

KENTUCKY UTILITIES CO
Form 10-Q/A
August 08, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
AMENDMENT No. 1

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended
June 30, 2011
- OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 for the transition period from
_____ to _____

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-11459	PPL Corporation (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-2758192
1-32944	PPL Energy Supply, LLC (Exact name of Registrant as specified in its charter) (Delaware) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-3074920
1-905	PPL Electric Utilities Corporation (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-0959590
333-173665	LG&E and KU Energy LLC (Exact name of Registrant as specified in its charter) (Kentucky) 220 West Main Street Louisville, Kentucky 40202 (502) 627-2000	20-0523163

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1-2893	Louisville Gas and Electric Company (Exact name of Registrant as specified in its charter) (Kentucky) 220 West Main Street Louisville, Kentucky 40202 (502) 627-2000	61-0264150
1-3464	Kentucky Utilities Company (Exact name of Registrant as specified in its charter) (Kentucky and Virginia) One Quality Street Lexington, Kentucky 40507 (502) 627-2000	61-0247570

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Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

PPL Corporation	Yes	X	No
PPL Energy Supply, LLC	Yes	X	No
PPL Electric Utilities Corporation	Yes	X	No
LG&E and KU Energy LLC	Yes		No X
Louisville Gas and Electric Company	Yes		No X
Kentucky Utilities Company	Yes		No X

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

PPL Corporation	Yes	X	No
PPL Energy Supply, LLC	Yes	X	No
PPL Electric Utilities Corporation	Yes	X	No
LG&E and KU Energy LLC	Yes	X	No
Louisville Gas and Electric Company	Yes	X	No
Kentucky Utilities Company	Yes	X	No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
PPL Corporation	[X]	[]	[]	[]
PPL Energy Supply, LLC	[]	[]	[X]	[]
PPL Electric Utilities Corporation	[]	[]	[X]	[]
LG&E and KU Energy LLC	[]	[]	[X]	[]
Louisville Gas and Electric Company	[]	[]	[X]	[]
Kentucky Utilities Company	[]	[]	[X]	[]

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

PPL Corporation	Yes	No	X
PPL Energy Supply, LLC	Yes	No	X
PPL Electric Utilities Corporation	Yes	No	X
LG&E and KU Energy LLC	Yes	No	X
Louisville Gas and Electric Company	Yes	No	X
Kentucky Utilities Company	Yes	No	X

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

PPL Corporation	Common stock, \$.01 par value, 577,749,262 shares outstanding at July 29, 2011.
PPL Energy Supply, LLC	PPL Corporation indirectly holds all of the membership interests in PPL Energy Supply, LLC.
PPL Electric Utilities Corporation	Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Corporation at July 29, 2011.
LG&E and KU Energy LLC	PPL Corporation directly holds all of the membership interests in LG&E and KU Energy LLC.
Louisville Gas and Electric Company	Common stock, no par value, 21,294,223 shares outstanding and all held by LG&E and KU Energy LLC at July 29, 2011.
Kentucky Utilities Company	Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC at July 29, 2011.

This document is available free of charge at the Investor Center on PPL's website at www.pplweb.com. However, information on this website does not constitute a part of this Form 10-Q.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A amends the Quarterly Report on Form 10-Q of PPL Corporation, PPL Energy Supply, LLC and PPL Electric Utilities Corporation for the period ended June 30, 2011, as filed by the Registrants on August 8, 2011 (Original Filing). This Amendment No. 1 is being filed solely to submit the Form 10-Q for PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company as the electronic submission of the Original Filing inadvertently excluded LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company. This Amendment No. 1 does not reflect events that have occurred subsequent to the filing of the Original Filing.

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 thereunto duly authorized.

PPL Corporation
(Registrant)

Date: August 8, 2011

/s/ Paul A. Farr
Paul A. Farr
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

PPL Energy Supply, LLC
(Registrant)

Date: August 8, 2011

/s/ Paul A. Farr
Paul A. Farr
Executive Vice President
(Principal Financial Officer)

PPL Electric Utilities Corporation
(Registrant)

Date: August 8, 2011

/s/ James E. Abel
James E. Abel
Treasurer
(Principal Financial Officer)

LG&E and KU Energy LLC
(Registrant)

Louisville Gas and Electric Company
(Registrant)

Kentucky Utilities Company
(Registrant)

Date: August 8, 2011

/s/ S. Bradford Rives
S. Bradford Rives
Chief Financial Officer
(Principal Financial Officer)

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PPL CORPORATION
PPL ENERGY SUPPLY, LLC
PPL ELECTRIC UTILITIES CORPORATION
LG&E AND KU ENERGY LLC
LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2011

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GLOSSARY OF TERMS AND ABBREVIATIONS

PPL Corporation and its current and former subsidiaries

Central Networks - collectively Central Networks East plc, Central Networks Limited and certain other related assets and liabilities. On April 1, 2011, PPL WEM Holdings plc (formerly WPD Investment Holdings Limited) purchased all of the outstanding ordinary share capital of these companies from E.ON AG subsidiaries. Central Networks West plc (subsequently renamed Western Power Distribution (West Midlands) plc), wholly owned by Central Networks Limited (subsequently renamed WPD Midlands Holdings Limited), and Central Networks East plc (subsequently renamed Western Power Distribution (East Midlands) plc) are British regional electricity distribution utility companies.

KU - Kentucky Utilities Company, a public utility subsidiary of LKE engaged in the regulated generation, transmission, distribution and sale of electricity, primarily in Kentucky. The subsidiary was acquired by PPL through the acquisition of LKE in November 2010.

LG&E - Louisville Gas and Electric Company, a public utility subsidiary of LKE engaged in the regulated generation, transmission, distribution and sale of electricity and the distribution and sale of natural gas in Kentucky. The subsidiary was acquired by PPL through the acquisition of LKE in November 2010.

LG&E and KU Services Company - LG&E and KU Services Company (formerly E.ON U.S. Services Inc.), a subsidiary of LKE that provides services for LKE and its subsidiaries.

LKE - LG&E and KU Energy LLC (formerly E.ON U.S. LLC), a subsidiary of PPL and the parent of LG&E, KU, and other subsidiaries. PPL acquired E.ON U.S. LLC in November 2010 and changed the name to LG&E and KU Energy LLC. Within the context of this document, references to LKE also relate to the consolidated entity.

PPL - PPL Corporation, the parent holding company of PPL Electric, PPL Energy Funding, LKE and other subsidiaries.

PPL Capital Funding - PPL Capital Funding, Inc., a wholly owned financing subsidiary of PPL.

PPL Electric - PPL Electric Utilities Corporation, a public utility subsidiary of PPL that transmits and distributes electricity in its Pennsylvania service territory and provides electric supply to retail customers in this territory as a PLR.

PPL Energy Funding - PPL Energy Funding Corporation, a subsidiary of PPL and the parent holding company of PPL Energy Supply, PPL Global (effective January 2011) and other subsidiaries.

PPL EnergyPlus - PPL EnergyPlus, LLC, a subsidiary of PPL Energy Supply that markets and trades wholesale and retail electricity and gas, and supplies energy and energy services in competitive markets.

PPL Energy Supply - PPL Energy Supply, LLC, a subsidiary of PPL Energy Funding and the parent company of PPL Generation, PPL EnergyPlus and other subsidiaries. In January 2011, PPL Energy Supply distributed its membership interest in PPL Global, representing 100% of the outstanding membership interests of PPL Global, to PPL Energy Supply's parent, PPL Energy Funding.

PPL Gas Utilities - PPL Gas Utilities Corporation, which was a regulated utility subsidiary of PPL until its sale in October 2008, provided natural gas distribution, transmission and storage services, and the competitive sale of

propane.

PPL Generation - PPL Generation, LLC, a subsidiary of PPL Energy Supply that owns and operates U.S. generating facilities through various subsidiaries.

PPL Global - PPL Global, LLC, a subsidiary of PPL Energy Funding that primarily owns and operates a business in the U.K., WPD, that is focused on the regulated distribution of electricity. In January 2011, PPL Energy Supply, PPL Global's former parent, distributed its membership interest in PPL Global, representing 100% of the outstanding membership interest of PPL Global, to its parent, PPL Energy Funding.

PPL Martins Creek - PPL Martins Creek, LLC, a subsidiary of PPL Generation that owns generating operations in Pennsylvania.

PPL Montana - PPL Montana, LLC, an indirect subsidiary of PPL Generation that generates electricity for wholesale sales in Montana and the Pacific Northwest.

PPL Services - PPL Services Corporation, a subsidiary of PPL that provides services for PPL and its subsidiaries.

PPL Susquehanna - PPL Susquehanna, LLC, the nuclear generating subsidiary of PPL Generation.

PPL WEM - PPL WEM Holdings plc (formerly WPD Investment Holdings Limited), an indirect, wholly owned U.K. subsidiary of PPL Global. PPL WEM directly wholly owns WPD (East Midlands) and indirectly wholly owns WPD (West Midlands).

PPL WW - PPL WW Holdings Limited (formerly Western Power Distribution Holdings Limited), an indirect, wholly owned U.K. subsidiary of PPL Global. PPL WW Holdings indirectly wholly owns WPD (South Wales) and WPD (South West).

WPD - refers to PPL WW and PPL WEM and their subsidiaries.

WPD Midlands - refers to Central Networks, which was renamed after the acquisition.

WPD (East Midlands) - Western Power Distribution (East Midlands) plc, a British regional electricity distribution utility company. The company, formerly Central Networks East plc, was acquired and renamed in April 2011.

WPD (South Wales) - Western Power Distribution (South Wales) plc, a British regional electricity distribution utility company.

WPD (South West) - Western Power Distribution (South West) plc, a British regional electricity distribution utility company.

WPD (West Midlands) - Western Power Distribution (West Midlands) plc, a British regional electricity distribution utility company. The company, formerly Central Networks West plc, was acquired and renamed in April 2011.

WKE - Western Kentucky Energy Corp., a subsidiary of LKE that leased certain non-utility generating stations in western Kentucky until July 2009.

Other terms and abbreviations

£ - British pounds sterling.

2001 Mortgage Indenture - PPL Electric's Indenture, dated as of August 1, 2001, to The Bank of New York Mellon (as successor to JPMorgan Chase Bank), as trustee, as supplemented.

2010 Bridge Facility - an up to \$6.5 billion Senior Bridge Term Loan Credit Agreement between PPL Capital Funding, as borrower, and PPL, as guarantor, and a group of banks syndicated in June 2010, to serve as a funding backstop in the event alternative financing was not available prior to the closing of PPL's acquisition of E.ON U.S.

2010 Equity Unit(s) - a PPL equity unit, issued in June 2010, consisting of a 2010 Purchase Contract and, initially, a 5.0% undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding 4.625% Junior Subordinated Notes due 2018.

2010 Form 10-K - Annual Report to the SEC on Form 10-K for the year ended December 31, 2010.

2010 Purchase Contract(s) - a contract that is a component of a 2010 Equity Unit that requires holders to purchase shares of PPL common stock on or prior to July 1, 2013.

