



C

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

**RECEIVED**  
FEB 21 2007  
PUBLIC SERVICE  
COMMISSION

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

Rick E. Lovekamp  
Manager - Regulatory Affairs  
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rick.lovekamp@eon-us.com

February 20, 2007

**RE: Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations (Case No. 2006-00390)**

Dear Ms. O'Donnell:

Pursuant to Ordering Paragraph No. 7 of the Commission's Order in the aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files an original and three (3) copies of information related to an issuance under said Order.

On February 7, 2007, KU borrowed \$53 million from Fidelity Corporation in accordance with the order issued February 6, 2007 in the above-referenced case. The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelity Corporation
Amount:	\$53 million
Maturity Date:	February 7, 2022
Interest Rate:	5.69%
Price Paid:	100%
Proceeds:	\$53 million
Commissions Paid:	None
Legal Costs:	None
Security for Loan:	None
Interest Payments:	August 7 and February 7 commencing August 7, 2007

The proceeds of the loan were used to fund capital projects described in the application.

Ms. Elizabeth O'Donnell  
February 20, 2007

The interest rate was set using the lowest rate quoted to KU at 0.87% above the yield on the ten-year treasury bond (4.82%). The supporting price indications from the investment banks are attached along with a copy of a page from Bloomberg showing the yield on the treasury bond. The lowest rate quoted to KU by the investment banks was lower than the average bid quoted to E.ON A.G. Once again, the supporting price indications are attached. The bids are summarized in the table below:

	<b>KU Pricing</b>	<b>E.ON AG Pricing</b>
Low bid above ten-year treasury	0.87%	
Ten-year treasury rate	4.82%	
All-in cost	5.69%	
Average bid above ten-year treasury		1.01%
Ten-year treasury rate		4.82%
All-in cost		5.78%

The 87 basis point spread is comparable with recent ten-year and thirty-year debt issuances from other energy companies with a similar credit rating. (See table below along with attached support documentation).

<b>Issuer</b>	<b>Moody's / S&amp;P</b>	<b>Maturity</b>	<b>Spread</b>
Alabama Power Co.	A2 / A	02/01/2017	+ 72 bps
Alabama Gas Corp.	A1 / BBB+	01/15/2037	+ 113 bps
Northern Natural Gas	A3 / A	02/15/2037	+ 95 bps

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the envelope provided.

Should you have any questions regarding this transaction or this information, please contact me at (502)627-3780 or Don Harris at (502)627-2021.

Sincerely,



Rick E. Lovekamp

cc: Dan Arbough  
Kendrick Riggs – Stoll · Keenon · Ogden

# U.S. debt capital markets update

## Utility & Pipeline sectors

### For distribution to issuer clients only

New York Peter Madonia, MD (212) 834-3808  
 Week ending Anisha Mehra, VP (212) 834-4918  
 Feb 2, 2006 Heather Towner, VP (212) 834-4871  
 Steve Leamer, Assoc (212) 834-4084  
 Ed Suvada, Analyst (212) 834-3311  
 Sarah Chessin, VP- Hybrids (212) 834-4073

#### Economic and Treasury market update

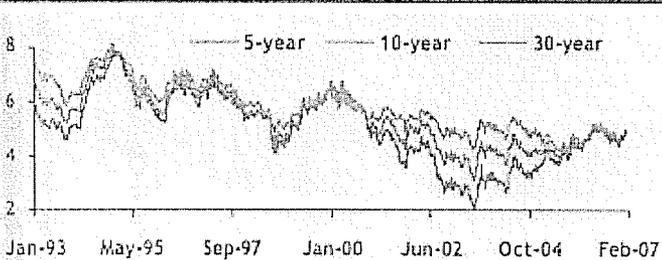
- As expected, FOMC maintained its 5.25% target rate at last week's meeting
  - The Fed held a more upbeat growth outlook citing that the housing market has shown tentative signs of stabilization and recent economic indicators have suggested somewhat firmer growth
  - Fed appeared marginally more relaxed on inflation reiterating that risks remain due to tightness in the labor market, however inflation readings have "improved modestly" and are expected to continue to moderate over time
  - The Fed commentary caused treasury yields to pause from their two-month upward trend, with the 10-yr UST ending the week down 4bp
- The futures market now predicts a single 25bp rate cut over the next 18 months
  - JPMorgan research maintains the view that the Fed will begin raising rates in late 2007, with target Fed funds reaching 5.75% by year end
- JPMorgan's forecast for Q1'07 real GDP growth holds at 2.5% owing to the continued weakness in housing and manufacturing, and less help for consumer spending from falling fuel prices
  - Q4'06 real GDP growth of 3.5% exceeded expectations indicating that the economy continued to expand at a solid pace through the worst of the decline in housing activity

