



a PPL company

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PUBLIC SERVICE  
COMMISSION

Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

October 3, 2014

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

Rick E. Lovekamp  
Manager - Regulatory Affairs  
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**Re: *Application of Kentucky Utilities Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority - Case No. 2010-00206***

Dear Mr. DeRouen:

Pursuant to Ordering Paragraph No. 9 of the Kentucky Public Service Commission's Order, dated September 30, 2010, in the aforementioned case, attached is a Form 8-K filed with the Securities and Exchange Commission ("SEC") on October 1, 2014.

Please confirm your receipt of this filing by placing the File Stamp of your Office with date received on the extra copy and returning it to me in the enclosed envelope. Should you have any questions regarding the information filed herewith, please call me or Don Harris at (502) 627-2021.

Sincerely,

A handwritten signature in blue ink that reads "Rick E. Lovekamp". The signature is fluid and cursive.

Rick E. Lovekamp

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 1, 2014

<u>Commission File Number</u>	<u>Registrant; State of Incorporation; Address and Telephone Number</u>	<u>IRS Employer Identification No.</u>
1-11459	<b>PPL Corporation</b> (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-2758192
333-173665	<b>LG&amp;E and KU Energy LLC</b> (Exact name of Registrant as specified in its charter) (Kentucky) 220 West Main Street Louisville, KY 40202-1377 (502) 627-2000	20-0523163
1-3464	<b>Kentucky Utilities Company</b> (Exact name of Registrant as specified in its charter) (Kentucky and Virginia) One Quality Street Lexington, KY 40507-1462 (502) 627-2000	61-0247570

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Section 1 – Registrant's Business and Operations****Item 1.01 Entry into a Material Definitive Agreement**

and

**Item 1.02 Termination of a Material Definitive Agreement**

And

**Section 2 - Financial Information****Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant**

On October 1, 2014, Kentucky Utilities Company, as borrower ("KU"), entered into a three-year, \$198,309,583.05 Letter of Credit Agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as administrative agent and initial issuing lender (the "Credit Agreement").

The Credit Agreement allows for KU to request lenders to issue letters of credit to support its issuances of tax-exempt pollution control bonds and to request loans in connection with certain repayment events for such letters of credit. KU currently utilizes the full capacity of the Credit Agreement for issuance of letters of credit to support four existing series of pollution control bonds. KU will pay a market-based facility fee, which is based upon KU's senior secured long-term debt rating, as well as customary letter of credit issuance fees under the Credit Agreement.

The Credit Agreement contains a financial covenant requiring KU's consolidated debt to total capitalization to not exceed 70% (as calculated pursuant to the Credit Agreement), and other customary covenants. Failure to meet the covenants beyond applicable grace periods and certain other events, including the occurrence of a change of control (as defined in the Credit Agreement), could result in acceleration of due dates of any borrowings, cash collateralization of outstanding letters of credit and/or termination of the Credit Agreement. The Credit Agreement also contains certain customary representations and warranties that must be made and certain other conditions that must be met for KU to cause lenders to issue letters of credit or make loans.

The Credit Agreement and the issued letters of credit replace a substantially similar \$198,309,583.05 Amended and Restated Letter of Credit Agreement, dated as of August 16, 2012, as amended, and existing letters of credit, which were terminated in connection therewith.

**Section 9 - Financial Statements and Exhibits****Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

- 10.1 - \$198,309,583.05 Letter of Credit Agreement dated as of October 1, 2014 among Kentucky Utilities Company, as the Borrower, the Lenders from time to time party hereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

**PPL CORPORATION**

By: /s/ Mark F. Wilten  
Mark F. Wilten  
Vice President – Finance and  
Treasurer

**LG&E AND KU ENERGY LLC**

By: /s/ Kent W. Blake  
Kent W. Blake  
Chief Financial Officer

**KENTUCKY UTILITIES COMPANY**

By: /s/ Kent W. Blake  
Kent W. Blake  
Chief Financial Officer

Dated: October 1, 2014

**Exhibit 10.1  
CONFORMED VERSION**

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\$198,309,583.05

**LETTER OF CREDIT AGREEMENT**

dated as of October 1, 2014

among

**KENTUCKY UTILITIES COMPANY,  
as the Borrower,**

**THE LENDERS FROM TIME TO TIME PARTY HERETO**

and

**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH,  
as Administrative Agent**

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## TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS	1
Section 1.01.    Definitions	1
ARTICLE II THE CREDITS	13
Section 2.01.    Commitments	13
Section 2.02.    Noteless Agreement; Evidence of Indebtedness	13
Section 2.03.    Fees	13
Section 2.04.    Adjustments of Commitments	14
Section 2.05.    Mandatory Prepayments	15
Section 2.06.    General Provisions as to Payments	16
Section 2.07.    Computation of Interest and Fees	16
Section 2.08.    Increased Cost and Reduced Return	16
Section 2.09.    Taxes	18
Section 2.10.    Defaulting Lenders	21
Section 2.11.    Loans	22
ARTICLE III LETTERS OF CREDIT	23
Section 3.01.    Issuing Lenders; Reimbursement Agreement	23
Section 3.02.    Letters of Credit	24
Section 3.03.    Method of Issuance of Letters of Credit	24
Section 3.04.    Conditions to Issuance of Letters of Credit	24
Section 3.05.    Purchase and Sale of Letter of Credit and Loan Participations	24
Section 3.06.    Drawings under Letters of Credit	25
Section 3.07.    Reimbursements of Drawings under Letters of Credit	25
Section 3.08.    Duties of Issuing Lenders to Lenders; Reliance	25
Section 3.09.    Obligations of Lenders to Reimburse Issuing Lender for Unpaid Drawings and Loans	26
Section 3.10.    Funds Received from the Borrower in Respect of Drawn Letters of Credit	27
Section 3.11.    Obligations in Respect of Letters of Credit Unconditional	27
Section 3.12.    Indemnification in Respect of Letters of Credit and Loans	28
Section 3.13.    ISP98	28
ARTICLE IV CONDITIONS	29
Section 4.01.    Conditions to Effectiveness of this Agreement	29
Section 4.02.    Conditions to All Credit Events	30
Section 4.03.    Additional Conditions to Credit Events	30
ARTICLE V REPRESENTATIONS AND WARRANTIES	31
Section 5.01.    Status	31
Section 5.02.    Authority; No Conflict	31
Section 5.03.    Legality; Etc	31
Section 5.04.    Financial Condition	31
Section 5.05.    Litigation	32
Section 5.06.    No Violation	32
Section 5.07.    ERISA	32
Section 5.08.    Governmental Approvals	32
Section 5.09.    Investment Company Act	32
Section 5.10.    Tax Returns and Payments	32
Section 5.11.    Compliance with Laws	33
Section 5.12.    No Default	33
Section 5.13.    Environmental Matters	33
Section 5.14.    OFAC	34
Section 5.15.    Anti-Corruption	34
ARTICLE VI COVENANTS	34
Section 6.01.    Information	34
Section 6.02.    Maintenance of Property; Insurance	36
Section 6.03.    Conduct of Business and Maintenance of Existence	37
Section 6.04.    Compliance with Laws, Etc	37
Section 6.05.    Books and Records	37
Section 6.06.    Use of Proceeds	37
Section 6.07.    Merger or Consolidation	37
Section 6.08.    Asset Sales	37
Section 6.09.    Consolidated Debt to Consolidated Capitalization Ratio	38

Section 6.10.	Limitation on Liens	38
ARTICLE VII DEFAULTS		38
Section 7.01.	Events of Default	38
ARTICLE VIII THE ADMINISTRATIVE AGENT		40
Section 8.01.	Appointment and Authorization	40
Section 8.02.	Individual Capacity	40
Section 8.03.	Delegation of Duties	40
Section 8.04.	Reliance by the Administrative Agent	40
Section 8.05.	Notice of Default	41
Section 8.06.	Non-Reliance on the Administrative Agent and Other Lenders	41
Section 8.07.	Exculpatory Provisions	41
Section 8.08.	Indemnification	42
Section 8.09.	Resignation; Successors	42
Section 8.10.	Administrative Agent's Fees	43
ARTICLE IX MISCELLANEOUS		43
Section 9.01.	Notices	43
Section 9.02.	No Waivers; Non-Exclusive Remedies	44
Section 9.03.	Expenses; Indemnification	44
Section 9.04.	Sharing of Set-Offs	45
Section 9.05.	Amendments and Waivers	46
Section 9.06.	Successors and Assigns	46
Section 9.07.	Governing Law; Submission to Jurisdiction	48
Section 9.08.	Counterparts; Integration; Effectiveness	48
Section 9.09.	Generally Accepted Accounting Principles	48
Section 9.10.	Usage	49
Section 9.11.	WAIVER OF JURY TRIAL	50
Section 9.12.	Confidentiality	50
Section 9.13.	USA PATRIOT Act Notice	50
Section 9.14.	No Fiduciary Duty	50
Section 9.15.	Survival	51

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**Appendices:**

Commitment Appendix

**Exhibits:**

- Exhibit A - Form of Reimbursement Agreement
  - Exhibit B - Form of Assignment and Assumption Agreement
  - Exhibit C - [Reserved]
  - Exhibit D - Form of Letter of Credit Request
-

**LETTER OF CREDIT AGREEMENT** (this "Agreement"), dated as of October 1, 2014, is entered into among KENTUCKY UTILITIES COMPANY, a Kentucky corporation and a Virginia corporation (the "Borrower"), the LENDERS party hereto from time to time, THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH ("BTMU"), as the Administrative Agent and BTMU, as Issuing Lender.

## RECITALS

WHEREAS, the Borrower has requested that the Lenders provide, and the Lenders are willing to provide, a senior unsecured letter of credit facility in an aggregate amount of \$198,309,583.05, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual conditions and agreements set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

## ARTICLE I DEFINITIONS

Section 1.01. Definitions. All capitalized terms used in this Agreement or in any Appendix, Schedule or Exhibit hereto which are not otherwise defined herein or therein shall have the respective meanings set forth below.

"Administrative Agent" or "Agent" means BTMU, in its capacity as administrative agent for the Lenders hereunder and under the other Loan Documents, and its successor or successors in such capacity.

"Administrative Questionnaire" means, with respect to each Lender, an administrative questionnaire in the form provided by the Administrative Agent and submitted to the Administrative Agent (with a copy to the Borrower) duly completed by such Lender.

"Affiliate" means, with respect to any Person, any other Person who is directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through the ownership of stock or its equivalent, by contract or otherwise. In no event shall the Administrative Agent or any Lender be deemed to be an Affiliate of the Borrower or any of its Subsidiaries.

"Agreement" has the meaning set forth in the introductory paragraph hereto, as this Agreement may be amended, amended and restated, supplemented or modified from time to time.

"Applicable Lending Office" means, with respect to any Lender, its office located at the address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Applicable Lending Office) or such other office as such Lender may hereafter designate as its Applicable Lending Office by notice to the Borrower and the Administrative Agent.

"Applicable Percentage" means, for purposes of calculating the applicable rate for the Facility Fee for any day for purposes of Section 2.03(a), the appropriate applicable percentage set forth below corresponding to one rating level below the then current highest Borrower's Ratings; provided, that, in the event that the Borrower's Ratings shall fall within different levels and ratings are maintained by both Rating Agencies, the applicable rating shall be based on the higher of the two ratings unless one of the ratings is two or more levels lower than the other, in which case the applicable rating shall be determined by reference to the level one rating lower than the higher of the two ratings:

	Borrower's Ratings (S&P/Moody's)	Applicable Percentage for Facility Fees
Category A	≥ A from S&P / A2 from Moody's	0.650%
Category B	≥ A- from S&P / A3 from Moody's	0.750%
Category C	BBB+ from S&P / Baa1 from Moody's	0.850%
Category D	BBB from S&P / Baa2 from Moody's	0.975%
Category E	BBB- from S&P / Baa3 from Moody's	1.15%
Category F	≤BB+ from S&P / Ba1 from Moody's	1.275%

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Asset Sale" means any sale of any assets, including by way of the sale by the Borrower or any of its Subsidiaries of equity interests in such Subsidiaries.

"Assignee" has the meaning set forth in Section 9.06(c).

"Assignment and Assumption Agreement" means an Assignment and Assumption Agreement, substantially in the form of attached Exhibit B, under which an interest of a Lender hereunder is transferred to an Eligible Assignee pursuant to Section 9.06(c).

“Available Amount” has the meaning set forth in the applicable Letter of Credit.

“Availability Period” means the period from and including the Effective Date to but excluding the Termination Date.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended, or any successor statute.

“Base Rate” means for any day a rate per annum equal to the highest of (i) the Prime Rate for such day, (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day and (iii) LIBOR Market Index Rate for such day plus 1%.

“Bond Indenture” has the meaning set forth in the applicable Reimbursement Agreement.

“Borrower” has the meaning set forth in the introductory paragraph hereto.

“Borrower’s Rating” means the senior secured long-term debt rating of the Borrower from S&P or Moody’s.

“BTMU” has the meaning set forth in the introductory paragraph hereto.

“Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized by law to close; provided, that, when used in Article III with respect to any action taken by or with respect to any Issuing Lender, the term “Business Day” shall not include any day on which commercial banks are authorized by law to close in the jurisdiction where the office at which such Issuing Lender books any Letter of Credit is located.

“Capital Lease” means any lease of property which, in accordance with GAAP, should be capitalized on the lessee’s balance sheet.

“Capital Lease Obligations” means, with respect to any Person, all obligations of such Person as lessee under Capital Leases, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

“Change of Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of 25% or more of the outstanding shares of voting stock of PPL Corporation or its successors or (ii) the failure at any time of PPL Corporation or its successors to own 80% or more of the outstanding shares of the Voting Stock in the Borrower.

“Commitment” means, with respect to any Lender, the commitment of such Lender to purchase participations in Letters of Credit and Loans pursuant to Article III hereof, as set forth in the Commitment Appendix and as such Commitment may be reduced from time to time pursuant to Section 2.04 or Section 9.06(c) or increased from time to time pursuant to Section 9.06(c).

“Commitment Appendix” means the Appendix attached under this Agreement identified as such.

“Commitment Ratio” means, with respect to any Lender, the percentage equivalent of the ratio which such Lender’s Commitment bears to the aggregate amount of all Commitments.

“Consolidated Capitalization” means the sum of, without duplication, (A) the Consolidated Debt (without giving effect to clause (b) of the definition of “Consolidated Debt”) and (B) the consolidated shareowners’ equity (determined in accordance with GAAP) of the common, preference and preferred shareowners of the Borrower and minority interests recorded on the Borrower’s consolidated financial statements (excluding from shareowners’ equity (i) the effect of all unrealized gains and losses reported under Financial Accounting Standards Board Accounting Standards Codification Topic 815 in connection with (x) forward contracts, futures contracts, options contracts or other derivatives or hedging agreements for the future delivery of electricity, capacity, fuel or other commodities and (y) Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (ii) the balance of accumulated other comprehensive income/loss of the Borrower on any date of determination solely with respect to the effect of any pension and other post-retirement benefit liability adjustment recorded in accordance with GAAP), except that for purposes of calculating Consolidated Capitalization of the Borrower, Consolidated Debt of the Borrower shall exclude Non-Recourse Debt and Consolidated Capitalization of the Borrower shall exclude that portion of shareowners’ equity attributable to assets securing Non-Recourse Debt.

“Consolidated Debt” means the consolidated Debt of the Borrower and its Consolidated Subsidiaries (determined in accordance with GAAP), except that for purposes of this definition (a) Consolidated Debt shall exclude Non-Recourse Debt of the Borrower and its Consolidated Subsidiaries, and (b) Consolidated Debt shall exclude (i) Hybrid Securities of the Borrower and its Consolidated Subsidiaries in an aggregate amount as shall not exceed 15% of Consolidated Capitalization and (ii) Equity-Linked Securities in an aggregate amount as shall not exceed 15% of Consolidated Capitalization.

“Consolidated Subsidiary” means with respect to any Person at any date any Subsidiary of such Person or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

“Continuing Lender” means with respect to any event described in Section 2.04(b), a Lender which is not a Retiring Lender, and “Continuing Lenders” means any two or more of such Continuing Lenders.

“Corporation” means a corporation, association, company, joint stock company, limited liability company, partnership or business trust.

“Credit Event” means the issuance, renewal or extension of a Letter of Credit or the making of a Loan.

“Custody Agreement” means a Custody Agreement as defined in and entered into pursuant to a Reimbursement Agreement in connection with the issuance of a Letter of Credit hereunder.

“Custody Bonds” has the meaning set forth in the applicable Reimbursement Agreement.

“Debt” of any Person means, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all Guarantees by such Person of Debt of others, (iv) all Capital Lease Obligations and Synthetic Leases of such Person, (v) all obligations of such Person in respect of Interest Rate Protection Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements (the amount of any such obligation to be the net amount that would be payable upon the acceleration, termination or liquidation thereof), but only to the extent that such net obligations exceed \$75,000,000 in the aggregate and (vi) all obligations of such Person as an account party in respect of letters of credit and bankers’ acceptances; provided, however, that “Debt” of such Person does not include (a) obligations of such Person under any installment sale, conditional sale or title retention agreement or any other agreement relating to obligations for the deferred purchase price of property or services, (b) obligations under agreements relating to the purchase and sale of any commodity, including any power sale or purchase agreements, any commodity hedge or derivative (regardless of whether any such transaction is a “financial” or physical transaction), (c) any trade obligations or other obligations of such Person incurred in the ordinary course of business or (d) obligations of such Person under any lease agreement (including any lease intended as security) that is not a Capital Lease or a Synthetic Lease.

“Debtor Relief Laws” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means at any time any Lender with respect to which a Lender Default is in effect at such time. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses of the definition of “Lender Default” shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to cure as expressly contemplated in the definition of “Lender Default”) upon delivery of written notice of such determination to the Borrower, the Issuing Lenders and each other Lender.

“Dollars” and the sign “\$” means lawful money of the United States of America.

“Effective Date” means October 1, 2014.

“Eligible Assignee” means (i) a Lender; (ii) a commercial bank organized under the laws of the United States and having a combined capital and surplus of at least \$100,000,000; (iii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country and having a combined capital and surplus of at least \$100,000,000; provided, that such bank is acting through a branch or agency located and licensed in the United States; (iv) an Affiliate of a Lender that is an “accredited investor” (as defined in Regulation D under the Securities Act of 1933, as amended); or (v) an Approved Fund; provided, that, in each case (a) upon and following the occurrence of an Event of Default, an Eligible Assignee shall mean any Person other than the Borrower or any of its Affiliates and (b) notwithstanding the foregoing, “Eligible Assignee” shall not include the Borrower or any of its Affiliates.

“Environmental Laws” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses or other written governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or Hazardous Substances or wastes.

“Environmental Liabilities” means all liabilities (including anticipated compliance costs) in connection with or relating to the business, assets, presently or previously owned, leased or operated property, activities (including, without limitation, off-site disposal) or operations of the Borrower or any of its Subsidiaries which arise under Environmental Laws or relate to Hazardous Substances.

“Equity-Linked Securities” means any securities of the Borrower or any of its Subsidiaries which are convertible into, or exchangeable for, equity securities of the Borrower, such Subsidiary or PPL Corporation, including any securities issued by any of such Persons which are pledged to secure any obligation of any holder to purchase equity securities of the Borrower, any of its Subsidiaries or PPL Corporation.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

“ERISA Group” means the Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code.

“Event of Default” has the meaning set forth in Section 7.01.

“Existing Credit Agreement” means that certain Amended and Restated Revolving Credit Agreement, dated as of July 28, 2014, among the Borrower, the lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent, as amended,

restated, supplemented, replaced or otherwise modified from time to time.

“Existing Pollution Control Bonds” means the tax-exempt pollution control bonds of the following series issued on behalf of the Borrower: (i) the County of Carroll, Kentucky, Environmental Facilities Revenue Bonds, 2008 Series A (Kentucky Utilities Company Project), (ii) the County of Carroll, Kentucky, Environmental Facilities Revenue Refunding Bonds, 2006 Series B (Kentucky Utilities Company Project), (iii) the County of Carroll, Kentucky, Environmental Facilities Revenue Bonds, 2004 Series A (Kentucky Utilities Company Project) and (iv) the County of Mercer, Kentucky, Solid Waste Disposal Facility Revenue Bonds, 2000 Series A (Kentucky Utilities Company Project).

“Facility Fee” has the meaning set forth in Section 2.03(a).

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b) of the Code.

“Federal Funds Rate” means for any day the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average of quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent.

“Fee Letter” means the fee letter dated as of October 1, 2014, among the Borrower and BTMU, as amended, modified or supplemented from time to time.

“FERC” means the Federal Energy Regulatory Commission.

“Fronting Fee” has the meaning set forth in Section 2.03(a).

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

“GAAP” means United States generally accepted accounting principles applied on a consistent basis.

“Governmental Authority” means any federal, state or local government, authority, agency, central bank, quasi-governmental authority, court or other body or entity, and any arbitrator with authority to bind a party at law.