2011 Bridge Facility - the £3.6 billion Senior Bridge Term Loan Credit Agreement between PPL Capital Funding and PPL WEM, as borrowers, and PPL, as guarantor, and lenders party thereto, used to fund the April 1, 2011 acquisition of Central Networks, as amended by Amendment No. 1 thereto dated April 15, 2011.

2011 Equity Unit(s) - a PPL equity unit, issued in April 2011, consisting of a 2011 Purchase Contract and, initially, a 5.0% undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding 4.32% Junior Subordinated Notes due 2019.

2011 Purchase Contract(s) - a contract that is a component of a 2011 Equity Unit that requires holders to purchase shares of PPL common stock on or prior to May 1, 2014.

2011 Registration Statements - refers to the registration statements on Form S-4 filed with the SEC by each of LKE (Registration No. 333-173665) on April 21, 2011, LG&E (Registration No. 333-173676) on April 22, 2011 and KU (Registration No. 333-173675) on April 22, 2011, each as amended by Amendment No. 1 filed with the SEC on May 26, 2011 and effective June 1, 2011.

Acid Rain Program - allowance trading system established by the Clean Air Act to reduce levels of sulfur dioxide. Under this program, affected power plants are allocated allowances based on their fuel consumption during specified baseline years and a specific emissions rate.

Act 129 - became effective in October 2008. The law amends the Pennsylvania Public Utility Code and creates an energy efficiency and conservation program and smart metering technology requirements, adopts new PLR electricity supply procurement rules, provides remedies for market misconduct and makes changes to the existing Alternative Energy Portfolio Standard.

AFUDC - Allowance for Funds Used During Construction, the cost of equity and debt funds used to finance construction projects of regulated businesses, which is capitalized as part of construction cost.

A.M. Best - A.M. Best Company, a company that reports on the financial condition of insurance companies.

AOCI - accumulated other comprehensive income or loss.

ARO - asset retirement obligation.

Baseload generation - includes the output provided by PPL's nuclear, coal, hydroelectric and qualifying facilities.

Basis - when used in the context of derivatives and commodity trading, the commodity price differential between two locations, products or time periods.

Bcf - billion cubic feet.

CAIR - the EPA's Clean Air Interstate Rule.

Clean Air Act - federal legislation enacted to address certain environmental issues related to air emissions, including acid rain, ozone and toxic air emissions.

COLA - license application for a combined construction permit and operating license from the NRC for a nuclear plant.

CSAPR - Cross State Air Pollution Rule, the CSAPR implements Clean Air Act requirements concerning the transport of air pollution from power plants across state boundaries. The CSAPR replaces the 2005 Clean Air Interstate Rule (CAIR), which the U.S. Court of Appeals for the D.C. Circuit ordered the EPA to revise in 2008. The court allowed CAIR to remain in place temporarily while the EPA worked to finalize the replacement rule.

Customer Choice Act - the Pennsylvania Electricity Generation Customer Choice and Competition Act, legislation enacted to restructure the state's electric utility industry to create retail access to a competitive market for generation

of electricity.

Depreciation not normalized - the flow-through income tax impact related to the state regulatory treatment of depreciation-related timing differences.

Dodd-Frank Act - the Dodd-Frank Wall Street Reform and Consumer Protection Act that was signed into law in July 2010.

DOE - Department of Energy, a U.S. government agency.

DRIP - Dividend Reinvestment and Direct Stock Purchase Plan.

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DSM - Demand Side Management. Pursuant to Kentucky Revised Statute 278.285, the Kentucky Public Service Commission may determine the reasonableness of demand-side management plans proposed by any utility under its jurisdiction. Proposed demand-side management mechanisms may seek full recovery of demand-side management programs and revenues lost by implementing those programs and/or incentives designed to provide financial rewards to the utility for implementing cost-effective demand-side management programs. The cost of such programs shall be assigned only to the class or classes of customers which benefit from the programs.

E.ON AG - a German corporation and the parent of E.ON UK plc, the former parent of Central Networks.

Economic Stimulus Package - The American Recovery and Reinvestment Act of 2009, generally referred to as the federal economic stimulus package, which was signed into law in February 2009.

ECR - Environmental Cost Recovery. Pursuant to Kentucky Revised Statute 278.183, effective January 1993, Kentucky electric utilities are entitled to the current recovery of costs of complying with the Clean Air Act, as amended, and those federal, state or local environmental requirements which apply to coal combustion and by-products from the production of energy from coal.

EMF - electric and magnetic fields.

EPA - Environmental Protection Agency, a U.S. government agency.

EPS - earnings per share.

Equity Units - refers collectively to the 2011 and 2010 Equity Units.

ESOP - Employee Stock Ownership Plan.

Euro - the basic monetary unit among participating members of the European Union.

E. W. Brown - a generating station in Kentucky with capacity of 1,631 MW. LG&E and KU are participants in a sale-leaseback transaction involving two combustion turbines at the station.

FERC - Federal Energy Regulatory Commission, the federal agency that regulates, among other things, interstate transmission and wholesale sales of electricity, hydroelectric power projects and related matters.

Fitch - Fitch, Inc., a credit rating agency.

FTR - financial transmission rights, which are financial instruments established to manage price risk related to electricity transmission congestion. They entitle the holder to receive compensation or require the holder to remit payment for certain congestion-related transmission charges based on the level of congestion in the transmission grid.

Fundamental Change - as it relates to the terms of the 2011 and 2010 Equity Units, will be deemed to have occurred if any of the following occurs with respect to PPL, subject to certain exceptions: (i) a change of control; (ii) a consolidation with or merger into any other entity; (iii) common stock ceases to be listed or quoted; or (iv) a liquidation, dissolution or termination.

GAAP - generally accepted accounting principles in the U.S.

GBP - British pound sterling.

GHG - greenhouse gas(es).

GWh - gigawatt-hour, one million kilowatt-hours.

Health Care Reform - The Patient Protection and Affordable Care Act (HR 3590) and the Health Care and Education Reconciliation Act of 2010 (HR 4872), signed into law in March 2010.

Intermediate and peaking generation - includes the output provided by PPL's oil- and natural gas-fired units.

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IRS - Internal Revenue Service, a U.S. government agency.

ISO - Independent System Operator.

KPSC - Kentucky Public Service Commission, the state agency that has jurisdiction over the regulation of rates and service of utilities in Kentucky.

LIBOR - London Interbank Offered Rate.

Long Island generation business - includes a 79.9 MW gas-fired plant in the Edgewood section of Brentwood, New York and a 79.9 MW oil-fired plant in Shoreham, New York and related tolling agreements. This business was sold in February 2010.

MACT - maximum achievable control technology.

MISO - Midwest Independent System Operator, an independent system operator and the regional transmission organization that provides open-access transmission service and monitors the high-voltage transmission system in all or parts of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin and Manitoba, Canada.

Montana Power - The Montana Power Company, a Montana-based company that sold its generating assets to PPL Montana in December 1999. Through a series of transactions consummated during the first quarter of 2002, Montana Power sold its electricity delivery business to NorthWestern.

Moody's - Moody's Investors Service, Inc., a credit rating agency.

MW - megawatt, one thousand kilowatts.

NDT - PPL Susquehanna's nuclear plant decommissioning trust.

NERC - North American Electric Reliability Corporation.

NorthWestern - NorthWestern Corporation, a Delaware corporation, and successor in interest to Montana Power's electricity delivery business, including Montana Power's rights and obligations under contracts with PPL Montana.

NPDES - National Pollutant Discharge Elimination System.

NPNS - the normal purchases and normal sales exception as permitted by derivative accounting rules.

NRC - Nuclear Regulatory Commission, the federal agency that regulates nuclear power facilities.

OCI - other comprehensive income or loss.

Ofgem - Office of Gas and Electricity Markets, the British agency that regulates transmission, distribution and wholesale sales of electricity and related matters.

Opacity - The degree to which emissions reduce the transmission of light and obscure the view of an object in the background. There are emission regulations that limit the opacity in power plant stack gas emissions.

OVEC - Ohio Valley Electric Corporation, located in Piketon, Ohio, an entity in which LKE indirectly owns an 8.13% interest (consists of LG&E's 5.63% and KU's 2.50% interests), which is accounted for as a cost-method investment. OVEC owns and operates two coal-fired power plants, the Kyger Creek Station in Ohio and the Clifty Creek Station in Indiana, with combined nameplate capacities of 2,390 MW.

PADEP - the Pennsylvania Department of Environmental Protection, a state government agency.

PJM - PJM Interconnection, L.L.C., operator of the electric transmission network and electric energy market in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

v

PLR - Provider of Last Resort, the role of PPL Electric in providing default electricity supply to retail customers within its delivery territory who have not chosen to select an alternative electricity supplier under the Customer Choice Act.

PP&E - property, plant and equipment.

PUC - Pennsylvania Public Utility Commission, the state agency that regulates certain ratemaking, services, accounting and operations of Pennsylvania utilities.

Purchase Contracts - refers collectively to the 2010 and 2011 Purchase Contracts.

PURTA - The Pennsylvania Public Utility Realty Tax Act.

RAV - regulatory asset value. This term is also commonly known as RAB or regulatory asset base.

RECs - renewable energy credits.

Regional Transmission Expansion Plan - PJM conducts a long-range Regional Transmission Expansion Planning process that identifies what changes and additions to the grid are needed to ensure future needs are met for both the reliability and the economic performance of the grid. Under PJM agreements, transmission owners are obligated to build transmission projects that are needed to maintain reliability standards and that are reviewed and approved by the PJM Board.

Regulation S-X - SEC regulation governing the form and content of and requirements for financial statements required to be filed pursuant to the federal securities laws.

RMC - Risk Management Committee.

S&P - Standard & Poor's Ratings Services, a credit rating agency.

Sarbanes-Oxley - Sarbanes-Oxley Act of 2002, which sets requirements for management's assessment of internal controls for financial reporting. It also requires an independent auditor to make its own assessment.

SCR - selective catalytic reduction, a pollution control process for the removal of nitrogen oxide from exhaust gases.

Scrubber - an air pollution control device that can remove particulates and/or gases (such as sulfur dioxide) from exhaust gases.

SEC - the U.S. Securities and Exchange Commission, a U.S. government agency whose primary mission is to protect investors and maintain the integrity of the securities markets.

Securities Act of 1933 - the Securities Act of 1933, 15 U.S. Code, Sections 77a-77aa, as amended.

SIFMA Index - the Securities Industry and Financial Markets Association Municipal Swap Index.

Smart meter - an electric meter that utilizes smart metering technology.

Smart metering technology - technology that can measure, among other things, time of electricity consumption to permit offering rate incentives for usage during lower cost or demand intervals. The use of this technology also strengthens network reliability.

SNCR - selective non-catalytic reduction, a pollution control process for the removal of nitrogen oxide from exhaust gases.

Superfund - federal environmental legislation that addresses remediation of contaminated sites; states also have similar statutes.

TC2 - Trimble County Unit 2, a coal-fired plant located in Kentucky with a capacity of 760 MW. LKE indirectly owns a 75% interest (consists of LG&E's 14.25% and KU's 60.75% interests) in TC2, or 570 MW of the capacity.

