an e·on company

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2007 NOV -7 AM 10: 36

T.R.A. DOCKET ROOM

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

Rick E. Lovekamp
Manager - Regulatory Affairs
T 502-627-3780
F 502-627-3213
rick.lovekamp@eon-us.com

Ms. Sara Kyle
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

VIA UPS OVERNIGHT DELIVERY

November 6, 2007

RE: ***Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations***
Docket No. 07-00043

Dear Ms. Kyle:

Pursuant to Ordering Paragraph No. 3 of the Commission's Order in the aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files an original and thirteen (13) copies of all correspondence submitted to the Virginia State Corporation Commission ("VSCC") under said Order.

On November 2, 2007, KU, d/b/a Old Dominion Power ("ODP") filed pursuant to the VSCC Order Authorizing the Issuance of Securities and the Assumption of Obligations, a Preliminary Report of Action as stipulated in the order.

Additionally, on November 6, 2007, pursuant to the KPSC Order Authorizing the Issuance of Securities and the Assumption of Obligations, a report setting forth the loan provisions of a $70,000,000 borrowing from Fidelia Corporation was provided.

Attached are copies of all correspondence submitted to the VSCC and the KPSC. Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy. Should you have any questions regarding this transaction or this information, please contact Don Harris at (502) 627-2021 or me.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

cc: Ron Jones – Tennessee Regulatory Authority
Pat Miller – Tennessee Regulatory Authority
Dan Arbough
Kendrick Riggs – Stoll · Keenon · Ogden

KU
an e·on company

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

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

Rick E. Lovekamp
Manager - Regulatory Affairs
T 502-627-3780
F 502-627-3213
rick.lovekamp@eon-us.com

November 6, 2007

RE: The application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations *(Case No. 2007-00024)*

Dear Ms. O'Donnell:

Pursuant to Ordering Paragraph No. 8 of the Commission's Order in the aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files an original and three (3) copies of information related to an issuance under said Order.

On October 25, 2007, KU borrowed $70 million from Fidelia Corporation in accordance with the order issued March 19, 2007 in the above-referenced case. The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelia Corporation
Amount:	$70 million
Maturity Date:	October 25, 2019
Interest Rate:	5.71%
Price Paid:	100%
Proceeds:	$70 million
Commissions Paid:	None
Legal Costs:	None
Security for Loan:	None
Interest Payments:	April 25 and October 25 commencing April 25, 2008

The proceeds of the loan were used to fund capital projects described in the application. The issuance of this $70 million completes the debt issued under the authority granted in this order.

The interest rate was set using the lowest rate quoted to KU at 1.28% above the yield on the ten-year treasury bond (4.43%). The supporting price indications from the investment banks are attached along with a copy of pages from Bloomberg showing the yield on the treasury bond. The lowest rate quoted to KU by the investment banks was lower than the average bid quoted to E. ON A.G. Once again, the supporting price indications are attached. The bids are summarized in the table below:

	KU Pricing	**E.ON AG Pricing**
Low bid above ten-year treasury	1.28%	
Ten-year treasury rate	4.43%	
All-in cost	5.71%	
Average bid above ten-year treasury		1.32%
Ten-year treasury rate		4.43%
All-in cost		5.75%

The 128 basis point spread for this 12 year borrowing is favorable to recent ten-year debt issuances from other energy companies, one with a similar credit rating and one with a lower rating. (See table below along with attached support documentation).

Issuer	**Moody's / S&P**	**Maturity**	**Spread**
EDP Finance	A2 / A-	02/02/2018	+ 163 bps
Centerpoint Energy Resources	Baa3/BBB	11/01/2017	+ 165 bps

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the envelope provided. Should you have any questions regarding this transaction or this information, please contact me or Don Harris at (502) 627-2021.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

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

U.S. debt capital markets update
Utility & Pipeline sectors
For distribution to issuer clients only

New York
Week ending
October 19, 2007

Peter Madonia, MD (212) 834-3808
Anisha Mehra, ED (212) 834-4918
Heather Towner, VP (212) 834-4871
Steve Learner, Assoc (212) 834-4084
Stephanie Wai, Analyst (212) 834-3117

Sarah Chessin, VP Hybrids (212) 834-4073

Economic and Treasury market update

- Poor Q3'07 earnings led by the bank sector, weak housing data, dovish Fed commentary among other negative headlines fueled a flight-to-quality move last week
  - US Treasury yields fell by 22-42 bps across the curve, led by front-end maturities
    - Notably, 2-year yields rallied by 42 bps (the steepest weekly drop in 5 years), and the 2/30s curve steepened by 20 bps
  - Equity markets fell sharply on the week, with the DJIA, S&P and Nasdaq declining 4.1%, 3.9% and 2.9% on the week, respectively
  - Credit markets also experienced a softer tone, as high grade credit spreads gave up nearly half of the gains made since the Fed's rate cut
- While JPMorgan acknowledges that there is an increased chance of a 25bp ease at the October 30/31st Fed meeting (market expectations of a Fed ease has increased to 92%), we maintain our view that the Fed will stay on hold for several reasons:
  - Although there were numerous headlines that caused last week's flight-to-quality, the majority of these risks have been well known for some time and should not have resulted in such an abrupt reaction
  - Bank balance sheet pressures have begun to show some signs of lessening
  - Despite negative headlines about Structured Investment Vehicles (SIVs) last week, the risk of a fire sale of SIV assets seems to be small
- Higher energy prices, renewed caution in the credit markets, and recent spate of weaker-than-expected economic data add downside risk to the growth outlook
  - Crude oil prices hit a record $90 last week, which is likely to weigh on consumer spending in Q4 as household purchasing power gets pinched
  - The first reports for the September housing market indicate that supply continued to weaken, as housing starts plummeted and homebuilder sentiment hit fresh lows