#### JPMorgan Interest rate forecast (%)

	2-Feb-07	1Q 07	2Q 07	3Q 07	4Q 07
Fed funds rate	5.25%	5.25%	5.25%	5.25%	5.75%
3m LIBOR	5.36%	5.40%	5.45%	5.50%	5.95%
2yr UST	4.93%	4.80%	4.90%	5.10%	5.45%
5yr UST	4.82%	4.70%	4.75%	4.90%	5.25%
10yr UST	4.83%	4.65%	4.70%	4.80%	5.10%
30yr UST	4.93%	4.70%	4.70%	4.75%	5.00%
10s/30s curve	10 bps	5 bps	Flat	-5 bps	-10 bps

JPMorgan forecasts as of 2/2/07. Forecasts are for quarter-end.

#### Historical treasury rates (%)



Source: Bloomberg

#### High grade primary and secondary market update

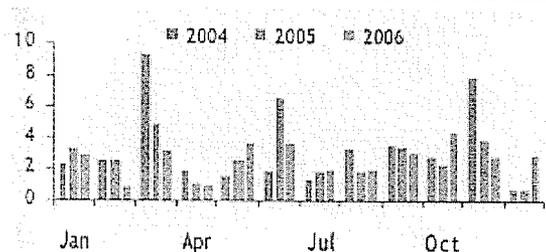
- Investment grade new issue supply totaled \$8bn last week, bringing YTD supply to approximately \$72bn, which is on par with January 2006
  - However, corporate sector supply has been noticeable light (36% lower YoY) - Scarcity of corporate sector supply has led to well oversubscribed orderbooks and lower new issue premiums
- JPMorgan acted as Sole Structuring Advisor for Capital One's (Baa2/BBB-) \$500mm fixed rate Capital Efficient Notes ("CENTs") offering, pricing at 6.745% (T+175bps); structure included a 75-year final maturity with a 30-year scheduled maturity and a par call option in year 25, providing 25 years of "Basket D" equity credit from Moody's
  - Attracted 125 investors generating an orderbook of over \$3.6bn, allowing the offering to be priced 3 bps inside of existing CENTs. Narrow structural premium of 40bp (vs 80bp on previous offering) reflects current strength of hybrid market
- JPMorgan acted as Joint Bookrunner for CenterPoint: CenterPoint Energy, Inc (Ba1/BBB-) issued \$250mm 10-year unsecured notes; CenterPoint Energy Resources Corp (Baa3/BBB) issued \$150mm 30-year unsecured notes
  - The offerings quickly became multiple times oversubscribed, enabling the offerings to price through secondary market trading levels
- JULI investment grade spread index closed 4bp tighter on the month
  - Strong economic growth while the Fed remains on hold with declining inflation risks drove spreads tighter
  - Lack of corporate sector supply provided strong technical backdrop for spread performance
- Corporate earnings for Q4 2006 appear mixed with 61% of S&P 500 companies have reported Q4 earnings; YoY earnings growth is 8.2%, lower than the double-digit growth rate experienced in each of the previous 13 quarters
  - Pace of earnings growth is moderating, and more companies are struggling to meet expectations amid a maturing economy, high commodity prices and increasing competition
- Risk premiums throughout the markets have declined - the JPMorgan Emerging Markets and High Yield Indices are trading at record tight

#### Selected recent investment grade new issuance

Date	Issuer	Ratings	Size	Coupon	Maturity	Spread
1/29	CAPITAL ONE CAPITAL IV	Baa2/BBB-	500	6.745	02/17/2037	175
1/30	ALABAMA POWER CO	A2/A	200	5.550	02/01/2017	72
1/31	JP MORGAN CHASE & CO (TAP)	Aa3/A+	550	5.400	06/01/2011	51
2/1	AT&T INC	A2/A	1500	FRN	02/05/2010	1ML+10
2/1	AT&T INC (TAP)	A2/A	500	5.625	06/15/2016	90
2/1	TEXTRON FINANCIAL CORP	Baa1/BBB	300	6.000	02/15/2057	125
2/1	CNP ENERGY INC	Ba1/BBB-	250	5.950	02/01/2017	115
2/1	CNP ENERGY RESOURCES	Baa3/BBB	150	6.250	02/01/2037	135
2/1	PNC FUNDING CORP	A3/A-	600	5.625	02/01/2017	85
2/1	CATERPILLAR FIN SERV CRP	A2/A	300	FRN	03/06/2008	EXT