Tolling agreement - agreement whereby the owner of an electric generating facility agrees to use that facility to convert fuel provided by a third-party into electricity for delivery back to the third-party.

TRA - Tennessee Regulatory Authority, the state agency that has jurisdiction over the regulation of rates and service of utilities in Tennessee.

VaR - value-at-risk, a statistical model that attempts to estimate the value of potential loss over a given holding period under normal market conditions at a given confidence level.

VIE - variable interest entity.

Volumetric risk - the risk that the actual load volumes provided under full-requirement sales contracts could vary significantly from forecasted volumes.

VSCC - Virginia State Corporation Commission, the state agency that has jurisdiction over the regulation of Virginia corporations, including utilities.

VWAP - as it relates to the 2011 and 2010 Equity Units issued by PPL, the per share volume-weighted-average price as displayed under the heading Bloomberg VWAP on Bloomberg page "PPL <EQUITY> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such volume-weighted-average price is unavailable, the market price of one share of PPL common stock on such trading day determined, using a volume-weighted-average method, by a nationally recognized independent investment banking firm retained for this purpose by PPL).

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FORWARD-LOOKING INFORMATION

Statements contained in this Form 10-Q concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in "Item 1A. Risk Factors" in this Form 10-Q and each Registrant's 2010 Form 10-K (in the case of PPL, PPL Energy Supply and PPL Electric) or 2011 Registration Statements (in the case of LKE, LG&E and KU), and in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q report, the following are among the important factors that could cause actual results to differ materially from the forward-looking statements.

- fuel supply cost and availability;
- continuing ability to recover fuel costs and environmental expenditures in a timely manner at LG&E and KU, and natural gas supply costs at LG&E;
- weather conditions affecting generation, customer energy use and operating costs;
- operation, availability and operating costs of existing generation facilities;
- the length of scheduled and unscheduled outages at our generating facilities;
- transmission and distribution system conditions and operating costs;
- potential expansion of alternative sources of electricity generation;
- potential laws or regulations to reduce emissions of "greenhouse" gases or the physical effects of climate change;
- collective labor bargaining negotiations;
- the outcome of litigation against PPL and its subsidiaries;
- potential effects of threatened or actual terrorism, war or other hostilities, or natural disasters;
- the commitments and liabilities of PPL and its subsidiaries;
- market demand and prices for energy, capacity, transmission services, emission allowances, RECs and delivered fuel;
- competition in retail and wholesale power and natural gas markets;
- liquidity of wholesale power markets;
- defaults by counterparties under energy, fuel or other power product contracts;
- market prices of commodity inputs for ongoing capital expenditures;
- capital market conditions, including the availability of capital or credit, changes in interest rates and certain economic indices, and decisions regarding capital structure;
- stock price performance of PPL;
- volatility in the fair value of debt and equity securities and its impact on the value of assets in the NDT funds and in defined benefit plans, and the potential cash funding requirements if fair value declines;
- interest rates and their effect on pension, retiree medical, and nuclear decommissioning liabilities, and interest payable on certain debt securities;
- volatility in or the impact of other changes in financial or commodity markets and economic conditions;
- the profitability and liquidity, including access to capital markets and credit facilities, of PPL and its subsidiaries;
- new accounting requirements or new interpretations or applications of existing requirements;
- changes in securities and credit ratings;
- foreign currency exchange rates;
- current and future environmental conditions, regulations and other requirements and the related costs of compliance, including environmental capital expenditures, emission allowance costs and other expenses;
- legal, regulatory, political, market or other reactions to the 2011 incident at the nuclear generating facility at Fukushima, Japan, including additional NRC requirements;

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- political, regulatory or economic conditions in states, regions or countries where PPL or its subsidiaries conduct business;
- receipt of necessary governmental permits, approvals and rate relief;
- new state, federal or foreign legislation, including new tax, environmental, healthcare or pension-related legislation;
- state, federal and foreign regulatory developments;
- the outcome of any rate cases by PPL Electric at the PUC or the FERC; by LG&E at the KPSC or the FERC; by KU at the KPSC, VSCC, TRA or the FERC; or by WPD at Ofgem in the U.K.;
- the impact of any state, federal or foreign investigations applicable to PPL and its subsidiaries and the energy industry;
- the effect of any business or industry restructuring;
- development of new projects, markets and technologies;
- performance of new ventures; and

- business dispositions or acquisitions and our ability to successfully operate such acquired businesses and realize expected benefits from business acquisitions, including PPL's 2011 acquisition of WPD Midlands and 2010 acquisition of LKE.

Any such forward-looking statements should be considered in light of such important factors and in conjunction with other documents of PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU on file with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for PPL, PPL Energy Supply, PPL Electric, LKE, LG&E or KU to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU undertake no obligation to update the information contained in such statement to reflect subsequent developments or information.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating Revenues				
Utility	\$ 1,484	\$ 692	\$ 3,020	\$ 1,706
Unregulated retail electric and gas	181	101	328	205
Wholesale energy marketing				
Realized	732	1,231	1,770	2,590
Unrealized economic activity (Note 14)	(44)	(666)	13	(242)
Net energy trading margins	10	5	21	16
Energy-related businesses	126	110	247	204
Total Operating Revenues	2,489	1,473	5,399	4,479
Operating Expenses				
Operation				
Fuel	414	258	889	488
Energy purchases				
Realized	434	737	1,105	1,746
Unrealized economic activity (Note 14)	(109)	(445)	(127)	118
Other operation and maintenance	723	419	1,306	863
Depreciation	237	125	445	249
Taxes, other than income	75	53	148	125
Energy-related businesses	120	100	233	188
Total Operating Expenses	1,894	1,247	3,999	3,777
Operating Income	595	226	1,400	702
Other Income (Expense) - net	(34)		(39)	8
Other-Than-Temporary Impairments		3	1	3
Interest Expense	264	131	438	242
Income from Continuing Operations Before Income Taxes	297	92	922	465
Income Taxes	96	7	319	133
	201	85	603	332

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Income from Continuing Operations After Income Taxes

Income (Loss) from Discontinued Operations (net of income taxes)	(1)	7	2	15
Net Income	200	92	605	347
Net Income Attributable to Noncontrolling Interests	4	7	8	12
Net Income Attributable to PPL Corporation	\$ 196	\$ 85	\$ 597	\$ 335

Amounts Attributable to PPL Corporation:

Income from Continuing Operations After Income Taxes	\$ 197	\$ 78	\$ 595	\$ 320
Income (Loss) from Discontinued Operations (net of income taxes)	(1)	7	2	15
Net Income	\$ 196	\$ 85	\$ 597	\$ 335

Earnings Per Share of Common Stock:

Income from Continuing Operations After Income Taxes Available to PPL Corporation Common Shareowners:				
Basic	\$ 0.35	\$ 0.20	\$ 1.13	\$ 0.84
Diluted	\$ 0.35	\$ 0.20	\$ 1.13	\$ 0.84
Net Income Available to PPL Corporation Common Shareowners:				
Basic	\$ 0.35	\$ 0.22	\$ 1.14	\$ 0.88
Diluted	\$ 0.35	\$ 0.22	\$ 1.14	\$ 0.88
Dividends Declared Per Share of Common Stock	\$ 0.350	\$ 0.350	\$ 0.700	\$ 0.700

Weighted-Average Shares of Common Stock

Outstanding (in thousands)				
Basic	561,652	381,896	522,897	379,810
Diluted	562,019	382,075	523,184	380,034

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2011	2010
Cash Flows from Operating Activities		
Net income	\$ 605	\$ 347
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	446	258
Amortization	126	87
Defined benefit plans - expense	71	51
Deferred income taxes and investment tax credits	337	(63)
Unrealized (gains) losses on derivatives, and other hedging activities	(165)	344
Provision for Montana hydroelectric litigation	7	59
Other	60	51
Change in current assets and current liabilities		
Accounts receivable	(36)	(45)
Accounts payable	(60)	79
Unbilled revenue	194	(114)
Prepayments	111	(156)
Counterparty collateral	(258)	98
Taxes	(63)	(15)
Other	27	(93)
Other operating activities		
Defined benefit plans - funding	(550)	(345)
Other assets	(42)	9
Other liabilities	4	20
Net cash provided by operating activities	814	572
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(1,003)	(624)
Proceeds from the sale of certain non-core generation facilities	381	
Proceeds from the sale of the Long Island generation business		124
Acquisition of WPD Midlands	(5,763)	
Purchases of nuclear plant decommissioning trust investments	(107)	(75)
Proceeds from the sale of nuclear plant decommissioning trust investments	100	68
Proceeds from the sale of other investments	163	
Net (increase) decrease in restricted cash and cash equivalents	(22)	80
Other investing activities	(48)	(31)
Net cash provided by (used in) investing activities	(6,299)	(458)
Cash Flows from Financing Activities		
Issuance of long-term debt	4,350	1,747
Issuance of common stock	2,266	2,410

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Payment of common stock dividends	(340)	(263)
Redemption of preferred stock of a subsidiary		(54)
Debt issuance and credit facility costs	(72)	(76)
Net increase (decrease) in short-term debt	(321)	(158)
Other financing activities	(36)	(11)
Net cash provided by (used in) financing activities	5,847	3,595
Effect of Exchange Rates on Cash and Cash Equivalents	(18)	(5)
Net Increase (Decrease) in Cash and Cash Equivalents	344	3,704
Cash and Cash Equivalents at Beginning of Period	925	801
Cash and Cash Equivalents at End of Period	\$ 1,269	\$ 4,505

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,269	\$ 925
Short-term investments		163
Restricted cash and cash equivalents	43	28
Accounts receivable (less reserve: 2011, \$39; 2010, \$55)		
Customer	712	652
Other	72	90
Unbilled revenues	708	789
Fuel, materials and supplies	647	643
Prepayments	344	435
Price risk management assets	1,467	1,918
Other intangibles	42	70
Assets held for sale		374
Regulatory assets	25	85
Other current assets	35	16
Total Current Assets	5,364	6,188
Investments		
Nuclear plant decommissioning trust funds	648	618
Other investments	78	75
Total Investments	726	693
Property, Plant and Equipment		
Regulated utility plant	22,572	15,994
Less: accumulated depreciation - regulated utility plant	3,290	3,037
Regulated utility plant, net	19,282	12,957
Non-regulated property, plant and equipment		
Generation	10,366	10,165
Nuclear fuel	575	578
Other	505	403
Less: accumulated depreciation - non-regulated property, plant and equipment	5,535	5,440
Non-regulated property, plant and equipment, net	5,911	5,706
Construction work in progress	1,415	2,160
Property, Plant and Equipment, net (a)	26,608	20,823
Other Noncurrent Assets		
Regulatory assets	1,200	1,180
Goodwill (Note 15)	4,190	1,761
Other intangibles (a)	1,078	966
Price risk management assets	665	655
Other noncurrent assets	706	571

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Total Other Noncurrent Assets	7,839	5,133
Total Assets	\$ 40,537	\$ 32,837