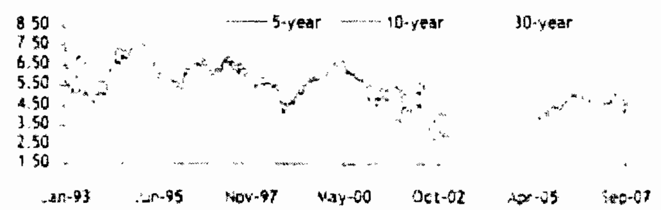
JPMorgan interest rate forecast (%)

	19-Oct-07	4Q07	1Q08	2Q08	3Q08
Fed funds rate	4.75%	4.75%	4.75%	4.75%	4.75%
3m LIBOR	5.15%	5.10%	5.05%	5.00%	5.10%
2yr UST	3.80%	4.30%	4.45%	4.60%	4.75%
5yr UST	4.04%	4.55%	4.65%	4.70%	4.85%
10yr UST	4.40%	4.70%	4.85%	4.95%	5.10%
30yr UST *	4.69%	4.85%	5.00%	5.05%	5.15%
2s/10s curve	60 bps	40 bps	40 bps	35 bps	35 bps
10s/30s curve	29 bps	15 bps	15 bps	10 bps	5 bps

JPMorgan forecast as of 10/19/07; forecasts are for quarter-end

** 4.750% Treasury due Feb-2037*

Historical treasury rates (%)



Source: Bloomberg

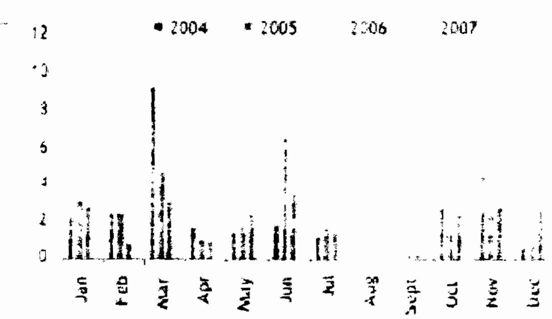
Investment grade primary and secondary market update

- In a sharp reversal of the month-long trend of credit market stabilization, risk aversion became the headline theme this past week in the credit markets
  - The JULI high grade corporate bond index widened by 6bps last week with the bank and financial services sectors feeling the brunt of the pain widening by 10+bps, however the utility and energy sectors outperformed only widening 3bp and 1bp respectively
- Q3'07 earnings reporting season has gotten off to a disappointing start, led by the bank sector. With 26% of the S&P 500 companies having reported as of last Friday, on a share-weighted basis, year-over-year growth is down 1.8% for the index
- Last week the Treasury and several major banks unveiled a preliminary plan to establish a master liquidity enhancement conduit ("M-LEC"), up to $80-100bn in estimated size in order to accelerate the return of the asset-backed commercial paper market to some semblance of normalcy
  - Though the details have yet to be finalized, M-LEC will buy highly rated assets from certain existing SIVs that elect to access this new form of liquidity, which will be a positive for the market if the plan succeeds
- Despite the softer market tone observed last week, a robust $25bn in supply priced in the new issue market, bringing October's month-to-date volume to $57bn
  - Supply for the remainder of October is expected to remain modest in the midst of Q3 earnings season, however new issue activity is expected to accelerate in November
- Though high grade credit spreads widened last week and new issue premiums may have increased slightly for near-term issuers, the strong rally in US Treasury yields helps to mitigate these factors from an overall coupon perspective

Selected recent investment grade new issuance

Date	Issuer	Ratings	Size	Coupon	Maturity	Spread
10/15	Idaho Power Corp	A3/A-	100	6.250	10/15/2037	135
10/15	McDonald's Corp	A3/A	650	5.800	10/15/2017	115
10/15	McDonald's Corp	A3/A	350	6.300	10/15/2037	140
10/16	Yum! Brands Inc	Baa2/BBB-	600	6.250	03/15/2018	165
10/16	Yum! Brands Inc	Baa2/BBB-	400	6.875	11/15/2037	200
10/16	Marriott International	Baa2/BBB	400	5.625	02/15/2013	135
10/16	American Water	Baa2/A-	750	6.085	10/15/2017	143
10/16	American Water	Baa2/A-	750	6.593	10/15/2037	168
10/16	General Electric Capital Corp	Aaa/AAA	2,500	5.250	10/19/2012	92
10/17	IBM International Group Cap	A1/A+	1,500	5.050	10/22/2012	87
10/17	Covidien International	Baa1/A-	250	5.150	10/15/2010	120
10/17	Covidien International	Baa1/A-	500	5.450	10/15/2012	125
10/17	Covidien International	Baa1/A-	1,150	6.000	10/15/2017	147
10/17	Covidien International	Baa1/A-	850	6.550	10/15/2037	177
10/17	Vodafone Group PLC (Tap)	Baa1/A-	500	6.150	02/27/2037	156
10/18	Centerpoint Energy Resources	Baa3/BBB	250	6.125	11/01/2017	165
10/18	Centerpoint Energy Resources	Baa3/BBB	250	6.625	11/01/2037	190

Utility and Pipeline new issue supply ($Bn)