Shading indicates utility and pipeline issuance

#### Utility and Pipeline new issue supply (\$Bn)



Source: Securities Data Corp

JPMorgan

# U.S. debt capital markets update

## Utility & Pipeline sectors

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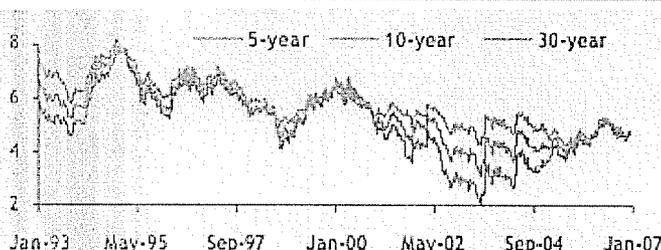
- Growth prospects have improved considerably in light of incoming economic data and the further decline in the price of crude oil
  - The November trade report showed that the deficit was lower than consensus expectations: exports showed an 11% gain while imports showed a 5% decline in the quarter
  - Mild weather across the country this winter has provided a modest boost to construction activity and has depressed energy prices with crude oil now \$10/bbl below its December average
  - Last Friday retail sales surprised on the upside at 1.0% versus a consensus estimate of 0.5%, reflecting consumer strength derived from falling energy prices and surging equities
  - This recent upbeat performance, lower fuel prices and rising equities are improving prospects for 1Q07 growth
- The JPMorgan forecast for 4Q06 real GDP growth was revised up to 3.0% quarter over quarter (from 2.5%)
- The US Treasury market remained generally unchanged for most of last week on light economic data flow, however treasuries sold off by 5bp following a surprise benchmark rate hike by the Bank of England
  - British policy makers cited inflation risks as the driver of the hike saying that the risks "now appear more to the upside"
  - Treasury yields have steadily increased since December (18bp increase in 10yr Treasury yield)
- This week, market participants will be focused on the early January business surveys, December CPI, and a Bernanke testimony

#### JPMorgan Interest rate forecast (%)

	12-Jan-07	1Q 07	2Q 07	3Q 07	4Q07
Fed funds rate	5.25%	5.25%	5.25%	5.25%	5.75%
3m LIBOR	5.36%	5.40%	5.45%	5.50%	5.65%
2yr UST	4.76%	4.80%	4.90%	5.10%	5.45%
5yr UST	4.66%	4.70%	4.75%	4.90%	5.25%
10yr UST	4.66%	4.65%	4.70%	4.80%	5.10%
30yr UST	4.76%	4.70%	4.70%	4.75%	5.00%
10s/30s curve	10 bps	5 bps	Flat	-5 bps	-10 bps

JPMorgan forecasts as of 1/12/07. Forecasts are for quarter-end.

#### Historical treasury rates (%)



Source: Bloomberg

#### High grade primary and secondary market update

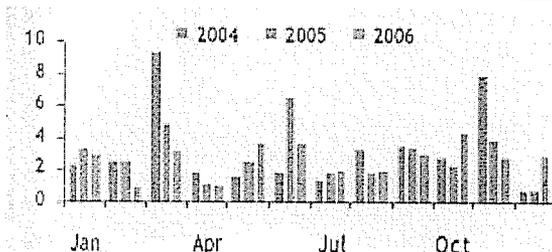
- Over \$16bn in new supply priced over the past week bringing the 2007 YTD total to \$29bn
  - However, only a little over \$5bn of the \$29bn figure has been corporate issuance, with only 3 utility issuers testing the market:
    - Southwestern Electric Power (Baa1/BBB), an AEP operating company, issued a \$250MM 10-year Note at T+93bp
    - The Southern Company (A3/A-) issued \$500MM 5-year Notes at T+60bp
    - Alabama Gas Corp (A1/BBB+) issued \$45MM 30-year Bonds at T+113bp
- The impact of the lack of corporate supply has been multi-faceted:
  - A robust secondary market, with spreads remaining very well bid
  - High grade corporate bond spreads finished 2bp tighter last week
  - Market technicals are very supportive of opportunistic issuance
    - Investors are searching for supply, which has obvious pricing benefits
  - Given the inverted yield curve and uncertain Fed, the FRN market remains very strong, with issuers currently pricing FRN's through the asset swap equivalent fixed-rates
  - A marked up-tick in reverse inquiry from investors for particular credits
  - Increased activity in the CDS market, with investors positioning themselves for future anticipated supply