(a) At June 30, 2011 and December 31, 2010, includes \$418 million and \$424 million of PP&E, consisting primarily of "Generation," including leasehold improvements, and \$11 million of "Other intangibles" from the consolidation of a VIE that is the owner/lessor of the Lower Mt. Bethel plant.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2011	December 31, 2010
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 431	\$ 694
Long-term debt	502	502
Accounts payable	1,246	1,028
Taxes	110	134
Interest	175	166
Dividends	207	174
Price risk management liabilities	817	1,144
Counterparty collateral	80	338
Regulatory liabilities	77	109
Other current liabilities	948	925
Total Current Liabilities	4,593	5,214
Long-term Debt	17,532	12,161
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	3,434	2,563
Investment tax credits	262	237
Price risk management liabilities	443	470
Accrued pension obligations	1,015	1,496
Asset retirement obligations	491	435
Regulatory liabilities	1,023	1,031
Other deferred credits and noncurrent liabilities	825	752
Total Deferred Credits and Other Noncurrent Liabilities	7,493	6,984
Commitments and Contingent Liabilities (Notes 6 and 10)		
Equity		
PPL Corporation Shareowners' Common Equity		
Common stock - \$0.01 par value (a)	6	5
Additional paid-in capital	6,774	4,602
Earnings reinvested	4,306	4,082
Accumulated other comprehensive loss	(435)	(479)
Total PPL Corporation Shareowners' Common Equity	10,651	8,210
Noncontrolling Interests	268	268
Total Equity	10,919	8,478
Total Liabilities and Equity	\$ 40,537	\$ 32,837

(a) 780,000 shares authorized; 577,265 and 483,391 shares issued and outstanding at June 30, 2011 and December 31, 2010.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

7

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	PPL Corporation Shareowners							Total
	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive loss	Non- controlling interests		
March 31, 2011	484,618	\$ 5	\$ 4,637	\$ 4,312	\$ (424)	\$ 268	\$ 8,798	
Common stock issued (b)	92,647	1	2,273				2,274	
Purchase Contracts (c)			(141)				(141)	
Stock-based compensation			5				5	
Net income				196		4	200	
Dividends, dividend equivalents and distributions (d)				(202)		(4)	(206)	
Other comprehensive income (loss)					(11)		(11)	
June 30, 2011	577,265	\$ 6	\$ 6,774	\$ 4,306	\$ (435)	\$ 268	\$ 10,919	
December 31, 2010	483,391	\$ 5	\$ 4,602	\$ 4,082	\$ (479)	\$ 268	\$ 8,478	
Common stock issued (b)	93,874	1	2,312				2,313	
Purchase Contracts (c)			(141)				(141)	
Stock-based compensation			1				1	
Net income				597		8	605	
Dividends, dividend equivalents and distributions (d)				(373)		(8)	(381)	

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Other comprehensive income (loss)						44		44					
June 30, 2011	577,265	\$	6	\$	6,774	\$	4,306	\$ (435)	\$	268	\$	10,919	
March 31, 2010	378,131	\$	4	\$	2,310	\$	3,866	\$	(288)	\$	319	\$	6,211
Common stock issued (b)	104,057		1		2,425							2,426	
Purchase Contracts (c)					(186)							(186)	
Stock-based compensation					4							4	
Net income							85				7	92	
Dividends, dividend equivalents, redemptions and distributions (d)							(133)				(58)	(191)	
Other comprehensive income (loss)								(151)				(151)	
June 30, 2010	482,188	\$	5	\$	4,553	\$	3,818	\$	(439)	\$	268	\$	8,205
December 31, 2009	377,183	\$	4	\$	2,280	\$	3,749	\$	(537)	\$	319	\$	5,815
Common stock issued (b)	105,005		1		2,458							2,459	
Purchase Contracts (c)					(186)							(186)	
Stock-based compensation					1							1	
Net income							335				12	347	
Dividends, dividend equivalents, redemptions and distributions (d)							(266)				(63)	(329)	
Other comprehensive income (loss)									98			98	
June 30, 2010	482,188	\$	5	\$	4,553	\$	3,818	\$	(439)	\$	268	\$	8,205

- (a) Shares in thousands. Each share entitles the holder to one vote on any question presented to any shareowners' meeting.
- (b) The 2011 periods include the April issuance of 92 million shares of common stock. See Note 7 for additional information. The 2010 periods include the June issuance of 103.5 million shares of common stock. The 2011 and 2010 periods include shares of common stock issued through various stock and incentive compensation plans.
- (c) The 2011 periods include \$123 million for the 2011 Purchase Contracts and \$18 million of related fees and expenses, net of tax. See Note 7 for additional information. The 2010 periods include \$157 million for the 2010 Purchase Contracts and \$29 million of related fees and expenses.
- (d) "Earnings reinvested" includes dividends and dividend equivalents on PPL Corporation common stock and restricted stock units. "Noncontrolling interests" includes dividends, redemptions and distributions to noncontrolling interests, for which the 2010 periods include \$54 million paid to redeem PPL Electric's preferred stock.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

PPL Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Net income	\$ 200	\$ 92	\$ 605	\$ 347
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense)				
benefit:				
Foreign currency translation adjustments, net of tax of \$0, \$0, \$1, (\$1)	93	(67)	160	(160)
Available-for-sale securities, net of tax of (\$1), \$21, (\$13), \$10	1	(17)	13	(7)
Qualifying derivatives, net of tax of \$21, \$114, (\$11), (\$148)	(30)	(151)	7	226
Equity investees' other comprehensive income (loss)			(1)	
Defined benefit plans:				
Net actuarial gain, net of tax of \$0, (\$31), \$0, (\$31)		80		80
Reclassifications to net income - (gains) losses, net of tax expense				
(benefit):				
Available-for-sale securities, net of tax of \$0, \$0, \$5, \$2	(1)	(2)	(8)	(4)
Qualifying derivatives, net of tax of \$55, \$1, \$106, \$38	(89)	(7)	(158)	(67)
Equity investees' other comprehensive (income) loss	1		3	
Defined benefit plans:				
Prior service costs, net of tax of (\$1), (\$1), (\$3), (\$4)	2	5	5	7
Net actuarial loss, net of tax of (\$6), (\$6), (\$10), (\$6)	12	7	23	21
Transition obligation, net of tax of \$0, (\$1), \$0, (\$1)		1		2
Total other comprehensive income (loss)	(11)	(151)	44	98
Comprehensive income (loss)	189	(59)	649	445
Comprehensive income attributable to noncontrolling interests	4	7	8	12
Comprehensive income (loss) attributable to PPL Corporation	\$ 185	\$ (66)	\$ 641	\$ 433

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating Revenues				
Wholesale energy marketing				
Realized	\$ 732	\$ 1,231	\$ 1,770	\$ 2,590
Unrealized economic activity (Note 14)	(44)	(666)	13	(242)
Wholesale energy marketing to affiliate	4	64	10	179
Unregulated retail electric and gas	181	101	328	205
Net energy trading margins	10	5	21	16
Energy-related businesses	114	100	224	181
Total Operating Revenues	997	835	2,366	2,929
Operating Expenses				
Operation				
Fuel	208	258	468	488
Energy purchases				
Realized	226	530	540	1,130
Unrealized economic activity (Note 14)	(109)	(445)	(127)	118
Energy purchases from affiliate	1		2	1
Other operation and maintenance	288	254	533	552
Depreciation	60	60	119	117
Taxes, other than income	16	11	32	22
Energy-related businesses	112	93	220	174
Total Operating Expenses	802	761	1,787	2,602
Operating Income	195	74	579	327
Other Income (Expense) - net	4	5	18	11
Other-Than-Temporary Impairments		3	1	3
Interest Income from Affiliates	1	2	4	2
Interest Expense	51	49	98	102
Income from Continuing Operations Before Income Taxes	149	29	502	235
Income Taxes	59	3	201	85
Income from Continuing Operations After Income Taxes	90	26	301	150

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Income (Loss) from Discontinued Operations (net of income taxes)	(1)	60	2	136
Net Income	\$ 89	\$ 86	\$ 303	\$ 286

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2011	2010
Cash Flows from Operating Activities		
Net income	\$ 303	\$ 286
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	120	183
Amortization	50	69
Defined benefit plans - expense	17	29
Deferred income taxes and investment tax credits	186	(95)
Unrealized (gains) losses on derivatives, and other hedging activities	(163)	347
Provision for Montana hydroelectric litigation	7	59
Other	22	45
Change in current assets and current liabilities		
Accounts receivable	57	94
Accounts payable	(104)	(38)
Unbilled revenue	126	(190)
Taxes	31	37
Counterparty collateral	(258)	98
Other	(69)	(66)
Other operating activities		
Defined benefit plans - funding	(137)	(275)
Other assets	(25)	(25)
Other liabilities	25	44
Net cash provided by operating activities	188	602
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(324)	(464)
Proceeds from the sale of certain non-core generation facilities	381	
Proceeds from the sale of the Long Island generation business		124
Purchases of nuclear plant decommissioning trust investments	(107)	(75)
Proceeds from the sale of nuclear plant decommissioning trust investments	100	68
Net (increase) decrease in notes receivable from affiliates	(37)	
Net (increase) decrease in restricted cash and cash equivalents	(14)	77
Other investing activities	(35)	(30)
Net cash provided by (used in) investing activities	(36)	(300)
Cash Flows from Financing Activities		
Issuance of long-term debt		597
Contributions from member	168	3,525
Distributions to member	(134)	(364)
Cash included in net assets of subsidiary distributed to member	(325)	

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Net increase (decrease) in short-term debt	(100)	(158)
Other financing activities		(8)
Net cash provided by (used in) financing activities	(391)	3,592
Effect of Exchange Rates on Cash and Cash Equivalents		(5)
Net Increase (Decrease) in Cash and Cash Equivalents	(239)	3,889
Cash and Cash Equivalents at Beginning of Period	661	245
Cash and Cash Equivalents at End of Period	\$ 422	\$ 4,134

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	June 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 422	\$ 661
Restricted cash and cash equivalents	31	19
Accounts receivable (less reserve: 2011, \$1; 2010, \$20)		
Customer	173	225
Other	25	24
Unbilled revenues	290	486
Accounts receivable from affiliates	72	124
Note receivable from affiliate	37	
Fuel, materials and supplies	316	297
Prepayments	83	89
Price risk management assets	1,457	1,907
Other intangibles	12	11
Assets held for sale		374
Other current assets	2	11
Total Current Assets	2,920	4,228
Investments		
Nuclear plant decommissioning trust funds	648	618
Other investments	40	37
Total Investments	688	655
Property, Plant and Equipment (Note 8)		
Regulated utility plant		4,269
Less: accumulated depreciation - regulated utility plant		888
Regulated utility plant, net		3,381
Non-regulated property, plant and equipment		
Generation	10,370	10,169
Nuclear fuel	575	578
Other	242	314
Less: accumulated depreciation - non-regulated property, plant and equipment	5,438	5,401
Non-regulated property, plant and equipment, net	5,749	5,660
Construction work in progress	569	594
Property, Plant and Equipment, net (a)	6,318	9,635
Other Noncurrent Assets		
Goodwill (Note 8)	86	765
Other intangibles (a) (Note 8)	382	464
Price risk management assets	655	651
Other noncurrent assets	383	398