U.S. debt capital markets update
Utility & Pipeline sectors
For distribution to issuer clients only

New York
Week ending
October 26, 2007

Peter Madonia, MD (212) 834-3608
Anisha Mehra, ED (212) 834-4918
Heather Towner, VP (212) 834-4871
Steve Leamer, Assoc (212) 834-4084
Stephanie Wai, Analyst (212) 834-3117

Sarah Chessin, VP-Hybrids (212) 834-4073

Economic and Treasury market update

- JPMorgan's forecast of a 25bp rate cut was reinstated due to volatile credit markets, reduced growth prospects and the tone of recent Fed speeches
  - Market participants are pricing in a small probability of a 50bp cut
- Recent very weak housing activity indicators and rising oil prices are expected to have an impact on consumer spending causing JPMorgan to revise down our 4Q07 GDP growth forecast to only 1.0% increasing the likelihood of an ease at the December FOMC meeting as well
  - Existing homes sales dropped 8% (an all-time low) in September, while the report reflects activity from August, the height of the credit crunch, financial conditions are still tight and is expected to fall further in the months ahead, but the pace of declines should start to ease
  - Manufacturing data was negative as the Richmond Fed manufacturing index declined to -5 and September durable goods orders declined 1.7%, both lower than forecasted
  - Uncertainty remains elevated and we still forecast a 30% probability of a US recession but our best guess remains that the US economy will not break as healthy corporate and EM fundamentals counterbalance the negative force of US housing
- Market fundamentals are becoming less relevant in the corporate bond market as negative headlines are the significant driver of spread widening and flight to quality trades

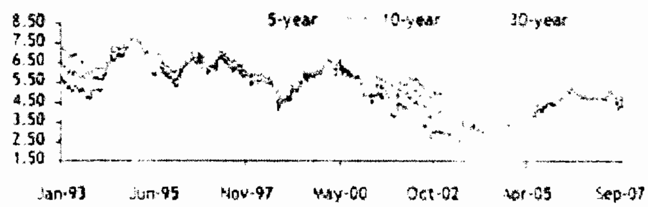
JPMorgan interest rate forecast (%)

	26-Oct-07	4Q'07	1Q'08	2Q'08	3Q'08
Fed funds rate	4.75%	4.50%	4.50%	4.50%	4.50%
3m LIBOR	4.98%	4.95%	4.80%	4.75%	4.90%
2yr UST	3.76%	3.75%	3.95%	4.15%	4.20%
5yr UST	4.03%	4.05%	4.20%	4.45%	4.40%
10yr UST	4.39%	4.40%	4.65%	4.80%	4.40%
30yr UST *	4.68%	4.75%	4.95%	5.05%	5.10%
2s/10s curve	63 bps	65 bps	70 bps	65 bps	60 bps
10s/30s curve	29 bps	35 bps	30 bps	25 bps	20 bps

JPMorgan forecast as of 10/26/07; forecasts are for quarter-end

** 4.750% Treasury due Feb-2037*

Historical treasury rates (%)



Source: Bloomberg

Investment grade primary and secondary market update

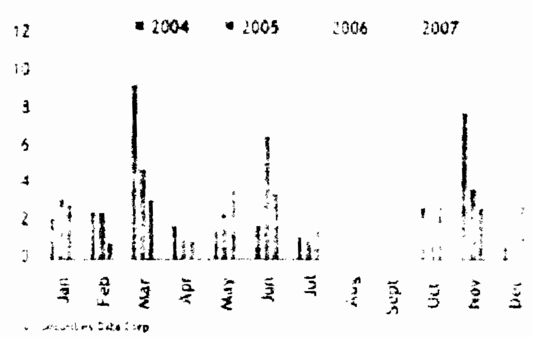
- News headlines are giving investors reasons to re-assess their views toward the challenges facing the economy and financial markets. There are some key drivers that are creating a return to risk aversion
  - SIV refinancing concerns
  - A flurry of disappointing 3Q07 earnings from the financial sector and expectation of further corporate balance sheet writedowns
  - The aforementioned weak housing data that continues to plague the market
  - The surge in crude oil prices
  - Geopolitical tensions in the Middle East
- New issue supply was lighter last week at around $12Bn as many issuers remained in earnings related blackout periods
  - In the utility and pipeline sector, JPMorgan led a $300MM 10-year offering for Panhandle Eastern Pipe Line (Baa3/BBB-) which received a positive reception from the market and priced at +182bp
  - EDP (A2/A-), a Portuguese utility, issued $1Bn of a 5yr at +140bp and $1Bn of a 10yr at +163bp. The offering included a change of control put
- On Friday, Puget Energy announced that it had signed a merger agreement with a consortium of infrastructure investors led by Macquarie who will acquire 100% of the equity in a transaction with an enterprise value of approximately $7.4Bn
  - Spread widening on Puget's FMB operating company bonds was limited to roughly 20bp given the significant equity contribution from the consortium, regulated nature of the utility and expectation of maintenance of investment grade ratings

