

KENTUCKY UTILITIES COMPANY
FINANCIAL EXHIBIT
(807 KAR 5:001 SEC. 18(2)(a) and SEC. 12)

February 28, 2015

(1) Amount and kinds of stock authorized.

80,000,000 shares of Common Stock, without par value
5,300,000 shares of Cumulative Preferred Stock, without par value -- authorized, but unissued
2,000,000 shares of Preferred Stock, without par value -- authorized, but unissued

(2) Amount and kinds of stock issued and outstanding.

Common Stock:

37,817,878 shares issued and outstanding, without par value, recorded at \$307,818,689.

(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets otherwise.

None

(4) Brief description of each mortgage on property of applicant, giving date of execution name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of the indebtedness actually secured, together with any sinking fund provisions.

Date of Execution: As of October 1, 2010 (Supplemental Indentures were executed on October 15, 2010, November 1, 2010 and November 1, 2013.)

Mortgagor: Kentucky Utilities Company

Trustee: The Bank of New York Mellon

Amount of Authorized Debt: One quintillion dollars

Amount of Debt Secured: \$2,100,779,405

Sinking Fund Provisions: None

Pledged Assets: Substantially all assets of Kentucky Utilities located in Kentucky

- (5) Amount of bonds authorized, and amount issued giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with an amount of interest paid thereon during the last 12-month period.

Secured by first mortgage lien on substantially all assets in Kentucky.

Kentucky Utilities Company

Date of Issue	Date of Maturity	Rate of Interest	Principal Amount		Interest Expense Year Ended February 28, 2015
			Authorized	Outstanding at February 28, 2015	
Pollution Control Bonds					
05/01/00	05/01/23	Variable	\$ 12,900,000	\$ 12,900,000	\$ 7,239
02/01/02	02/01/32	Variable	20,930,000	20,930,000	54,022
02/01/02	02/01/32	Variable	2,400,000	2,400,000	6,130
02/01/02	02/01/32	Variable	7,400,000	7,400,000	18,751
02/01/02	02/01/32	Variable	7,200,000	2,400,000	6,311
07/01/02	10/01/32	Variable	96,000,000	96,000,000	165,493
10/01/04	10/01/34	Variable	50,000,000	50,000,000	27,924
02/23/07	10/01/34	Variable	54,000,000	54,000,000	30,663
05/24/07	02/01/26	5.75%	17,875,000	17,875,000	1,027,812
05/24/07	03/01/37	6.00%	8,927,000	8,927,000	535,620
10/17/08	02/01/32	Variable	77,947,405	77,947,405	44,216
Interest Rate Swaps					
					-
			<u>\$ 355,579,405</u>	<u>\$ 350,779,405</u>	<u>\$ 1,924,183</u>
First Mortgage Bonds					
11/16/10	11/01/15	1.625%	\$ 250,000,000	\$ 250,000,000	4,062,500
11/16/10	11/01/20	3.250%	500,000,000	500,000,000	16,250,000
11/16/10	11/01/40	5.125%	750,000,000	750,000,000	38,437,500
11/14/13	11/15/43	4.650%	250,000,000	250,000,000	10,193,556
			<u>\$ 1,750,000,000</u>	<u>\$ 1,750,000,000</u>	<u>\$ 68,943,556</u>

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest in whose favor, together with amount of interest paid thereon during the last 12-month period.

There are no notes outstanding as of February 28, 2015.¹

- (7) Other indebtedness, giving same by classes and describing security, if any with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and amount of capital stock on which dividends were paid. (1)

Dividends on Common Stock, without par value (not based on rate per share)

2010	\$50,000,000
2011	\$123,500,000
2012	\$99,500,000
2013	\$124,000,000
2014	\$148,000,000

- (1) On November 1, 2010, PPL Corporation completed its acquisition of E.ON U.S. LLC, the Company's parent. Upon completion of the acquisition, E.ON U.S. LLC was renamed LG&E and KU Energy LLC. The 37,817,878 shares are currently owned by LG&E and KU Energy LLC. From May 1998 to October 31, 2010, the 37,817,878 shares were all owned by E.ON U.S. LLC (formerly LG&E Energy LLC) and all dividends declared by KU's Board of Directors were paid to E.ON U.S. LLC. Subsequent to October 31, 2010, all dividends declared by KU's Board of Directors were paid to LG&E and KU Energy LLC. During the 1st quarter of 2015, KU declared and paid dividends on common stock of \$30,000,000.

- (9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Monthly Financial and Operating Reports are filed each month with the Kentucky Public Service Commission. Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending February 28, 2015.

¹ KU maintains a syndicated revolving credit facility of \$400 million. Although there isn't any outstanding balance on the revolver, KU has executed notes under the multiyear revolving credit program, and also has \$265 million of short term commercial paper outstanding as of February 28, 2015.