Total Other Noncurrent Assets		1,506		2,278
Total Assets	\$	11,432	\$	16,796

(a) At June 30, 2011 and December 31, 2010, includes \$418 million and \$424 million of PP&E, consisting primarily of "Generation," including leasehold improvements, and \$11 million of "Other intangibles" from the consolidation of a VIE that is the owner/lessor of the Lower Mt. Bethel plant.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	June 30, 2011	December 31, 2010
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 250	\$ 531
Long-term debt	500	500
Accounts payable	451	592
Accounts payable to affiliates	13	43
Taxes	97	119
Interest	38	110
Price risk management liabilities	792	1,112
Counterparty collateral	80	338
Other current liabilities	458	624
Total Current Liabilities	2,679	3,969
Long-term Debt (Note 8)	2,775	5,089
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	1,303	1,548
Investment tax credits	110	81
Price risk management liabilities	409	438
Accrued pension obligations (Note 8)	173	619
Asset retirement obligations	336	332
Other deferred credits and noncurrent liabilities	195	211
Total Deferred Credits and Other Noncurrent Liabilities	2,526	3,229
Commitments and Contingent Liabilities (Note 10)		
Equity		
Member's equity	3,434	4,491
Noncontrolling interests	18	18
Total Equity	3,452	4,509
Total Liabilities and Equity	\$ 11,432	\$ 16,796

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Member's equity	Non- controlling interests	Total
March 31, 2011	\$ 3,316	\$ 18	\$ 3,334
Net income	89		89
Other comprehensive income (loss)	(86)		(86)
Contributions from member	168		168
Distributions	(53)		(53)
June 30, 2011	\$ 3,434	\$ 18	\$ 3,452
December 31, 2010	\$ 4,491	\$ 18	\$ 4,509
Net income	303		303
Other comprehensive income (loss)	(106)		(106)
Contributions from member	168		168
Distributions	(134)		(134)
Distribution of membership interest in PPL Global (a)	(1,288)		(1,288)
June 30, 2011	\$ 3,434	\$ 18	\$ 3,452
March 31, 2010	\$ 4,857	\$ 18	\$ 4,875
Net income	86		86
Other comprehensive income (loss)	(98)		(98)
Contributions from member	3,525		3,525
Distributions	(202)		(202)
June 30, 2010	\$ 8,168	\$ 18	\$ 8,186
December 31, 2009	\$ 4,568	\$ 18	\$ 4,586
Net income	286		286
Other comprehensive income (loss)	153		153
Contributions from member	3,525		3,525
Distributions	(364)		(364)
June 30, 2010	\$ 8,168	\$ 18	\$ 8,186

(a) See Note 8 for additional information.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

PPL Energy Supply, LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income	\$ 89	\$ 86	\$ 303	\$ 286
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense)				
benefit:				
Foreign currency translation adjustments, net of tax of \$0, \$0, \$0, (\$1)		(67)		(160)
Available-for-sale securities, net of tax of (\$1), \$21, (\$13), \$10	1	(17)	13	(7)
Qualifying derivatives, net of tax of \$13, \$75, (\$21), (\$190)	(21)	(97)	29	285
Defined benefit plans:				
Net actuarial gain, net of tax of \$0, (\$31), \$0, (\$31)		80		80
Reclassifications to net income - (gains) losses, net of tax expense				
(benefit):				
Available-for-sale securities, net of tax of \$0, \$0, \$5, \$2	(1)	(2)	(8)	(4)
Qualifying derivatives, net of tax of \$49, \$0, \$103, \$38	(68)	(8)	(147)	(68)
Equity investee's other comprehensive (income) loss	1		3	
Defined benefit plans:				
Prior service costs, net of tax of (\$1), \$0, (\$2), (\$3)	1	4	2	5
Net actuarial loss, net of tax of (\$1), (\$5), (\$1), (\$6)	1	8	2	20
Transition obligation		1		2
Total other comprehensive income (loss)	(86)	(98)	(106)	153
Comprehensive income (loss)	\$ 3	\$ (12)	\$ 197	\$ 439

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating Revenues				
Retail electric	\$ 436	\$ 520	\$ 990	\$ 1,331
Electric revenue from affiliate	4	2	8	4
Total Operating Revenues	440	522	998	1,335
Operating Expenses				
Operation				
Energy purchases	169	209	420	619
Energy purchases from affiliate	4	64	10	179
Other operation and maintenance	126	131	256	251
Depreciation	37	33	70	67
Taxes, other than income	22	29	57	76
Total Operating Expenses	358	466	813	1,192
Operating Income	82	56	185	143
Other Income (Expense) - net	1	2	1	3
Interest Income from Affiliate				1
Interest Expense	24	24	48	50
Income Before Income Taxes	59	34	138	97
Income Taxes	19	11	42	32
Net Income	40	23	96	65
Distributions on Preferred Securities	4	7	8	12
Net Income Available to PPL Corporation	\$ 36	\$ 16	\$ 88	\$ 53

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2011	2010
Cash Flows from Operating Activities		
Net income	\$ 96	\$ 65
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	70	67
Defined benefit plans - expense	9	11
Deferred income taxes and investment tax credits	(19)	29
Other	2	9
Change in current assets and current liabilities		
Accounts receivable	(48)	(40)
Accounts payable	(75)	(29)
Unbilled revenue	47	77
Prepayments	38	(98)
Regulatory assets and liabilities	63	(21)
Taxes	10	(34)
Other	(16)	(25)
Other operating activities		
Defined benefit plans - funding	(102)	(44)
Other assets	(7)	14
Other liabilities	(5)	(8)
Net cash provided by (used in) operating activities	63	(27)
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(244)	(145)
Other investing activities	4	(3)
Net cash provided by (used in) investing activities	(240)	(148)
Cash Flows from Financing Activities		
Contributions from parent		55
Redemption of preferred stock		(54)
Payment of common stock dividends to parent	(52)	(40)
Net increase (decrease) in note payable to affiliate	37	
Distributions on preferred securities	(8)	(9)
Net cash provided by (used in) financing activities	(23)	(48)
Net Increase (Decrease) in Cash and Cash Equivalents	(200)	(223)
Cash and Cash Equivalents at Beginning of Period	204	485
Cash and Cash Equivalents at End of Period	\$ 4	\$ 262

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 4	\$ 204
Accounts receivable (less reserve: 2011, \$16; 2010, \$17)		
Customer	311	268
Other	21	24
Accounts receivable from affiliates	23	8
Unbilled revenues	87	134
Materials and supplies	48	47
Prepayments	98	136
Regulatory assets	10	63
Other current assets	10	4
Total Current Assets	612	888
Property, Plant and Equipment		
Regulated utility plant	5,679	5,494
Less: accumulated depreciation - regulated utility plant	2,174	2,123
Regulated utility plant, net	3,505	3,371
Other, net	2	2
Construction work in progress	192	177
Property, Plant and Equipment, net	3,699	3,550
Other Noncurrent Assets		
Regulatory assets	610	592
Intangibles	151	147
Other noncurrent assets	77	76
Total Other Noncurrent Assets	838	815
Total Assets	\$ 5,149	\$ 5,253

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2011	December 31, 2010
Liabilities and Equity		
Current Liabilities		
Note payable to affiliate	\$ 37	
Accounts payable	174	\$ 221
Accounts payable to affiliates	42	73
Taxes	33	23
Interest	17	17
Regulatory liabilities	23	18
Other current liabilities	94	126
Total Current Liabilities	420	478
Long-term Debt	1,472	1,472
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	952	932
Accrued pension obligations	163	259
Regulatory liabilities	15	14
Other deferred credits and noncurrent liabilities	147	154
Total Deferred Credits and Other Noncurrent Liabilities	1,277	1,359
Commitments and Contingent Liabilities (Notes 6 and 10)		
Shareowners' Equity		
Preferred securities	250	250
Common stock - no par value (a)	364	364
Additional paid-in capital	879	879
Earnings reinvested	487	451
Total Equity	1,980	1,944
Total Liabilities and Equity	\$ 5,149	\$ 5,253

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at June 30, 2011 and December 31, 2010.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

PPL Electric Utilities Corporation and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Preferred securities	Common stock	Additional paid-in capital	Earnings reinvested	Total
March 31, 2011	66,368	\$ 250	\$ 364	\$ 879	\$ 485	\$ 1,978
Net income (b)					40	40
Cash dividends declared on preferred securities					(4)	(4)
Cash dividends declared on common stock					(34)	(34)
June 30, 2011	66,368	\$ 250	\$ 364	\$ 879	\$ 487	\$ 1,980
December 31, 2010	66,368	\$ 250	\$ 364	\$ 879	\$ 451	\$ 1,944
Net income (b)					96	96
Cash dividends declared on preferred securities					(8)	(8)
Cash dividends declared on common stock					(52)	(52)
June 30, 2011	66,368	\$ 250	\$ 364	\$ 879	\$ 487	\$ 1,980
March 31, 2010	66,368	\$ 301	\$ 364	\$ 824	\$ 427	\$ 1,916
Net income (b)					23	23
Redemption of preferred stock (c)		(51)			(3)	(54)
Capital contributions from PPL				55		55
Cash dividends declared on preferred securities					(4)	(4)
Cash dividends declared on common stock					(23)	(23)
June 30, 2010	66,368	\$ 250	\$ 364	\$ 879	\$ 420	\$ 1,913
December 31, 2009	66,368	\$ 301	\$ 364	\$ 824	\$ 407	\$ 1,896
Net income (b)					65	65
Redemption of preferred stock (c)		(51)			(3)	(54)
Capital contributions from PPL				55		55
Cash dividends declared on preferred securities					(9)	(9)
Cash dividends declared on common stock					(40)	(40)
June 30, 2010	66,368	\$ 250	\$ 364	\$ 879	\$ 420	\$ 1,913

(a) Shares in thousands. All common shares of PPL Electric stock are owned by PPL.

(b) PPL Electric's net income approximates comprehensive income.