Selected recent investment grade new issuance

Date	Issuer	Ratings	Size	Coupon	Maturity	Spread
10/23	Diageo Capital	A3/A-	500	5.200	01/30/2013	117
10/23	Diageo Capital	A3/A-	1,000	5.750	10/23/2017	137
10/23	Panhandle Eastern Pipeline	Baa3/BBB-	300	6.200	11/01/2017	182
10/23	Fifth Third Capital Trust	A1/A-	750	7.250	11/15/2067	-
10/23	JP Morgan Chase	Aa2/AA-	750	5.375	10/01/2012	115
10/23	Agilent Technologies	Ba1/BBB-	600	6.500	11/01/2017	222
10/23	Unicredit	Aa3/A	750	6.000	10/31/2017	170
10/23	Union Pacific	Baa2/BBB	500	5.750	11/15/2017	142
10/23	Washington Mutual	A1/BBB+	500	7.250	11/01/2017	300
10/23	Bank of New York Mellon	Aa2/A+	1,000	4.950	11/01/2012	100
10/23	JP Morgan Chase	Aa2/AA-	100	FRN	11/01/2010	3ML+32
10/23	EDP Finance	A2/A-	1,000	5.375	11/02/2012	140
10/23	EDP Finance	A2/A-	1,000	6.000	02/02/2018	163

[illegible]

Utility and Pipeline new issue supply ($Bn)



Source: Securities Data Corp

GRAB Govt **YAS**

Enter 12<GO> for Comparable Bond Spread Analysis

YIELD & SPREAD ANALYSIS CUSIP912828HA PCS BGN

US TREASURY N/B T 4 ¾ 08/15/17 102-16 /102-17 (4.43 /43) BGN @14:01

SETTLE 10/24/07 FACE AMT 1000 M or PROCEEDS 1,034,191.58

1) YA	YIELDS	2) YASD
PRICE 102-16+	No Rounding	N
YIELD 4.430	Wst	
SPRD -27.30 bp	yld-decimals 3/3	
	versus	Consensus
T 5 05/15/37		BENCHMARK
PRICE 104-23	Save	Delete
YIELD 4.703 %		sd: 10/24/07

RISK & HEDGE RATIOS	T 4 ¾ 08/15/17 workout 8/15/17	OAS	HEDGE BOND OAS
Mod Dur	7.74	7.82	15.58
Risk	8.007	8.084	16.665
Convexity	0.72	0.74	3.59

Workout HEDGE Amount:487 M

OAS HEDGE Amount:485 M

Yields are: Semi-Annual 12)CBS

3) OAS	SPREADS	4) ASW
OAS: 0.2	CRV# CMT	VOL Opt
OAS:	CRV#	TED: 72.0
ASW (A/A) -63.1	ZSPR -64.2	11) History
CRV# I52	US $ SWAP 30/360	
ISPRD -61.9	DSPRD -62.6	

Yield Curve: I25 US TREASURY ACTIVES

+ 0	v 9.8yr	(4.430 %)	INTERPOLATED
+ 33	v 5yr	(4.10)	T 4 ¼ 09/30/12
+ 0	v 10yr	(4.43)	T 4 ¾ 08/15/17
- 27	v 30yr	(4.70)	T 5 05/15/37

5) FPA	FINANCING	
Repo% 4.300	(360/365) 360	Days 1
Int Income	129.08	Carry P&L
Fin Cost	-123.53	5.55
Amortiz	-5.92 <->	-0.38
Forwrd Prc	102.515070	
Prc Drop	0.000555	
Drop (bp)	0.00	
Accrued Interest /100	0.903533	
Number Of Days Accrued	70	

Kentucky Utilities indicative 12-year new issue pricing as of Oct 22nd, 2007

Kentucky Utilities fixed rate pricing - A1/A, first mortgage bonds	
Maturity	**12**
Reference Treasury	4.750% 08/17
Treasury Yield	4.41
Reoffer Spread (bps)[1]	**125A**
Coupon (%)	**5.66**
Amortized fees (bps)	7
All-in Cost (%)	5.73
Coupon swapped to 3m$L (bps)[2]	54

Indicative New Issue Pricing – Kentucky Utilities FMBs (A1/A)

	Ratings		Amt			10/10/07	
Issuer	Moody's	S&P	($mm)	Cpn	Mty	T+	L+
Florida Power & Light*	Aa3	A	300	5.550%	11/17	+95	+31
Florida Power & Light*	Aa3	A	300	5.850%	05/37	+118	+58
Progress Energy Florida*	A2	A-	250	5.800%	09/17	+102	+39
Progress Energy Florida*	A2	A-	500	6.350%	09/37	+123	+63
PacifiCorp*	A3	A-	200	4.950%	08/14	+95	+48
PacifiCorp*	A3	A-	600	6.250%	10/37	+127	+67
Public Service Colorado*	A3	A-	600	7.875%	10/12	+100	+34
Public Service Colorado*	A3	A-	350	6.250%	09/37	+129	+69
Con Edison Co of NY	A1	A ↓	250	5.300%	12/16	+112	+52
Con Edison Co of NY	A1	A ↓	525	6.300%	08/37	+136	+76
Wisconsin Electric Power	A1	A-	300	4.500%	05/13	+99	+28
Wisconsin Electric Power	A1	A-	300	5.700%	12/36	+140	+80
Georgia Power	A2	A	450	5.700%	06/17	+112	+50
Georgia Power	A2	A	250	5.650%	03/37	+132	+72
MidAmerican Energy	A2	A-	250	5.950%	07/17	+110	+47
MidAmerican Energy	A2	A-	350	5.800%	10/36	+130	+70

↓ negative outlook ⇓ negative watch ↔ outlook forming ↑ positive outlook ⇑ positive watch * FMBs