“Guarantee” of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for payment of such Debt, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt or (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt; provided, however, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

“Hazardous Substances” means any toxic, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics.

“Hybrid Securities” means any trust preferred securities, or deferrable interest subordinated debt with a maturity of at least 20 years issued by the Borrower, or any business trusts, limited liability companies, limited partnerships (or similar entities) (i) all of the common equity, general partner or similar interests of which are owned (either directly or indirectly through one or more Wholly Owned Subsidiaries) at all times by the Borrower or any of its Subsidiaries, (ii) that have been formed for the purpose of issuing hybrid preferred securities and (iii) substantially all the assets of which consist of (A) subordinated debt of the Borrower or a Subsidiary of the Borrower, as the case may be, and (B) payments made from time to time on the subordinated debt.

“Indemnitee” has the meaning set forth in Section 9.03(b).

“Interest Rate Protection Agreements” means any agreement providing for an interest rate swap, cap or collar, or any other financial agreement designed to protect against fluctuations in interest rates.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, or any successor statute.

“Issuing Lender” means (i) BTMU, in its capacity as an issuer of Letters of Credit under Section 3.02, and its respective successor or successors in such capacity and (ii) any other Lender approved as an “Issuing Lender” pursuant to Section 3.01.

“KPSC” means the Kentucky Public Service Commission.

“Lender” means each bank or other lending institution listed in the Commitment Appendix as having a Commitment, each Eligible Assignee that becomes a Lender pursuant to Section 9.06(c) and their respective successors and shall include, as the context may require, each Issuing Lender in such capacity.

“Lender Default” means (i) the failure (which has not been cured) of any Lender to (a) make available any reimbursement for a drawing under a Letter of Credit or a Loan within two Business Days of the date it was obligated to make such amount available hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to reimbursement or Loan (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (b) pay to the Administrative Agent, any Issuing Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit) within two Business Days of the date when due, or (ii) a Lender having notified the Borrower, the Administrative Agent or any Issuing Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s funding obligations hereunder and states that such position is based on such Lender’s determination that a condition precedent to the making of such advances (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), or (iii) the failure, within three Business Days after written request by the Administrative Agent or the Borrower, of a Lender to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that a Lender Default in effect pursuant to this clause (iii) shall be cured upon receipt of such written confirmation by the Administrative Agent and the Borrower) or (iv) a Lender has, or has a direct or indirect parent company that has, (a) become the subject of a proceeding under any Debtor Relief Law, or (b) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender Default shall not exist solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

“Letter of Credit” means each letter of credit issued pursuant to Section 3.02 by an Issuing Lender.

“Letter of Credit Liabilities” means, for any Lender at any time, the product derived by multiplying (i) the sum, without duplication, of (A) the aggregate amount that is (or may thereafter become) available for drawing under all Letters of Credit outstanding at such time plus (B) the aggregate unpaid amount of all Reimbursement Obligations outstanding at such time by (ii) such Lender’s Commitment Ratio.

“Letter of Credit Request” has the meaning set forth in Section 3.03.

“LIBOR Market Index Rate” means, for any day, the rate for 1 month U.S. dollar deposits as reported on Reuters Screen LIBOR01 (or any applicable successor page) as of 11:00 a.m., London time, for such day, provided, if such day is not a London Business Day, the immediately preceding London Business Day (or if not so reported, then as determined by the Administrative Agent from another recognized source or interbank quotation).

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance intended to confer or having the effect of conferring upon a creditor a preferential interest.

“Liquidity Drawings” has the meaning set forth in the applicable Letter of Credit.

“Loan Documents” means this Agreement, each Reimbursement Agreement and each Custody Agreement.

“Loans” has the meaning set forth in Section 2.11(a).

“London Business Day” means a day on which commercial banks are open for international business (including dealings in Dollar deposits) in London.

“Mandatory Letter of Credit Borrowing” has the meaning set forth in Section 3.09.

“Margin Stock” means “margin stock” as such term is defined in Regulation U.

“Material Adverse Effect” means (i) any material adverse effect upon the business, assets, financial condition or operations of the Borrower or the Borrower and its Subsidiaries, taken as a whole; (ii) a material adverse effect on the ability of the Borrower to perform its obligations under this Agreement or the other Loan Documents or (iii) a material adverse effect on the validity or enforceability of this Agreement or any of the other Loan Documents.

“Material Debt” means Debt (other than Debt under the Loan Documents) of the Borrower in a principal or face amount exceeding \$50,000,000.

“Material Plan” means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of \$50,000,000. For the avoidance of doubt, where any two or more Plans, which individually do not have Unfunded Liabilities in excess of \$50,000,000, but collectively have aggregate Unfunded Liabilities in excess of \$50,000,000, all references to Material Plan shall be deemed to apply to such Plans as a group.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Administrative Agent may select.

“Multiemployer Plan” means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“New Lender” means with respect to any event described in Section 2.04(b), an Eligible Assignee which becomes a Lender hereunder as a result of such event, and “New Lenders” means any two or more of such New Lenders.

“Non-Defaulting Lender” means each Lender other than a Defaulting Lender, and “Non-Defaulting Lenders” means any two or more of such Lenders.

“Non-Recourse Debt” means Debt that is nonrecourse to the Borrower or any asset of the Borrower.

“Non-U.S. Lender” has the meaning set forth in Section 2.09(e).

“Obligations” means:

(i) all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on any advance, fees payable or Reimbursement Obligation under any other Loan Document;

(ii) all other amounts now or hereafter payable by the Borrower and all other obligations or liabilities now existing or hereafter arising or incurred (including, without limitation, any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to this Agreement or any other Loan Document;

(iii) all expenses of the Administrative Agent as to which the Administrative Agent has a right to reimbursement under Section 9.03(a) hereof or under any other similar provision of any other Loan Document; and

(iv) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 9.03 hereof or under any other similar provision of any other Loan Document;

in the case of each of clauses (i) through (iv) above, together with all renewals, modifications, consolidations or extensions thereof.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Other Pollution Control Bonds” means tax-exempt pollution control bonds issued on behalf of the Borrower and/or its Subsidiaries other than the Existing Pollution Control Bonds.

“Other Taxes” has the meaning set forth in Section 2.09(b).

“Participant” has the meaning set forth in Section 9.06(b).

“Participant Register” has the meaning set forth in Section 9.06(b).

“Patriot Act” has the meaning set forth in Section 9.13.

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Business” with respect to any Person means a business that is the same or similar to the business of the Borrower or any Subsidiary as of the Effective Date, or any business reasonably related thereto.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a trust or an unincorporated association or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Plan” means at any time an employee pension benefit plan (including a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

“Prime Rate” means the rate of interest set by BTMU from time to time as its prime commercial lending rate for extensions of credit in Dollars. Each change in the Prime Rate shall be effective from the date such change is publicly announced as being effective. The Prime Rate is used as a basis to set interest rates on different types of bank loans and lines of credit. BTMU may price loans to its customers at, above, or below the prime rate. The Prime Rate is not intended to be the lowest rate of interest charged by BTMU in connection with extensions of credit to debtors.

“Public Reporting Company” means a company subject to the periodic reporting requirements of the Securities and Exchange Act of 1934.

“Quarterly Date” means the last Business Day of each of March, June, September and December.

“Rating Agency” means S&P or Moody’s, and “Rating Agencies” means both of them.

“Register” has the meaning set forth in Section 9.06(e).

regulation. “Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as amended, or any successor

regulation. “Regulation X” means Regulation X of the Board of Governors of the Federal Reserve System, as amended, or any successor

“Reimbursement Agreement” has the meaning set forth in Section 3.01.

“Reimbursement Obligations” means at any time all obligations of the Borrower to reimburse the Issuing Lenders pursuant to (i) Section 3.07 for amounts paid by the Issuing Lenders in respect of drawings under Letters of Credit and (ii) Section 2.11 for all Loans (whether or not due and payable) made by Issuing Lenders in respect of Liquidity Drawings, in each case, including any portion of any such obligation to which a Lender has become subrogated pursuant to Section 3.09.

“Replacement Date” has the meaning set forth in Section 2.04(b).

“Replacement Lender” has the meaning set forth in Section 2.04(b).

“Required Lenders” means at any time Non-Defaulting Lenders having at least 51% of the aggregate amount of the Commitments of all Non-Defaulting Lenders at such time (or, if the Commitments shall have been terminated, having at least 51% of the aggregate amount of the Letter of Credit Liabilities at such time), but in no event less than two Non-Defaulting Lenders which are not Affiliates of each other (unless there is only one Non-Defaulting Lender at such time, in which case “Required Lenders” shall mean such Non-Defaulting Lender).

“Responsible Officer” means, as to any Person, the chief executive officer, president, chief financial officer, controller, treasurer or assistant treasurer of such Person or any other officer of such Person reasonably acceptable to the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

“Retiring Lender” means a Lender that ceases to be a Lender hereunder pursuant to the operation of Section 2.04(b).

“SEC” means the Securities and Exchange Commission.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill Financial, Inc., a New York corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the Borrower and the Administrative Agent may select.

“Sanctions” means sanctions administered or enforced by OFAC, the U.S. State Department, the European Union or Her Majesty’s Treasury.

“Sanctioned Country” means a country or territory that is, or whose government is, the subject of comprehensive territorial Sanctions (currently, Cuba, Iran, North Korea, Sudan, and Syria).

“Sanctioned Person” means a Person that is, or is owned or controlled by Persons that are, (i) the subject of any Sanctions, or (ii) located, organized or resident in a Sanctioned Country.

“Subsidiary” means any Corporation, a majority of the outstanding Voting Stock of which is owned, directly or indirectly, by the Borrower or one or more other Subsidiaries of the Borrower.

“Synthetic Lease” means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP.

“Taxes” has the meaning set forth in Section 2.09(a).

“Termination Date” means the earlier to occur of (a) October 1, 2017 and (b) such earlier date upon which all Commitments shall have been terminated in their entirety in accordance with this Agreement.

“TRA” means the Tennessee Regulatory Authority.

“Unfunded Liabilities” means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

“United States” means the United States of America, including the States and the District of Columbia, but excluding its territories and possessions.

“Voting Stock” means stock (or other interests) of a Corporation having ordinary voting power for the election of directors, managers or trustees thereof, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

“VSCC” means the Virginia State Corporation Commission.

“Wholly Owned Subsidiary” means, with respect to any Person at any date, any Subsidiary of such Person all of the Voting Stock of which (except directors’ qualifying shares) is at the time directly or indirectly owned by such Person.

## ARTICLE II THE CREDITS

Section 2.01. Commitments. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make advances to the Borrower constituting its share of any “Mandatory Letter of Credit Borrowing” and Loans pursuant to Section 3.09 from time to time during the Availability Period in amounts such that its Letter of Credit Liabilities shall not exceed its Commitment. Each such advance shall be disbursed directly to the applicable Issuing Lender on behalf of the Borrower, pursuant to Section 3.09.

Section 2.02. Noteless Agreement; Evidence of Indebtedness.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each advance made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each advance made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender’s share thereof.

(c) The entries maintained in the accounts maintained pursuant to paragraphs (a) and (b) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

Section 2.03. Fees.

(a) Facility Fees. The Borrower shall pay to the Administrative Agent a fee (the “Facility Fee”) for each day at a rate per annum equal to the Applicable Percentage for the Facility Fee for such day. The Facility Fee shall accrue from and including the Effective Date to but excluding the last day of the Availability Period on the aggregate amount of each Lender’s Commitment (whether used or unused) on such day. In addition, effective from and after the first date on which there is at least one Lender party to this Agreement in addition to BTMU that is not an affiliate of BTMU, the Borrower shall pay to each Issuing Lender a fee (the “Fronting Fee”) in respect of all Letters of Credit issued by such Issuing Lender computed at the rate equal to the product of (i) the difference between (a) the total average amount available for all of such Issuing Lender’s Letters of Credit outstanding hereunder and (b) the product of such Issuing Lender’s Commitment Ratio and the total average amount available for drawing under all Letters of Credit issued by all Issuing Lenders and outstanding hereunder and (ii) 0.15% per annum on the average amount available for drawing under such Letter(s) of Credit. Fronting Fees shall be due and payable quarterly in arrears on each Quarterly Date and on the Termination Date (or such earlier date as all Letters of Credit shall be canceled or expire). In addition, the Borrower agrees to pay to each Issuing Lender, upon each issuance of, payment under, and/or amendment of, a Letter of Credit, such amount as shall at the time of such issuance, payment or amendment be the administrative charges and expenses which such Issuing Lender is customarily charging for issuances of, payments under, or amendments to letters of credit issued by it.

(b) Payments. Except as otherwise provided in this Section 2.03, accrued fees under this Section 2.03 in respect of Commitments shall be payable quarterly in arrears on each Quarterly Date, on the last day of the Availability Period and, if later, on the date the Letter of Credit Liabilities shall be repaid in their entirety. Fees paid hereunder shall not be refundable under any circumstances.

Section 2.04. Adjustments of Commitments.

(a) Optional Termination or Reductions of Commitments (Pro-Rata). The Borrower may, upon at least three Business Days’ prior written notice to the Administrative Agent, permanently (i) terminate the Commitments, if there are no Letter of Credit Liabilities at such time or (ii) ratably reduce from time to time by a minimum amount of \$10,000,000 or any larger integral multiple of \$5,000,000, the aggregate amount of the Commitments in excess of the aggregate Letter of Credit Liabilities. Upon receipt of any such notice, the Administrative Agent shall promptly notify the Lenders. If the Commitments are terminated in their entirety, all accrued fees shall be payable on the effective date of such termination.

(b) Optional Termination of Commitments (Non-Pro-Rata). If (i) any Lender has demanded compensation or indemnification pursuant to Sections 2.08 or 2.09, or (ii) any Lender is a Defaulting Lender (each such Lender described in clauses (i) or (ii) being a “Retiring Lender”), the Borrower shall have the right, if no Default then exists, to replace such Lender with one or more Eligible Assignees (which may be one or more of the Continuing Lenders) (each a “Replacement Lender” and, collectively, the “Replacement Lenders”) reasonably acceptable to the Administrative Agent. The replacement of a Retiring Lender pursuant to this Section 2.04(b) shall be effective on the tenth Business Day (the “Replacement Date”) following the date of notice given by the Borrower of such replacement to the Retiring Lender and each Continuing Lender through the Administrative Agent, subject to the satisfaction of the following conditions:

(i) the Replacement Lender shall have satisfied the conditions to assignment and assumption set forth in Section 9.06(c) (with all fees payable pursuant to Section 9.06(c) to be paid by the Borrower) and, in connection therewith, the Replacement Lender(s) shall pay:

(A) to the Retiring Lender an amount equal in the aggregate to the sum of (x) all unpaid drawings and Loans that have been funded by (and not reimbursed to) the Retiring Lender under Section 3.09, together with

all accrued but unpaid interest with respect thereto and (y) all accrued but unpaid fees owing to the Retiring Lender pursuant to Section 2.03; and

(B) to the Issuing Lenders an amount equal to the aggregate amount owing by the Retiring Lender to the Issuing Lenders as reimbursement pursuant to Section 3.09, to the extent such amount was not theretofore funded by such Retiring Lender; and

(ii) the Borrower shall have paid to the Administrative Agent for the account of the Retiring Lender an amount equal to all obligations owing to the Retiring Lender by the Borrower pursuant to this Agreement and the other Loan Documents (other than those obligations of the Borrower referred to in clause (i)(A) above).

On the Replacement Date, each Replacement Lender that is a New Lender shall become a Lender hereunder and shall succeed to the obligations of the Retiring Lender with respect to outstanding Letters of Credit and Loans to the extent of the Commitment of the Retiring Lender assumed by such Replacement Lender, and the Retiring Lender shall cease to constitute a Lender hereunder; provided, that the provisions of Sections 2.08, 2.09 and 9.03 of this Agreement shall continue to inure to the benefit of a Retiring Lender with respect to any advance made, any Letters of Credit issued or any other actions taken by such Retiring Lender while it was a Lender.

In lieu of the foregoing, subject to Section 2.04(e), upon express written consent of Continuing Lenders holding more than 50% of the aggregate amount of the Commitments of the Continuing Lenders, the Borrower shall have the right to permanently terminate the Commitment of a Retiring Lender in full. Upon payment by the Borrower to the Administrative Agent for the account of the Retiring Lender of an amount equal to the sum of (i) the aggregate principal amount of all Reimbursement Obligations owed to the Retiring Lender (even if any such Reimbursement Obligations are not otherwise due and payable) and (ii) all accrued interest, fees and other amounts owing to the Retiring Lender hereunder, including, without limitation, all amounts payable by the Borrower to the Retiring Lender under Sections 2.08, 2.09 or 9.03, such Retiring Lender shall cease to constitute a Lender hereunder; provided, that the provisions of Sections 2.08, 2.09 and 9.03 of this Agreement shall inure to the benefit of a Retiring Lender with respect to any advance made, any Letters of Credit issued or any other actions taken by such Retiring Lender while it was a Lender.

(c) Optional Termination of Defaulting Lender Commitment (Non-Pro-Rata). At any time a Lender is a Defaulting Lender, subject to Section 2.04(e), the Borrower may terminate in full the Commitment of such Defaulting Lender by giving notice to such Defaulting Lender and the Administrative Agent, provided, that, (i) at the time of such termination, (A) no Default has occurred and is continuing (or alternatively, the Required Lenders shall consent to such termination) and (B) no Letter of Credit Liabilities are outstanding; (ii) concurrently with such termination, the aggregate Commitments shall be reduced by the Commitment of the Defaulting Lender; and (iii) concurrently with any subsequent payment of interest or fees to the Lenders with respect to any period before the termination of a Defaulting Lender's Commitment, the Borrower shall pay to such Defaulting Lender its ratable share (based on its Commitment Ratio before giving effect to such termination) of such interest or fees, as applicable. The termination of a Defaulting Lender's Commitment pursuant to this Section 2.04(c) shall not be deemed to be a waiver of any right that the Borrower, Administrative Agent, any Issuing Lender or any other Lender may have against such Defaulting Lender.

(d) Termination Date. The Commitments shall terminate on the Termination Date.

(e) Redetermination of Commitment Ratios. On the date of termination of the Commitment of a Retiring Lender or Defaulting Lender pursuant to Section 2.04(b) or (c), the Commitment Ratios of the Continuing Lenders shall be redetermined after giving effect thereto, and the participations of the Continuing Lenders in and obligations of the Continuing Lenders in respect of any then outstanding Letters of Credit and Loans shall thereafter be based upon such redetermined Commitment Ratios (to the extent not previously adjusted pursuant to Section 2.10). The right of the Borrower to effect such a termination is conditioned on there being sufficient unused availability in the Commitments of the Continuing Lenders such that the aggregate Letter of Credit Liabilities will not exceed the aggregate Commitments after giving effect to such termination and redetermination.

#### Section 2.05. Mandatory Prepayments.

##### (a) Scheduled Repayments and Prepayments.

(i) Letter of Credit Liabilities then outstanding (together with accrued interest thereon and fees in respect thereof) shall be due and payable on the Termination Date or, in the case of Letters of Credit, cash collateralized pursuant to Section 2.05(a)(ii), on such date.

(ii) If at a time when the Commitments have been terminated pursuant to this Agreement and any Letter of Credit Liabilities remain outstanding, then the Borrower shall (A) repay any outstanding Loans, together with all accrued but unpaid interest with respect thereto and (B) cash collateralize any Letters of Credit by depositing into a cash collateral account established and maintained (including the investments made pursuant thereto) by the Administrative Agent pursuant to a cash collateral agreement in form and substance satisfactory to the Administrative Agent an amount in cash equal to the then outstanding Letter of Credit Liabilities. In determining Letter of Credit Liabilities outstanding for purposes of this clause (ii), Letter of Credit Liabilities shall be reduced to the extent that any Loans are repaid and any Letters of Credit are cash collateralized, each as contemplated by this Section 2.05(a)(ii).

##### (b) Applications of Prepayments and Reductions.

(i) Each payment or prepayment of Letter of Credit Liabilities pursuant to this Section 2.05 shall be applied ratably to the respective Letter of Credit Liabilities of all of the Lenders.

(ii) Each payment of Letter of Credit Liabilities shall be made together with interest accrued on the amount repaid to the date of payment.

#### Section 2.06. General Provisions as to Payments.

(a) Payments by the Borrower. The Borrower shall make each payment of principal of and interest on Letter of Credit Liabilities and fees hereunder (other than fees payable directly to the Issuing Lenders) not later than 12:00 Noon (New York, NY time) on the date when due, without set-off, counterclaim or other deduction, in Federal or other funds immediately available in New York, NY, to the Administrative Agent at its address referred to in Section 9.01. The Administrative Agent will promptly distribute to each Lender its ratable share of each such payment received by the Administrative Agent for the account of the Lenders. Whenever any payment of principal of or interest on the Letter of Credit Liabilities or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day.