(c) In April 2010, PPL Electric redeemed all five series of its outstanding preferred stock.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011 Successor	2010 Predecessor	2011 Successor	2010 Predecessor
Operating Revenues	\$ 638	\$ 603	\$ 1,404	\$ 1,316
Operating Expenses				
Operation				
Fuel	206	209	421	418
Energy purchases	40	40	147	161
Other operation and maintenance	198	172	379	332
Depreciation	84	69	165	138
Taxes, other than income	9	7	18	14
Total Operating Expenses	537	497	1,130	1,063
Operating Income	101	106	274	253
Other Income (Expense) - net		(14)	(1)	(14)
Interest Expense	36	7	72	13
Interest Expense with Affiliate		39		79
Income from Continuing Operations Before Income Taxes	65	46	201	147
Income Taxes	24	15	73	53
Income from Continuing Operations After Income Taxes	41	31	128	94
Income (Loss) from Discontinued Operations (net of income taxes)		1		(2)
Net Income	\$ 41	\$ 32	\$ 128	\$ 92

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2011	2010
	Successor	Predecessor
Cash Flows from Operating Activities		
Net income	\$ 128	\$ 92
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	165	138
Defined benefit plans - expense	25	37
Deferred income taxes and investment tax credits	146	48
Unrealized (gains) losses on derivatives		15
Other	(2)	(10)
Change in current assets and current liabilities		
Accounts receivable	15	(15)
Accounts payable	(19)	(24)
Unbilled revenue	38	7
Fuel, materials and supplies	42	10
Regulatory assets	4	22
Income tax receivable	40	(10)
Other current assets	(2)	9
Regulatory liabilities	(9)	(24)
Other current liabilities	(18)	(23)
Other operating activities		
Defined benefit plans - funding	(157)	(51)
Discontinued operations		28
Change in smelter contract liability		(29)
Other assets	4	(8)
Other liabilities	1	(4)
Net cash provided by operating activities	401	208
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(174)	(213)
Proceeds from sales of consolidated subsidiaries		14
Proceeds from sales of investments in unconsolidated ventures		7
Proceeds from the sale of other investments	163	
Net (increase) decrease in notes receivable from affiliates	(29)	
Net (increase) decrease in restricted cash and cash equivalents	(4)	
Net cash provided by (used in) investing activities	(44)	(192)
Cash Flows from Financing Activities		
Issuance of short-term debt with affiliate		250
Net increase (decrease) in notes payable with affiliates		(32)
Issuance of long-term debt with affiliate		50
Retirement of long-term debt with affiliate		(250)
Net increase (decrease) in short-term debt	(163)	

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Debt issuance and credit facility costs	(3)	
Distributions to member	(146)	(31)
Net cash provided by (used in) financing activities	(312)	(13)
Net Increase (Decrease) in Cash and Cash Equivalents	45	3
Cash and Cash Equivalents at Beginning of Period	11	7
Cash and Cash Equivalents at End of Period	\$ 56	\$ 10

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
 LG&E AND KU Energy LLC and Subsidiaries
 (Unaudited)
 (Millions of Dollars)

	June 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 56	\$ 11
Short-term investments		163
Accounts receivable (less reserve: 2011, \$17; 2010, \$17)		
Customer	146	160
Other	15	33
Unbilled revenues	132	170
Accounts receivable from affiliates		2
Fuel, materials and supplies	257	298
Notes receivable from affiliate	90	61
Income tax receivable		40
Deferred income taxes	66	66
Other intangibles	29	58
Regulatory assets	15	22
Other current assets	31	26
Total Current Assets	837	1,110
Investments	31	31
Property, Plant and Equipment		
Regulated utility plant	7,278	6,230
Less: accumulated depreciation - regulated utility plant	158	31
Regulated utility plant, net	7,120	6,199
Other, net	3	4
Construction work in progress	465	1,340
Property, Plant and Equipment, net	7,588	7,543
Other Noncurrent Assets		
Regulatory assets	590	588
Goodwill	996	996
Other intangibles	335	356
Other noncurrent assets	99	94
Total Other Noncurrent Assets	2,020	2,034
Total Assets	\$ 10,476	\$ 10,718

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
 LG&E and KU Energy LLC and Subsidiaries
 (Unaudited)
 (Millions of Dollars)

	June 30, 2011	December 31, 2010
Liabilities and Equity		
Current Liabilities		
Short-term debt		\$ 163
Long-term debt	\$ 2	2
Accounts payable	173	189
Accounts payable to affiliates	2	3
Customer deposits	46	46
Taxes	21	27
Regulatory liabilities	54	91
Other current liabilities	108	122
Total Current Liabilities	406	643
Long-term Debt	3,823	3,823
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	391	240
Investment tax credits	147	150
Price risk management liabilities	32	32
Accrued pension obligations	325	449
Asset retirement obligations	105	103
Regulatory liabilities	1,008	1,017
Other deferred credits and noncurrent liabilities	248	250
Total Deferred Credits and Other Noncurrent Liabilities	2,256	2,241
Commitments and Contingent Liabilities (Notes 6 and 10)		
Member's Equity	3,991	4,011
Total Liabilities and Equity	\$ 10,476	\$ 10,718

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

LG&E and KU Energy LLC and Subsidiaries

(Unaudited)

(Millions of Dollars)

	Member's Equity	Non- controlling interests	Total
March 31, 2011 - Successor	\$ 4,042		\$ 4,042
Net income (a)	41		41
Distributions to member	(92)		(92)
June 30, 2011 - Successor	\$ 3,991		\$ 3,991
December 31, 2010 - Successor	\$ 4,011		\$ 4,011
Net income (a)	128		128
Distributions to member	(146)		(146)
Other comprehensive income (loss)	(2)		(2)
June 30, 2011 - Successor	\$ 3,991		\$ 3,991
March 31, 2010 - Predecessor	\$ 2,236		\$ 2,236
Net income (a)	32		32
Distributions to member	(25)		(25)
Other comprehensive income (loss)	(2)		(2)
June 30, 2010 - Predecessor	\$ 2,241		\$ 2,241
December 31, 2009 - Predecessor	\$ 2,192	\$ 32	\$ 2,224
Net income (a)	92		92
Distributions to member	(31)		(31)
Disposal of discontinued operations	(11)	(32)	(43)
Other comprehensive income (loss)	(1)		(1)
June 30, 2010 - Predecessor	\$ 2,241	\$	\$ 2,241

(a) LG&E and KU Energy's net income approximates comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED STATEMENTS OF INCOME

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011 Successor	2010 Predecessor	2011 Successor	2010 Predecessor
Operating Revenues				
Retail and wholesale	\$ 280	\$ 256	\$ 651	\$ 597
Electric revenue from affiliate	17	23	44	48
Total Operating Revenues	297	279	695	645
Operating Expenses				
Operation				
Fuel	82	90	167	173
Energy purchases	32	22	131	113
Energy purchases from affiliate	7	3	18	10
Other operation and maintenance	91	82	181	165
Depreciation	37	35	73	69
Taxes, other than income	5	4	9	8
Total Operating Expenses	254	236	579	538
Operating Income	43	43	116	107
Other Income (Expense) - net	1	(10)		(12)
Interest Expense	12	5	23	9
Interest Expense with Affiliate		7		14
Income Before Income Taxes	32	21	93	72
Income Taxes	12	7	34	25
Net Income	\$ 20	\$ 14	\$ 59	\$ 47

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2011	2010
	Successor	Predecessor
Cash Flows from Operating Activities		
Net income	\$ 59	\$ 47
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	73	69
Defined benefit plans - expense	17	11
Deferred income taxes and investment tax credits	27	18
Unrealized (gains) losses on derivatives		15
Other	4	(2)
Change in current assets and current liabilities		
Accounts receivable	17	(19)
Accounts payable	(18)	(8)
Unbilled revenue	27	6
Fuel, materials and supplies	40	29
Regulatory assets	1	3
Income tax receivable		(12)
Other current assets	(4)	3
Regulatory liabilities	(4)	(26)
Taxes		(15)
Other current liabilities	(2)	(1)
Other operating activities		
Defined benefit plans - funding	(67)	(23)
Other assets	5	(1)
Other liabilities		(10)
Net cash provided by operating activities	175	84
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(77)	(68)
Proceeds from the sale of assets to affiliate		48
Proceeds from the sale of other investments	163	
Net (increase) decrease in restricted cash and cash equivalents	(4)	
Net cash provided by (used in) investing activities	82	(20)
Cash Flows from Financing Activities		
Net increase (decrease) in notes payable with affiliates	(12)	(33)
Net increase (decrease) in short-term debt	(163)	
Debt issuance and credit facility costs	(1)	
Payment of common stock dividends to parent	(42)	(30)
Net cash provided by (used in) financing activities	(218)	(63)
Net Increase (Decrease) in Cash and Cash Equivalents	39	1

Cash and Cash Equivalents at Beginning of Period		2		5
Cash and Cash Equivalents at End of Period	\$	41	\$	6

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED BALANCE SHEETS

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 41	\$ 2
Short-term investments		163
Accounts receivable (less reserve: 2011, \$2; 2010, \$2)		
Customer	67	70
Other	6	13
Unbilled revenues	54	81
Accounts receivable from affiliates	13	30
Fuel, materials and supplies	122	162
Regulatory assets	11	13
Other intangibles	18	36
Other current assets	21	13
Total Current Assets	353	583
Property, Plant and Equipment		
Regulated utility plant	2,868	2,600
Less: accumulated depreciation - regulated utility plant	68	17
Regulated utility plant, net	2,800	2,583
Construction work in progress	181	385
Property, Plant and Equipment, net	2,981	2,968
Other Noncurrent Assets		
Regulatory assets	363	367
Goodwill	389	389
Other intangibles	174	181
Other noncurrent assets	33	31
Total Other Noncurrent Assets	959	968
Total Assets	\$ 4,293	\$ 4,519

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED BALANCE SHEETS

Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2011	December 31, 2010
Liabilities and Equity		
Current Liabilities		
Short-term debt		\$ 163
Notes payable with affiliates		12
Accounts payable	\$ 87	100
Accounts payable to affiliates	13	20
Customer deposits	23	23
Taxes	10	10
Regulatory liabilities	29	51
Other current liabilities	37	38
Total Current Liabilities	199	417
Long-term Debt	1,112	1,112
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	453	419
Investment tax credits	44	46
Accrued pension obligations	72	126
Asset retirement obligations	50	49
Regulatory liabilities	480	483
Price risk management liabilities	32	32
Other deferred credits and noncurrent liabilities	113	114
Total Deferred Credits and Other Noncurrent Liabilities	1,244	1,269
Commitments and Contingent Liabilities (Notes 6 and 10)		
Stockholder's Equity		
Common stock - no par value (a)	424	424
Additional paid-in capital	1,278	1,278
Earnings reinvested	36	19
Total Equity	1,738	1,721
Total Liabilities and Equity	\$ 4,293	\$ 4,519

(a) 75,000 shares authorized; 21,294 shares issued and outstanding at June 30, 2011 and December 31, 2010.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED STATEMENTS OF EQUITY

Louisville Gas and Electric
Company
(Unaudited)
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive income (loss)	Total
March 31, 2011 - Successor	21,294	\$ 424	\$ 1,278	\$ 41		\$ 1,743
Net income (b)				20		20
Cash dividends declared on common stock				(25)		(25)
June 30, 2011 - Successor	21,294	\$ 424	\$ 1,278	\$ 36		\$ 1,738
December 31, 2010 - Successor	21,294	\$ 424	\$ 1,278	\$ 19		\$ 1,721
Net income (b)				59		59
Cash dividends declared on common stock				(42)		(42)
June 30, 2011 - Successor	21,294	\$ 424	\$ 1,278	\$ 36		\$ 1,738
March 31, 2010 - Predecessor	21,294	\$ 424	\$ 84	\$ 758	\$ (11)	\$ 1,255
Net income (b)				14		14
Other comprehensive income (loss)					(2)	(2)
June 30, 2010 - Predecessor	21,294	\$ 424	\$ 84	\$ 772	\$ (13)	\$ 1,267
December 31, 2009 - Predecessor	21,294	\$ 424	\$ 84	\$ 755	\$ (10)	\$ 1,253
Net income (b)				47		47
Cash dividends declared on common stock				(30)		(30)
					(3)	(3)

Other
comprehensive
income (loss)

June 30, 2010 -

Predecessor	21,294	\$	424	\$	84	\$	772	\$	(13)	\$	1,267
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(a) Shares in thousands. All common shares of Louisville Gas and Electric stock are owned by LG&E and KU Energy.