Kentucky Utilities Company
Balance Sheet as of February 28, 2015

Assets		Liabilities and Proprietary Capital	
Utility Plant		Proprietary Capital	
Utility Plant at Original Cost.....	\$ 8,724,392,698.03	Common Stock.....	\$ 308,139,977.56
Less: Reserves for Depreciation and Amortization.....	2,822,254,109.94	Less: Common Stock Expense.....	321,288.87
Total.....	<u>5,902,138,588.09</u>	Paid-In Capital.....	563,858,083.00
		Other Comprehensive Income.....	(1,232,509.32)
		Retained Earnings.....	1,756,861,620.75
		Unappropriated Undistributed Subsidiary Earnings.....	-
Investments		Total Proprietary Capital.....	<u>2,627,305,883.12</u>
Electric Energy, Inc.....	-	Other Long-Term Debt.....	2,090,880,874.57
Ohio Valley Electric Company.....	250,000.00	Total Long-Term Debt.....	<u>2,090,880,874.57</u>
Nonutility Property-Less Reserve.....	974,313.10	Total Capitalization.....	<u>4,718,186,757.69</u>
Special Fund.....	-		
Total.....	<u>1,221,313.10</u>	Current and Accrued Liabilities	
Current and Accrued Assets		ST Notes Payable to Associated Companies.....	-
Cash.....	6,340,684.46	Notes Payable.....	264,890,745.65
Special Deposits.....	-	Accounts Payable.....	112,807,295.69
Temporary Cash Investments.....	8,033,998.95	Accounts Payable to Associated Companies.....	35,212,922.28
Accounts Receivable-Less Reserve.....	269,107,973.17	Customer Deposits.....	27,274,071.04
Accounts Receivable from Associated Companies.....	33,685,035.94	Taxes Accrued.....	10,632,864.28
Notes Receivable from Associated Companies.....	-	Interest Accrued.....	23,610,871.48
Materials and Supplies-At Average Cost		Dividends Declared.....	30,000,000.00
Fuel.....	85,358,312.27	Miscellaneous Current and Accrued Liabilities.....	74,445,941.64
Plant Materials and Operating Supplies.....	38,692,862.20	Total.....	<u>578,874,712.06</u>
Stores Expense.....	10,328,880.13	Deferred Credits and Other	
Emission Allowances.....	155,398.87	Accumulated Deferred Income Taxes.....	1,119,204,755.90
Prepayments.....	9,259,755.88	Investment Tax Credit.....	94,553,263.57
Miscellaneous Current and Accrued Assets.....	-	Regulatory Liabilities.....	140,427,150.92
Total.....	<u>460,962,901.87</u>	Customer Advances for Construction.....	2,160,348.44
Deferred Debits and Other		Asset Retirement Obligations.....	212,661,999.12
Unamortized Debt Expense.....	18,260,456.30	Other Deferred Credits.....	40,913,399.62
Unamortized Loss on Bonds.....	9,480,250.51	Miscellaneous Long-Term Liabilities.....	2,049,991.68
Accumulated Deferred Income Taxes.....	230,401,542.17	Accum Provision for Pension & Postretirement Benefits.....	102,872,438.13
Deferred Regulatory Assets.....	345,565,960.90	Total.....	<u>1,714,843,347.38</u>
Other Deferred Debits.....	43,873,804.19	Total Liabilities and Stockholders Equity.....	<u>\$ 7,011,904,817.13</u>
Total.....	<u>647,582,014.07</u>		
Total Assets.....	<u>\$ 7,011,904,817.13</u>		

Kentucky Utilities Company
Statement of Income
February 28, 2015

	Year Ended 2/28/2015
Electric Operating Revenues.....	\$ 1,727,458,732.46
Rate Refunds.....	(2,700,606.53)
Total Operating Revenues.....	1,724,758,125.93
Fuel for Electric Generation.....	562,373,315.27
Power Purchased.....	97,569,868.78
Other Operation Expenses.....	268,924,343.15
Maintenance.....	130,626,641.71
Depreciation.....	190,322,366.83
Amortization Expense.....	9,741,809.56
Regulatory Credits.....	-
Taxes	
Federal Income.....	(99,329,807.40)
State Income.....	4,253,849.26
Deferred Federal Income - Net.....	216,228,064.76
Deferred State Income - Net.....	15,040,511.26
Property and Other.....	36,205,071.02
Investment Tax Credit.....	-
Loss (Gain) from Disposition of Allowances.....	(545.85)
Accretion Expense.....	-
Total Operating Expenses.....	1,431,955,488.35
Net Operating Income.....	292,802,637.58
Other Income Less Deductions	
Amortization of Investment Tax Credit.....	1,871,260.00
Other Income Less Deductions.....	473,861.56
AFUDC - Equity.....	1,283,652.50
Total Other Income Less Deductions.....	3,628,774.06
Income Before Interest Charges.....	296,431,411.64
Interest on Long-Term Debt.....	70,867,739.27
Amortization of Debt Expense - Net.....	3,508,301.78
Other Interest Expenses.....	3,659,095.22
AFUDC - Borrowed Funds.....	(415,672.85)
Total Interest Charges.....	77,619,463.42
Net Income.....	\$ 218,811,948.22

Kentucky Utilities Company
Analysis of Retained Earnings
February 28, 2015

	Year Ended <u>2/28/2015</u>
Balance at Beginning of Period.....	\$ 1,679,049,672.53
Add:	
Net Income for Period.....	218,811,948.22
Deduct:	
Common Dividends	
Common Stock Without Par Value	141,000,000.00
Balance at End of Period.....	<u><u>\$ 1,756,861,620.75</u></u>