(b) Distributions by the Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date, and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.07. Computation of Interest and Fees. Facility Fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed. All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 2.08. Increased Cost and Reduced Return.

(a) Increased Costs. If after the Effective Date, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall (i) impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System), special deposit, insurance assessment or similar requirement against Letters of Credit issued or participated in by or Loans made or participated in by, assets of, deposits with or for the account of or credit extended by, any Lender (or its Applicable Lending Office), (ii) subject any Lender or Issuing Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Loan made by it, or change the basis of taxation of payments to such Lender or Issuing Lender in respect thereof (other than (A) Taxes, (B) Other Taxes, (C) the imposition of, or any change in the rate of, any taxes described in clauses (i) through (iv) of the definition of Taxes in Section 2.09(a) and (D) Taxes attributable to a Lender's or Issuing Lender's failure to comply with Section 2.09(e)) or (iii) impose on any Lender (or its Applicable Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting its obligations hereunder in respect of Letters of Credit or Loans, and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of issuing, making, maintaining or participating in any Letter of Credit or Loan, or to reduce the amount of any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement, then, within fifteen (15) days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts, as determined by such Lender in good faith, as will compensate such Lender for such increased cost or reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(b) Capital Adequacy. If any Lender shall have determined that, after the Effective Date, the adoption of any applicable law, rule or regulation regarding capital adequacy or liquidity, or any change in any such law, rule or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Lender (or any Person controlling such Lender) as a consequence of such Lender's obligations hereunder to a level below that which such Lender (or any Person controlling such Lender) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy), then from time to time, within fifteen (15) days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender (or any Person controlling such Lender) for such reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(c) Notices. Each Lender will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the Effective Date, that will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate of any Lender claiming compensation under this Section and setting forth in reasonable detail the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

(d) Notwithstanding anything to the contrary herein, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in law" under this Article II regardless of the date enacted, adopted or issued.

Section 2.09. Taxes.

(a) Payments Net of Certain Taxes. Any and all payments made by the Borrower to or for the account of any Lender or the Administrative Agent hereunder or under any other Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges and withholdings and all liabilities with respect thereto, excluding: (i) taxes imposed on or measured

by the net income (including branch profits or similar taxes) of, and gross receipts, franchise or similar taxes imposed on, the Administrative Agent or any Lender by the jurisdiction (or subdivision thereof) under the laws of which such Lender or the Administrative Agent is organized or in which its principal executive office is located or, in the case of each Lender, in which its Applicable Lending Office is located, (ii) in the case of each Lender, any United States withholding tax imposed on such payments, but only to the extent that such Lender is subject to United States withholding tax at the time such Lender first becomes a party to this Agreement or changes its Applicable Lending Office, (iii) any backup withholding tax imposed by the United States (or any state or locality thereof) on a Lender or the Administrative Agent, and (iv) any taxes imposed by FATCA (all such nonexcluded taxes, duties, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender or the Administrative Agent, (i) the sum payable shall be increased as necessary so that after making all such required deductions (including deductions applicable to additional sums payable under this Section 2.09(a)) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) the Borrower shall furnish to the Administrative Agent, for delivery to such Lender, the original or a certified copy of a receipt evidencing payment thereof.

(b) Other Taxes. In addition, the Borrower agrees to pay any and all present or future stamp or court or documentary taxes and any other excise or property taxes, or similar charges or levies, which arise from any payment made pursuant to this Agreement or any other Loan Document or from the execution, delivery, performance, registration or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document (collectively, "Other Taxes").

(c) Indemnification. The Borrower agrees to indemnify each Lender and the Administrative Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 2.09(c)), whether or not correctly or legally asserted, paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto as certified in good faith to the Borrower by each Lender or the Administrative Agent seeking indemnification pursuant to this Section 2.09(c). This indemnification shall be paid within 15 days after such Lender or the Administrative Agent (as the case may be) makes demand therefor.

(d) Refunds or Credits. If a Lender or the Administrative Agent receives a refund, credit or other reduction from a taxation authority for any Taxes or Other Taxes for which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.09, it shall within fifteen (15) days from the date of such receipt pay over the amount of such refund, credit or other reduction to the Borrower (but only to the extent of indemnity payments made or additional amounts paid by the Borrower under this Section 2.09 with respect to the Taxes or Other Taxes giving rise to such refund, credit or other reduction), net of all reasonable out-of-pocket expenses of such Lender or the Administrative Agent (as the case may be) and without interest (other than interest paid by the relevant taxation authority with respect to such refund, credit or other reduction); provided, however, that the Borrower agrees to repay, upon the request of such Lender or the Administrative Agent (as the case may be), the amount paid over to the Borrower (plus penalties, interest or other charges) to such Lender or the Administrative Agent in the event such Lender or the Administrative Agent is required to repay such refund or credit to such taxation authority.

(e) Tax Forms and Certificates. On or before the date it becomes a party to this Agreement, from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent, and at any time it changes its Applicable Lending Office: (i) each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code shall deliver to the Borrower and the Administrative Agent two (2) properly completed and duly executed copies of Internal Revenue Service Form W-9, or any successor form prescribed by the Internal Revenue Service, or such other documentation or information prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent, as the case may be, certifying that such Lender is a United States person and is entitled to an exemption from United States backup withholding tax or information reporting requirements; (ii) each Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent: (A) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, or any successor form prescribed by the Internal Revenue Service, (x) certifying that such Non-U.S. Lender is entitled to the benefits under an income tax treaty to which the United States is a party which exempts the Non-U.S. Lender from United States withholding tax or reduces the rate of withholding tax on payments of interest for the account of such Non-U.S. Lender and (y) with respect to any other applicable payments under or entered into in connection with any Loan Document, establishing an exemption from, or reduction of, United States withholding tax pursuant to the "business profits" or "other income" article of such tax treaty; (B) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8ECI, or any successor form prescribed by the Internal Revenue Service, certifying that the income receivable pursuant to this Agreement and the other Loan Documents is effectively connected with the conduct of a trade or business in the United States; (C) in the case of a Non-U.S. Lender claiming the benefit of the exemption for portfolio interest under Section 871(h) or 881(c) of the Code, two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, or any successor form prescribed by the Internal Revenue Service, together with a certificate to the effect that (x) such Non-U.S. Lender is not (1) a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (2) a "10-percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code, or (3) a "controlled foreign corporation" that is described in Section 881(c)(3)(C) of the Internal Revenue Code and is related to the Borrower within the meaning of Section 864(d)(4) of the Internal Revenue Code and (y) the interest payments in question are not effectively connected with a U.S. trade or business conducted by such Non-U.S. Lender; or (D) to the extent the Non-U.S. Lender is not the beneficial owner, two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8IMY, or any successor form prescribed by the Internal Revenue Service, accompanied by an Internal Revenue Service Form W-8ECI, W-8BEN, W-8BEN-E, W-9, and/or other certification documents from each beneficial owner, as applicable; and (iii) the Administrative Agent shall deliver to the Borrower (x) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8ECI or any successor form prescribed by the Internal Revenue Service, certifying that the income receivable by the Administrative Agent for its own account pursuant to this Agreement and the other Loan Documents is effectively connected with the conduct of a trade or business in the United States, and (y) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8IMY, or any successor form prescribed by the Internal Revenue Service, certifying that it is a "U.S. branch" and that the payments it receives for the account of others are not effectively connected with the conduct of a trade or business in the United States and that it is using such form as evidence of its agreement with the Borrower to be treated as a United States person within the meaning of Section 7701(a)(30) of the Code with respect to such payments (and the Borrower and the Administrative Agent agree to so treat the Administrative Agent as a United States person within the meaning of Section 7701(a)(30) of the Code with respect to such payments as contemplated by Treasury Regulation Section 1.1441-1T(b)(2)(iv)(A)), with the effect that the Borrower can make any payments to the Administrative Agent without deduction or withholding of any withholding taxes imposed by the

United States. If a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding tax imposed by FATCA if such Lender fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472 (b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (e), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. In addition, the Administrative Agent and each Lender agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Borrower and the Administrative Agent two new accurate and complete signed originals of Internal Revenue Service Form W-9, W-8BEN, W-8BEN-E, W-8ECI or W-8IMY or FATCA-related documentation described above, or successor forms, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Agreement and any other Loan Document, or it shall immediately notify the Borrower and the Administrative Agent of its inability to deliver any such form or certificate.

(e) Exclusions. The Borrower shall not be required to indemnify any Non-U.S. Lender, or to pay any additional amount to any Non-U.S. Lender, pursuant to Section 2.09(a), (b) or (c) in respect of Taxes or Other Taxes to the extent that the obligation to indemnify or pay such additional amounts would not have arisen but for the failure of such Non-U.S. Lender to comply with the provisions of subsection (e) above.

(f) Mitigation. If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 2.09, then such Lender will use reasonable efforts to change the jurisdiction of its Applicable Lending Office if, in the good faith judgment of such Lender, such efforts (i) will eliminate or, if it is not possible to eliminate, reduce to the greatest extent possible any such additional payment which may thereafter accrue and (ii) is not otherwise disadvantageous, in the sole determination of such Lender, to such Lender. Any Lender claiming any indemnity payment or additional amounts payable pursuant to this Section shall use reasonable efforts (consistent with legal and regulatory restrictions) to deliver to the Borrower any certificate or document reasonably requested in writing by the Borrower or to change the jurisdiction of its Applicable Lending Office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amounts that may thereafter accrue and would not, in the sole determination of such Lender, be otherwise disadvantageous to such Lender.

(g) Confidentiality. Nothing contained in this Section shall require any Lender or the Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

#### Section 2.10. Defaulting Lenders.

(a) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(i) the Facility Fee shall cease to accrue on the Commitment of such Defaulting Lender except to the extent such Defaulting Lender has funded a portion of an outstanding Mandatory Letter of Credit Borrowing or has funded its participation in a Loan, each pursuant to Section 3.09;

(ii) with respect to any Letter of Credit Liabilities of such Defaulting Lender that exists at the time a Lender becomes a Defaulting Lender or thereafter:

(A) all or any part of such Defaulting Lender's Letter of Credit Liabilities shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Commitment Ratios (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.02, and if applicable, Section 4.03, are satisfied at such time and (y) such reallocation does not cause the Letter of Credit Liabilities of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment;

(B) if the reallocation described in clause (ii)(A) above cannot, or can only partially, be effected, each Issuing Lender, in its discretion may require the Borrower to (i) reimburse all amounts paid by an Issuing Lender upon any drawing under a Letter of Credit and repay all Loans made hereunder, in each case, to the extent of such Defaulting Lender's participation in the applicable Letters of Credit and Loans and/or (ii) cash collateralize (in accordance with Section 2.05(a)(ii)) all obligations of such Defaulting Lender in respect of outstanding Letters of Credit in an amount at least equal to the aggregate amount of the obligations (contingent or otherwise) of such Defaulting Lender in respect of such Letters of Credit (in each case of clause (i) and (ii) of this paragraph, after giving effect to any partial reallocation pursuant to Section 2.10(a)(ii)(A) above);

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's Letter of Credit Liabilities pursuant to Section 2.10(a)(ii)(B) then the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.03(a) with respect to such Defaulting Lender's Letter of Credit Liabilities during the period such Defaulting Lender's Letter of Credit Liabilities are cash collateralized;

(iv) if the Letter of Credit Liabilities of the Non-Defaulting Lenders is reallocated pursuant to Section 2.10(a)(ii)(A) above, then the fees payable to the Lenders pursuant to Section 2.03(a) shall be adjusted in accordance with such Non-Defaulting Lenders' Commitment Ratios (calculated without regard to such Defaulting Lender's Commitment); and

(v) if any Defaulting Lender's Letter of Credit Liabilities is neither reimbursed, repaid, cash collateralized nor reallocated pursuant to this Section 2.10(a)(ii), then, without prejudice to any rights or remedies of the Issuing Lenders or any other Lender

hereunder, all fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such Letter of Credit Liabilities) and Facility Fees payable under Section 2.03(a) with respect to such Defaulting Lender's Letter of Credit Liabilities shall be payable to the Issuing Lenders, pro rata, until such Letter of Credit Liabilities is cash collateralized, reallocated and/or repaid in full.

(b) So long as any Lender is a Defaulting Lender, no Issuing Lender shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Commitments of the Non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.10(a), and participating interests in any such newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 3.05 (and Defaulting Lenders shall not participate therein).

#### Section 2.11. Loans.

(a) Loans. Subject to satisfaction of the conditions set forth in Section 4.02 and the other terms and conditions contained in this Agreement, each Issuing Lender agrees at any time and from time to time after the Effective Date and prior to the Termination Date to make loans (the "Loans") to the Borrower. The Loans shall not exceed in aggregate principal amount at any time outstanding the aggregate amount of all Liquidity Drawings with respect to Letters of Credit issued by such Issuing Lender which have not been repaid to such Issuing Lender.

(b) Purpose of Loans. The Borrower may obtain a Loan under this Agreement only for the purpose of converting the obligation of the Borrower under Section 3.07 to reimburse the applicable Issuing Lender for a Liquidity Drawing from an obligation due on the relevant drawing date to an obligation due as provided in this Section 2.11. The obtaining of any Loan for such purpose shall not constitute a reimbursement of the amount of the relevant Liquidity Drawing which would result in the reinstatement of the Available Amount. No Loans will be made for the purpose of converting the obligation of the Borrower under Section 3.07 to reimburse the Issuing Lenders for the amount of any drawing other than a Liquidity Drawing or for any other purpose.

(c) Loan Procedure. In the event that the Borrower does not otherwise reimburse the applicable Issuing Lender in cash in accordance with the provisions of Section 3.07 of this Agreement for the amount of any Liquidity Drawing prior to the time for payment specified in Section 3.07, the Borrower will be deemed to have requested a Loan in an amount equal to the amount of such Liquidity Drawing for the purposes specified in Section 2.11(b).

(d) Loans. Each Loan shall be in a principal amount equal to the relevant Liquidity Drawing. Each Loan, together with all accrued and unpaid interest thereon, shall be paid by the Borrower pursuant to Section 2.06(a) upon the earliest of (i) the remarketing of the Bonds purchased with the proceeds of the Liquidity Drawing that gave rise to such Loan pursuant to applicable Bond Indenture and (ii) the Termination Date.

(e) Interest on Loans. Each Loan shall bear interest on its outstanding principal amount at a fluctuating daily rate per annum equal to (i) the Base Rate plus the Facility Fee for the first ninety days, (B) the Base Rate plus the Facility Fee plus 1% for the second ninety days and (C) the Base Rate plus the Facility Fee plus 2% for each day thereafter. Interest shall be payable, pursuant to Section 2.06(a), quarterly in arrears on each Quarterly Date commencing on the first Quarterly Date to occur following the relevant drawing date, and on the maturity of such Loan.

(f) Voluntary Prepayments. The Borrower shall have the right to prepay the Loans in whole or in part, without premium or penalty, from time to time pursuant to this Section 2.11(f) on the following terms and conditions: (i) the Borrower shall give the Administrative Agent prior written notice or telephonic notice (confirmed in writing), no later than 5:00 P.M., New York City time, one Business Day prior thereto, of its intent to prepay Loans, the amount of such prepayment and the identities of the Loans (by specifying the date and original amount of the respective Loans) to be prepaid; (ii) each prepayment of a Loan (other than the portion of a Loan equal to the amount of the relevant Liquidity Drawing representing accrued interest on pollution control bonds) shall be in a principal amount of \$100,000 or any larger amount that is a whole multiple of \$1,000 (or, if less, the amount then remaining outstanding in respect of such Loan); and (iii) at the time of any prepayment, the Borrower shall pay all interest accrued on the principal amount of such prepayment.

(g) Custody Bonds. Payments, if any, received by any Issuing Lender on account of Custody Bonds shall be credited against the Loan made in respect of the Liquidity Drawing used to purchase such Custody Bonds. Any such payment shall be credited first against interest and then against the principal balance of such Loan. The Issuing Lenders agrees to release Custody Bonds that are being remarketed pursuant to the applicable Bond Indenture to the extent that such Issuing Lender receives reimbursement in cash of the principal and, if applicable, interest amounts, of the Liquidity Drawing (or the Loan made in respect thereof) related to the purchase of such Custody Bonds in a manner which will permit the reinstatement of the Available Amount in respect of such Custody Bonds in accordance with the terms of the Letter of Credit.

(h) Payment by the Borrower. Each Issuing Lender agrees to release, or cause the trustee under the applicable Bond Indenture to release, Custody Bonds to or upon the order of the Borrower in an amount equal to the principal amount of the Liquidity Drawing made to acquire such Custody Bonds that is not repaid from remarketing proceeds upon payment to the applicable Issuing Lender by the Borrower of the full amount of such Liquidity Drawing (or the Loan made in respect thereof), together with accrued and unpaid interest thereon.

(i) Excess Payments. Payments, if any, received by any Issuing Lender as a holder of Custody Bonds shall, if no Loans are outstanding, be credited against other amounts, if any, that are then owing by the Borrower hereunder. If no amounts are then due and owing by the Borrower hereunder, or if an amount in excess of all amounts due and owing by the Borrower hereunder remains following the payment of such due and owing amounts, so long as no Event of Default has occurred and is continuing, such remaining amounts shall be immediately returned to the Borrower in accordance with its written directions. Payments, if any, described under this Section 2.11(i) shall not be construed as prepayments that are subject to the limitations of Section 2.11(f).

### ARTICLE III LETTERS OF CREDIT

#### Section 3.01. Issuing Lenders; Reimbursement Agreement.

(a) Subject to the terms and conditions hereof, the Borrower may from time to time identify and arrange for one or more of the Lenders (in addition to BTMU) to act as Issuing Lenders hereunder. Any such designation by the Borrower shall be notified to the Administrative Agent at least four Business Days prior to the first date upon which the Borrower proposes that such Issuing Lender issue its first Letter of Credit, so as to provide adequate time for such proposed Issuing Lender to be approved by the Administrative Agent hereunder (such approval not to be unreasonably withheld). Within two Business Days following the receipt of any such designation of a proposed Issuing Lender, the Administrative Agent shall notify the Borrower as to whether such designee is acceptable to the Administrative Agent. Nothing contained herein shall be deemed to require any Lender (other than BTMU) to agree to act as an Issuing Lender, if it does not so desire.

(b) The Borrower and any Issuing Lender shall enter into a Reimbursement Agreement (a "Reimbursement Agreement") with respect to each Letter of Credit issued by such Issuing Lender hereunder in the form of Exhibit A hereto. Each such Reimbursement Agreement shall constitute a Loan Document.

Section 3.02. Letters of Credit. Each Issuing Lender agrees, on the terms and conditions set forth in this Agreement, to issue Letters of Credit denominated in Dollars from time to time before the fifth day prior to the Termination Date, for the account, and upon the request, of the Borrower; provided, that immediately after each Letter of Credit is issued, the aggregate Letter of Credit Liabilities shall not exceed the aggregate amount of the Commitments.

Section 3.03. Method of Issuance of Letters of Credit. The Borrower shall give an Issuing Lender notice substantially in the form of Exhibit D hereto (a "Letter of Credit Request") of the requested issuance, extension or renewal of a Letter of Credit prior to 1:00 P.M. (New York, NY time) on the proposed date of the issuance, extension or renewal of such Letter of Credit (which shall be a Business Day) (or such shorter period as may be agreed by such Issuing Lender in any particular instance), and in the case of the issuance of a Letter of Credit, the Borrower shall deliver to such Issuing Lender prior to 1:00 P.M. (New York, NY time) on the proposed date of the issuance a duly executed and fully completed Reimbursement Agreement. The extension or renewal of any Letter of Credit shall be deemed to be an issuance of such Letter of Credit. No Letter of Credit shall have a term extending or be so extendible beyond the fifth Business Day before the Termination Date.

Section 3.04. Conditions to Issuance of Letters of Credit. The issuance by an Issuing Lender of each Letter of Credit shall, in addition to the conditions precedent set forth in Article IV, be subject to the conditions precedent that (i) such Letter of Credit shall be in the form called for by the Reimbursement Agreement with all information filled in and verified to the satisfaction of such Issuing Lender, (ii) the Borrower shall have executed and delivered the Reimbursement Agreement, the Custody Agreement and such other instruments and agreements relating to such Letter of Credit as such Issuing Lender shall have reasonably requested and (iii) such Issuing Lender shall have confirmed on the date of (and after giving effect to) such issuance that the aggregate Letter of Credit Liabilities will not exceed the aggregate amount of the Commitments. Notwithstanding any other provision of this Section 3.04, no Issuing Lender shall be under any obligation to issue any Letter of Credit if: any order, judgment or decree of any governmental authority shall by its terms purport to enjoin or restrain such Issuing Lender from issuing such Letter of Credit, or any requirement of law applicable to such Issuing Lender or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Lender is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon such Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which such Issuing Lender in good faith deems material to it.