(b) Louisville Gas and Electric's net income approximates comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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CONDENSED STATEMENTS OF INCOME

Kentucky Utilities Company

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011 Successor	2010 Predecessor	2011 Successor	2010 Predecessor
Operating Revenues				
Retail and wholesale	\$ 358	\$ 347	\$ 753	\$ 720
Electric revenue from affiliate	7	3	18	10
Total Operating Revenues	365	350	771	730
Operating Expenses				
Operation				
Fuel	124	119	254	245
Energy purchases	8	19	16	48
Energy purchases from affiliate	17	23	44	48
Other operation and maintenance	100	81	184	157
Depreciation	47	34	92	68
Taxes, other than income	4	3	9	6
Total Operating Expenses	300	279	599	572
Operating Income	65	71	172	158
Other Income (Expense) - net		(2)	1	1
Interest Expense	17	1	35	3
Interest Expense with Affiliate		19		37
Income Before Income Taxes	48	49	138	119
Income Taxes	18	18	50	44
Net Income	\$ 30	\$ 31	\$ 88	\$ 75

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

Kentucky Utilities Company

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2011	2010
	Successor	Predecessor
Cash Flows from Operating Activities		
Net income	\$ 88	\$ 75
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	92	68
Defined benefit plans - expense	14	7
Deferred income taxes and investment tax credits	49	29
Other	(2)	(2)
Change in current assets and current liabilities		
Accounts receivable	6	(1)
Accounts payable	(17)	11
Unbilled revenue	11	1
Fuel, materials and supplies	1	(17)
Regulatory assets	3	19
Income tax receivable		(15)
Other current assets		6
Regulatory liabilities	(4)	2
Taxes	(14)	(5)
Other current liabilities		(5)
Other operating activities		
Defined benefit plans - funding	(45)	(16)
Other assets	(1)	(4)
Other liabilities		2
Net cash provided by operating activities	181	155
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(97)	(145)
Purchases of assets from affiliate		(48)
Net cash provided by (used in) investing activities	(97)	(193)
Cash Flows from Financing Activities		
Net increase (decrease) in notes payable with affiliates	(10)	39
Debt issuance and credit facility costs	(2)	
Payment of common stock dividends to parent	(68)	
Net cash provided by (used in) financing activities	(80)	39
Net Increase (Decrease) in Cash and Cash Equivalents	4	1
Cash and Cash Equivalents at Beginning of Period	3	2
Cash and Cash Equivalents at End of Period	\$ 7	\$ 3

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED BALANCE SHEETS

Kentucky Utilities Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 7	\$ 3
Accounts receivable (less reserve: 2011, \$2; 2010, \$6)		
Customer	79	90
Other	9	20
Unbilled revenues	78	89
Accounts receivable from affiliates	5	12
Fuel, materials and supplies	135	136
Regulatory assets	4	9
Other intangibles	11	22
Other current assets	18	15
Total Current Assets	346	396
Investments	30	30
Property, Plant and Equipment		
Regulated utility plant	4,410	3,630
Less: accumulated depreciation - regulated utility plant	90	14
Regulated utility plant, net	4,320	3,616
Construction work in progress	283	955
Property, Plant and Equipment, net	4,603	4,571
Other Noncurrent Assets		
Regulatory assets	227	221
Goodwill	607	607
Other intangibles	161	175
Other noncurrent assets	60	58
Total Other Noncurrent Assets	1,055	1,061
Total Assets	\$ 6,034	\$ 6,058

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED BALANCE SHEETS

Kentucky Utilities Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, 2011	December 31, 2010
Liabilities and Equity		
Current Liabilities		
Notes payable with affiliates		\$ 10
Accounts payable	\$ 73	67
Accounts payable to affiliates	26	45
Customer deposits	23	23
Taxes	11	25
Regulatory liabilities	25	40
Other current liabilities	39	41
Total Current Liabilities	197	251
Long-term Debt	1,841	1,841
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	429	376
Investment tax credits	103	104
Accrued pension obligations	79	113
Asset retirement obligations	55	54
Regulatory liabilities	528	534
Other deferred credits and noncurrent liabilities	92	94
Total Deferred Credits and Other Noncurrent Liabilities	1,286	1,275
Commitments and Contingent Liabilities (Notes 6 and 10)		
Stockholder's Equity		
Common stock - no par value (a)	308	308
Additional paid-in capital	2,348	2,348
Accumulated other comprehensive income (loss)	(1)	
Earnings reinvested	55	35
Total Equity	2,710	2,691
Total Liabilities and Equity	\$ 6,034	\$ 6,058

(a) 80,000 shares authorized; 37,818 shares issued and outstanding at June 30, 2011 and December 31, 2010.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

CONDENSED STATEMENTS OF EQUITY

Kentucky Utilities Company

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive income (loss)	Total
March 31, 2011 - Successor	37,818	\$ 308	\$ 2,348	\$ 62	\$ (1)	\$ 2,717
Net income (b)				30		30
Cash dividends declared on common stock				(37)		(37)
June 30, 2011 - Successor	37,818	\$ 308	\$ 2,348	\$ 55	\$ (1)	\$ 2,710
December 31, 2010 - Successor	37,818	\$ 308	\$ 2,348	\$ 35		\$ 2,691
Net income (b)				88		88
Cash dividends declared on common stock				(68)		(68)
Other comprehensive income (loss)					\$ (1)	(1)
June 30, 2011 - Successor	37,818	\$ 308	\$ 2,348	\$ 55	\$ (1)	\$ 2,710
March 31, 2010 - Predecessor	37,818	\$ 308	\$ 316	\$ 1,372		\$ 1,996
Net income (b)				31		31
June 30, 2010 - Predecessor	37,818	\$ 308	\$ 316	\$ 1,403		\$ 2,027
December 31, 2009 - Predecessor	37,818	\$ 308	\$ 316	\$ 1,328		\$ 1,952
Net income (b)				75		75
June 30, 2010 - Predecessor	37,818	\$ 308	\$ 316	\$ 1,403		\$ 2,027

(a) Shares in thousands. All common shares of Kentucky Utilities stock are owned by LG&E and KU Energy.

(b) Kentucky Utilities' net income approximates comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Combined Notes to Condensed Financial Statements (Unaudited)

1. Interim Financial Statements

(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

Capitalized terms and abbreviations appearing in the unaudited combined notes to condensed financial statements are explained in the glossary. Dollars are in millions, except per share data, unless otherwise noted.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnotes required by accounting principles generally accepted in the U.S. for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation in accordance with accounting principles generally accepted in the U.S. are reflected in the condensed financial statements. All adjustments are of a normal recurring nature, except as otherwise disclosed. Each Registrant's Balance Sheet at December 31, 2010 is derived from that Registrant's 2010 audited Balance Sheet. The financial statements and notes thereto should be read in conjunction with the financial statements and notes contained in each Registrant's 2010 Form 10-K (in the case of PPL and PPL Electric), in the Form 8-K dated June 24, 2011 (in the case of PPL Energy Supply), or the annual financial statements included in the 2011 Registration Statements (in the case of LKE, LG&E and KU). The results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of the results to be expected for the full year ending December 31, 2011 or other future periods, because results for interim periods can be disproportionately influenced by various factors and developments and seasonal variations.

The classification of certain prior period amounts has been changed to conform to the presentation in the June 30, 2011 financial statements.

(PPL)

On April 1, 2011, PPL, through its indirect, wholly owned subsidiary PPL WEM, completed its acquisition of all of the outstanding ordinary share capital of Central Networks East plc and Central Networks Limited, the sole owner of Central Networks West plc, together with certain other related assets and liabilities (collectively referred to as Central Networks and subsequently renamed WPD Midlands), from subsidiaries of E.ON AG. See Note 8 for additional information. Since PPL is consolidating WPD Midlands on a one-month lag, two months of WPD Midlands' operating results are included in PPL's results of operations for the three and six months ended June 30, 2011 with no comparable amounts for the same periods in 2010. See Note 2 for additional information regarding PPL's consolidation policy.

In November 2010, PPL completed the acquisition of LKE. See Notes 1 and 10 in PPL's 2010 Form 10-K for additional information. LKE's operating results for the three and six months ended June 30, 2011 are included in PPL's results of operations with no comparable amounts for the same periods in 2010.

(LKE, LG&E and KU)

LKE's, LG&E's and KU's financial statements and accompanying footnotes have been segregated to present pre-acquisition activity as the Predecessor and post-acquisition activity as the Successor. Predecessor activity covers the time period prior to November 1, 2010. Successor activity covers the time period after October 31, 2010. Certain accounting and presentation methods were changed to acceptable alternatives in the Successor financial statements to

conform to PPL's accounting policies, which are discussed in the annual financial statements included in each 2011 Registration Statement for LKE, LG&E and KU. The cost bases of certain assets and liabilities were changed as of November 1, 2010 as a result of the application of push-down accounting. Consequently, the financial position, results of operations and cash flows for the Successor period are not comparable to the Predecessor period.

(PPL Energy Supply)

In January 2011, PPL Energy Supply distributed its membership interest in PPL Global, representing 100% of the outstanding membership interest of PPL Global, to PPL Energy Supply's parent, PPL Energy Funding. The distribution was made based on the book value of the assets and liabilities of PPL Global with financial effect as of January 1, 2011. See Note 8 for additional information.

(PPL, PPL Energy Supply and LKE)

"Income (Loss) from Discontinued Operations (net of income taxes)" on the Statements of Income includes the activities of various businesses that were sold or distributed in 2011 and 2010. See Note 8 for additional information. The Statements of Cash Flows do not separately report the cash flows of the Discontinued Operations, except for the LKE Predecessor period, which separately discloses these cash flows within operating, investing and financing activities, consistent with LKE's pre-acquisition accounting policy.

(LG&E)

During the second quarter of 2011, LG&E made out-of-period adjustments to correct the calculation of the revenue collected through the ECR and DSM rate mechanisms. The correction reduced LG&E's revenues by \$4 million (\$2 million after tax). The adjustments for LG&E related to 2010 and the first quarter of 2011. The impacts were not material to any previously reported financial statements, and are not expected to be material to the financial statements for the full year of 2011.