#### Selected recent investment grade new issuance

Date	Issuer	Ratings	Size	Coupon	Maturity	Spread
1/8	SOUTHWESTERN ELEC POWER	Baa1/BBB	250	5.550	01/15/2017	93
1/9	ICICI BANK LIMITED	Baa2/BB-	500	FRN	01/12/2010	3ML+34
1/9	ICICI BANK LIMITED	Baa2/BB-	750	5.750	01/12/2012	114.3
1/9	ICICI BANK LIMITED	Baa2/BB-	750	6.375	04/30/2022	174.8
1/9	PRIME PROPERTY FUNDING	A3/A	200	5.500	01/15/2014	87.5
1/9	PRIME PROPERTY FUNDING	A3/A	200	5.625	01/15/2017	100
1/9	SNAP-ON INC	A3/A-	150	FRN	01/12/2010	3ML+13
1/9	SNAP-ON INC	A3/A-	150	5.500	01/15/2017	85
1/10	ALABAMA GAS CORP	A1/BBB-	45	5.900	01/15/2037	113
1/11	SOUTHERN CO	A3/A-	500	5.300	01/15/2032	60

Shading indicates utility and pipeline issuance

#### Utility and Pipeline new issue supply (\$Bn)



Source: Securities Data Corp

JPMorgan

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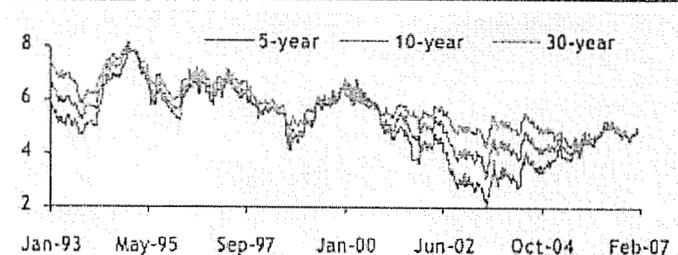
- Last week, Philly Fed President Plosser, reputed to be one of the more hawkish FOMC members, expressed a growing concern about inflation risk. Plosser's inflation concerns were more or less echoed by St. Louis Fed President Poole who stated that an inflation rate that settles above 2% would be "unacceptable"
- Last week's 0.5% decline in December wholesale inventories was significantly lower than the forecast embedded in the advance report on 4Q06 GDP, with the November results being revised down as well
- Current data, however, suggests that inventory accumulation slowed to a standstill in 4Q06, which could leave the economy positioned for a significant upturn in growth at the same time when the drag from the downturn in housing activity will be fading
- Fed Chairman Bernanke will deliver his semiannual Monetary Policy Report before Congress on Wednesday
  - JPMorgan does not expect him to signal a move toward a neutral policy stance, but instead to reiterate the FOMC's concern on tight resource utilization having the potential to sustain inflationary pressures
- US Treasuries rallied with the 10-year Treasury yield falling 4bp and closing the week at 4.78% and the 30-year Treasury falling 6bp to 4.87%
- The 3-, 10-, and 30-year refunding auctions took place last week and were well-received, coming 1-2 bp through the market
  - The \$39bn in 10-year equivalents was surprisingly well digested given the backdrop of a light economic data calendar

#### JPMorgan Interest rate forecast (%)

	9-Feb-07	1Q 07	2Q 07	3Q 07	4Q 07
Fed funds rate	5.25%	5.25%	5.25%	5.25%	5.75%
3m LIBOR	5.36%	5.40%	5.45%	5.50%	5.95%
2yr UST	4.91%	4.80%	4.90%	5.10%	5.45%
5yr UST	4.78%	4.70%	4.75%	4.90%	5.25%
10yr UST	4.78%	4.65%	4.70%	4.80%	5.10%
30yr UST	4.86%	4.70%	4.70%	4.75%	5.00%
10s/30s curve	8 bps	5 bps	Flat	-5 bps	+10 bps