Section 3.05. Purchase and Sale of Letter of Credit and Loan Participations. Upon the issuance of a Letter of Credit or upon the making of a Loan by an Issuing Lender, such Issuing Lender shall be deemed, without further action by any party hereto, to have sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have purchased from such Issuing Lender, without recourse or warranty, an undivided participation interest in such Letter of Credit or Loan, as applicable, and the related Letter of Credit Liabilities in accordance with its respective Commitment Ratio (although the Fronting Fee payable under Section 2.03(a) shall be payable directly to the Administrative Agent for the account of the applicable Issuing Lender, and the Lenders (other than such Issuing Lender) shall have no right to receive any portion of any such Fronting Fee) and any security therefor or guaranty pertaining thereto.

Section 3.06. Drawings under Letters of Credit. Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable Issuing Lender shall determine in accordance with the terms of such Letter of Credit whether such drawing should be honored. If such Issuing Lender determines that any such drawing shall be honored, such Issuing Lender shall make available to such beneficiary in accordance with the terms of such Letter of Credit the amount of the drawing and shall notify the Borrower as to the amount to be paid as a result of such drawing and the payment date.

Section 3.07. Reimbursements of Drawings under Letters of Credit. The Borrower shall be irrevocably and unconditionally obligated forthwith to reimburse the applicable Issuing Lender for any amounts paid by such Issuing Lender upon any drawing under any Letter of Credit (whether by payment of cash pursuant to this Section 3.07 or, in the case of a Liquidity Drawing, by converting such obligation into a Loan obligation due as provided in Section 2.11 pursuant to Section 2.11(b)), together with any and all reasonable charges and expenses which such Issuing Lender may pay or incur relative to such drawing and interest on the amount drawn at the Base Rate for each day from and including the date such amount is drawn to but excluding the date such reimbursement payment is due and payable. Such reimbursement payment shall be due and payable (i) at or before 1:00 P.M. (New York, NY time) on the date the applicable Issuing Lender notifies the Borrower of such drawing, if such notice is given at or before 10:00 A.M. (New York, NY time) on such date or (ii) at or before 10:00 A.M. (New York, NY time) on the next succeeding Business Day; provided, that no payment otherwise required by this sentence to be made by the Borrower at or before 1:00 P.M. (New York, NY time) on any day shall be overdue hereunder if arrangements for such payment satisfactory to the applicable Issuing Lender, in its reasonable discretion, shall have been made by the Borrower at or before 1:00 P.M. (New York, NY time) on such day and such payment is actually made at or before 3:00 P.M. (New York, NY time) on such day. In addition, the Borrower agrees to pay to the applicable Issuing Lender interest, payable on demand, on any and all amounts not paid by the Borrower to such Issuing Lender when due under this Section 3.07, for each day from and including the date when such amount becomes due to but excluding the date such amount is paid in full, whether before or after judgment, at a rate per annum equal to the interest rate that would otherwise be applicable to Loans made on the date such amount was due plus 2%. Each payment to be made by the Borrower pursuant to this Section 3.07 shall be made to the applicable Issuing Lender in Federal or other funds immediately available to it at its address referred to Section 9.01.

Section 3.08. Duties of Issuing Lenders to Lenders: Reliance. In determining whether to pay under any Letter of Credit, the relevant Issuing Lender shall not have any obligation relative to the Lenders participating in such Letter of Credit or the related Letter of Credit Liabilities other than to determine that any document or documents required to be delivered under such Letter of Credit have been delivered and that they substantially comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by an Issuing Lender under or in connection with any Letter of Credit shall not create for such Issuing Lender any resulting liability if taken or omitted in the absence of gross negligence or willful misconduct. Each Issuing Lender shall be entitled (but not obligated) to rely, and shall be fully protected in relying, on (i) the representation and warranty by the Borrower set forth in the last sentence of Section 4.02 to establish whether the conditions specified in clauses (b) and (c) of Section 4.02 are met and, (ii) if applicable, the representation and warranty by the Borrower set forth in the last sentence of Section 4.03 to establish whether the condition specified in clause (a) of Section 4.03 is met, in connection with any issuance or extension of a Letter of Credit. Each Issuing Lender shall be entitled to rely, and shall be fully protected in relying, upon advice and statements of legal counsel, independent accountants and other experts selected by such Issuing Lender and upon any Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopier, telex or teletype message, statement, order or other document believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary unless the beneficiary and the Borrower shall have notified such Issuing Lender that such documents do not comply with the terms and conditions of the Letter of Credit. Each Issuing Lender shall be fully justified in refusing to take any action requested of it under this Section in respect of any Letter of Credit unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take, or omitting or continuing to omit, any such action. Notwithstanding any other provision of this Section, each Issuing Lender shall in all cases be fully protected in acting, or in refraining from acting, under this Section in respect of any Letter of Credit in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant hereto shall be binding upon all Lenders and all future holders of participations in such Letter of Credit; provided, that this sentence shall not affect any rights the Borrower may have against any Issuing Lender or the Lenders that make such request.

Section 3.09. Obligations of Lenders to Reimburse Issuing Lender for Unpaid Drawings and Loans. If any Issuing Lender makes any:

(a) payment under any Letter of Credit and the Borrower shall not have reimbursed such amount in full to such Issuing Lender pursuant to Section 3.07 such Issuing Lender shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender (other than the relevant Issuing Lender), and each such Lender shall promptly and unconditionally pay to the Administrative Agent, for the account of such Issuing Lender, such Lender's share of such payment (determined in accordance with its respective Commitment Ratio) in Dollars in Federal or other immediately available funds (the aggregate of such payments relating to each unreimbursed amount being referred to herein as a "Mandatory Letter of Credit Borrowing"); or

(b) Loan under Section 2.11 and any portion of such Loan remains outstanding, such Issuing Lender shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender (other than the relevant Issuing Lender), and each such Lender shall promptly and unconditionally pay to the Administrative Agent, for the account of such Issuing Lender, such Lender's share of such Loan (determined in accordance with its respective Commitment Ratio) in Dollars in Federal or other immediately available funds;

provided, however, that no Lender shall be obligated to pay to the Administrative Agent its pro rata share of such unreimbursed amount (or Loan in respect thereof) for any wrongful payment made by the relevant Issuing Lender under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence by such Issuing Lender. If the Administrative Agent so notifies a Lender prior to 11:00 A.M. (New York, NY time) on any Business Day, such Lender shall make available to the Administrative Agent at its address referred to in Section 9.01 and for the account of the relevant Issuing Lender such Lender's pro rata share of the amount of such payment by 3:00 P.M. (New York, NY time) on the Business Day following such Lender's receipt of notice from the Administrative Agent, together with interest on such amount for each day from and including the date of such drawing or Loan, as applicable, to but excluding the day such payment is due from such Lender at the Federal Funds Rate for such day (which funds the Administrative Agent shall promptly remit to such Issuing Lender). The failure of any Lender to make available to the Administrative Agent for the account of an Issuing Lender its pro rata share of any unreimbursed drawing under any Letter of Credit or unpaid Loan hereunder shall not relieve any other Lender of its obligation hereunder to make available to the Administrative Agent for the account of such Issuing Lender its pro rata share of any payment made under any Letter of Credit or any Loan on the date required, as specified above, but no such Lender shall be responsible for the failure of any other Lender to make available to the Administrative Agent for the account of such Issuing Lender such other Lender's pro rata share of any such payment. If any Lender fails to pay any amount required to be paid by it pursuant to this Section 3.09 on the date on which such payment is due, interest shall accrue on such Lender's obligation to make such payment, for each day from and including the date such payment became due to but excluding the date such Lender makes such payment, whether before or after judgment, at a rate per annum equal to (i) for each day from the date such payment is due to the third succeeding Business Day, inclusive, the Federal Funds Rate for such day as determined by the relevant Issuing Lender and (ii) for each day thereafter, the interest rate that would otherwise be applicable to Loans made on the date such payment was due plus 2%. Any payment made by any Lender after 3:00 P.M. (New York, NY time) on any Business Day shall be deemed for purposes of the preceding sentence to have been made on the next succeeding Business Day. Upon payment in full of all amounts payable by a Lender under this Section 3.09, such Lender shall be subrogated to the rights of the relevant Issuing Lender against the Borrower from the time of such payment to the extent of such Lender's pro rata share of the related Letter of Credit Liabilities (including interest accrued thereon) including, for the avoidance of doubt, (i) in the case of any advances made with respect to any Mandatory Letter of Credit Borrowing, the right of payment of such advance by the Borrower on demand (together with interest) pursuant to Section 3.07 with such advance bearing interest for each day until paid at a rate per annum equal to the interest rate that would otherwise be applicable to Loans made on the date such payment was due payable plus 2% and (ii) in the case of any advances made with respect to any Loan, the right of payment of such advance pursuant to Section 2.11(d) (together with all accrued and unpaid interest) with such advance bearing interest for each day until paid at the rate per annum specified in Section 2.11(e).

Section 3.10. Funds Received from the Borrower in Respect of Drawn Letters of Credit. Whenever an Issuing Lender receives a payment of a Reimbursement Obligation as to which the Administrative Agent has received for the account of such Issuing Lender any payments from the other Lenders pursuant to Section 3.09 above, such Issuing Lender shall pay the amount of such payment to the Administrative Agent, and the Administrative Agent shall promptly pay to each Lender which has paid its pro rata share thereof, in Dollars in Federal or other immediately available funds, an amount equal to such Lender's pro rata share of the principal amount thereof and interest thereon for each day after relevant date of payment at the Federal

Funds Rate.

Section 3.11. Obligations in Respect of Letters of Credit Unconditional. The obligations of the Borrower under Section 3.07 and Section 2.11 above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

- (a) any lack of validity or enforceability of this Agreement or any Letter of Credit or any document related hereto or thereto;
- (b) any amendment or waiver of or any consent to departure from all or any of the provisions of this Agreement or any Letter of Credit or any document related hereto or thereto;
- (c) the use which may be made of the Letter of Credit by, or any acts or omission of, a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting);
- (d) the existence of any claim, set-off, defense or other rights that the Borrower may have at any time against a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting), any Issuing Lender or any other Person, whether in connection with this Agreement or any Letter of Credit or any document related hereto or thereto or any unrelated transaction;
- (e) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;
- (f) payment under a Letter of Credit against presentation to an Issuing Lender of a draft or certificate that does not comply with the terms of such Letter of Credit; provided, that the relevant Issuing Lender's determination that documents presented under such Letter of Credit comply with the terms thereof shall not have constituted gross negligence or willful misconduct of such Issuing Lender; or
- (g) any other act or omission to act or delay of any kind by any Issuing Lender or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this subsection (g), constitute a legal or equitable discharge of the Borrower's obligations hereunder.

Nothing in this Section 3.11 is intended to limit the right of the Borrower to make a claim against any Issuing Lender for damages as contemplated by the proviso to the first sentence of Section 3.12.

Section 3.12. Indemnification in Respect of Letters of Credit and Loans. The Borrower hereby indemnifies and holds harmless each Lender (including each Issuing Lender) and the Administrative Agent from and against any and all claims, damages, losses, liabilities, costs or expenses which such Lender or the Administrative Agent may incur by reason of or in connection with the failure of any other Lender to fulfill or comply with its obligations to such Issuing Lender hereunder (but nothing herein contained shall affect any rights which the Borrower may have against such defaulting Lender), and none of the Lenders (including any Issuing Lender) nor the Administrative Agent, their respective affiliates nor any of their respective officers, directors, employees or agents shall be liable or responsible, by reason of or in connection with the execution and delivery or transfer of or payment or failure to pay under any Letter of Credit or any Loan, including, without limitation, any of the circumstances enumerated in Section 3.11, as well as (i) any error, omission, interruption or delay in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, (ii) any error in interpretation of technical terms, (iii) any loss or delay in the transmission of any document required in order to make a drawing under a Letter of Credit, (iv) any consequences arising from causes beyond the control of such indemnitee, including without limitation, any government acts, or (v) any other circumstances whatsoever in making or failing to make payment under such Letter of Credit or Loan; provided, that the Borrower shall not be required to indemnify any Issuing Lender for any claims, damages, losses, liabilities, costs or expenses, and the Borrower shall have a claim against such Issuing Lender for direct (but not consequential) damages suffered by it, to the extent found by a court of competent jurisdiction in a final, non-appealable judgment or order to have been caused by (i) the willful misconduct or gross negligence of such Issuing Lender in determining whether a request presented under any Letter of Credit issued by it complied with the terms of such Letter of Credit or (ii) such Issuing Lender's failure to pay under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit, unless payment was prohibited by law, regulation or court order. Nothing in this Section 3.12 is intended to limit the obligations of the Borrower under any other provision of this Agreement.

Section 3.13. ISP98. The rules of the "International Standby Practices 1998" as published by the International Chamber of Commerce most recently at the time of issuance of any Letter of Credit shall apply to such Letter of Credit unless otherwise expressly provided in such Letter of Credit.

#### ARTICLE IV CONDITIONS

Section 4.01. Conditions to Effectiveness of this Agreement. The obligation to issue a Letter of Credit on the occasion of the first Credit Event hereunder is subject to the satisfaction of the following conditions:

(a) This Agreement. The Administrative Agent shall have received counterparts of this Agreement, each Reimbursement Agreement and each Custody Agreement signed by each of the parties hereto or thereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party) to be held in escrow and to be delivered to the Borrower upon satisfaction of the other conditions set forth in this Section 4.01.

(b) Officers' Certificate. The Administrative Agent shall have received a certificate dated the Effective Date signed on behalf of the Borrower by the Chairman of the Board, the President, any Vice President, the Treasurer or any Assistant Treasurer of the Borrower stating that (A) on the Effective Date and after giving effect to the advances and Letters of Credit being made or issued on the Effective Date, no Default shall have occurred and be continuing and (B) the representations and warranties of the Borrower contained in the Loan Documents are true and correct on and as of the

Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date.

(c) Proceedings. On the Effective Date, the Administrative Agent shall have received (i) a certificate of the Secretary of State of the Commonwealth of Kentucky, dated as of a recent date, as to the good standing of the Borrower, (ii) a certificate of the Secretary of State of the Commonwealth of Virginia, dated as of a recent date, as to the good standing of the Borrower and (iii) a certificate of the Secretary or an Assistant Secretary of the Borrower dated the Effective Date and certifying (A) that attached thereto are true, correct and complete copies of (x) the Borrower's articles of incorporation certified by the Secretary of State of the Commonwealth of Kentucky and the Secretary of State of the Commonwealth of Virginia and (y) the bylaws of the Borrower, (B) as to the absence of dissolution or liquidation proceedings by or against the Borrower, (C) that attached thereto is a true, correct and complete copy of resolutions adopted by the board of directors of the Borrower authorizing the execution, delivery and performance of the Loan Documents to which the Borrower is a party and each other document delivered in connection herewith or therewith and that such resolutions have not been amended and are in full force and effect on the date of such certificate and (D) as to the incumbency and specimen signatures of each officer of the Borrower executing the Loan Documents to which the Borrower is a party or any other document delivered in connection herewith or therewith.

(d) Opinions of Counsel. On the Effective Date, the Administrative Agent shall have received from counsel to the Borrower, opinions addressed to the Administrative Agent and each Lender, dated the Effective Date, satisfactory in form and substance to the Administrative Agent.

(e) Consents. All necessary governmental (domestic or foreign), regulatory and third party approvals, including, without limitation, the orders of the KPSC (the "KPSC Order"), TRA (the "TRA Order"), VSCC (the "VSCC Order") and any required approvals of the FERC, authorizing and the issuance of Letters of Credit for the account of the Borrower hereunder and the other transactions contemplated by this Agreement and the other Loan Documents shall have been obtained and remain in full force and effect, in each case without any action being taken by any competent authority which could restrain or prevent such transaction or impose, in the reasonable judgment of the Administrative Agent, materially adverse conditions upon the consummation of such transactions.

(f) Payment of Fees. The Administrative Agent shall have received full payment from the Borrower of all fees due and payable under the Fee Letter and the fees and expenses of Sidley Austin LLP described in Section 9.03 which are billed through the Effective Date and which have been invoiced two (2) Business Days prior to the Effective Date.

(g) Know Your Customer. The Administrative Agent and each Lender shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act, as has been reasonably requested in writing.

Section 4.02. Conditions to All Credit Events. The obligation of any Issuing Lender to issue (or renew or extend the term of) any Letter of Credit or to make a Loan in respect of any Liquidity Drawing, is subject to the satisfaction of the following conditions:

(a) receipt by an Issuing Lender of a Letter of Credit Request as required by Section 3.03 (other than with respect to a Loan deemed requested pursuant to Section 2.11(c));

(b) the fact that, immediately before and after giving effect to such Credit Event, no Default or Event of Default shall have occurred and be continuing on the date of such Credit Event or after giving effect to such Credit Event requested to be made on such date;

(c) the fact that the representations and warranties of the Borrower contained in this Agreement and the other Loan Documents shall be true and correct on and as of the date of such Credit Event, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date and except for the representations in Section 5.04(c), Section 5.05 and Section 5.13, which shall be deemed only to relate to the matters referred to therein on and as of the Effective Date; and

(d) with respect to the making of any Loan, immediately before and after giving effect to such Loan, no event of default or other similar condition or event (however described) under the applicable Bond Indenture shall have occurred and be continuing.

Each Credit Event under this Agreement shall be deemed to be a representation and warranty by the Borrower on the date of such Credit Event as to the facts specified in clauses (b) and (c) (and, with respect to the making of any Loan, clause (d)) of this Section.

Section 4.03. Additional Conditions to Credit Events. The obligation of any Issuing Lender to issue (or renew or extend the term of) any Letter of Credit to support any issuance of Other Pollution Control Bonds, is subject to the satisfaction of the following conditions:

(a) no authorization, consent or approval from any Governmental Authority is required for the Borrower to incur obligations in respect of Letters of Credit to support such issuance of Other Pollution Control Bonds except such authorizations, consents and approvals, including, without limitation, the KPSC Order, TRA Order and VSCC Order, as shall have been obtained prior to such Credit Event and shall be in full force and effect; and

(b) the Administrative Agent shall have received from counsel to the Borrower, opinions addressed to the Administrative Agent and each Lender, satisfactory in form and substance to each of the Administrative Agent and the Issuing Lender each in its sole discretion, dated the date of such Credit Event, covering such matters as the Administrative Agent and the Issuing Lender shall reasonably request, including, without limitation, that no authorization, consent or approval from any Governmental Authority is required for the Borrower to incur obligations in respect of Letters of Credit to support such issuance of Other Pollution Control Bonds except such authorizations, consents and approvals, including, without limitation, the KPSC Order, TRA Order and VSCC Order, as shall have been obtained prior to such Credit Event and shall be in full force and effect.

Each Credit Event with respect to any Letter of Credit to support any issuance of Other Pollution Control Bonds shall be deemed to be a representation and warranty by the Borrower on the date of such Credit Event as to the facts specified in clause (a) of this Section.

**ARTICLE V  
REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants that:

Section 5.01. Status. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky and the Commonwealth of Virginia and has the corporate authority to make and perform this Agreement and each other Loan Document to which it is a party.

Section 5.02. Authority; No Conflict. The execution, delivery and performance by the Borrower of this Agreement and each other Loan Document to which it is a party have been duly authorized by all necessary corporate action and do not violate (i) any provision of law or regulation, or any decree, order, writ or judgment, (ii) any provision of its articles of incorporation or bylaws, or (iii) result in the breach of or constitute a default under any indenture or other agreement or instrument to which the Borrower is a party.

Section 5.03. Legality; Etc. This Agreement and each other Loan Document to which the Borrower is a party constitute the legal, valid and binding obligations of the Borrower, in each case enforceable against the Borrower in accordance with their terms except to the extent limited by (a) bankruptcy, insolvency, fraudulent conveyance or reorganization laws or by other similar laws relating to or affecting the enforceability of creditors' rights generally and by general equitable principles which may limit the right to obtain equitable remedies regardless of whether enforcement is considered in a proceeding of law or equity or (b) any applicable public policy on enforceability of provisions relating to contribution and indemnification.

Section 5.04. Financial Condition.

(a) Audited Financial Statements. The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of December 31, 2013 and the related consolidated statements of income and cash flows for the fiscal year then ended, reported on by Ernst and Young LLP, copies of which have been delivered to each of the Administrative Agent and the Lenders, fairly present, in conformity with GAAP, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) Interim Financial Statements. The unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of June 30, 2014 and the related unaudited consolidated statements of income and cash flows for the six months then ended fairly present, in conformity with GAAP applied on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such six-month period (subject to normal year-end audit adjustments).

(c) Material Adverse Change. Since December 31, 2013, there has been no change in the business, assets, financial condition or operations of the Borrower and its Consolidated Subsidiaries, considered as a whole, that would materially and adversely affect the Borrower's ability to perform any of its obligations under this Agreement or the other Loan Documents.