2. Summary of Significant Accounting Policies

(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

The following accounting policy disclosures represent updates to Note 1 in each Registrant's 2010 Form 10-K (in the case of PPL and PPL Electric), in the Form 8-K dated June 24, 2011 (in the case of PPL Energy Supply), or in the annual financial statements included in the 2011 Registration Statements (in the case of LKE, LG&E and KU) and should be read in conjunction with those disclosures.

General

Business and Consolidation (PPL)

As noted above, on April 1, 2011, PPL, through its indirect, wholly owned subsidiary PPL WEM, completed the acquisition of WPD Midlands. PPL is consolidating WPD Midlands on a one-month lag. Material intervening events, such as debt issuances that occur in the lag period, are recognized in the current period financial statements. Events that are significant but not material are disclosed. See Note 8 for additional information.

Regulation (PPL, PPL Electric, LKE, LG&E and KU)

The electricity distribution subsidiaries of PPL WW and PPL WEM are not subject to accounting for the effects of certain types of regulation as prescribed by GAAP, as their operations do not meet the requirements for such accounting guidance. However, PPL Electric, LG&E and KU all apply this accounting guidance.

Accounts Receivable (PPL, PPL Energy Supply and PPL Electric)

PPL Electric's customers may elect to procure generation supply from an alternative supplier. As a result of a PUC-approved purchase of accounts receivable program, PPL Electric has purchased certain accounts receivable from alternative suppliers at a nominal discount, which reflects a provision for uncollectible accounts. The alternative suppliers (including PPL Electric's affiliate, PPL EnergyPlus) have no continuing involvement or interest in the purchased accounts receivable. The purchased accounts receivable are initially recorded at fair value using a market approach based on the purchase price paid and are classified as Level 2 in the fair value hierarchy. PPL Electric receives a nominal fee for administering its program. During the three and six months ended June 30, 2011, PPL Electric purchased \$187 million and \$452 million of accounts receivable from unaffiliated third parties and \$57

million and \$120 million from its affiliate, PPL EnergyPlus. During the three and six months ended June 30, 2010, PPL Electric purchased \$149 million and \$225 million of accounts receivable from unaffiliated third parties and \$58 million and \$91 million from its affiliate, PPL EnergyPlus.

New Accounting Guidance Adopted (PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

No new accounting guidance has been adopted during the three or six months ended June 30, 2011. See Note 18 for a discussion of new accounting guidance pending adoption.

3. Segment and Related Information

(PPL and PPL Energy Supply)

See Note 2 to the Financial Statements in the 2010 Form 10-K for PPL and in the Form 8-K dated June 24, 2011 for PPL Energy Supply for a discussion of reportable segments. In January 2011, PPL Energy Supply distributed its membership interest in PPL Global to its parent, PPL Energy Funding. Following the distribution, PPL Energy Supply operates in a single business segment, the Supply segment. PPL Energy Supply's 2010 segment information was restated to reflect PPL Global as a Discontinued Operation. See Note 8 for additional information.

(PPL)

PPL includes the results of PPL Global in the International Regulated segment. This includes the operating results and assets of WPD Midlands since the acquisition date, April 1, 2011. See Note 8 for additional information regarding the acquisition.

Financial data for the segments for the periods ended June 30, 2011 are:

	Three Months		Six Months	
	2011	2010	2011	2010
PPL				
Income Statement Data				
Revenues from external customers				
Kentucky Regulated (a)	\$ 638		\$ 1,404	
International Regulated	420	\$ 178	645	\$ 391
Pennsylvania Regulated	436	520	990	1,331
Supply (b)	995	775	2,360	2,757
Total	\$ 2,489	\$ 1,473	\$ 5,399	\$ 4,479
Intersegment electric revenues				
Pennsylvania Regulated	\$ 4	\$ 2	\$ 8	\$ 4
Supply (c)	4	64	10	179
Net Income Attributable to PPL				
Kentucky Regulated (a)	\$ 31		\$ 106	
International Regulated (b)	38	\$ 58	93	\$ 134
Pennsylvania Regulated	36	16	88	53
Supply (b) (d) (e)	91	30	310	167
Unallocated Costs (f)		(19)		(19)
Total	\$ 196	\$ 85	\$ 597	\$ 335
PPL Energy Supply				
Income Statement Data				
Revenues from external customers				
Supply (b)	\$ 997	\$ 835	\$ 2,366	\$ 2,929
Net Income				
International Regulated (b) (d)		\$ 53		\$ 121
Supply (b) (d) (e)	\$ 89	33	\$ 303	165
Total	\$ 89	\$ 86	\$ 303	\$ 286

	PPL		PPL Energy Supply	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Balance Sheet Data				
Assets				
Kentucky Regulated (g)	\$ 10,087	\$ 10,318		
International Regulated	13,387	4,800		\$ 4,800
Pennsylvania Regulated	5,086	5,189		
Supply (g)	11,977	12,530	\$ 11,432	11,996
Total assets	\$ 40,537	\$ 32,837	\$ 11,432	\$ 16,796

- (a) This segment primarily includes the operating activities and assets of LKE, which was acquired in November 2010. Net income attributable to PPL includes the allocation of interest expense from the 2010 Equity Units issued to fund the acquisition and interest rate swaps.
- (b) Includes unrealized gains and losses from economic activity. See Note 14 for additional information.
- (c) See "PLR Contracts" in Note 11 for a discussion of the basis of accounting between reportable segments.
- (d) Either includes Discontinued Operations or is reported in Discontinued Operations. See Note 8 for additional information.

- (e) In April 2011, during the PPL Susquehanna Unit 2 scheduled refueling and generation uprate outage, a planned inspection of the Unit 2 turbine revealed cracks in certain of its low pressure turbine blades. As a precaution, PPL Susquehanna also took Unit 1 out of service in mid-May to inspect the turbine blades in that unit. This inspection revealed cracked blades similar to those found in Unit 2. Replacement of these blades was completed, which significantly extended these outages. PPL Energy Supply incurred an after-tax earnings impact, including reduced energy sales margins and repair expense for both units, of approximately \$60 million in the three and six months ended June 30, 2011.
- (f) Represents 2010 Bridge Facility financing costs and other costs related to the acquisition of LKE.
- (g) A portion of the goodwill related to the 2010 LKE acquisition has been attributed to PPL's Supply segment.

4. Earnings Per Share

(PPL)

Basic EPS is computed by dividing income available to PPL common shareowners by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed by dividing income available to PPL common shareowners by the weighted-average number of shares outstanding that are increased for additional shares that would be outstanding if potentially dilutive non-participating securities were converted to common shares. In 2011 and 2010, these securities included stock options, performance units granted under incentive compensation plans and the 2010 Purchase Contract component of the 2010 Equity Units. Additionally, in 2011, these securities included the 2011 Purchase Contract component of the 2011 Equity Units. The 2011 Purchase Contracts will be dilutive only if the average VWAP of PPL's common stock for a certain period exceeds approximately \$30.99. The 2010 Purchase Contracts will be dilutive only if the average VWAP of PPL's common stock for a certain period exceeds \$28.80. Because the average VWAP has not exceeded either applicable value since issuance, the 2011 and 2010 Purchase Contracts were excluded from the diluted EPS calculations. Subject to antidilution adjustments at June 30, 2011, the maximum number of shares issuable to settle the Purchase Contracts was 105,202,345 shares, including 86,552,565 shares that could be issued under standard provisions of the Purchase Contracts and 18,649,780 shares that could be issued under make-whole provisions in the event of early settlement upon a Fundamental Change. See Note 7 for additional information on the 2011 Equity Units.

Reconciliations of the amounts of income and shares of PPL common stock (in thousands) for the periods ended June 30 used in the EPS calculation are:

	Three Months		Six Months	
	2011	2010	2011	2010
Income (Numerator)				
Income from continuing operations after income taxes attributable to PPL	\$ 197	\$ 78	\$ 595	\$ 320
Less amounts allocated to participating securities	1		3	1
Income from continuing operations after income taxes available to PPL				
common shareowners	\$ 196	\$ 78	\$ 592	\$ 319
Income (loss) from discontinued operations (net of income taxes) available				
to PPL	\$ (1)	\$ 7	\$ 2	\$ 15
Net income attributable to PPL	\$ 196	\$ 85	\$ 597	\$ 335

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Less amounts allocated to participating securities		1		3		1
Net income available to PPL common shareowners	\$	195	\$	85	\$	334

Shares of Common Stock (Denominator)

Weighted-average shares - Basic EPS		561,652		381,896		522,897		379,810
Add incremental non-participating securities:								
Stock options and performance units		367		179		287		224
Weighted-average shares - Diluted EPS		562,019		382,075		523,184		380,034

Basic EPS

Available to PPL common shareowners:

Income from continuing operations after income taxes	\$	0.35	\$	0.20	\$	1.13	\$	0.84
Income (loss) from discontinued operations (net of income taxes)				0.02		0.01		0.04
Net Income	\$	0.35	\$	0.22	\$	1.14	\$	0.88

Diluted EPS

Available to PPL common shareowners:

Income from continuing operations after income taxes	\$	0.35	\$	0.20	\$	1.13	\$	0.84
Income (loss) from discontinued operations (net of income taxes)				0.02		0.01		0.04
Net Income	\$	0.35	\$	0.22	\$	1.14	\$	0.88

For the periods ended June 30 the following stock options to purchase PPL common stock and performance units were excluded from the computations of diluted EPS because the effect would have been antidilutive.

(Shares in thousands)	Three Months		Six Months	
	2011	2010	2011	2010
Stock options	5,045	5,184	5,829	4,669
Performance units	1	105	4	91

During the three and six months ended June 30, 2011, PPL issued 48,592 and 392,972 shares of common stock related to the exercise of stock options, vesting of restricted stock and restricted stock units and conversion of stock units granted to directors under its stock-based compensation plans. In addition, PPL issued 598,198 and 1,179,909 shares of common stock related to its DRIP during the three and six months ended June 30, 2011. PPL also issued 301,319 shares related to its ESOP during the six months ended June 30, 2011.

See Note 7 for information on the April 2011 issuance of common stock and 2011 Equity Units.

5. Income Taxes

Reconciliations of income tax expense for the periods ended June 30 are:

(PPL)

Reconciliation of Income Tax Expense	Three Months		Six Months	
	2011	2010	2011	2010
Federal income tax on Income from Continuing Operations Before				
Income Taxes at statutory tax rate - 35%	\$ 104	\$ 32	\$ 323	\$ 163
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit	14	1	39	15
State valuation allowance adjustments (a)			11	(8)
Impact of lower U.K. income tax rates (b)	(11)	(3)	(19)	(7)
U.S. income tax on foreign earnings - net of foreign tax credit (c)	(9)	(8)	(15)	(6)
Federal and state tax reserve adjustments (d)	(2)	1	(3)	(7)
Foreign tax reserve adjustments (e)		22		22
Domestic manufacturing deduction (f)		(8)		(12)
Health Care Reform (g)				8
Foreign losses resulting from restructuring (e)		(25)		(25)
Federal income tax credits	(2)	(2)	(7)	(4)
Amortization of investment tax credit	(1)	(1)	(4)	(2)
Depreciation not normalized (a)	(2)			