Fixed Rate Issuance	12 Years
Benchmark	4.75% 8/17
Benchmark Yield	4.410%
Reoffer Spread	+125 - 130
Reoffer Yield	5.66% - 5.71%
Underwriting Commission	0.675%
All-in Yield	5.74% - 5.79%
Swapped to LIBOR Levels	
Swap Spread	+71
Reoffer versus LIBOR	$L+ 54 - 59
All-in versus LIBOR	$L+ 62 - 67

Benchmark and reoffer spreads as of 10/22/2007

Indicative First Mortgage Bond Pricing for Kentucky Utilities

A1(stable)/A(stable)

	12 NC/L
Benchmark UST	4.75% Aug 2017
Benchmark Yield	4.41%
Reoffer Spread	**T+120 bp area**
Reoffer Yield	**5.61%**
Offering Price	100.000%
Underwriting Commission	0.675%
Proceeds to the Company	99.325%
All-In Cost of Funds	5.69%
All-In Spread	**+128 bp**

citi

Wiedmar, John

Deutsche Bank

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:49 AM
To: Wiedmar, John
Subject: WG: indication on a E.ON PP

Mit freundlichen Grüßen/Kind regards

Lioba Heintzen

Treasury
T +49 2 11-45 79-6[illegible]
F +49 2 11-45 79-669
Lioba.Heintzen@eon.com

E.ON AG
E.ON-Platz 1
40479 Düsseldorf
www.eon.com

-----Ursprüngliche Nachricht-----
Von: Hasso Spielberg [mailto:hasso.spielberg@db.com]
Gesendet: Mittwoch, 17. Oktober 2007 14:[illegible]
An: Heintzen, Lioba
Betreff: indication on a E.ON PP

Dear Mrs. Heintzen,

[illegible] would expect [illegible] E.ON [illegible] placement [illegible] spread of **approximately 55bp over Libor.**
Please note that this information is purely indicative and no tradeable price.

Best regards

[illegible]

[illegible]

[illegible] opinions [illegible] may differ from views [illegible] published by [illegible] attn John Wiedmar

001 502 627 4742

<HELP> for explanation, <MENU> for similar functions. CurncyH P

C L O S E / V A L U E Page 1 / 3

USSP12 USD SWAP SPREAD SEMI 12Y PRICE 70.00 Composite(Ldn

HI 90.50 ON 8/16/07

Range 4/23/07 to 10/23/07 Period D Daily AVE 69.08

Market M mid/trd LOW 57.75 ON 5/ 8/07

	DATE	PRICE		DATE	PRICE		DATE	PRICE
F			F	10/ 5	69.88	F	9/14	74.13
T			T	10/ 4	69.38	T	9/13	70.88
W			W	10/ 3	69.13	W	9/12	72.75
T	10/23	70.00	T	10/ 2	69.75	T	9/11	73.75
M	10/22	71.13	M	10/ 1	70.38	M	9/10	73.25
F	10/19	71.25	F	9/28	70.38	F	9/ 7	69.13
T	10/18	71.63	T	9/27	70.25	T	9/ 6	75.75
W	10/17	70.25	W	9/26	71.75	W	9/ 5	78.00
T	10/16	69.88	T	9/25	73.13	T	9/ 4	71.75
M	10/15	69.38	M	9/24	72.63	M	9/ 3	76.25
F	10/12	66.63	F	9/21	72.63	F	8/31	76.25
T	10/11	66.25	T	9/20	72.13	T	8/30	74.75
W	10/10	68.25	W	9/19	69.00	W	8/29	77.50
T	10/ 9	69.50	T	9/18	74.50	T	8/28	72.88
M	10/ 8	70.00	M	9/17	75.13	M	8/27	71.50

Kind regards
Lidoq

[illegible] 5.5
Swap Spread 7.0
Total Spread 12.5 bp

Wiedmar, John

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:49 AM
To: Wiedmar, John
Subject: WG: USPP Indication

-----Ursprüngliche Nachricht-----
Von: Martin.Sohns@barclayscapital.com [mailto:Martin.Sohns@barclayscap [illegible]]
Gesendet: Dienstag, 23. Oktober 2007 [illegible]
An: Heintzen, Lioba
Betreff: USPP Indication

Hallo Frau Heintzen

As discussed on the phone, for a 10y USPP for E.ON we would indicatively quote **Benchmark + 125 Basispoints including all fees**. Based on current Swapspread of 71 Basispoints this roughly equates Midswaps + 54 Basispoints.

Benchmark is the 4.75% Treasury Bond [illegible].

Kind Regards, Martin Sohns

Martin Sohns

Barclays Capital Frankfurt Branch
[illegible]
D-[illegible] Frankfurt am Main
* Phone: +49 (0) 69 7161 [illegible]
* Fax: +49 (0) 69 7161 2399
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* E-Mail: [illegible]

For important [illegible] and [illegible] more information about Barclays Capital, please visit our web site at http: www.barcap.com.

[illegible]

[illegible]

[illegible]

Wiedmar, John

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:48 AM
To: Wiedmar, John
Subject: WG: Spread

-----Ursprüngliche Nachricht-----
Von: Schrago, Godefroy [mailto:Godefroy.Schrago@gs.com]
Gesendet: Dienstag, 23. Oktober 2007 13:4[illegible]
An: Heintzen, Lioba
Cc: Merkel, Jana
Betreff: FW: Spread

Dear Lioba,

Pls find the indicative pricing for a USD private placement of [illegible]mm dollar with 10 year maturity:
UST + 147 area (all-in).
Reference Treasury: On the run 10 year US Treasury 4.[illegible] coupon 8/17 yielding 4.[illegible].