Section 5.05. Litigation. Except as disclosed in or contemplated by the financial statements referenced in Section 5.04(a) or 5.04(b) above, in any subsequent report of the Borrower filed with the SEC on a Form 10-K, 10-Q or 8-K or otherwise furnished in writing to the Administrative Agent and each Lender, in each case, prior to the Effective Date, no litigation, arbitration or administrative proceeding against the Borrower is pending or, to the Borrower's knowledge, threatened, which would reasonably be expected to materially and adversely affect the ability of the Borrower to perform any of its obligations under this Agreement or the other Loan Documents. There is no litigation, arbitration or administrative proceeding pending or, to the knowledge of the Borrower, threatened which questions the validity of this Agreement or the other Loan Documents to which it is a party.

Section 5.06. No Violation. No part of the proceeds of the advances hereunder will be used, directly or indirectly by the Borrower for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, or for any other purpose which violates, or which conflicts with, the provisions of Regulations U or X of said Board of Governors. The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any such "margin stock".

Section 5.07. ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Material Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Material Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Material Plan, (ii) failed to make any contribution or payment to any Material Plan, or made any amendment to any Material Plan, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code or (iii) incurred any material liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

Section 5.08. Governmental Approvals. No authorization, consent or approval from any Governmental Authority is required for the execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents to which it is a party and except such authorizations, consents and approvals, including, without limitation, the KPSC Order, TRA Order and VSCC Order, as shall have been obtained prior to the Effective Date and shall be in full force and effect; *provided* that the Borrower may require additional approvals of the KPSC, TRA, VSCC and/or FERC in order to incur obligations in respect of Letters of Credit to support issuances of bonds other than the Existing Pollution Control Bonds.

Section 5.09. Investment Company Act. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 5.10. Tax Returns and Payments. The Borrower has filed or caused to be filed all Federal, state, local and foreign income tax returns required to have been filed by it and has paid or caused to be paid all income taxes shown to be due on such returns except income taxes that are being contested in good faith by appropriate proceedings and for which the Borrower shall have set aside on its books appropriate reserves with respect thereto in accordance with GAAP or that would not reasonably be expected to have a Material Adverse Effect.

Section 5.11. Compliance with Laws. To the knowledge of the Borrower, the Borrower is in compliance with all applicable laws, regulations and orders of any Governmental Authority, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including, without limitation, compliance with all applicable ERISA and Environmental Laws and the requirements of any permits issued under such Environmental Laws), except to the extent (a) such compliance is being contested in good faith by appropriate proceedings or (b) non-compliance would not reasonably be expected to materially and adversely affect its ability to perform any of its obligations under this Agreement or any other Loan Document to which it is a party.

Section 5.12. No Default. No Default has occurred and is continuing.

Section 5.13. Environmental Matters.

(a) Except (x) as disclosed in the financial statements referenced in Section 5.04(a) or 5.04(b) above, in any subsequent report of the Borrower filed with the SEC on a Form 10-K, 10-Q or 8-K or otherwise furnished in writing to the Administrative Agent and each Lender, in each case, prior to the Effective Date or (y) to the extent that the liabilities of the Borrower and its Subsidiaries, taken as a whole, that relate to or could reasonably be expected to result from the matters referred to in clauses (i) through (iii) of this Section 5.13(a), inclusive, would not reasonably be expected to result in a Material Adverse Effect:

(i) no notice, notification, citation, summons, complaint or order has been received by the Borrower or any of its Subsidiaries, no penalty has been assessed nor is any investigation or review pending or, to the Borrower's or any of its Subsidiaries' knowledge, threatened by any governmental or other entity with respect to any (A) alleged violation by or liability of the Borrower or any of its Subsidiaries of or under any Environmental Law, (B) alleged failure by the Borrower or any of its Subsidiaries to have any environmental permit, certificate, license, approval, registration or authorization required in connection with the conduct of its business or (C) generation, storage, treatment, disposal, transportation or release of Hazardous Substances;

(ii) to the Borrower's or any of its Subsidiaries' knowledge, no Hazardous Substance has been released (and no written notification of such release has been filed) (whether or not in a reportable or threshold planning quantity) at, on or under any property now or previously owned, leased or operated by the Borrower or any of its Subsidiaries; and

(iii) no property now or previously owned, leased or operated by the Borrower or any of its Subsidiaries or, to the Borrower's or any of its Subsidiaries' knowledge, any property to which the Borrower or any of its Subsidiaries has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances, is listed or, to the Borrower's or any of its Subsidiaries' knowledge, proposed for listing, on the National Priorities List promulgated pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), on CERCLIS (as defined in CERCLA) or on any similar federal, state or foreign list of sites requiring investigation or clean-up.

(b) Except as disclosed in or contemplated by the financial statements referenced in Section 5.04(a) or 5.04(b) above, in any subsequent report of the Borrower filed with the SEC on a Form 10-K, 10-Q or 8-K or otherwise furnished in writing to the Administrative Agent and each Lender, in each case, prior to the Effective Date, to the Borrower's or any of its Subsidiaries' knowledge, there are no Environmental Liabilities that have resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) For purposes of this Section 5.13, the terms "the Borrower" and "Subsidiary" shall include any business or business entity (including a corporation) which is a predecessor, in whole or in part, of the Borrower or any of its Subsidiaries from the time such business or business entity became a Subsidiary of PPL Corporation, a Pennsylvania corporation.

Section 5.14. OFAC. None of the Borrower, any Subsidiary of the Borrower, nor, to the knowledge of the Borrower, any director, officer, or Affiliate of the Borrower or any of its Subsidiaries: (i) is a Sanctioned Person, (ii) has more than 10% of its assets in Sanctioned Persons or in Sanctioned Countries, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. The proceeds of any Letter of Credit or any advance hereunder will not be used, directly or indirectly, to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country.

Section 5.15. Anti-Corruption. None of the Borrower or any of its Subsidiaries nor, to the knowledge of the Borrower, any director, officer, agent, employee or other person acting on behalf of the Borrower or any of its Subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") or any other applicable anti-corruption law; and the Borrower have instituted and maintain policies and procedures designed to ensure continued compliance therewith. No part of the proceeds of any Letter of Credit or any advance hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity in violation of the FCPA or any other applicable anti-corruption law.

## ARTICLE VI COVENANTS

The Borrower agrees that so long as any Lender has any Commitment hereunder or any amount payable hereunder or under any other Loan Document remains unpaid or any Letter of Credit Liability remains outstanding:

Section 6.01. Information. The Borrower will deliver or cause to be delivered to each of the Lenders (it being understood that the posting of

the information required in clauses (a), (b) and (f) of this Section 6.01 on the Borrower's website or PPL Corporation's website (<http://www.pplweb.com>) or making such information available on IntraLinks, SyndTrak (or similar service) shall be deemed to be effective delivery to the Lenders):

(a) Annual Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Borrower is not a Public Reporting Company, within one hundred and five (105) days after the end of each fiscal year of the Borrower), a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated statements of income and cash flows for such fiscal year and accompanied by an opinion thereon by independent public accountants of recognized national standing, which opinion shall state that such consolidated financial statements present fairly the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of the date of such financial statements and the results of their operations for the period covered by such financial statements in conformity with GAAP applied on a consistent basis.

(b) Quarterly Financial Statements. Promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC (or, if the Borrower is not a Public Reporting Company, within sixty (60) days after the end of each quarterly fiscal period in each fiscal year of the Borrower (other than the last quarterly fiscal period of the Borrower)), a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for such fiscal quarter, all certified (subject to normal year-end audit adjustments) as to fairness of presentation, GAAP and consistency by any vice president, the treasurer or the controller of the Borrower.

(c) Officer's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsections (a) and (b) above, a certificate of the chief accounting officer or controller of the Borrower, (i) setting forth in reasonable detail the calculations required to establish compliance with the requirements of Section 6.09 on the date of such financial statements and (ii) stating whether there exists on the date of such certificate any Default and, if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto.

(d) Default. Forthwith upon acquiring knowledge of the occurrence of any (i) Default or (ii) Event of Default, in either case a certificate of a vice president or the treasurer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto.

(e) Change in Borrower's Ratings. Promptly, upon the chief executive officer, the president, any vice president or any senior financial officer of the Borrower obtaining knowledge of any change in a Borrower's Rating, a notice of such Borrower's Rating in effect after giving effect to such change.

(f) Securities Laws Filing. To the extent the Borrower is a Public Reporting Company, promptly when available and in any event within ten (10) days after the date such information is required to be delivered to the SEC, a copy of any Form 10-K Report to the SEC and a copy of any Form 10-Q Report to the SEC, and promptly upon the filing thereof, any other filings with the SEC.

(g) ERISA Matters. If and when any member of the ERISA Group: (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Material Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Material Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives, with respect to any Material Plan that is a Multiemployer Plan, notice of any complete or partial withdrawal liability under Title IV of ERISA, or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose material liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Material Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code with respect to a Material Plan, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or makes any amendment to any Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a copy of such notice, and in each case a certificate of the chief accounting officer or controller of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take.

(h) Other Information. From time to time such additional financial or other information regarding the financial condition, results of operations, properties, assets or business of the Borrower or any of its Subsidiaries as any Lender may reasonably request.

The Borrower hereby acknowledges that (a) the Administrative Agent will make available to the Lenders and each Issuing Lender materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks, SyndTrak or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "Public Lender"). The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Issuing Lenders and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information (as defined below), they shall be treated as set forth in Section 9.12); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting (subject to Section 9.12) on a portion of the Platform not designated "Public Investor." "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any Issuing Lender on a nonconfidential basis prior to disclosure by the

Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 6.02. Maintenance of Property; Insurance.

(a) Maintenance of Properties. The Borrower will keep all property useful and necessary in its businesses in good working order and condition, subject to ordinary wear and tear, unless the Borrower determines in good faith that the continued maintenance of any of such properties is no longer economically desirable and so long as the failure to so maintain such properties would not reasonably be expected to have a Material Adverse Effect.

(b) Insurance. The Borrower will maintain, or cause to be maintained, insurance with financially sound (determined in the reasonable judgment of the Borrower) and responsible companies in such amounts (and with such risk retentions) and against such risks as is usually carried by owners of similar businesses and properties in the same general areas in which the Borrower operates.

Section 6.03. Conduct of Business and Maintenance of Existence. The Borrower will (i) continue to engage in businesses of the same general type as now conducted by the Borrower and its Subsidiaries and businesses related thereto or arising out of such businesses, except to the extent that the failure to maintain any existing business would not have a Material Adverse Effect and (ii) except as otherwise permitted in Section 6.07, preserve, renew and keep in full force and effect, and will cause each of its Subsidiaries to preserve, renew and keep in full force and effect, their respective corporate (or other entity) existence and their respective rights, privileges and franchises necessary or material to the normal conduct of business, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 6.04. Compliance with Laws, Etc. The Borrower will comply with all applicable laws, regulations and orders of any Governmental Authority, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including, without limitation, compliance with all applicable ERISA and Environmental Laws and the requirements of any permits issued under such Environmental Laws), except to the extent (a) such compliance is being contested in good faith by appropriate proceedings or (b) non-compliance could not reasonably be expected to have a Material Adverse Effect.

Section 6.05. Books and Records. The Borrower (i) will keep, and will cause each of its Subsidiaries to keep, proper books of record and account in conformity with GAAP and (ii) will permit representatives of the Administrative Agent and each of the Lenders to visit and inspect any of their respective properties, to examine and make copies from any of their respective books and records and to discuss their respective affairs, finances and accounts with their officers, any employees and independent public accountants, all at such reasonable times and as often as may reasonably be desired; provided, that, the rights created in this Section 6.05 to "visit", "inspect", "discuss" and copy shall not extend to any matters which the Borrower deems, in good faith, to be confidential, unless the Administrative Agent and any such Lender agree in writing to keep such matters confidential.

Section 6.06. Use of Proceeds. The Borrower will request the issuance of Letters of Credit solely to support issuances of tax-exempt pollution control bonds issued on behalf of the Borrower and/or its Subsidiaries.

Section 6.07. Merger or Consolidation. The Borrower will not merge with or into or consolidate with or into any other corporation or entity, unless (i) immediately after giving effect thereto, no event shall occur and be continuing which constitutes a Default, (ii) the surviving or resulting Person, as the case may be, assumes and agrees in writing to pay and perform all of the obligations of the Borrower under this Agreement, (iii) substantially all of the consolidated assets and consolidated revenues of the surviving or resulting Person, as the case may be, are anticipated to come from the utility or energy businesses and (iv) the senior long-term debt ratings from both Rating Agencies of the surviving or resulting Person, as the case may be, immediately following the merger or consolidation is equal to or greater than the senior long-term debt ratings from both Rating Agencies of the Borrower immediately preceding the announcement of such consolidation or merger.

Section 6.08. Asset Sales. Except for the sale of assets required to be sold to conform with governmental requirements, the Borrower shall not consummate any Asset Sale, if the aggregate net book value of all such Asset Sales consummated during the four calendar quarters immediately preceding any date of determination would exceed 25% of the total assets of the Borrower and its Consolidated Subsidiaries as of the beginning of the Borrower's most recently ended full fiscal quarter; provided, however, that any such Asset Sale will be disregarded for purposes of the 25% limitation specified above: (a) if any such Asset Sale is in the ordinary course of business of the Borrower; (b) if the assets subject to any such Asset Sale are worn out or are no longer useful or necessary in connection with the operation of the businesses of the Borrower; (c) if the assets subject to any such Asset Sale are being transferred to a Wholly Owned Subsidiary of the Borrower; (d) if the proceeds from any such Asset Sale (i) are, within twelve (12) months of such Asset Sale, invested or reinvested by the Borrower in a Permitted Business, (ii) are used by the Borrower to repay Debt of the Borrower, or (iii) are retained by the Borrower; or (e) if, prior to any such Asset Sale, both Rating Agencies confirm the then-current Borrower's Ratings after giving effect to any such Asset Sale.

Section 6.09. Consolidated Debt to Consolidated Capitalization Ratio. The ratio of Consolidated Debt of the Borrower to Consolidated Capitalization of the Borrower shall not exceed 70%, measured as of the end of each fiscal quarter.

Section 6.10. Limitation on Liens. Without the consent of the Administrative Agent, the Borrower shall not grant any Lien upon any of its property or assets in favor of the lenders under the Existing Credit Agreement in order to secure its obligations under the Existing Credit Agreement, unless the Obligations are secured on an equal and ratable basis with the obligations so secured; provided, however, that nothing in this Section 6.10 shall prohibit the Borrower from cash collateralizing letters of credit pursuant to Section 2.09 of the Existing Credit Agreement or similar provisions. For the avoidance of doubt, the limitation on Liens and the requirement to secure the Obligations pursuant to this Section 6.10 shall not apply to (i) the granting of any Liens on the Borrower's accounts receivable in connection with any accounts receivable sale or financing program and (ii) entering into credit agreements, standby bond purchase agreements or similar facilities in support of pollution control bonds issued on behalf of the Borrower and securing obligations of the Borrower thereunder, including pursuant to arrangements similar to the Custody Agreement or otherwise.

**ARTICLE VII  
DEFAULTS**

Section 7.01. Events of Default. If one or more of the following events (each an "Event of Default") shall have occurred and be continuing:

- (a) the Borrower shall fail to pay when due any principal on any Reimbursement Obligations; or
- (b) the Borrower shall fail to pay when due any interest on Reimbursement Obligations, any fee or any other amount payable hereunder or under any other Loan Document for five (5) days following the date such payment becomes due hereunder; or
- (c) the Borrower shall fail to observe or perform any covenant or agreement contained in clause (ii) of Section 6.05, or Sections 6.06, 6.07, 6.08 or 6.09; or
- (d) the Borrower shall fail to observe or perform any covenant or agreement contained in Section 6.01(d)(i) for 30 days after any such failure or in Section 6.01(d)(ii) for ten (10) days after any such failure; or
- (e) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement or any other Loan Document (other than those covered by clauses (a), (b), (c) or (d) above) for thirty (30) days after written notice thereof has been given to the defaulting party by the Administrative Agent, or at the request of the Required Lenders; or
- (f) any representation, warranty or certification made by the Borrower in this Agreement or any other Loan Document or in any certificate, financial statement or other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed made; or
- (g) the Borrower shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Material Debt beyond any period of grace provided with respect thereto, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Material Debt beyond any period of grace provided with respect thereto if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Debt or a trustee on its or their behalf to cause, such Debt to become due prior to its stated maturity; or
- (h) the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay, or shall admit in writing its inability to pay, its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or
- (i) an involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower under the Bankruptcy Code; or
- (j) any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of \$50,000,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Material Plan shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could reasonably be expected to cause one or more members of the ERISA Group to incur a current payment obligation in excess of \$50,000,000; or
- (k) the Borrower shall fail within sixty (60) days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$20,000,000, entered against the Borrower that is not stayed on appeal or otherwise being appropriately contested in good faith; or
- (l) a Change of Control shall have occurred;

then, and in every such event, while such event is continuing, the Administrative Agent may (A) if requested by the Required Lenders, by notice to the Borrower terminate the Commitments, and the Commitments shall thereupon terminate, and (B) if requested by the Lenders holding more than 50% of the sum of the aggregate outstanding principal amount of the Letter of Credit Liabilities at such time, by notice to the Borrower declare the Letter of Credit Liabilities (together with accrued interest and accrued and unpaid fees thereon and all other amounts due hereunder) to be, and the Letter of Credit Liabilities shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind (except as set forth in clause (A) above), all of which are hereby waived by the Borrower and require the Borrower to, and the Borrower shall, cash collateralize (in accordance with Section 2.05(a)(ii)) all Letter of Credit Liabilities then outstanding; provided, that, in the case of any Default or any Event of Default specified in Section 7.01(h) or 7.01(i) above with respect to the Borrower, without any notice to the Borrower or any other act by the Administrative Agent or any Lender, the Commitments shall thereupon terminate and the Letter of Credit Liabilities (together with accrued interest and accrued and unpaid fees thereon and all other amounts due hereunder) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, and the Borrower shall cash collateralize (in accordance with Section 2.05(a)(ii)) all

Letter of Credit Liabilities then outstanding.

## ARTICLE VIII THE ADMINISTRATIVE AGENT

Section 8.01. Appointment and Authorization. Each Lender hereby irrevocably designates and appoints the Administrative Agent to act as specified herein and in the other Loan Documents and to take such actions on its behalf under the provisions of this Agreement and the other Loan Documents and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Administrative Agent agrees to act as such upon the express conditions contained in this Article VIII. Notwithstanding any provision to the contrary elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent. The provisions of this Article VIII are solely for the benefit of the Administrative Agent and Lenders, and no other Person shall have any rights as a third party beneficiary of any of the provisions hereof. For the sake of clarity, the Lenders hereby agree that no Person other than the Administrative Agent shall have, in such capacity, any duties or powers with respect to this Agreement or the other Loan Documents.

Section 8.02. Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and its Affiliates as though the Administrative Agent were not the Administrative Agent. With respect to the advances made by it and all obligations owing to it, the Administrative Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Required Lenders", "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section 8.03. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents or attorneys-in-fact. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care except to the extent otherwise required by Section 8.07.

Section 8.04. Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, teletype or other electronic facsimile transmission, telex, telegram, cable, teletype, electronic transmission by modem, computer disk or any other message, statement, order or other writing or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders, or all of the Lenders, if applicable, as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders or all of the Lenders, if applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

Section 8.05. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default and stating that such notice is a "notice of default". If the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default as shall be reasonably directed by the Required Lenders; provided, that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interests of the Lenders.

Section 8.06. Non-Reliance on the Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any officer, director, employee, agent, attorney-in-fact or affiliate of the Administrative Agent has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender acknowledges to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other condition, prospects and creditworthiness of the Borrower and made its own decision to make advances hereunder and to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other condition, prospects and creditworthiness of the Borrower. The Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial and other condition, prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 8.07. Exculpatory Provisions. The Administrative Agent shall not, and no officers, directors, employees, agents, attorneys-in-fact or affiliates of the Administrative Agent, shall (i) be liable for any action lawfully taken or omitted to be taken by it under or in connection with this Agreement or any other Loan Document (except for its own gross negligence, willful misconduct or bad faith) or (ii) be responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any of its officers contained in this Agreement, in any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for any failure of the Borrower or any of its officers to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the

conditions or provisions of this Agreement or any Security Document whatsoever shall be valid unless in writing signed by the parties thereto (or consented to in writing by the Issuing Bank), and then only to the extent in such writing specifically set forth. All remedies contained in the Transaction Documents or by law afforded shall be cumulative and all shall be available to the Issuing Bank until the Obligations have been paid in full.

Section 9. *Headings.* Section headings in this Agreement are for convenience of reference only, and shall not govern the interpretation of any of the provisions hereof.

Section 10. *Severability of Provisions.* Any provision in this Agreement or any Security Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Agreement and the Security Documents are declared to be severable.

