

**LG&E
Debt Analysis**

LG&E - Called Bond and Refinanced

Comparison: Current Fixed Rate to New Fix Rate to Maturity

Impact on Cash Flow

PRESENT VALUE ANALYSIS

FIXED RATE BONDS @4.60%(Current Situation)

Comparison: Current Fixed Rate to New Fix Rate to Maturity

Date	Principal Outstanding	Interest @ 4.600%	Amortization	Taxes	Total Cash		Interest @ 3.850%	Amortization (1)	Issue Expenses	Taxes (2)	Total Cash		Periodic (Cost) or SAVINGS from Refunding	Present Value Factor	Present Value SAVINGS
					Outlay	Present Value					Outlay	Present Value			
01-Jun-17	\$60,000,000				0	\$0			\$ (540,525)	0	(\$540,525)	(\$540,525)	\$540,525	1.0000	\$540,525
01-Dec-17	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$824,296)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$681,915)	(\$144,046)	0.9884	(\$142,381)
01-Jun-18	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$814,768)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$674,033)	(\$144,046)	0.9770	(\$140,735)
01-Dec-18	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$805,351)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$666,243)	(\$144,046)	0.9657	(\$139,109)
01-Jun-19	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$796,043)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$658,542)	(\$144,046)	0.9546	(\$137,501)
01-Dec-19	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$786,842)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$650,930)	(\$144,046)	0.9435	(\$135,911)
01-Jun-20	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$777,747)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$643,407)	(\$144,046)	0.9326	(\$134,341)
01-Dec-20	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$768,758)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$635,970)	(\$144,046)	0.9218	(\$132,788)
01-Jun-21	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$759,873)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$628,620)	(\$144,046)	0.9112	(\$131,253)
01-Dec-21	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$751,090)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$621,354)	(\$144,046)	0.9007	(\$129,736)
01-Jun-22	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$742,408)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$614,172)	(\$144,046)	0.8902	(\$128,236)
01-Dec-22	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$733,828)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$607,073)	(\$144,046)	0.8800	(\$126,754)
01-Jun-23	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$725,346)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$600,057)	(\$144,046)	0.8698	(\$125,289)
01-Dec-23	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$716,962)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$593,121)	(\$144,046)	0.8597	(\$123,841)
01-Jun-24	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$708,675)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$586,266)	(\$144,046)	0.8498	(\$122,410)
01-Dec-24	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$700,484)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$579,489)	(\$144,046)	0.8400	(\$120,995)
01-Jun-25	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$692,388)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$572,792)	(\$144,046)	0.8303	(\$119,596)
01-Dec-25	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$684,385)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$566,171)	(\$144,046)	0.8207	(\$118,214)
01-Jun-26	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$676,475)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$559,627)	(\$144,046)	0.8112	(\$116,848)
01-Dec-26	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$668,656)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$553,159)	(\$144,046)	0.8018	(\$115,497)
01-Jun-27	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$660,928)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$546,765)	(\$144,046)	0.7925	(\$114,162)
01-Dec-27	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$653,288)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$540,446)	(\$144,046)	0.7834	(\$112,843)
01-Jun-28	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$645,738)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$534,199)	(\$144,046)	0.7743	(\$111,538)
01-Dec-28	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$638,274)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$528,025)	(\$144,046)	0.7654	(\$110,249)
01-Jun-29	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$630,897)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$521,922)	(\$144,046)	0.7565	(\$108,975)
01-Dec-29	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$623,605)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$515,889)	(\$144,046)	0.7478	(\$107,715)
01-Jun-30	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$616,397)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$509,926)	(\$144,046)	0.7391	(\$106,470)
01-Dec-30	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$609,272)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$504,033)	(\$144,046)	0.7306	(\$105,240)
01-Jun-31	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$602,230)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$498,207)	(\$144,046)	0.7222	(\$104,023)
01-Dec-31	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$595,270)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$492,448)	(\$144,046)	0.7138	(\$102,821)
01-Jun-32	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$588,389)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$486,757)	(\$144,046)	0.7056	(\$101,633)
01-Dec-32	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$581,589)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$481,131)	(\$144,046)	0.6974	(\$100,458)
01-Jun-33	\$60,000,000	(\$1,380,000)	(\$23,767)	\$546,065	(\$833,935)	(\$574,866)	(\$1,155,000)	(\$40,658)		\$465,111	(\$689,889)	(\$475,570)	(\$144,046)	0.6893	(\$99,297)
TOTAL		(\$44,160,000)	(\$760,544)	\$17,474,092	(\$26,685,908)		(\$36,960,000)	(\$1,301,069)	\$ (540,525)	\$14,883,556	(\$22,616,969)		(\$4,068,939)		(\$3,286,334)
NPV															(\$22,155,116)

(1) Debt Amortization Expense includes issuing costs of new series and unamortized debt expense through maturity date.

(2) Tax calculation based on interest expense and the amortization of unamortized and new issue debt expense.

Assumptions

LG&E - Called Bond and Refinanced

Comparison: Current Fixed Rate to New Fix Rate to Maturity

Interest

Current Fixed Interest Rate	4.600%
Fixed Rate as of 1/10/2017 (per Bank)	3.850%

	\$60MM Bond	Months Remain.	Monthly Expense
Unamortized Debt Expense at 6/1/2017	(760,544)	192	(3,961.17)
New Issuance Expense	\$ (540,525)	192	\$ (2,815.23)
Total Amortization After Call Date			(6,776.40)

Bond Issue Costs	0.90%	\$ 540,524.85
Underwriting	0.500%	
Bond Counsel	\$ 45,514.63	0.08%
Company Counsel	\$ 58,555.22	0.10%
Underwriters Counsel	\$ 45,105.00	0.08%
Ratings	\$ 40,000.00	0.07%
Printing	\$ 2,850.00	0.00%
Trustee Counsel	\$ 2,500.00	0.00%
Accountants	\$ 40,000.00	0.07%
Trustee	\$ 6,000.00	0.01%
FMB Trustee	\$ -	0.00%
AMT		0.00%

Issuance costs 0.40%

MISCELLANEOUS

Tax rate 38.900%

Discount rate 2.35%