Many thanks,
GS Team

Goldman Sachs International
Peterborough Court 133 Fleet Street London EC4A 2BB
Tel: +44 (0)20 [illegible] Direct: +44 [illegible]
Fax: +44-(0)20 [illegible]
E-mail: godefroy.schrago@gs.com

Godefroy Schrago
Investment Banking Division

From: Heintzen, Lioba [mailto:Lioba.Heintzen@eon.com]
Sent: 23 October 2007 1[illegible]
To: Schrago, Godefroy
Cc: Merkel, Jana
Subject: Spread

[illegible]

an e·on company

Mr. Joel Peck, Clerk
Virginia State Corporation Commission
Document Control Center
1300 East Main Street
Tyler Building 1F
Richmond, Virginia 23218

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

Rick E. Lovekamp
Manager - Regulatory Affairs
T 502-627-3780
F 502-627-3213
rick.lovekamp@eon-us.com

VIA UPS OVERNIGHT DELIVERY

November 2, 2007

RE: Kentucky Utilities Company (*Case No. PUE-2007-00007*)
Preliminary Report of Action

Dear Mr. Peck:

Pursuant to the Commission's Order, Ordering Paragraph No. 3, dated March 1, 2007, in the aforementioned proceeding, Kentucky Utilities Company, d/b/a Old Dominion Power Company ("KU/ODP or "the Company") hereby submits a Preliminary Report of Action.

On October 25, 2007 KU/ODP borrowed $70 million from Fidelia Corporation in accordance with the order issued March 1, 2007 in the above-referenced case. The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelia Corporation
Amount:	$70 million
Maturity Date:	October 25, 2019
Interest Rate:	5.71%
Price Paid:	100%
Proceeds:	$70 million
Commissions Paid:	None
Legal Costs:	None
Security for Loan:	None
Interest Payments:	April 25 and October 25 commencing April 25, 2008

The proceeds of the loan were used to fund capital projects described in the application. KU elected to issue a 12 year loan to lock in historically attractive long-term rates, while avoiding a significant increase in the all-in pricing for maturities beyond 12 years. The cumulative principal amount of debt issued under the authority granted in this order is $225 million. The issuance of this $70 million completes the debt issued under the authority granted in this order.

The interest rate was set using the lowest rate quoted to KU at 1.28% above the yield on the ten-year treasury bond (4.43%). The supporting price indications from the investment banks are attached along with a copy of pages from Bloomberg showing the yield on the treasury bond. The lowest rate quoted to KU by the investment banks was lower than the average bid quoted to E.ON A.G. Once again, the supporting price indications are attached. The bids are summarized in the table below:

	KU Pricing	**E.ON AG Pricing**
Low bid above ten-year treasury	1.28%	
Ten-year treasury rate	4.43%	
All-in cost	5.71%	
Average bid above ten-year treasury		1.32%
Ten-year treasury rate		4.43%
All-in cost		5.75%

The 128 basis point spread for this 12 year borrowing is favorable to recent ten-year debt issuances from other energy companies, one with a similar credit rating and one with a lower rating. (See table below)

Issuer	**Moody's / S&P**	**Maturity**	**Spread**
EDP Finance	A2 / A-	02/02/2018	+ 163 bps
Centerpoint Energy Resources	Baa3/BBB	11/01/2017	+ 165 bps

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the enclosed self-addressed, stamped envelope. Should you have any questions regarding the information filed herewith, please contact me or Don Harris at (502) 627-2021.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

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

U.S. debt capital markets update
Utility & Pipeline sectors
For distribution to issuer clients only

New York
Week ending
October 19, 2007

Peter Madonia, MD (212) 834-3808
Anisha Mehra, ED (212) 834-4918
Heather Towner, VP (212) 834-4871
Steve Leamer, Assoc (212) 834-4084
Stephanie Wai, Analyst (212) 834-3117

Sarah Chessin, VP Hybrids (212) 834-4073

Economic and Treasury market update

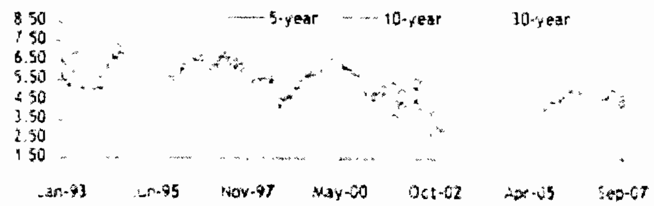
- Poor Q3'07 earnings led by the bank sector, weak housing data, dovish Fed commentary among other negative headlines fueled a flight-to-quality move last week
  - US Treasury yields fell by 22-42 bps across the curve, led by front-end maturities
    - Notably, 2-year yields rallied by 42 bps (the steepest weekly drop in 5 years), and the 2/30s curve steepened by 20 bps
  - Equity markets fell sharply on the week, with the DJIA, S&P and Nasdaq declining 4.1%, 3.9% and 2.9% on the week, respectively
  - Credit markets also experienced a softer tone, as high grade credit spreads gave up nearly half of the gains made since the Fed's rate cut
- While JPMorgan acknowledges that there is an increased chance of a 25bp ease at the October 30/31st Fed meeting (market expectations of a Fed ease has increased to 92%), we maintain our view that the Fed will stay on hold for several reasons:
  - Although there were numerous headlines that caused last week's flight-to-quality, the majority of these risks have been well known for some time and should not have resulted in such an abrupt reaction
  - Bank balance sheet pressures have begun to show some signs of lessening
  - Despite negative headlines about Structured Investment Vehicles (SIVs) last week, the risk of a fire sale of SIV assets seems to be small
- Higher energy prices, renewed caution in the credit markets, and recent spate of weaker-than-expected economic data add downside risk to the growth outlook
  - Crude oil prices hit a record $90 last week, which is likely to weigh on consumer spending in Q4 as household purchasing power gets pinched
  - The first reports for the September housing market indicate that supply continued to weaken, as housing starts plummeted and homebuilder sentiment hit fresh lows