Section 11. *Nonliability of Issuing Bank.* The relationship between the Borrower on the one hand and the Issuing Bank on the other hand shall be solely that of borrower and lender. The Issuing Bank shall have no fiduciary responsibilities to the Borrower except as contemplated hereunder. The Issuing Bank undertakes no responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations except as contemplated hereunder. The Borrower agrees that the Issuing Bank shall have no liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Transaction Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the breach of the Transaction Documents by, or the gross negligence, willful misconduct or bad faith of, the party from which recovery is sought. Each party hereto shall have no liability with respect to, and the other party hereto hereby waives, releases and agrees not to sue for, and no indemnified party hereunder shall be entitled to, any special, indirect, consequential or punitive damages suffered by the other party or indemnified party in connection with, arising out of, or in any way related to the Transaction Documents or the transactions contemplated thereby.

Section 12. *Notices; Effectiveness.*

(a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax/telecopier as follows:

(i) if to the Borrower:

Kentucky Utilities Company  
One Quality Street  
Lexington, Kentucky 40507  
Attention: Treasurer  
Telephone: 502-627-4956  
Facsimile: 502-627-4742

With copies to:

Kentucky Utilities Company  
One Quality Street  
Lexington, Kentucky 40507  
Attention: General Counsel  
Telephone: 502-627-3450  
Facsimile: 502-627-3367

PPL Services Corporation  
Two North Ninth Street (GENTW4)  
Allentown, Pennsylvania 18101-1179  
Attention: Frederick C. Paine, Esq.  
Telephone: 610-774-7445  
Facsimile: 610-774-6726

PPL Services Corporation  
Two North Ninth Street (GENTW14)  
Allentown, Pennsylvania 18101-1179  
Attention: Russell R. Clelland  
Telephone: 610-774-5151  
Facsimile: 610-774-5235

(ii) if to the Issuing Bank:

Regarding credit matters:

Regarding L/C matters:

(iii) if to the Remarketing Agent:

(iv) if to the Bond Trustee;

(v) if to the Custodian, to the same address as specified for the Bond Trustee.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by fax/telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). The Issuing Bank shall provide the Borrower with a copy of any notice, certificate or other non-confidential communication sent by the Issuing Bank to the Bond Trustee or the Remarketing Agent.

(b) *Change of Address; Etc.* Any party hereto may change its address or fax/telecopier number for notices and other communications hereunder by notice to the other parties hereto.

Section 13. *Counterparts; Effectiveness.* This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when it shall have been executed by the Borrower and the Issuing Bank and when the Issuing Bank shall have received counterparts hereof which, when taken together, bear the signatures of each of the parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by fax/telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 14. *Survival of Agreement.* Anything herein to the contrary notwithstanding, this Agreement and the covenants, representations and warranties contained herein shall survive and remain in full force and effect so long as any Obligations remain outstanding hereunder and despite the surrender or termination of the Letter of Credit.

Section 15. *Choice of Law.* THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 16. *Consent to Jurisdiction.* THE BORROWER HEREBY IRREVOCABLY (i) AGREES THAT ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY FEDERAL OR STATE COURT LOCATED IN NEW YORK, NEW YORK AND CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING AND (ii) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT OR THEY MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 17. *Waiver of Jury Trial.* THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY RELATED DOCUMENT OR ANY SECURITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

Section 18. *Definitions.* As used in this Agreement:

“**Agreement**” means this Reimbursement Agreement, as the same may hereafter be amended, supplemented or restated and in effect from time to time.

“**Appendix**” refers to an Appendix to this Agreement unless another document is specifically referenced.

“**Authorized Officer**” means, with respect to the Borrower, any of its Executive Officers or any other person designated as an Authorized Officer by a certificate of the Borrower, signed by an Executive Officer and filed with the Issuing Bank.

“**Bond Documents**” means (collectively or any of the following individually as the context may require) the Bond Indenture, any Supplemental Indenture (as defined in the Bond Indenture), the Custody Agreement, the Loan Agreement (as defined in the Bond Indenture), the Bonds and the Remarketing Agreement (as defined in the Bond Indenture).

“**Bonds**” means the County of [Carroll, Kentucky, Environmental Facilities][Mercer, Kentucky, Solid Waste Disposal Facility] Revenue Bonds, [insert series designation] (“Kentucky Utilities Company Project”).

“**Bond Indenture**” means the Indenture of Trust between the County of [Carroll][Mercer], Kentucky as issuer and the Bond Trustee dated as of [insert date], as the same may be amended, supplemented, or restated from time to time, under which the Bonds have been issued.

“**Bond Trustee**” means the trustee at the time serving as such under the Bond Indenture, which as of the date of issuance of the Letter of Credit is [insert name of Trustee].

“**Business Day**” means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized by law to close; provided, that, when used with respect to any action taken by or with respect to any Issuing Lender, the term “Business Day” shall not include any day on which commercial banks are authorized by law to close in the jurisdiction where the office at which such Issuing Lender books the Letter of Credit is located.

“**Code**” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time, and any successor statute thereof and any regulations promulgated thereunder.

“**Custodian**” means the Custodian with respect to Custody Bonds as designated pursuant to the Custody Agreement, which initially is the Bond Trustee.

“**Custody Agreement**” means the Custody, Pledge and Security Agreement dated as of [insert date] among the Custodian, the Borrower and the Issuing Bank with respect to Custody Bonds in the form of Appendix II to this Agreement, as amended from time to time.

“**Custody Bond**” means any Bond during the period from and including the date of its purchase with amounts realized under a Liquidity Drawing to but excluding the date on which such Bond is purchased by any Person as a result of a remarketing of such Bond pursuant to the Remarketing Agreement (as defined in the Bond Indenture) and the Bond Indenture.

“**Drawing**” means a drawing under the Letter of Credit resulting from the presentation of a certificate in the requisite form attached to the Letter of Credit.

“**Event of Default**” means an “Event of Default” as defined in the Letter of Credit Agreement.

“**Expiration Date**” has the meaning assigned to such term in the Letter of Credit.

“**Issuing Bank**” has the meaning assigned such term in the recitals hereto and shall include such Person’s successors and assigns.

“**Letter of Credit**” means the irrevocable transferable direct pay letter of credit issued by the Issuing Bank for the account of the Borrower in favor of the Bond Trustee in the form of Appendix I to this Agreement with appropriate insertions, as amended from time to time.

“**Liquidity Drawing**” means a drawing under the Letter of Credit resulting from the presentation of a certificate in the form of “Exhibit D” to the Letter of Credit.

“**Loans**” means “Loans” as defined in the Letter of Credit Agreement.

“**Remarketing Agent**” means, initially, [insert name of Remarketing Agent], and thereafter any remarketing agent at the time serving as such under the Remarketing Agreement (as defined in the Bond Indenture) and designated as the Remarketing Agent with respect to the Bonds for purposes of the Bond Indenture.

“**Section**” means a numbered section of this Agreement, unless another document is specifically referenced.

“**Security Documents**” means the Custody Agreement.

“**Stated Amount**” shall have the same meaning herein as in the Letter of Credit.

“**Transaction Documents**” means, collectively, this Agreement, the Bond Documents, the Security Documents and all other operative documents relating to the issuance, sale and securing of the Bonds (including without limitation any document(s) or instrument(s) through which the Bonds are now or hereafter collateralized, such as mortgages, security agreements, etc.).

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Other capitalized terms used herein but not defined herein shall have the meaning set forth in the Bond Indenture.

Section 19. *Computation of Time Periods.* In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

Section 20. *Accounting Terms.* All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistently applied, except as otherwise stated herein or in Section 9.09 of the Letter of Credit Agreement.

Section 21. *Interpretation.* The following rules shall apply to the construction of this Agreement unless the context requires otherwise: (a) the singular includes the plural and the plural, the singular; (b) words importing any gender include the other gender; (c) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute to which reference is made; (d) references to “writing” include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words “including” “includes” and “include” shall be deemed to be followed by the words “without limitation”; (f) references to articles, sections (or sub-divisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (h) references to Persons include their respective permitted successors and assigns; and (i) headings herein are solely for the convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

All references in this Agreement to times of day shall be references to New York, New York time unless otherwise specified.

[signatures follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

KENTUCKY UTILITIES COMPANY

By: \_\_\_\_\_  
Name:  
Title:

[Signature page to Reimbursement Agreement]

---

[ISSUING BANK], as Issuing Bank

By: \_\_\_\_\_  
Name:  
Title:

[Signature page to Reimbursement Agreement]

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APPENDIX I  
TO REIMBURSEMENT AGREEMENT

**FORM OF  
IRREVOCABLE TRANSFERABLE DIRECT PAY LETTER OF CREDIT**

[Insert Date]

Stated Amount: \*\*U.S. \$[insert amount]\*\*

Letter of Credit No. [insert number]

[Insert] name of Trustee], as Trustee (the “Bond Trustee”) under the Indenture of Trust (the “Indenture”) dated as of [Insert date], between the County of [Carroll][Mercer], Kentucky and the Bond Trustee

[Insert Address]

Attn: [Insert Name/Department]

Ladies and Gentlemen:

We [ISSUING BANK] (the “Issuing Bank”) hereby establish in your favor as Bond Trustee for the benefit of the holders of the Bonds (as hereinafter defined), our irrevocable transferable direct pay Letter of Credit No. [insert number] (this “Letter of Credit”) for the account of KENTUCKY UTILITIES COMPANY, a corporation organized under the laws of the Commonwealths of Kentucky and Virginia (the “Borrower” or the “Applicant”). Capitalized terms used herein, including those in the attached Exhibits, and not otherwise defined herein shall have the same meanings herein as in the \$198,309,583.05 Letter of Credit Agreement (as amended, amended and restated, supplemented or modified from time to time, the “Letter of Credit Agreement”) dated as of October 1, 2014 among Kentucky Utilities Company, the lending institutions party thereto from time to time, The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Issuing Lender. We hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of (the “Expiration Date”):

- (i) our close of business on September 26, 2017 (such date, as extended from time to time in accordance herewith pursuant to a Notice of Extension in the form set forth as Exhibit I hereto, the “Stated Expiration Date”),
- (ii) our close of business on the date which is five Business Days following our receipt from you of a certificate in the form set forth as Exhibit A-1 hereto accompanied by the original of this Letter of Credit (including any amendments thereto),
- (iii) our close of business on the date of our receipt from you of a certificate in the form set forth as Exhibit A-2 hereto accompanied by the original of this Letter of Credit (including any amendments thereto),
- (iv) the date upon which an Acceleration Drawing Certificate in the form of Exhibit E hereto is received and honored by us, and
- (iv) our close of business on the date which is thirty (30) days after your receipt of written notice from us in the form set forth as Exhibit A-3 hereto,

a maximum aggregate amount not exceeding [FACE AMOUNT OF LETTER OF CREDIT WRITTEN OUT] (U.S. \$[Insert amount]) (the “Original Stated Amount”; such Original Stated Amount, as reduced or reinstated from time to time in accordance herewith, being the “Stated Amount”) to pay principal of and accrued interest on, or the purchase price of, the \$[Insert amount] outstanding principal amount of County of [Carroll, Kentucky, Environmental Facilities][Mercer, Kentucky, Solid Waste Disposal Facility] Revenue Bonds, [Insert Series] (Kentucky Utilities Company Project) (the “Bonds”), which Bonds were issued pursuant to the Indenture (said U.S. \$[Insert amount] having been initially calculated to be equal to U.S. \$[Insert amount], the principal amount of the Bonds outstanding as of the date hereof, plus U.S. \$[Insert amount], which is [ ] days’ accrued interest on said principal amount of the Bonds calculated at an interest rate of [ ] percent ([ ]%) per annum calculated on the basis of actual days elapsed in a year of three hundred sixty-five (365) days); provided that no drawings shall be made under this Letter of Credit for any payment of any amount arising, directly or indirectly, under, pursuant to or in connection with any Bond (A) during the period from and including the date of its purchase with amounts realized under a Liquidity Drawing (as defined herein) to but excluding the date on which such Bond is purchased by a Person as a result of a remarketing of such Bond pursuant to the Remarketing Agreement and the Indenture (a “Custody Bond”) or (B) which is held by or on behalf of the Borrower or any Affiliate of the Borrower (each of (A) and (B), an “Ineligible Bond”).

Funds under this Letter of Credit are available to the Bond Trustee against the Bond Trustee’s presentation of the following certificates which shall be made by telecopier at [ ], Attention: [ ], without further need of documentation (including the original of this Letter of Credit), it being understood that each certificate so submitted is to be the sole operative instrument of drawing. You shall use your best efforts to give telephonic notice of a drawing to the Issuing Bank at: [Insert Number], on the Business Day preceding the day of such drawing (but such notice shall not be a condition to drawing hereunder and you shall have no liability for not doing so) or at any other office or offices or number or

numbers which may be designated by the Issuing Bank by written notice delivered to the Bond Trustee. Each demand for payment under this Letter of Credit shall be made under:

(i) a certificate in the form attached as Exhibit B hereto to pay accrued interest on the Bonds as provided for under Section 2.02 of the Indenture (an "Interest Drawing"),

(ii) a certificate in the form attached as Exhibit C hereto to pay the principal amount of and, in the event the redemption date does not coincide with the regularly scheduled interest payment date for the Bonds, accrued interest on the Bonds in respect of any redemption of the Bonds, as provided for in Section 4.01 of the Indenture (a "Redemption Drawing"),

(iii) a certificate in the form attached as Exhibit D hereto, to pay the purchase price of Bonds for which you have received a notice from the Remarketing Agent of a failed remarketing, or for which you have not timely received actual remarketing proceeds by the Business Day immediately preceding the applicable Purchase Date (as such term is defined in Exhibit D) as required pursuant to Section 3.02 of the Indenture (a "Liquidity Drawing"),

(iv) a certificate in the form attached as Exhibit E hereto, to pay the principal of, and accrued interest in respect of, any Bonds the payment of which has been accelerated pursuant to Section 9.02 of the Indenture (an "Acceleration Drawing"), or

(v) a certificate in the form attached as Exhibit F hereto to pay the principal amount of the Bonds on the stated maturity date specified in such Bonds as the date on which the principal of such Bonds is due and payable (a "Stated Maturity Drawing").

each such certificate to be executed by your duly authorized officer and be dated the date such certificate is presented hereunder.

We agree to honor and pay the amount of any Interest, Redemption, Liquidity, Acceleration and Stated Maturity Drawing if presented in compliance with all of the terms of this Letter of Credit. If such drawing is presented at or prior to 4:00 p.m., prevailing New York City time, on a Business Day, payment shall be made to the account number or address designated by you of the amount specified, in immediately available funds, not later than 12:00 Noon, prevailing New York City time, on the following Business Day. If such drawing is presented after 4:00 p.m., prevailing New York City time, on a Business Day, payment shall be made to the account number or address designated by you of the amount specified, in immediately available funds, not later than 5:00 p.m., prevailing New York City time, on the following Business Day. As used herein, "Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks located in New York, New York or the city or cities in which are located the corporate trust office or payment office of the Bond Trustee, the Borrower, the Issuing Bank or the Remarketing Agent are authorized by law to close and (iii) a day on which the New York Stock Exchange is closed.

The Available Amount (as hereinafter defined) will be reduced automatically by the amount of any drawing hereunder; *provided, however*, that the amount of any Interest Drawing hereunder shall be automatically reinstated effective on the earlier of (x) receipt by the Issuing Bank from the Borrower of reimbursement of any Interest Drawing in full or (y) at the opening of business on the eleventh (11th) calendar day after the date we honor such drawing, unless, in the case of clause (y), you shall have received written notice from us (which notice may be by facsimile transmission), given in the Issuing Bank's sole discretion, not later than the close of business on the tenth (10th) calendar day after the date we honor such drawing that the Issuing Bank is not so reinstating the Available Amount due to the Borrower's failure to reimburse us for such Interest Drawing in full, or that an event of default has occurred and is continuing under the Letter of Credit Agreement and, in either case, directing, an acceleration of the Bonds pursuant to the Indenture. After payment by us of a Liquidity Drawing, the obligation of the Issuing Bank to honor drawings under this Letter of Credit will be automatically reduced by an amount equal to the Original Purchase Price (as defined below) of any Bonds (or portions thereof) purchased pursuant to said drawing. In addition, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, our obligation to honor drawings hereunder shall be automatically reinstated concurrently upon receipt by the Issuing Bank, or the Bond Trustee on the Issuing Bank's behalf, of an amount equal to the Original Purchase Price of such Bonds (or portion thereof) plus accrued interest thereon as required under the Reimbursement Agreement dated as of [Insert date of Reimbursement Agreement] between Borrower and the Issuing Bank as specified in a certificate in the form of Exhibit J hereto (a "Reinstatement Certificate"); the amount of such reinstatement shall be equal to the Original Purchase Price of such Bonds (or portions thereof) so received by the Issuing Bank, or the Bond Trustee on the Issuing Bank's behalf. It is understood that the Bond Trustee is obligated to remit such proceeds to the Issuing Bank concurrently with the presentation of the Reinstatement Certificate.

As used herein:

"Original Purchase Price" shall mean the principal amount of any Bond purchased with the proceeds of a Liquidity Drawing plus the amount of accrued interest on such Bond paid with the proceeds of a Liquidity Drawing (and not pursuant to an Interest Drawing) upon such purchase.

"Available Amount" shall mean the Original Stated Amount (i) less the amount of all prior reductions pursuant to Interest, Redemption, Liquidity, Acceleration or Stated Maturity Drawings, (ii) less the amount of any reduction thereof pursuant to a Redemption Drawing or reduction certificate in the form of Exhibit G hereto (a "Reduction Certificate"), respectively, to the extent such reduction is not already accounted for by a reduction in the Available Amount pursuant to (i) above, (iii) plus the amount of all reinstatements as above provided.

The Stated Amount of this Letter of Credit shall be automatically and permanently reduced from time to time as of the second

Business Day following the date of our receipt of a Reduction Certificate from the Bond Trustee to the amount specified in such Reduction Certificate as the amount to which the Stated Amount is to be so reduced. Upon our receipt of such Reduction Certificate, we may deliver to you a substitute letter of credit in exchange for this Letter of Credit. If we deliver to you such a substitute letter of credit, you shall simultaneously surrender to us for cancellation this original Letter of Credit and any amendment thereto then in your possession.

Prior to the Expiration Date, we may (but are not obligated to) extend the Stated Expiration Date from time to time at the request of the Borrower by delivering to you an amendment to this Letter of Credit in the form of Exhibit I hereto (a "Notice of Extension") (appropriately completed) designating the date to which the Stated Expiration Date is being extended. Each such extension of the Stated Expiration Date shall become effective on the issue date of such notice, and thereafter all references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in such notice. Any date to which the Stated Expiration Date has been extended as herein provided may itself be extended in a like manner.

Upon our close of business on the Expiration Date this Letter of Credit shall automatically terminate, and (if not fully drawn) you agree to promptly deliver the same to the Issuing Bank for cancellation. Failure to deliver said Letter of Credit (including any amendments thereto) will have no effect on such termination, and the Letter of Credit will still be considered terminated upon our close of business on the Expiration Date.

This Letter of Credit is transferable in its entirety (but not in part) to any transferee who has succeeded you as Bond Trustee under the Indenture, and may be successively transferred. Any transfer request must be affected by presenting to us the attached form of Exhibit H hereto signed by the transferor and the transferee together with the original of this Letter of Credit and amendments hereto, if any. Transfers to designated foreign nationals and/or specially designated nationals are not permitted as being contrary to the U.S. Treasury Department statutory rules including its Foreign Assets Control Regulations. Upon our endorsement of such transfer on the Letter of Credit or, at our discretion, the issuance to the transferee of a replacement Letter of Credit with terms and conditions similar hereto, the transferee instead of the transferor, without the necessity of further action, shall be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; provided that, in such case, any certificates of the Bond Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer of the transferee.

Communications with respect to this Letter of Credit shall be addressed to us at [ISSUING BANK], Attention: [\_\_\_\_], specifically referring to the number of this Letter of Credit. For telephone assistance, please contact [\_\_\_\_], and have this Letter of Credit number available. Any communication to the Issuing Bank which is made by telecopier as permitted hereby shall be deemed operative without the necessity to provide written confirmation of such transmission by telecopier.

Except as expressly stated herein, this Letter of Credit is governed by, and construed in accordance with the International Standby Practices, ICC Publication No. 590 (the "ISP98"). As to matters not governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with the laws of the State of New York, including without limitation the Uniform Commercial Code as in effect in the State of New York, without regard to principles of conflict of laws.

All payments made by us hereunder shall be made from our own funds; in no event shall such payment be made with funds obtained from the Borrower.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever, except for ISP98.

[signature pages follow]

[ISSUING BANK]

By: \_\_\_\_\_  
Title:

[Signature Page to Letter of Credit]

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EXHIBIT A-1  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

### CERTIFICATE OF TERMINATION

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

Dear Sirs:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), which has been established by you for the account of Kentucky Utilities Company in favor of the Bond Trustee (as defined in the Letter of Credit).

