Affiliated Company to set aside, segregate, earmark, pay into trust or special account or otherwise restrict the use of its assets in the operation of the business. A Participant or Beneficiary will have no greater right or status than an unsecured general creditor of a Participating Company with respect to any amounts owed to the Participant or Beneficiary hereunder.



## **ARTICLE VII MISCELLANEOUS**

### **7.1 Employment Rights**

Nothing in this Plan will confer any right on any Participant to continue in a participating Company's or an Affiliated Company's employ or to receive compensation therefrom, nor will anything in this Plan affect in any way the right of a Participating Company or an Affiliated Company to terminate any Participant's employment at any time.

### **7.2 Governing Law**

To the extent federal law, including Code Section 409A, does not apply, the Plan will be construed, administered and enforced according to the laws of the Commonwealth of Pennsylvania.

### **7.3 Assignment**

All payments to persons entitled to benefits hereunder will not be grantable, transferable, pledged or otherwise assignable in anticipation of payment thereof, or subject to attachment, alienation, garnishment, levy, execution or other legal or equitable process in whole or in part, by the voluntary or involuntary acts of any such persons, or by operation of law, and will not be liable or taken for any obligation of such person. Each Participating Company will observe the terms of the Plan unless and until ordered to do otherwise by a state or federal court. As a condition of participation, a Participant agrees to hold a Participating Company harmless from any claim that arises out of the Participating Company obeying any such order whether such order effects a judgment of such court or is issued to enforce a judgment or order of another court.

### **7.4 Section 409A Compliance**

This Plan is intended to comply with Code Section 409A or an exemption thereunder and will be construed and administered in accordance with Code Section 409A. Notwithstanding any other provision of this Plan, payments provided under this Plan may only be made upon an event and in a manner that complies with Code Section 409A or an applicable exemption. Except as otherwise specifically provided herein, for purposes of Code Section 409A, each installment payment provided under this Plan will be treated as a separate payment. Any payments to be made under this Plan upon a termination of employment will only be made if such termination of employment constitutes a "separation from service" under Code Section 409A.

### **7.5 Terms**

Titles of Articles and Sections hereof are for general information only and the Plan will not be construed by reference thereto.

**ARTICLE VIII**  
**TERMINATION OR AMENDMENT**

The CLC or the Chief Human Resources Officer of PPL (and any successor officer or individual performing substantially similar duties) may amend or terminate the Plan at any time in accordance with Code Section 409A. Each amendment to the Plan will be binding on each Participating Company to which it applies.

No termination or amendment of the Plan will, without a Participant's consent, alter: (a) a Participant's right to payments of amounts previously credited to a Participant's Account, which amounts will continue to be adjusted for earnings and losses as provided herein as though the Plan termination or amendment had not occurred, (b) the amount or times of payment of such amounts which have commenced prior to the effective date of such Plan termination or amendment, or (c) a Participant's right to designate Beneficiaries in the event of a Participant's death.

Executed this \_\_\_\_ day of 12/20/2024 2024.

**PPL SERVICES CORPORATION**

Angela Gosman

Angela Gosman (Dec 20, 2024 11:55 EST)

Angela K. Gosman  
Executive Vice President &  
Chief Human Resources Officer

**APPENDIX A  
PARTICIPATING COMPANIES**

1. Kentucky Utilities Company
2. LG&E and KU Services Company
3. Louisville Gas and Electric Company
4. PPL Electric Utilities
5. PPL Services Corporation
6. The Narragansett Company d/b/a Rhode Island Energy



**PPL EXECUTIVE DEFERRED COMPENSATION PLAN**  
(As Amended and Restated Effective as of January 1, 2025)

First Amendment

WHEREAS, PPL Services Corporation ("PPL") sponsors the PPL Executive Deferred Compensation Plan, as amended and restated effective January 1, 2025 ("Plan");

WHEREAS, pursuant to Article VIII of the Plan, the Chief Human Resources Officer of PPL ("CHRO") has the authority to amend the Plan; and

WHEREAS, the CHRO desires to amend the Plan to (1) clarify language addressing unforeseeable emergency withdrawals, (2) clarify language addressing matching contributions, and (3) include claims and appeals language in the Plan document.

NOW, THEREFORE, effective January 1, 2025, the Plan is hereby amended as follows:

1. Article II of the Plan, **DEFINITIONS**, is hereby amended to add a new definition "**ERISA**" to read as follows:

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time."

2. The definition of "**Unforeseeable Emergency**" in Article II of the Plan, **DEFINITIONS**, is hereby amended in its entirety to read as follows:

"**Unforeseeable Emergency**" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Code Section 152(a)) of the Participant; loss of the Participant's property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant as defined in Section 409A. The following may constitute an unforeseeable emergency: the imminent foreclosure of or eviction from the Participant's primary residence; the need to pay for medical expenses, including non-refundable deductibles, and the costs of prescription drug medication; and the need to pay for the funeral expenses of a spouse, a beneficiary, or a dependent."