JPMorgan interest rate forecast (%)

	19-Oct-07	4Q07	1Q08	2Q08	3Q08
Fed funds rate	4.75%	4.75%	4.75%	4.75%	4.75%
3m LIBOR	5.15%	5.10%	5.05%	5.00%	5.10%
2yr UST	3.80%	4.30%	4.45%	4.60%	4.75%
5yr UST	4.24%	4.55%	4.65%	4.73%	4.85%
10yr UST	4.40%	4.70%	4.85%	4.95%	5.10%
30yr UST *	4.69%	4.85%	5.00%	5.05%	5.15%
2s/10s curve	50 bps	40 bps	40 bps	35 bps	35 bps
10s/30s curve	29 bps	15 bps	15 bps	10 bps	5 bps

JPMorgan forecast as of 10/19/07. Forecasts are for quarter-end
* 4.750% Treasury due Feb 2037

Historical treasury rates (%)



Source: Bloomberg

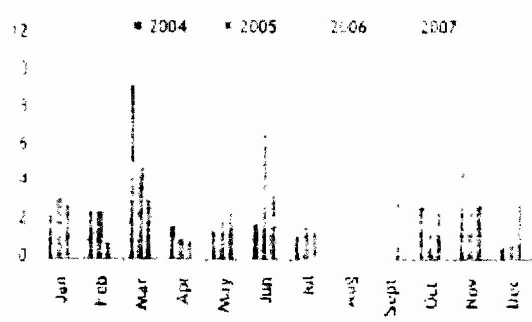
Investment grade primary and secondary market update

- In a sharp reversal of the month-long trend of credit market stabilization, risk aversion became the headline theme this past week in the credit markets
  - The JULI high grade corporate bond index widened by 6bps last week with the bank and financial services sectors feeling the brunt of the pain widening by 10+bps, however the utility and energy sectors outperformed only widening 3bp and 1bp respectively
- Q3'07 earnings reporting season has gotten off to a disappointing start, led by the bank sector. With 26% of the S&P 500 companies having reported as of last Friday, on a share-weighted basis, year-over-year growth is down 1.8% for the index
- Last week the Treasury and several major banks unveiled a preliminary plan to establish a master liquidity enhancement conduit ("M-LEC"), up to $80-100bn in estimated size in order to accelerate the return of the asset-backed commercial paper market to some semblance of normalcy
  - Though the details have yet to be finalized, M-LEC will buy highly rated assets from certain existing SIVs that elect to access this new form of liquidity, which will be a positive for the market if the plan succeeds
- Despite the softer market tone observed last week, a robust $25bn in supply priced in the new issue market, bringing October's month-to-date volume to $57bn
  - Supply for the remainder of October is expected to remain modest in the midst of Q3 earnings season, however new issue activity is expected to accelerate in November
- Though high grade credit spreads widened last week and new issue premiums may have increased slightly for near-term issuers, the strong rally in US Treasury yields helps to mitigate these factors from an overall coupon perspective

Selected recent investment grade new issuance

Date	Issuer	Ratings	Size	Coupon	Maturity	Spread
10/15	Idaho Power Corp	A3/A	100	6.250	10/15/2037	135
10/15	McDonald's Corp	A3/A	650	5.800	10/15/2017	15
10/15	McDonald's Corp	A3/A	350	6.300	10/15/2037	40
[illegible] 16	Yum! Brands Inc	Baa2/BBB-	600	6.250	[illegible] 15/2018	65
10/16	Yum! Brands Inc	Baa2/BBB-	600	6.875	[illegible] 15/2037	[illegible]
[illegible] 16	Marriott International	Baa2/BBB	[illegible]	[illegible] 425	02/15/2013	[illegible]
[illegible] 16	American Water	Baa2/A-	750	6.085	10/15/2017	13
[illegible] 16	American Water	Baa2/A-	750	6.593	10/15/2037	168
[illegible] 16	General Electric Capital Corp	Aaa/AAA	2,500	5.250	[illegible] 19/2012	72
10/17	BM International Group Cap	A1/A+	1,500	5.050	10/22/2012	87
10/17	Covidien International	Baa1/A-	250	5.150	10/15/2010	120
10/17	Covidien International	Baa1/A-	500	5.450	10/15/2012	28
[illegible] 17	Covidien International	Baa1/A-	1,150	6.000	10/15/2017	47
[illegible] 17	Covidien International	Baa1/A-	250	6.550	10/15/2037	[illegible]
[illegible] 17	Vodafone Group PLC (Tap)	Baa1/A-	500	6.150	02/27/2037	156
10/18	Centerpoint Energy Resources	Baa3/BBB	250	6.125	11/01/2017	165
[illegible] 18	Centerpoint Energy Resources	Baa3/BBB	250	6.625	11/01/2037	190

Utility and Pipeline new issue supply ($Bn)



U.S. debt capital markets update
Utility & Pipeline sectors
For distribution to issuer clients only