The undersigned hereby certifies and confirms that [no Bonds (as defined in the Letter of Credit) remain Outstanding within the meaning of the Indenture (as defined in the Letter of Credit)] [all drawings required to be made under the Indenture (as defined in the Letter of Credit) and available under the Letter of Credit have been made and honored] [an Alternate Credit Facility (as defined in the Indenture referred to in and defined in the Letter of Credit) has been delivered to the Bond Trustee in accordance with Section 14.03 of the Indenture to replace the Letter of Credit] [all of the outstanding Bonds (as defined in the Letter of Credit) were converted to Bonds bearing interest at a rate other than the Daily Rate or the Weekly Rate (as defined in the Indenture referred to in and defined in the Letter of Credit)] and, accordingly, said Letter of Credit shall be terminated in accordance with its terms.

The original Letter of Credit (including all amendments thereto) is returned herewith for cancellation.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[TRUSTEE],  
as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT A-2  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

**CERTIFICATE OF TERMINATION**

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

Dear Sirs:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), which has been established by you for the account of Kentucky Utilities Company in favor of the Bond Trustee (as defined in the Letter of Credit ).

The undersigned hereby certifies and confirms that the Bond Trustee is required to terminate the Letter of Credit in accordance with the terms of the Indenture (as defined in the Letter of Credit) and, accordingly, said Letter of Credit shall be terminated in accordance with its terms.

The original Letter of Credit (including all amendments thereto) is returned herewith for cancellation.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[TRUSTEE],  
as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT A-3  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

**NOTICE OF EVENT OF DEFAULT**

[Trustee], [as Trustee (the "Bond Trustee") under  
the Indenture of Trust (the "Indenture")  
dated [date], between the County of  
[Carroll][Mercer], Kentucky and the Bond Trustee  
[Address]  
Attn:

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), established by the Issuing Bank (as defined in the Letter of Credit) in your favor as Bond Trustee under the Indenture. We hereby notify you that an Event of Default under the terms of that certain \$198,309,583.05 Letter of Credit Agreement (as amended, amended and restated, supplemented or modified from time to time, the "Letter of Credit Agreement") dated as of October 1, 2014 among Kentucky Utilities Company, the lending institutions party thereto from time to time, The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Issuing Lender, has occurred.

We hereby direct you to draw the entire Available Amount of (and as defined in) the Letter of Credit as an acceleration of the Bonds in accordance with Section 9.02 of the Indenture.

All capitalized terms used herein and not otherwise defined herein shall have the same meanings herein as in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[ISSUING BANK]

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT B  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

**INTEREST DRAWING CERTIFICATE**

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

[Trustee], as Bond Trustee (the "Beneficiary"), hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), issued by [Issuing Bank] in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Indenture.
2. The Beneficiary is entitled to make this drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Indenture with respect to the payment of interest due on all Bonds outstanding on the Interest Payment Date occurring on [insert applicable date] other than Ineligible Bonds (as such term is defined in the Letter of Credit).
3. The amount of this drawing is equal to the amount required to be drawn by the Beneficiary pursuant to Section 6.02 of the Indenture.
4. The amount of this drawing was computed in compliance with the terms of the Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount of (and as defined in) the Letter of Credit as presently in effect.
5. Payment by [ISSUING BANK] pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.
6. The amount hereby demanded will not be applied to any payment in respect of Ineligible Bonds.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[TRUSTEE] as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT C  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

### REDEMPTION DRAWING CERTIFICATE

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

[Trustee], as Bond Trustee (the "Beneficiary"), hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), issued by [Issuing Bank] (the "Issuing Bank") in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Indenture.

2. The Beneficiary is entitled to make this drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to Section 4.01 of the Indenture.

3. (a) The amount of this drawing is equal to (i) the principal amount of Bonds other than Ineligible Bonds (as such term is defined in the Letter of Credit) to be redeemed by the Borrower pursuant to Section 4.04 of the Indenture on [insert applicable date] (the "Redemption Date"), plus (ii) in the event such redemption date does not coincide with a regularly scheduled Interest Payment Date (as defined in the Indenture), interest accrued on such Bonds from the immediately preceding Interest Payment Date to the redemption date.

(b) Of the amount stated in paragraph 2 above:

- (i) \$ \_\_\_\_\_ is demanded in respect of the principal amount of the Bonds referred to in subparagraph (a) above; and
- (ii) \$ \_\_\_\_\_ is demanded in respect of accrued interest on such Bonds.

4. The amount of this drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount of (and as defined in) the Letter of Credit.

5. The Issuing Bank is hereby instructed following the honor of this drawing, and in accordance with the terms of the Letter of Credit, to reduce the Stated Amount by \$ \_\_\_\_\_ [insert applicable amount] which amount represents the amount of excess interest coverage under the Letter of Credit (computed in respect of the outstanding principal amount of the Bonds at an assumed interest rate of [\_\_\_\_\_] ([\_\_\_\_\_]%) per annum for a period of 45 days based on a year of 365 days) no longer necessary as a result of the redemption of Bonds with the proceeds of this drawing, and, if applicable, taking into account any permanent reduction in the Stated Amount occasioned by the payment of accrued interest on such redeemed Bonds through an Interest Drawing (as defined in the Letter of Credit) and not through the drawing effected by this Certificate.

6. Payment by [ISSUING BANK], pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[TRUSTEE] as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT D  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

**LIQUIDITY DRAWING CERTIFICATE**

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

[Trustee], as Bond Trustee (the "Beneficiary"), hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), issued by [Issuing Bank] (the "Issuing Bank") in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Indenture.
2. The Beneficiary is entitled to make this drawing under the Letter of Credit in the amount of \$ \_\_\_\_\_ with respect to Bonds tendered pursuant to Section 3.01 of the Indenture, remarketing proceeds for which were not timely received by the Bond Trustee by the Business Day immediately preceding \_\_\_\_\_ (the "Purchase Date").
3. (a) The amount of this drawing is equal to (i) the principal amount of Bonds, other than Ineligible Bonds (as such term is defined in the Letter of Credit), for which the Bond Trustee has not timely received actual remarketing proceeds by the Business Day immediately preceding the applicable Purchase Date as provided for in Section 3.03 of the Indenture, plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date to the Purchase Date.

(b) Of the amount stated in paragraph 2 above:

- (i) \$ \_\_\_\_\_ is demanded in respect of the principal portion of the purchase price of the Bonds referred to in subparagraph (a) above; and
- (ii) \$ \_\_\_\_\_ is demanded in respect of payment of the interest portion of the purchase price of such Bonds.

4. The amount of this drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount of (and as defined in) the Letter of Credit as presently in effect.

5. The Beneficiary will register or cause to be registered in the name of the Borrower or the Bond Trustee, but with the Issuing Bank registered as pledgee, upon payment of the amount drawn hereunder, Bonds in the principal amount of the Bonds being purchased with the amounts drawn hereunder and will deliver such Bonds to the Beneficiary, in its capacity as Custodian under (and as defined in) the Custody, Pledge and Security Agreement dated as of [date], among Kentucky Utilities Company, as pledgor, [Issuing Bank], as Issuing Bank and pledgee, and the Beneficiary, as custodian; provided, however, if The Depository Trust Company or its nominee, or a similar securities depository, is the registered owner of all Bonds, the Beneficiary acknowledges that it will cause the security interest of the Issuing Bank to be recorded by such depository on its books or, if the Beneficiary is a participant with respect to such depository, on its own books.

6. Payment by [ISSUING BANK] pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[TRUSTEE] as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT E  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

**ACCELERATION DRAWING CERTIFICATE**

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

[Trustee], as Bond Trustee (the "Beneficiary"), hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), issued by [Issuing Bank] in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Indenture.
2. An Event of Default has occurred under Section 9.01( ) of the Indenture, and the Bond Trustee has declared the principal of and accrued interest on all Bonds then outstanding immediately due and payable. The Beneficiary is entitled to make this drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to Section 9.02 of the Indenture.
3. (a) The amount of this drawing is equal to (i) the principal amount of Bonds, other than Ineligible Bonds (as such term is defined in the Letter of Credit), outstanding on \_\_\_\_\_ (the "Acceleration Date") plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Letter of Credit) to the Acceleration Date.  
(b) Of the amount stated in paragraph 2 above:
  - (i) \$ \_\_\_\_\_ is demanded in respect of the principal of the Bonds referred to in subparagraph (a) above; and
  - (ii) \$ \_\_\_\_\_ is demanded in respect of accrued interest on such Bonds.
4. The amount of this drawing was computed in compliance with the terms and conditions of the Indenture and does not exceed the Available Amount of (and as defined in) the Letter of Credit.
5. Payment by [\_\_\_\_\_] pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.
6. The original Letter of Credit (including any amendments thereto) is being delivered to you by overnight mail for cancellation. Failure to deliver said Letter of Credit will have no effect on its termination, and the Letter of Credit will still be considered terminated upon our receipt of the amount demanded in paragraph 2 above.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[TRUSTEE] as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

**STATED MATURITY DRAWING CERTIFICATE**

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

[Trustee], as Bond Trustee (the "Beneficiary"), hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), issued by [Issuing Bank] in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Indenture.
2. The Beneficiary is entitled to make this drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Indenture. The amount of this drawing is equal to the principal amount of Bonds (excluding any Ineligible Bonds (as such term is defined in the Letter of Credit)) with a Stated Maturity (under and as set forth in such Bonds) on \_\_\_\_\_.
3. The amount of this drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount of (and as defined in) the Letter of Credit.
4. Payment by [\_\_\_\_\_] pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[TRUSTEE] as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT G  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

**REDUCTION CERTIFICATE**

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

[TRUSTEE], as Bond Trustee (the "Beneficiary"), hereby CERTIFIES as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), issued by [Issuing Bank] (the "Issuing Bank") in favor of the Beneficiary; (ii) those certain Bonds (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Bond Trustee under the Indenture.
2. Effective on \_\_\_\_\_, \_\_\_\_\_ (which shall be at least two (2) Business Days (as defined in the Letter of Credit) following receipt by the Issuing Bank of this Certificate, the Stated Amount (as defined in the Letter of Credit) shall be reduced by \$ \_\_\_\_\_, and the Stated Amount shall thereupon equal \$ \_\_\_\_\_, of which amount \$ \_\_\_\_\_ is applicable to principal on the Bonds and of which amount \$ \_\_\_\_\_ is applicable to interest on the Bonds (as described in the Letter of Credit), all in accordance with the provisions of the Indenture.

In WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[TRUSTEE] as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT H  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

**REQUEST FOR TRANSFER**

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [ \_\_\_\_\_ ]  
Telephone: [ \_\_\_\_\_ ]  
Facsimile: [ \_\_\_\_\_ ]

Re: Irrevocable Standby Letter of Credit No. \_\_\_\_\_

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("Letter of Credit") in its entirety to:

NAME OF TRANSFEREE \_\_\_\_\_  
(Print Name and complete address of the Transferee)  
"Transferee"  
ADDRESS OF TRANSFEREE \_\_\_\_\_  
CITY, STATE/COUNTRY ZIP \_\_\_\_\_

In accordance with ISP98, Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Letter of Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Letter of Credit, including amendments to this date, if any, are attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof or, at your discretion, issue a replacement Letter of Credit with terms and conditions similar thereto. The undersigned Transferor requests that you notify the Transferee of this Letter of Credit in such form and manner as you deem appropriate, and the terms and conditions of the Letter of Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of this transferred Letter of Credit and these instructions.

Transferor represents and warrants to Transferring Bank that our execution, delivery, and performance of this request to Transfer (a) are within our powers, (b) have been duly authorized, (c) constitute our legal, valid, binding and enforceable obligation, (d) do not contravene any charter provision, by-law, resolution, material contract or other undertaking binding on or affecting us or any of our properties, (e) do not require any notice, filing or other action to, with, or by any governmental authority (f) the enclosed Letter of Credit is original and complete, (g) there is no outstanding demand or request for payment or transfer under the Letter of Credit affecting the rights to be transferred, and (h) the Transferee's name and address are correct and complete and the Transferee's use of the Letter of Credit as transferred and the transactions underlying the Letter of Credit and the requested Transfer do not violate any Unites States or other law, rule or regulation.

The Effective Date shall be the date hereafter on which Transferring Bank effects the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

This Request is made subject to ISP98 and is subject to and shall be governed by the law of the State of New York, without regard to principles of conflict of laws.

Sincerely yours,

\_\_\_\_\_  
(Print Name of Transferor)

(a) SIGNATURE GUARANTEED  
Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.

\_\_\_\_\_  
 (Transferor's Authorized Signature)

\_\_\_\_\_  
 (Print Authorized Signers Name and Title)

\_\_\_\_\_  
 (Telephone Number/Fax Number)

We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

\_\_\_\_\_  
 (Print Name of Bank)

\_\_\_\_\_  
 (Address of Bank)

\_\_\_\_\_  
 (City, State, Zip Code)

\_\_\_\_\_  
 (Print Name and Title of Authorized Signer)

\_\_\_\_\_  
 (Authorized Signature)

Acknowledged:

\_\_\_\_\_  
 (Print Name of Transferor)

\_\_\_\_\_  
 (Transferor's Authorized Signature)

\_\_\_\_\_  
 (Print Authorized Signers Name and Title)

\_\_\_\_\_  
 (Telephone Number/Fax Number)

(b) SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

\_\_\_\_\_  
 (Print Name of Bank)

\_\_\_\_\_  
 (Address of Bank)

\_\_\_\_\_  
 (City, State, Zip Code)

\_\_\_\_\_  
 (Print Name and Title of Authorized Signer)

\_\_\_\_\_  
 (Authorized Signature)

EXHIBIT I  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

\_\_\_\_\_

**NOTICE OF EXTENSION**

[Trustee], as Trustee (the "Bond Trustee") under the  
Indenture of Trust (the "Indenture") dated as of  
[date], between the County of [Carroll][Mercer],  
Kentucky and the Bond Trustee

[Address]  
Attn:

Dear Sirs:

Reference is hereby made to that certain Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ dated [date] (the "Letter of Credit"), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Stated Expiration Date of the Letter of Credit has been extended to \_\_\_\_\_.

This letter should be attached to the Letter of Credit and made a part thereof.

[[ISSUING BANK]

By: \_\_\_\_\_  
[Title of Authorized Officer]

\_\_\_\_\_

EXHIBIT J  
to  
[ISSUING BANK]  
LETTER OF CREDIT  
No. \_\_\_\_\_

REINSTATEMENT CERTIFICATE

[ISSUING BANK],  
as Issuing Lender  
ATTENTION: [\_\_\_\_\_] ]  
Telephone: [\_\_\_\_\_] ]  
Facsimile: [\_\_\_\_\_] ]

The undersigned hereby certifies to [Issuing Bank] (the "Issuing Bank"), with reference to Irrevocable Transferable Direct Pay Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit") issued by the Issuing Bank in favor of the Bond Trustee (as such term and all other terms used but not otherwise defined herein are defined in the Letter of Credit), that:

1. The undersigned is the Bond Trustee under the Indenture.
2. The Bond Trustee has previously made a Liquidity Drawing under the Letter of Credit on \_\_\_\_\_ in the amount of U.S. \$ \_\_\_\_\_ (representing U.S. \$ \_\_\_\_\_ of principal and U.S. \$ \_\_\_\_\_ of interest) with respect to the purchase price of Bonds which are now held as Custody Bonds in accordance with the Indenture.
3. The Bond Trustee has received, on behalf of the Issuing Bank, proceeds (the "Remarketing Proceeds") from the sale of remarketed Custody Bonds originally purchased with the proceeds of the above described Liquidity Drawing and as of the date hereof holds, on behalf of the Issuing Bank, in the Remarketing Proceeds Subaccount established under the Indenture the amount of U.S. \$ \_\_\_\_\_ (representing U.S. \$ \_\_\_\_\_ of principal and U.S. \$ \_\_\_\_\_ of interest) with respect to the sale of such Custody Bonds.
4. The Bond Trustee shall deliver the Remarketing Proceeds to the Issuing Bank on the same day as the Remarketing Proceeds are received by the Bond Trustee (on behalf of the Issuing Bank) in immediately available funds by depositing such Remarketing Proceeds with [Issuing Bank] through the Fedwire to [\_\_\_\_\_] , in favor of [\_\_\_\_\_] . Ref: Kentucky Utilities, Reference: Letter of Credit No. \_\_\_\_\_ , or as otherwise directed by the Issuing Bank.
5. In accordance with the terms of the Letter of Credit, the Stated Amount under the Letter of Credit is deemed automatically reinstated in an amount equal to [\$ \_\_\_\_\_ ] (total amount of paragraph 3 above).

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[TRUSTEE] as Bond Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

**APPENDIX II  
TO REIMBURSEMENT AGREEMENT**

**[FORM OF CUSTODY, PLEDGE AND SECURITY AGREEMENT]**

This CUSTODY, PLEDGE AND SECURITY AGREEMENT (together with all exhibits, schedules, attachments and appendices hereto, as amended from time to time, this "Pledge Agreement"), dated as of \_\_\_\_\_, is entered into by and among KENTUCKY UTILITIES COMPANY (the "Pledgor"), [CUSTODIAN], as Custodian (the "Custodian"), and [ISSUING BANK], as Issuing Bank (the "Issuing Bank"), pursuant to that certain Reimbursement Agreement dated as of \_\_\_\_\_, between the Pledgor and the Issuing Bank (hereinafter, together with all schedules, attachments and appendices thereto, as from time to time amended or supplemented, the "Reimbursement Agreement"). Any capitalized term used herein, and not defined elsewhere in this Agreement, shall have the meaning set forth in the Reimbursement Agreement.

**RECITALS:**

A. The County of [Carroll][Mercer], Kentucky (the "Issuer") has issued \$\_\_\_\_\_ aggregate principal amount of its County of [Carroll, Kentucky, Environmental Facilities] [Mercer, Kentucky, Solid Waste Disposal Facility] Revenue [Refunding] Bonds, [Insert Series] (Kentucky Utilities Company Project) (the "Bonds"), pursuant to a certain Indenture of Trust dated as of [date], [as amended and restated as of September 1, 2008 and] as [further] amended and supplemented pursuant to Supplemental Indenture No. 1 to [Amended and Restated] Indenture of Trust dated as of September 1, 2010 (the "Bond Indenture"), between the Issuer and [Trustee], as trustee (in such capacity, the "Bond Trustee").

B. The Bond Indenture requires that the Bonds be purchased under certain circumstances from the owners thereof in accordance with the terms and conditions of the Bond Indenture.

C. The Pledgor has entered into that certain Remarketing and Bond Purchase Agreement dated as of [date] (together with all exhibits, schedules, attachments and appendices thereto, as amended, supplemented or restated from time to time, the "Remarketing Agreement") between [Remarketing Agent], as the initial remarketing agent ("Remarketing Agent"), and the Pledgor, pursuant to which Remarketing Agent has agreed to use its reasonable best efforts to remarket the Bonds under specified terms and conditions as provided in the Remarketing Agreement.

D. The Pledgor has agreed to enter into the Reimbursement Agreement in order to cause the Issuing Bank to issue its Letter of Credit (as defined in the Reimbursement Agreement) which may be used to pay principal of and interest on and the purchase price of the Bonds pledged to the Issuing Bank in accordance with the Bond Indenture (the "Pledged Bonds").

NOW, THEREFORE, in consideration of the premises and in order to induce the Issuing Bank to enter into the Reimbursement Agreement and the Issuing Bank to issue its Letter of Credit thereunder and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Pledge and Security Interest. The Pledgor hereby pledges, grants, assigns, conveys, hypothecates, transfers, and delivers to the Issuing Bank, all of the Pledgor's right, title and interest in and to the Pledged Bonds and hereby grants to the Issuing Bank, a first lien on, and security interest in, its right, title and interest in and to the Pledged Bonds, the interest thereon and all proceeds thereof, as collateral security for the prompt and complete payment and satisfaction when due of all indebtedness, obligations, liabilities and amounts from time to time owing by the Pledgor to the Issuing Bank under or in connection with the Reimbursement Agreement, including, without limitation, interest thereon (all of the foregoing indebtedness, obligations, liabilities and amounts from time to time owing to the Issuing Bank by the Pledgor being hereinafter called the "Bank Obligations").

2. Notation of Pledge. (a) The Issuing Bank hereby appoints the Custodian as its agent to receive and hold Pledged Bonds for the benefit of the Issuing Bank. Upon the application of any drawing under the Letter of Credit to pay the purchase price of Bonds, such Bonds shall constitute Pledged Bonds, shall be owned by the Pledgor and registered in the name of the Issuing Bank or its designee or nominee as pledgee and delivered to the Custodian to be held for the benefit of the Issuing Bank. The Custodian shall release such Pledged Bonds only in accordance with Section 5 hereof.

(b) The parties hereby acknowledge and agree that if the ownership of the Bonds or a portion thereof is maintained as a fully registered Bond registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee ("Book-Entry Form"), all references herein to the "holding" and "release" of Pledged Bonds shall relate to the recording of beneficial ownership of Pledged Bonds.