3. Section 3.2 of the Plan, **Matching Contributions**, is hereby amended in its entirety to read as follows:

**“3.2 Matching Contributions**

If an Eligible Employee contributes Deferred Compensation for the Plan Year, the Eligible Employee will also receive a Matching Contribution amount based on the amount of their Deferred Compensation and the matching contribution formula the Eligible Employee is eligible for under the applicable Savings Plan, except the maximum Matching Contribution will be up to the applicable percentage of the Deferral Election and not the percentage of Cash Compensation. If an Eligible Employee is deferring Base Compensation when the Eligible Employee's matching contributions in the applicable Savings Plan cease due to a Code limitation, then the Eligible Employee's Matching Contributions will increase to be up to the applicable percentage of Cash Compensation.

Notwithstanding the foregoing, if an Eligible Employee receives an annual true-up matching contribution in their applicable Savings Plan, their Matching Contribution for the same year will be reduced so that, between their matching contributions received in the Plan and in the applicable Savings Plan, the Eligible Employee does not receive more than the maximum possible matching contribution, as determined using Cash Compensation, that year.”

4. Article VII of the Plan, **MISCELLANEOUS**, is hereby amended to add a new Section 7.6 to read as follows:

**“7.6 Claims and Appeals Procedure**

(a) The CLC is responsible for determining a Participant's rights under the Plan. A Participant may make a claim for benefits by submitting a written claim to the CLC or its designee. The Participant's submission should state the reasons supporting their claim and should include any supporting records or documentation.

(b) The Participant will receive a written determination of their claim from the CLC or its designee within ninety (90) days from the receipt of the claim (180 days if special circumstances apply and the Participant is notified). If the claim involves a determination of disability, the decision will be made within forty-five (45) days (105 days if special circumstances apply and the Participant is notified). The determination will include:

(1) The reasons for the denial, with specific reference to the Plan provisions on which the denial is based;

(2) A description of any additional material or information required and an explanation of why it is necessary;

(3) An explanation of the Plan's claim review procedure; and

(4) With respect only to a claim that involves a determination of disability:

(i) A discussion of the decision, including an explanation of the basis for disagreeing with or not following (1) the views presented by the Participant to the Plan of health care professionals treating the Participant and vocational professionals who evaluated the Participant, (2) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the Participant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination and (3) a disability determination regarding the Participant presented by the Participant to the Plan and made by the Social Security Administration;

(ii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist;

(iii) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Participant's claim for benefits; and

(iv) In addition, any such notice of an adverse benefit determination with respect to a claim that involves a determination of disability will be provided in a culturally and linguistically appropriate manner.

(c) If the claim is denied, the Participant may request a review of the denied claim by submitting a written appeal to the CLC or its designee within sixty (60) days (or, if the claim involves a determination of disability, 180 days) of the date that the Participant receives the denial notice. The Participant's appeal should state the reasons why they disagree with the denial and should include any supporting records or documentation.

Additionally, in the case of a claim involving a determination of disability, the CLC will provide the Participant, free of charge, with any new or additional evidence considered, relied upon or generated by the Plan, the CLC or other person making the benefit determination (or at the direction of the Plan, the CLC, or such other person) in connection with the Participant's appeal as soon as possible and sufficiently in advance of the date on which it provides the Participant with notice of its determination on appeal, so that the Participant will have a reasonable opportunity to respond prior to that date. If the denial of the Participant's appeal is based on a new or additional rationale, the CLC will provide the Participant, free of charge, with the new or additional rationale as soon as possible and sufficiently in advance of the date on which it provides the Participant with notice of its determination on appeal, so that the Participant will have a reasonable opportunity to respond prior to that date.

(d) The CLC or its designee will notify the Participant of its decision within sixty (60) days of receiving the appeal (120 days if special circumstances apply and the Participant is notified). If the claim involves a determination of disability, the decision will be made within forty-five (45) days (90 days if special circumstances apply and the Participant is notified).

(1) The notice will be in writing and will state (A) the reasons for the decision and reference relevant Plan provisions, (B) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits and (C) a statement describing the Participant's right to bring an action under ERISA Section 502(a).

(2) With respect to a claim that involves a determination of disability, the Participant will receive, in a manner reasonably calculated to be understood by the Participant, a written notice from the CLC which will set forth:

(i) a statement describing any applicable contractual limitations period that applies to the Participant's right to bring a civil action under ERISA Section 502(a), including the calendar date on which the contractual limitations period expires;

(ii) discussion of the decision, including an explanation of the basis for disagreeing with or not following (1) the views presented by the Participant to the Plan of health care professionals treating the Participant and vocational professionals who evaluated the Participant, (2) the views of medical or



vocational experts whose advice was obtained on behalf of the Plan in connection with the Participant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination and (3) a disability determination regarding the Participant presented by the Participant to the Plan and made by the Social Security Administration; and

(iii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist.