JPMorgan forecasts as of 2/9/07. Forecasts are for quarter-end

#### Historical treasury rates (%)



Source: Bloomberg

#### High grade primary and secondary market update

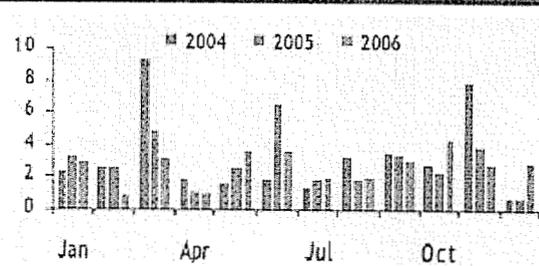
- Investment grade new issue supply totaled roughly \$20bn last week, bringing YTD supply to \$68bn
- As was the case for much of last year, floating rate notes continue to provide relative value over comparable fixed-rate corporate bonds
  - After starting out the year at very tight levels already, FRNs continue to see significant tightening particularly as they extend out the maturity curve and down the credit curve
  - With demand for FRNs remaining strong, supply has followed and YTD volumes are on par with last year's record pace
- JPMorgan continues to be an active participant in the new issue calendar, serving as bookrunner on some of the most notable offerings:
  - CIT (A2/A) issued \$2bn across \$750mm of 5yr FRNs at 3m5L+25 bp, \$500mm of 5yr fixed rate at T+66 bp and \$750mm of 10yr fixed rate at T+93 bp, pricing with a minimal new issue concession
  - The offering received overwhelming demand, with the final orderbook showing \$5.5bn in orders from over 170 accounts,
  - Ambac Financial Group (Aa3/A+) priced \$400mm of Basket D "CENTS"-type hybrids, which featured a 30 yr scheduled maturity and an 80 yr final maturity, at T+135 bps - implying a +25bp subordination premium to senior unsecured levels, the tightest one seen so far
  - The orderbook went subject within 15 minutes of announcement after receiving over \$5bn of interest from 150 accounts
- There was just one new issue in the utility and pipeline space as the majority of issuers remain in earnings blackout period
  - Northern Natural Gas (A3/A), a subsidiary of MidAmerican Energy, issued a \$150MM 30-year bond at T-95bp
- Despite high grade corporate bond spreads finishing last week unchanged, spreads are tighter across every sector thus far in 2007
  - Investors currently see value in investment grade bonds versus other asset classes, which are trading close to or at all-time highs (e.g. high yield, emerging markets)
- With 75% of S&P500 companies having reported earnings, 4Q06 earnings per share growth currently stands at 11.4% (consensus was 9.9%)

#### Selected recent investment grade new issuance

Date	Issuer	Ratings	Size	Coupon	Maturity	Spread
2/5	ACE INA HOLDINGS	A3/A-	500	5.700	02/15/2017	90
2/6	CIT GROUP INC	A2/A	750	FRN	02/13/2012	3ML+25
2/6	CIT GROUP INC	A2/A	500	5.400	02/13/2012	66
2/6	CIT GROUP INC	A2/A	750	5.650	02/13/2012	93
2/6	GENERAL ELEC CAP CORP	Aaa/AAA	500	FRN	02/15/2017	3ML-17
2/6	GENERAL ELEC CAP CORP	Aaa/AAA	1500	5.400	02/15/2017	66
2/6	ANHEUSER-BUSCH COS INC	A2/A	300	5.600	03/01/2017	83
2/6	AT&T INC	A2/A	1150	6.375	02/15/2056	-
2/7	AMBAC FINANCIAL GROUP INC	Aa3/A+	400	6.150	02/15/2037	135
2/7	NORTHERN NATURAL GAS	A3/A	150	5.800	02/15/2037	95

Shading indicates utility and pipeline issuance

#### Utility and Pipeline new issue supply (\$Bn)



Source: Securities Data Corp

JPMorgan

**KU Intercompany Loan with Fidelia (\$53MM)**  
**Spread Comparison - February 7, 2007**

	<u>KU</u>	<u>E.ON AG</u>
Lehman Brothers	0.87%	
Wachovia	1.13%	
Merrill Lynch	0.98%	
Deutsche Bank		1.00%
Goldman Sachs		0.96%
ABNAmro		1.07%
<b>Lowest Rate - KU, Avg. Rate - E.ON AG</b>	<b>0.87%</b>	<b>1.01%</b>
10-Year US Treasury Rate at Pricing	4.82%	
<b>All-in Rate</b>	<b>5.69%</b>	

