



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

Global Credit Research - 28 Apr 2010

Approximately \$1.3 billion of rated instruments affected

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

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

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

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

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

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

The affirmation of the Baa2 senior unsecured ratings for PPL Supply considers the relatively strong market and

competitive position that results from its significant base-load generation portfolio located primarily near load serving entities within the highly liquid and transparent PJM market. The affirmation also recognizes that 2010 is the first year the company is able to sell power produced by its Pennsylvania generation resources at market rates. For 2010 and beyond, we anticipate increased volatility of cash flows, mitigated to some extent by PPL Supply's hedging strategy; however, we also anticipate a strengthening of its cash flow credit metrics commensurate with the company's increased business risk. For example, we anticipate the ratio of CFO Pre-WC to debt (excluding the debt and cash flows associated with its U.K. distribution utilities) to remain above 25%. PPL Supply's published consolidated credit metrics will continue to be impacted by the ownership of its U.K. distribution utilities, which benefit from reasonably stable cash flow, but also employ leverage commensurate with their regulated network activities. We anticipate PPL Supply's consolidated published ratio of CFO Pre-WC to debt will remain above 20%.

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

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

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

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

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

Downgrades:

PPL Corporation

Issuer Rating, Downgraded to Baa3 from Baa2

PPL Capital Funding, Inc.

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

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

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

PPL Electric Utilities Corporation

Issuer Rating, Downgraded to Baa2 from Baa1

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

Preferred Stock, Downgraded to Ba1 from Baa3

Senior Unsecured Bank Credit Facility, Downgraded to Baa2 from Baa1

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

Outlook Actions:

PPL Corporation

Outlook, Changed To Stable From Negative

PPL Capital Funding, Inc.

Outlook, Changed To Stable From Negative

PPL Electric Utilities Corporation

Outlook, Changed To Stable From Negative

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

Global Credit Research - 25 Oct 2010

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

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

RATINGS RATIONALE

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

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

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

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

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

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

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

The KPSC's approval of the acquisition included two commitments affecting rates. The first places a moratorium on any base rate increases by KU and LG&E until 1/1/13. The second provision establishes a mechanism under which earnings at the utilities in excess of a 10.75% ROE will be shared equally between ratepayers and shareholders. The agreement has no impact on the utilities' ability to seek rate adjustments through their existing fuel and environmental cost adjustment mechanisms.

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

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

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

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

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

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October 27, 2010

Research Update:

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

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Research Update:

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

Overview

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

Rating Action

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

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

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

Rationale

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

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

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

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

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

Short-term credit factors

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

Outlook

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

Related Criteria And Research

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

Ratings List

Upgraded; CreditWatch/Outlook Action

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

Ratings Affirmed/Outlook Action

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

Ratings Affirmed

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

Upgraded

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

Rating Assigned

Louisville Gas & Electric Co.		
Recovery rating	1+	

Complete ratings information is available to RatingsDirect subscribers on the Global Credit Portal at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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

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

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

LG&E and KU Energy LLC

- Issuer Default Rating (IDR) 'BBB+';
- Senior unsecured debt 'BBB+';
- Short-term IDR 'F2'.

Kentucky Utilities Co.

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

Louisville Gas and Electric Co.

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

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

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

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

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

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

Applicable Criteria and Related Research:

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

(Aug. 22, 2007)

Applicable Criteria and Related Research:

Corporate Rating Methodology

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

Credit Rating Guidelines for Regulated Utility Companies

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

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

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=338030

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**STANDARD
& POOR'S**

Global Credit Portal
RatingsDirect®

November 8, 2010

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

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

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

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

RELATED CRITERIA AND RESEARCH

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

RATINGS LIST

LG&E and KU Energy LLC

Corp. credit rating	BBB+/Stable/--
Kentucky Utilities Co.	
Corp. credit rating	BBB+/Stable/A-2
Louisville Gas & Electric Co.	
Corp credit rating	BBB+/Stable/--

Ratings Assigned

LG&E and KU Energy LLC	
Senior unsecured debt due 2015 & 2020	BBB
Kentucky Utilities Co.	
First mortgage bonds due 2015, 2020 & 2040	A
Recovery rating	1+
Louisville Gas & Electric Co.	
First mortgage bonds due 2015 & 2040	A
Recovery rating	1+

Complete ratings information is available to RatingsDirect subscribers on the Global Credit Portal at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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The McGraw-Hill Companies



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

Global Credit Research - 09 Nov 2010

Approximately \$2.9 billion of debt securities affected

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

Assignments:

- ..Issuer: Kentucky Utilities Co.
-Senior Secured First Mortgage Bonds, Assigned A2
- ..Issuer: LG&E and KU Energy LLC
-Senior Unsecured Regular Bond/Debenture, Assigned Baa2
- ..Issuer: Louisville Gas & Electric Company
-Senior Secured First Mortgage Bonds, Assigned A2

RATINGS RATIONALE

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

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

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

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

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

REGULATORY DISCLOSURES

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

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

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

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

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

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Global Credit Portal[®]

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March 2, 2011

Research Update:

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

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Rationale

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Research Update:

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

Overview

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

Rating Action

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

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

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

Rationale

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

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

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

Short-term credit factors

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

CreditWatch

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

Related Criteria And Research

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

Ratings List

Downgraded; CreditWatch Action

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

Arbough
Announcement

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

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

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March 2, 2012

Louisville Gas & Electric Co.'s New Commercial Paper Program Assigned 'A-2' Rating

Primary Credit Analyst:

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

NEW YORK (Standard & Poor's) March 2, 2012--Standard & Poor's Ratings Services today assigned its 'A-2' short-term rating to Kentucky-based electric utility Louisville Gas & Electric Co.'s \$250 million 4(2) commercial paper program. The company expects to use the new commercial paper program for working capital needs and other corporate purposes. Backing the program will be the utility's existing \$400 million revolving credit facility that terminates Oct. 19, 2016.