Any such notice of an adverse benefit determination with respect to a claim that involves a determination of disability will be provided in a culturally and linguistically appropriate manner. In addition, upon request, the CLC will provide the Participant with a statement identifying those medical or vocational experts whose advice was obtained in connection with the appeal.

(e) The CLC has discretionary authority to determine eligibility for benefits and to interpret the terms of the Plan. The decisions of the CLC are final and conclusive for all purposes."

IN WITNESS WHEREOF, this First Amendment is executed as of August 25, 2025.

**PPL SERVICES CORPORATION**



Angela Gosman  
Executive Vice President & Chief Human  
Resources Officer



CERTIFICATION

I, VINCENT SORGI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Vincent Sorgi

\_\_\_\_\_  
 Vincent Sorgi  
 President and Chief Executive Officer  
 (Principal Executive Officer)  
 PPL Corporation

CERTIFICATION

I, JOSEPH P. BERGSTEIN, JR., certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Joseph P. Bergstein, Jr.

Joseph P. Bergstein, Jr.

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

PPL Corporation

CERTIFICATION

I, CHRISTINE M. MARTIN, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Christine M. Martin

Christine M. Martin

President

(Principal Executive Officer)

PPL Electric Utilities Corporation

CERTIFICATION

I, MARLENE C. BEERS, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Marlene C. Beers

Marlene C. Beers

Vice President and Controller

(Principal Financial Officer)

PPL Electric Utilities Corporation

CERTIFICATION

I, JOHN R. CROCKETT III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ John R. Crockett III

John R. Crockett III

President

(Principal Executive Officer)

Louisville Gas and Electric Company

CERTIFICATION

I, CHRISTOPHER M. GARRETT, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Christopher M. Garrett

Christopher M. Garrett

Vice President-Finance and Accounting

(Principal Financial Officer)

Louisville Gas and Electric Company



CERTIFICATION

I, JOHN R. CROCKETT III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ John R. Crockett III

John R. Crockett III

President

(Principal Executive Officer)

Kentucky Utilities Company

CERTIFICATION

I, CHRISTOPHER M. GARRETT, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2025

/s/ Christopher M. Garrett

Christopher M. Garrett

Vice President-Finance and Accounting

(Principal Financial Officer)

Kentucky Utilities Company

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
FOR PPL CORPORATION'S FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2025

In connection with the quarterly report on Form 10-Q of PPL Corporation (the "Company") for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Vincent Sorgi, the Principal Executive Officer of the Company, and Joseph P. Bergstein, Jr., the Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2025

/s/ Vincent Sorgi  
\_\_\_\_\_  
Vincent Sorgi  
President and Chief Executive Officer  
(Principal Executive Officer)  
PPL Corporation

/s/ Joseph P. Bergstein, Jr.  
\_\_\_\_\_  
Joseph P. Bergstein, Jr.  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)  
PPL Corporation

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
FOR PPL ELECTRIC UTILITIES CORPORATION'S FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2025

In connection with the quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "Company") for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Christine M. Martin, the Principal Executive Officer of the Company, and Marlene C. Beers, the Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2025

/s/ Christine M. Martin

Christine M. Martin  
President  
(Principal Executive Officer)  
PPL Electric Utilities Corporation

/s/ Marlene C. Beers

Marlene C. Beers  
Vice President and Controller  
(Principal Financial Officer)  
PPL Electric Utilities Corporation

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
FOR LOUISVILLE GAS AND ELECTRIC COMPANY'S FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2025

In connection with the quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "Company") for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, John R. Crockett III, the Principal Executive Officer of the Company, and Christopher M. Garrett, the Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2025

/s/ John R. Crockett III

John R. Crockett III

President

(Principal Executive Officer)

Louisville Gas and Electric Company

/s/ Christopher M. Garrett

Christopher M. Garrett

Vice President-Finance and Accounting

(Principal Financial Officer)

Louisville Gas and Electric Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
FOR KENTUCKY UTILITIES COMPANY'S FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2025

In connection with the quarterly report on Form 10-Q of Kentucky Utilities Company (the "Company") for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, John R. Crockett III, the Principal Executive Officer of the Company, and Christopher M. Garrett, the Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2025

/s/ John R. Crockett III

John R. Crockett III  
President  
(Principal Executive Officer)  
Kentucky Utilities Company

/s/ Christopher M. Garrett

Christopher M. Garrett  
Vice President-Finance and Accounting  
(Principal Financial Officer)  
Kentucky Utilities Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.