(c) The Custodian shall be responsible for instructing the Bond Trustee or other bond registrar under the Bond Indenture to effect any changes on the bond registration books necessary for recording of ownership and pledging of Pledged Bonds or beneficial interests in Pledged Bonds.

3. Payments on the Bonds; Voting Rights. (a) If, while this Pledge Agreement is in effect, the Pledgor shall become entitled to receive or shall receive any payment, including, without limitation, any payment of interest, principal or proceeds of sale in respect of the Pledged Bonds, the Pledgor agrees to accept the same as the Issuing Bank's agent and to hold the same in trust on behalf of the Issuing Bank and to deliver the same forthwith to the Custodian for payment to the Issuing Bank. All sums of money so paid in respect of the Pledged Bonds which are received by the Pledgor and paid to the Issuing Bank shall be first credited as set forth in (and subject to the provisions of) the Reimbursement Agreement.

(b) During such time as the Bonds are pledged to the Issuing Bank under the terms of this Pledge Agreement, the Issuing Bank shall be entitled to exercise all of the rights of an owner of Bonds with respect to voting, consenting and directing DTC, as if the Issuing Bank were the owner of such Bonds, and the Pledgor hereby grants and assigns to the Issuing Bank all such rights.

4. Collateral. All Pledged Bonds, and all income therefrom and proceeds thereof, are herein collectively sometimes called the “Collateral.”

5. Release of Pledged Bonds. (a) Upon payment (full or partial) to the Issuing Bank, or the Bond Trustee on behalf of the Issuing Bank, of any Bank Obligations, other than payments from the proceeds of a remarketing of the Bonds, and otherwise when required pursuant to Section 3 of the Reimbursement Agreement, the Issuing Bank agrees to release from the lien of this Pledge Agreement the Pledged Bonds from the pledge and security interest created herein, and to instruct the Custodian in writing to release and transfer to the order of the Pledgor, Pledged Bonds in a principal amount equal to the amount of the repayment allocable to principal of such drawing; provided, however, that the Issuing Bank shall not be obligated to release Pledged Bonds in an amount less than the minimum denomination permitted under the Bond Indenture for the Bonds (except in a situation in which the total amount of Pledged Bonds held by the Issuing Bank is less than such minimum denomination). Upon payment to the Issuing Bank (or the Bond Trustee on behalf of the Issuing Bank) as aforesaid, any notation on the book-entry records of the Bonds evidencing the pledge of such Bonds to the Issuing Bank shall be removed. If the Pledged Bonds have been remarketed pursuant to the Bond Indenture, so long as no Event of Default or Default then exists, the Issuing Bank shall also release to the purchaser of the Bonds from the pledge and security interest created by this Pledge Agreement a principal amount of Pledged Bonds equal to the principal amount of Bonds purchased by such purchaser. Bonds shall be released under this Pledge Agreement (i) upon notice from the Pledgor or the Remarketing Agent to the Issuing Bank specifying the principal amount of Bonds purchased or to be delivered to such purchaser, and (ii) upon receipt by the Bond Trustee (on behalf of the Issuing Bank) of remarketing proceeds with respect to such remarketed Bonds, all in accordance with the Bond Indenture. The proceeds of any such remarketing shall be delivered to the Issuing Bank on the same day as the Pledged Bonds are released from the lien and security interest of this Pledge Agreement in immediately available funds by depositing such proceeds with \_\_\_\_\_ through the Federal Reserve Wire System to ABA No. \_\_\_\_\_ at the Federal Reserve Bank of New York for credit of \_\_\_\_\_, Attn: \_\_\_\_\_, Account No. \_\_\_\_\_, RE: Kentucky Utilities, Reference: Letter of Credit No. \_\_\_\_\_, or as otherwise directed by the Issuing Bank.

(b) Upon an acceleration of all Bonds pursuant to the Bond Indenture and payment to the Issuing Bank of all amounts due on the Pledged Bonds, upon the request of the Issuing Bank, the Custodian shall be authorized to, and shall, cancel all Pledged Bonds held hereunder; provided, however, that such cancellation shall not constitute a release of the Pledgor’s obligations to the Issuing Bank with respect to the Bank Obligations.

6. Event of Default. The term “Event of Default” shall mean an Event of Default as defined in the Reimbursement Agreement.

7. Rights of the Issuing Bank. The Issuing Bank shall not be liable for failure to collect or realize upon the Bank Obligations, the Collateral or any collateral security or guaranty therefor, or any part thereof, or for any delay in so doing, nor shall the Issuing Bank be under any obligation to take any action whatsoever with regard thereto or in respect of preserving rights against prior parties. If an Event of Default or event which with notice or lapse of time or both would become an Event of Default has occurred and is continuing, the Issuing Bank may thereafter, without notice, exercise all rights, privileges or options pertaining to the Pledged Bonds as if it were the absolute owner thereof, upon such terms and conditions as it may determine, all without liability except to account for property actually received by it, but the Issuing Bank shall not have any duty to exercise any of the aforesaid rights, privileges or options nor shall the Issuing Bank be responsible for any failure to do so or delay in so doing.

8. Remedies. At any time that an Event of Default has occurred and is continuing as a result of all or any portion of the Bank Obligations owing to the Issuing Bank not being paid when due, the Issuing Bank, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Pledgor or any other person (each of which demands, advertisements or notices are hereby expressly waived to the fullest extent permitted by applicable law), may forthwith instruct the Custodian to transfer to the Issuing Bank all or any portion of the Collateral relating to the Pledged Bonds, or may forthwith collect, receive, appropriate and realize upon the Collateral relating to the Pledged Bonds, or any part thereof, and may forthwith sell, assign, give option or options to purchase, contract to sell or otherwise dispose of and deliver said Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at any exchange, broker’s board or at any of the Issuing Bank’s offices or elsewhere upon such terms and conditions and at such prices as it may deem advisable in its discretion, exercised in a commercially reasonable manner, for cash or on credit or for future delivery without assumption of any credit risk, with the right to the Issuing Bank upon any such sale or sales, public or private, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption in the Pledgor, which right or equity is hereby expressly waived and released to the fullest extent permitted under law. The Issuing Bank shall apply all the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any and all of the Collateral in any way relating to the rights of the Issuing Bank hereunder, including reasonable attorneys’ fees and legal expenses, to the payment in whole or in part, of the Bank Obligations owing to the Issuing Bank in such order as prescribed in the Reimbursement Agreement (with the Pledgor remaining liable for any deficiency remaining unpaid after such application), and only after so applying such net proceeds and after the payment by the Issuing Bank of any other amount required by any provision of Law, including, without limitation Section 9-504(1)(c) (or any successor section thereto) of the Uniform Commercial Code of the State of New York, shall the Issuing Bank apply the surplus, if any, to the account of the Pledgor. The Pledgor agrees that the Issuing Bank need not give more than ten (10) business days’ notice of the time and place of any public sale or of the time after which a private sale or other intended disposition is to take place and that such notice is reasonable notification of such matters. In addition to the rights and remedies granted to the Issuing Bank in this Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to any of the Bank Obligations, the Issuing Bank shall have all the rights and remedies of a secured party, and the Pledgor shall have all the rights of a debtor, under the Uniform Commercial Code of the State of New York. The Pledgor further agrees that the Pledgor shall be liable for the deficiency if the proceeds of any sale or other disposition of the Collateral relating to the Pledged Bonds are insufficient to pay all amounts to which the Issuing Bank is entitled, and the reasonable fees of any attorneys reasonably employed by the Issuing Bank to collect such deficiency. The parties hereto acknowledge that, following any such sale or other disposition of Collateral relating to the Pledged Bonds which is not accompanied by a reinstatement in full of the Letter of Credit (to the extent necessary to provide the required principal and interest coverage of such Pledged Bonds), the then rating assigned by any Rating Agency on the Bonds may be withdrawn and may not apply to such Pledged Bonds.

9. Representations and Warranties of the Pledgor. The Pledgor hereby represents and warrants that:

(a) on the date of notation of the pledge to the Issuing Bank of any Pledged Bonds on the records of DTC and the deposit of the Pledged Bonds via book-entry into an account maintained by the Issuing Bank at DTC (the “Pledge Date”), neither the Pledgor, the

Remarketing Agent, the Bond Trustee nor any other Person will have any right, title or interest in and to the Pledged Bonds (other than those rights described herein and in the Bond Indenture);

(b) it has, and on the Pledge Date will have, full power, authority and legal right to pledge all of its rights, title and interest in and to the Pledged Bonds pursuant to this Pledge Agreement; and

(c) assuming compliance by the Custodian with Section 2 hereof, the pledge and assignment of the Pledged Bonds pursuant to this Pledge Agreement will create a valid first lien on and a first perfected security interest in, all right, title or interest of the Pledgor in or to such Pledged Bonds, and the proceeds thereof, subject to no prior pledge, lien, mortgage, hypothecation, security interest, charge, option or encumbrance or to any agreement purporting to grant to any third party a security interest in the property or assets of the Pledgor which would include the Pledged Bonds.

**10. No Disposition, Etc.** Subject to the provisions of Section 5 hereof and subject to the Bond Indenture and Remarketing Agreement, without the prior written consent of the Issuing Bank, the Pledgor agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Collateral relating to the Pledged Bonds, nor will it create, incur or permit to exist any pledge, lien, mortgage, hypothecation, or security interest therein, or any proceeds thereof, except for the lien and security interest provided for by this Pledge Agreement. The Pledgor hereby covenants and agrees that it will defend the Issuing Bank's right, title and security interest in and to the Pledged Bonds relating to the Letter of Credit and the proceeds thereof against the claims and demands of all persons whomsoever.

**11. Sale of Collateral.** (a) The Pledgor recognizes that the Issuing Bank may be unable to effect a public sale of any or all of its Pledged Bonds by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws, but may be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges and agrees that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner provided that the private sale is made in a commercially reasonable manner for private sales. The Issuing Bank shall be under no obligation to delay a sale of any of the Pledged Bonds for the period of time necessary to permit the Pledgor to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if the Pledgor would agree to do so. Notwithstanding anything contained in this Section 11, the Pledgor shall not be required to register such securities for public sale under the Securities Act or any applicable state securities laws.

(b) Subject to the other terms of this Pledge Agreement, the Pledgor further agrees to do or cause to be done all such other acts and things as may be reasonably necessary to make such sale or sales of any portion or all of the Pledged Bonds valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at the Pledgor's expense. The Pledgor further agrees that a breach of any of the covenants contained in this Section 11 will cause irreparable injury to the Issuing Bank, that the Issuing Bank has no adequate remedy at law in respect of such breach and, as a consequence, agrees that each and every covenant contained in this Section shall be specifically enforceable against the Pledgor. The Pledgor further acknowledges the impossibility of ascertaining the amount of damages which would be suffered by the Issuing Bank by reason of a breach of any of such covenants and, consequently, agrees that, if the Issuing Bank shall sue for damages for breach, it shall pay, as liquidated damages and not as a penalty, an amount equal to the par value plus accrued interest on the Pledged Bonds relating to the Issuing Bank on the date the Issuing Bank shall demand compliance with this Section (less an amount equal to the par value plus accrued interest on any Pledged Bonds sold between the date the Issuing Bank shall have demanded compliance with this Section and the date of payment of such liquidated damages), and the Issuing Bank agrees to release its lien on all of its unsold Pledged Bonds to the Pledgor upon payment of such liquidated damages; in no event shall such liquidated damages exceed the amount of the then outstanding Bank Obligations owing to the Issuing Bank plus all amounts which remain available for draw under its Letter of Credit (it being agreed that any such liquidated damages in respect of the undrawn Letter of Credit shall be held in trust for the parties hereto for payment as such losses in respect thereof are incurred by the Issuing Bank and shall be returned to the Pledgor to the extent a loss in respect thereof is not incurred by the Issuing Bank prior to the expiration of the Letter of Credit).

(c) The Pledgor and the Issuing Bank acknowledge that, following any such sale or other disposition of Collateral relating to the Pledged Bonds which is not accompanied by a reinstatement in full of the Letter of Credit (to the extent necessary to provide the required principal and interest coverage of such Pledged Bonds), the then rating assigned by any Rating Agency on the Bonds may be withdrawn and may not apply to such Pledged Bonds.

**12. Further Assurances.** The Pledgor agrees that at any time and from time to time upon the written request of the Issuing Bank, the Pledgor will execute and deliver such further documents and do such further acts and things as the Issuing Bank may reasonably request in order to effect the purposes of this Pledge Agreement.

**13. Severability.** Any provision of this Pledge Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**14. No Waiver; Cumulative Remedies.** The Issuing Bank shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder and no waiver shall be valid unless in writing, signed by the Issuing Bank, and then only to the extent therein set forth. A waiver by the Issuing Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Issuing Bank would otherwise have on any future occasion. No failure to exercise nor any delay in exercising on the part of the Issuing Bank, of any right, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law. Time is of the essence in the interpretation and performance of this Pledge Agreement.

**15. Amendments; Applicable Law.** None of the terms or provisions of this Pledge Agreement may be altered, modified or amended except by an instrument in writing, duly executed by the Issuing Bank, the Custodian and the Pledgor. This Pledge Agreement and all obligations of the

Pledgor hereunder shall be binding upon the successors and assigns of the Pledgor, and shall, together with the rights and remedies of the Issuing Bank hereunder, inure to the benefit of the Issuing Bank and its successors and assigns. This Pledge Agreement shall be governed by, and be construed, enforced and interpreted in accordance with, the internal laws of the State of New York.

16. Term. This Pledge Agreement shall remain in full force and effect for so long as the Letter of Credit is in effect or any amount is owed to the Issuing Bank under the Reimbursement Agreement or any amount is owed pursuant to the Reimbursement Agreement.

17. The Custodian. (a) The Custodian shall not be subject to any liability hereunder with respect to Collateral held in its custody, except for its gross negligence or willful misconduct.

(b) To the extent permitted by law from legally available funds, the Pledgor agrees to indemnify the Custodian and its officers, agents, directors and employees against any loss, claim, liability or expense, reasonably incurred without gross negligence or willful misconduct on the part of the Custodian or such person, arising out of or in connection with this Pledge Agreement, including any of its duties as Custodian hereunder, including the reasonable costs and expenses of defending itself from any claim or liability in connection herewith. Notwithstanding the foregoing, the Custodian shall have all of the rights (including indemnification rights), benefits, privileges and immunities granted to the Bond Trustee under the Bond Indenture, all of which are incorporated herein *mutatis mutandis*. The provisions of this paragraph shall survive the termination of this Pledge Agreement or the resignation or removal of the Custodian. At the reasonable request and expense of the Pledgor, the Custodian shall cooperate in making any investigation and defense of any indemnified claim or demand and shall assert appropriately the rights, privileges and defenses which are available to the Custodian in connection therewith.

(c) In the event of its resignation or removal as the Bond Trustee under the Bond Indenture, the Custodian shall resign or be removed under this Pledge Agreement, and the successor trustee appointed under the Bond Indenture shall be appointed by the Issuing Bank as the successor Custodian under this Pledge Agreement. Upon the acceptance of any appointment as Custodian hereunder by a successor Custodian, such successor Custodian shall thereupon succeed to and become invested with all the rights, powers, privileges and duties of the retiring Custodian, and the resignation or removal of the retiring Custodian shall be effective as of such date. After the effective date of any retiring Custodian's resignation or removal as Custodian hereunder, the provisions of this Section 17 shall remain applicable to it as to any actions taken or omitted to be taken by it while it was Custodian under this Pledge Agreement.

(d) The Custodian has executed this Pledge Agreement solely as Custodian for the Issuing Bank in accordance with the terms hereof and hereby agrees not to exercise any right or remedy, including a right of set-off, it may have at any time with respect to any of the Collateral, except in accordance with the provisions of this Pledge Agreement or the written instructions of the Issuing Bank.

(e) The Custodian has executed this Pledge Agreement solely in connection with its role as Bond Trustee under the Bond Indenture, and in the event of any conflict between the terms of the Bond Indenture and this Pledge Agreement as to the duties of the Custodian, the terms of the Bond Indenture shall control.

18. Notices. Notices given to the Pledgor or the Issuing Bank pursuant to this Pledge Agreement shall be delivered to such address and through such means as shall be provided in the Reimbursement Agreement or to such other address as any party may specify in a notice to the other parties. Notwithstanding anything herein to the contrary, notices to release Pledged Bonds may be made by telecopy and each such notice shall be promptly confirmed in writing. Notices given to the Custodian pursuant to this Pledge Agreement shall be addressed as follows:

[TRUSTEE]  
[Address]

Attn:

[SIGNATURE PAGES IMMEDIATELY FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Custody, Pledge and Security Agreement as of the date first above written.

KENTUCKY UTILITIES COMPANY, as the Pledgor

By: \_\_\_\_\_  
Name:  
Title:

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[ISSUING BANK], as Issuing Bank

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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[CUSTODIAN], as Custodian

By: \_\_\_\_\_  
Name:  
Title:

Attached.

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**EXHIBIT B****Form of Assignment and Assumption Agreement**

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [the] [each]<sup>1</sup> Assignor identified on the Schedules hereto as "Assignor" [or "Assignors" (collectively, the "Assignors" and each) an "Assignor") and [the] [each]<sup>2</sup> Assignee identified on the Schedules hereto as "Assignee" or "Assignees" (collectively, the "Assignees" and each an "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors] [the Assignees]<sup>3</sup> hereunder are several and not joint.]<sup>4</sup> Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by [the] [each] Assignee. The Standard Terms and Conditions set forth in Annex I attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the] [each] Assignor hereby irrevocably sells and assigns to [the Assignee] [the respective Assignees], and [the] [each] Assignee hereby irrevocably purchases and assumes from [the Assignor] [the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (a) all of [the Assignor's] [the respective Assignors'] rights and obligations in [its capacity as a Lender] [their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor] [the respective Assignors] under the letter of credit facility identified below (including any letters of credit included in such facilities) and (b) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)] [the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (a) above (the rights and obligations sold and assigned by [the] [any] Assignor to [the] [any] Assignee pursuant to clauses (a) and (b) above being referred to herein collectively as, the "Assigned Interest"). Each such sale and assignment is without recourse to [the] [any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the] [any] Assignor.

1. Assignor: *See Schedule attached hereto*
2. Assignee: *See Schedule attached hereto*
3. Borrower: Kentucky Utilities Company
4. Administrative Agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the administrative agent under the Credit Agreement
5. Credit Agreement: The \$198,309,583.05 Letter of Credit Agreement dated as of October 1, 2014, by and among Kentucky Utilities Company, as Borrower, the Lenders party thereto, The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Issuing Lender (as amended, amended and restated, supplemented or otherwise modified)
6. Assigned Interest: *See Schedule attached hereto*
7. Trade Date: \_\_\_\_\_<sup>5</sup>

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<sup>1</sup> For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

<sup>2</sup> For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

<sup>3</sup> Select as appropriate.

<sup>4</sup> Include bracketed language if there are either multiple Assignors or multiple Assignees.

<sup>5</sup> To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: \_\_\_\_\_, 20\_\_\_\_

[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: \_\_\_\_\_

Title:

ASSIGNEE

*See Schedule attached hereto*



[Consented to and]<sup>6</sup> Accepted:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH,  
as Administrative Agent

By \_\_\_\_\_  
Title:

[Consented to:]<sup>7</sup>

KENTUCKY UTILITIES COMPANY

By \_\_\_\_\_  
Title:

[Consented to]:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH  
as Issuing Lender

By \_\_\_\_\_  
Title:

[Consented to]:<sup>8</sup>

[ISSUING LENDER]  
as Issuing Lender

By \_\_\_\_\_  
Title:

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<sup>6</sup> To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

<sup>7</sup> To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

<sup>8</sup> To be added only if there are additional Issuing Lenders.

SCHEDULE

## To Assignment and Assumption

By its execution of this Schedule, the Assignee(s) agree(s) to the terms set forth in the attached Assignment and Assumption.

**Assigned Interests:**

Aggregate Amount of Commitment for all Lenders <sup>9</sup>	Amount of Commitment Assigned <sup>10</sup>	Percentage Assigned of Commitment <sup>11</sup>
\$	\$	%

[NAME OF ASSIGNEE]<sup>12</sup>

[and is an Affiliate of [*identify Lender*]]<sup>13</sup>

<sup>9</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>10</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

<sup>11</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment of all Lenders thereunder.

<sup>12</sup> Add additional signature blocks, as needed.

<sup>13</sup> Select as applicable.

## ANNEX 1 to Assignment and Assumption

LETTER OF CREDIT AGREEMENT  
DATED AS OF OCTOBER 1, 2014  
BY AND AMONG  
KENTUCKY UTILITIES COMPANY, AS BORROWER,  
THE LENDERS PARTY THERETO  
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH,  
AS ADMINISTRATIVE AGENT  
STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. [The] [Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the] [the relevant] Assigned Interest, (ii) [the] [such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. [The] [Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the] [the relevant] Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the] [any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations that by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by and construed in accordance with the internal laws of the State of New York.

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