(For the corporate credit rating rationale on Louisville Gas & Electric Co. (BBB/Stable/A-2), see the summary analysis published on Nov. 1, 2011, on RatingsDirect.)

RELATED CRITERIA AND RESEARCH

- Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Analytical Methodology, April 15, 2008

RATINGS LIST

Louisville Gas & Electric Co.
Corporate Credit Rating

BBB/Stable/A-2

New Rating

Louisville Gas & Electric Co.'s New Commercial Paper Program Assigned 'A-2' Rating

\$250 mil 4(2) commercial paper program

A-2

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MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Prime-2 short-term rating to LG&E; affirms existing long term ratings

Global Credit Research - 05 Mar 2012

\$250 million commercial paper program

New York, March 05, 2012 -- Moody's Investors Service assigned a short term rating for commercial paper of Prime-2 to Louisville Gas and Electric Company's (LG&E: Baa1 Issuer Rating) newly established \$250 million commercial paper program. Separately, Moody's affirmed LG&E's long-term ratings of A2, First Mortgage Bonds and Baa1 Issuer Rating and bank loan rating. The rating outlook remains stable.

LG&E expects to utilize proceeds from the program to fund its capital investment program and for working capital needs.

RATINGS RATIONALE

LG&E's Prime-2 rating and the affirmation of LG&E's ratings reflects its sound financial performance and the credit supportive regulatory environment in which it operates, offset in part by the lack of fuel diversity relating to its electric generating portfolio, a modestly sized service territory, and a large capital expenditure program. To that end, the rating assignment and affirmation recognizes the December 2011 unanimous approval by the Kentucky Public Service Commission of a settlement with LG&E and affiliate, Kentucky Utilities Company (KU: Baa1 Issuer Rating) concerning cost recovery under the state's Environmental Cost Recovery (ECR) mechanism.

LG&E's \$250 million commercial paper program is supported by a \$400 million syndicated credit facility that expires in October 2016. At December 31, 2011, LG&E had no outstanding borrowings under this revolver and balance sheet cash of \$25 million. LG&E's credit facility has a limitation on debt to capitalization at 70% and the company is comfortably in compliance with this financial covenant. Same day availability exists under the facility and borrowings are not subject to any conditionality, including the existence of a material adverse change (MAC) clause. LG&E also participates in an intercompany money pool agreement with parent company LG&E and KU Energy LLC (LKE: Baa2 Senior Unsecured) and affiliate KU, whereby LKE and/or KU can make excess funds available to LG&E (up to \$400 million) at market-based rates. At year-end 2011, there was no balance outstanding under the money pool. The next debt maturity at LG&E occurs on November 15, 2015 when \$250 million of first mortgage bonds mature. Moody's views LG&E's liquidity as sufficient to support its planned commercial paper program.

Under the ECR mechanism, LG&E is permitted to recover the costs associated with environmental-related investments, and earn a cash return on the related construction work in progress. The ECR calls for LG&E to invest \$1.4 billion in environmental upgrades to meet recent EPA regulations, and earn an ROE of 10.1% on these investments. LG&E will install scrubbers and baghouses at the Mill Creek generating station and scrubbers for Unit 1 at the Trimble County station. In addition, KU and LG&E will earn a 10.63% ROE on about \$370-\$400 million of capital investments relating to previously approved projects, and have agreed to fund certain state assistance programs.

The stable rating outlook recognizes the expanding capital spending program LG&E is undertaking to address environmental compliance some of which is mitigated by a credit supportive regulatory framework within the state. Furthermore, the outlook incorporates the low-risk business strategy implemented by the ultimate parent, PPL Corporation (PPL: Baa3 Issuer Rating), and our belief that LG&E's financing requirements will be supported by equity capital over the next several years to maintain current credit quality.

In light of the sizeable capital investment program it is unlikely that LG&E would be upgraded in the near-term. Longer-term, a rating upgrade could occur if the ratio of CFO pre-WC (cash flow) to debt and retained cash flow to debt exceeds 25% and 17%, respectively, on a sustainable basis.

LG&E's ratings could be downgraded if changes were made to the regulatory compact such the ratio of cash flow to debt dropped below 16%.

LG&E is subsidiary of parent company of LKE, wholly owned by PPL, a diversified energy holding company

headquartered in Allentown, PA.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in August 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Mr. Daniel K. Arbough, Treasurer
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202

February 21, 2012

Dear Mr. Arbough,

Re: Louisville Gas and Electric Company and Kentucky Utility Company Commercial Paper programs

Fitch (see definition below) assigns an 'F2' rating to the \$250 million Commercial Paper programs of Louisville Gas and Electric Company and Kentucky Utilities Company.

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

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the

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accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

Fitch Ratings

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between Fitch and any user of the ratings.

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

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact me at 212 908-0523.

Sincerely,



Robert Hornick

cc: James Pennington