GRAB

Govt YAS

Enter 11<GO> for Historical Z-spreads

# YIELD & SPREAD ANALYSIS

CUSIP912828FY PCS BGN

US TREASURY N/B T 4<sup>s</sup> 11/15/16 98-15+ / 98-16+ ( 4.82 /82) BGN @13:52

SETTLE 2/ 6/07 FACE AMT 1000 M or PROCEEDS 995,760.53

1) YA	YIELDS	2) YASD
PRICE 98-16+	No Rounding	<input checked="" type="checkbox"/>
YIELD	4.816 1st	
SPRD	0.00 bp yld-decimals	3/3
versus		
10yr T 4 <sup>s</sup> 11/15/16	BENCHMARK	
PRICE 98-16+	Save	Delete
YIELD 4.816 %	sd:	2/ 6/07

RISK & HEDGE RATIOS	T 4 <sup>s</sup> 11/15/16 workout	HEDGE BOND DAS
Mod Dur	7.69	7.68
Risk	7.654	7.652
Convexity	0.72	0.72
Workout HEDGE Amount:	1,000 M	
DAS HEDGE Amount:	1,000 M	

Yields are: Semi-Annual

3) DAS	SPREADS	4) ASW
DAS: 0.1	CRV# CMT VOL	Opt
DAS:	CRV# TED:	58.3
ASW (A/A)	-49.9 ZSPR	-51.6 11) History
CRV# 152	US \$ SWAP 30/360	
ISPRD	-49.0 DSPRD	-49.3
Yield Curve: I25 US TREASURY ACTIVES		
+ 0	v 9.8yr ( 4.816 %)	INTERPOLATED
+ 1	v 5yr ( 4.81)	T 4 <sup>s</sup> 01/31/12
+ 0	v 10yr ( 4.82)	T 4 <sup>s</sup> 11/15/16
- 10	v 30yr ( 4.92)	T 4 <sup>1/2</sup> 02/15/36

5) FPA	FINANCING
Repo% 5.160	(360/365) 360 Days 1
Int Income	127.76 Carry P&L
Fin Cost	-142.73
Amortiz	3.16<->
Forwrd Prc	98.517121
Prc Drop	-0.001496
Drop (bp)	-0.02
Accrued Interest	/100 1.060428
Number Of Days Accrued	83

Australia 61 2 9277 8600  
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212  
 Brazil 5511 3048 4500

Europe 44 20 7630 7500  
 1000 U.S. 1 212 318 2000  
 Germany 49 69 920410  
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Confidential Presentation to:

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**E.ON**

# Indicative New Issue Pricing

January 30, 2007

LEHMAN BROTHERS

# Summary Terms for Kentucky Utilities

Indicative New Issue Pricing

## Kentucky Utilities

### Summary Terms for Underwritten US-Domestic First Mortgage Bonds

(Assumes Secured Debt Ratings of A1/A-)

#### Fixed Rate New Issue Levels

Maturity:	10 Years	15 Years	30 Years
U.S. Treasury Rate:	4.869%	4.869%	4.976%
Issue Price:	Par	Par	Par
Optionality:	MW	MW	MW
Reoffer Spread:	70 bps	80 bps	100 bps
Reoffer Yield:	5.569%	5.669%	5.976%
Gross Spread:	0.650%	0.750%	0.875%
Amortization of Gross Spread:	0.08%	0.07%	0.06%
Semiannual All-in Cost:	5.652%	5.740%	6.032%
Semiannual All-in Spread:	78 bps	87 bps	106 bps

#### Swapped to Floating

Swap Spread:	53 bps	61 bps	55 bps
Swapped Spread to LIBOR:	17 bps	19 bps	45 bps
Swapped All-in Spread to LIBOR:	25 bps	26 bps	51 bps
3 Month LIBOR:	5.360%	5.360%	5.360%
Initial Coupon:	5.530%	5.550%	5.810%

U.S. Treasury and LIBOR rates as of January 30, 2007

## Kentucky Utilities Company

February 5, 2007

Market	Institutional
Tenor	15 year
Amount	\$53.0
Structure / Security	First Mortgage
Ratings	A1 / A
Pay Frequency	Semi-Annual
Reference Benchmark	10 YR US1
Benchmark Yield	4.81%
<b>Reoffer Spread</b>	<b>105 bps area</b>
<b>Reoffer Yield</b>	<b>5.86% area</b>
Underwriting Fee	0.750%
<b>All-In Yield</b>	<b>5.93%</b>
<b>All-In Spread</b>	<b>113 bps</b>
Mid Swap Rate	5.37%
Reoffer Floating Rate Spread	49 bps
All-In Floating Rate Spread	56 bps

"Area" defined as +/- 2 to 3 bps.



## New Issue Pricing Indications

Louisville Gas & Electric

### Indicative Pricing: First Mortgage Bonds (Senior Secured Ratings: A1/A)

Maturity	15 Year
Issue Size (\$mm)	\$53
Coupon Type	Fixed
Reset/Payment	NA/Semi
Call Provision	Make-Whole
Benchmark	UST 4.625% due 11/16
Benchmark Yield	4.798%
Reoffering Spread	T + 90 bps Area
Reoffer Yield	5.698%
Underwriting Commissions	0.750%
All-in Yield	5.774%
All-in Spread	T + 98 bps Area



Pricing indications as of February 1, 2007. Assumes a new issue settlement date of February 6, 2007, with interest accruing from February 6, 2007. All yields are quoted on a semiannual basis. Based upon First Mortgage Bond ratings of A1/A.

## Disclaimers

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**Anderson, Rhonda**

**From:** Heintzen, Lioba [Lioba.Heintzen@eon.com]  
**Sent:** Monday, February 05, 2007 3:56 AM  
**To:** Horne, Elliott  
**Cc:** Arbough, Dan  
**Subject:** WG: Indicative pricing USD private placement

**Von:** Schrago, Godefroy [mailto:Godefroy.Schrago@gs.com]  
**Gesendet:** Freitag, 2. Februar 2007 15:48  
**An:** Heintzen, Lioba  
**Cc:** Hofmann, Jens (IB, PBC/01); Meckel, Jans; Mercier, Thomas  
**Betreff:** FW: Indicative pricing USD private placement

Dear Ms. Heintzen,

Further to your request to Thomas Mercier on an indicative pricing for a \$50m private placement.

We would see all-in costs in the UST+96bp area.

Please let us know, if you have any questions.

Best regards,

**Goldman Sachs International**  
Peterborough Court | 133 Fleet Street | London EC4A 2BB  
Tel: +44 (0)20 7774 1000 | Direct: +44 (0)20 7774 9496  
Fax: +44-(0)20 7774 4477  
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**Godefroy Schrago**  
Investment Banking Division

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Goldman Sachs reserves the right, to the extent and under circumstances permitted by applicable law, to retain,

**Anderson, Rhonda**

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**From:** Heintzen, Lioba [Lioba.Heintzen@eon.com]  
**Sent:** Monday, February 05, 2007 3:56 AM  
**To:** Horne, Elliott  
**Cc:** Arbough, Dan  
**Subject:** WG: Spread

-----Ursprüngliche Nachricht-----  
Von: hussain.hussain@uk.abnamro.com [mailto:hussain.hussain@uk.abnamro.com]  
Gesendet: Freitag, 2. Februar 2007 16:18  
An: Heintzen, Lioba  
Betreff: Re: Spread

Dear Ms Heintzen,

further to your request with respect to indicative funding levels for a USD 55 mln 15 year issue, the new issue levels (all-in) would be:

UST 4.625% due November 2016 + 107 bp = US\$ 3m Libor - 48 bp = Yield of 5.898%

Kind regards,

Hussain Hussain  
Corporate Origination  
ABN AMRO  
250 Bishopsgate  
London EC2M 4AA  
UK

Phone: +44 (0) 207 678 8710  
Fax: +44 (0) 207 678 3597

"Heintzen, Lioba"  
<Lioba.Heintzen@eon.com>

02/02/2007 13:38

To  
<hussain.hussain@uk.abnamro.com>

cc

Subject

Spread

Hallo Herr Hussain,

Ich brauche mal wieder - für rein interne Zwecke - einen Spread. Und zwar interessiert mich der All-In-Spread, den E.ON für ein Privat Placement USD 55m über Treasuries zu zahlen hätte, bei einer Laufzeit von 15 Jahren und einem fixen Kupon.