New York
Week ending
October 26, 2007

Peter Madonia, MD	(212) 834-3808
Anisha Mehra, ED	(212) 834-4918
Heather Towner, VP	(212) 834-4871
Steve Leamer, Assoc	(212) 834-4084
Stephanie Wai, Analyst	(212) 834-3117
Sarah Chessin, VP-Hybrids	(212) 834-4073

Economic and Treasury market update

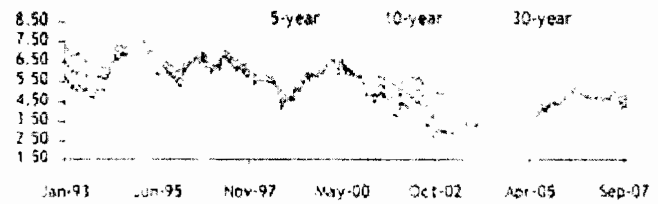
- JPMorgan's forecast of a 25bp rate cut was reinstated due to volatile credit markets, reduced growth prospects and the tone of recent Fed speeches
  - Market participants are pricing in a small probability of a 50bp cut
- Recent very weak housing activity indicators and rising oil prices are expected to have an impact on consumer spending causing JPMorgan to revise down our 4Q07 GDP growth forecast to only 1.0% increasing the likelihood of an ease at the December FOMC meeting as well
  - Existing homes sales dropped 8% (an all-time low) in September, while the report reflects activity from August, the height of the credit crunch, financial conditions are still tight and is expected to fall further in the months ahead, but the pace of declines should start to ease
  - Manufacturing data was negative as the Richmond Fed manufacturing index declined to -5 and September durable goods orders declined 1.7%, both lower than forecasted
  - Uncertainty remains elevated and we still forecast a 30% probability of a US recession but our best guess remains that the US economy will not break as healthy corporate and EM fundamentals counterbalance the negative force of US housing
- Market fundamentals are becoming less relevant in the corporate bond market as negative headlines are the significant driver of spread widening and flight to quality trades

JPMorgan interest rate forecast (%)

	26-Oct-07	4Q 07	1Q 08	2Q 08	3Q 08
Fed funds rate	4.75%	4.50%	4.50%	4.50%	4.50%
3m LIBOR	4.98%	4.95%	4.80%	4.75%	4.40%
2yr UST	3.76%	3.75%	3.95%	4.15	4.30%
5yr UST	4.03%	4.05%	4.20%	4.45%	4.60%
10yr UST	4.39%	4.40%	4.65%	4.80%	4.90%
30yr UST *	4.68%	4.75%	4.95%	5.05%	5.10%
2s/10s curve	63 bps	65 bps	70 bps	65 bps	60 bps
10s/30s curve	29 bps	35 bps	30 bps	25 bps	20 bps

JPMorgan forecast as of 10/26/07. Forecasts are for quarter end
* = [illegible] Treasury due Feb-2037

Historical treasury rates (%)



Source: Bloomberg

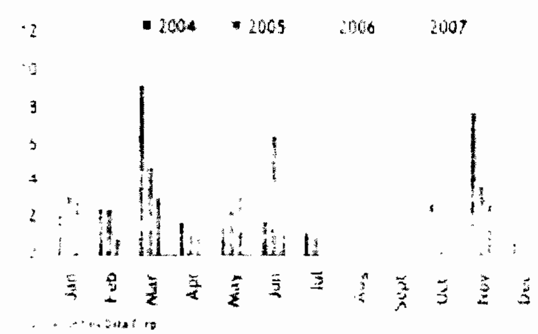
Investment grade primary and secondary market update

- News headlines are giving investors reasons to re-assess their views toward the challenges facing the economy and financial markets. There are some key drivers that are creating a return to risk aversion
  - SIV refinancing concerns
  - A flurry of disappointing 3Q07 earnings from the financial sector and expectation of further corporate balance sheet writedowns
  - The aforementioned weak housing data that continues to plague the market
  - The surge in crude oil prices
  - Geopolitical tensions in the Middle East
- New issue supply was lighter last week at around $12Bn as many issuers remained in earnings related blackout periods
  - In the utility and pipeline sector, JPMorgan led a $300MM 10-year offering for Panhandle Eastern Pipe Line (Baa3/BBB-) which received a positive reception from the market and priced at +182bp
  - EDP (A2/A-), a Portuguese utility, issued $1Bn of a 5yr at +140bp and $1Bn of a 10yr at +163bp. The offering included a change of control put
- On Friday, Puget Energy announced that it had signed a merger agreement with a consortium of infrastructure investors led by Macquarie who will acquire 100% of the equity in a transaction with an enterprise value of approximately $7.4Bn
  - Spread widening on Puget's FMB operating company bonds was limited to roughly 20bp given the significant equity contribution from the consortium, regulated nature of the utility and expectation of maintenance of investment grade ratings

Selected recent investment grade new issuance

Date	Issuer	Ratings	Size	Coupon	Maturity	Spread
10/23	Diageo Capital	A3/A-	500	5.200	01/30/2013	[illegible]
10/23	Diageo Capital	A3/A-	[illegible]	[illegible]	10/23/2017	[illegible]
10/23	Panhandle Eastern Pipeline	Baa3/BBB-	300	6.200	11/01/2017	182
10/23	Fifth Third Capital Trust	A1/A-	[illegible]	7.250	11/15/2067	
10/23	JP Morgan Chase	Aa2/AA-	[illegible]	[illegible]	[illegible] 2012	[illegible]
10/23	Agilent Technologies	Baa1/BBB	[illegible]	[illegible]	11/01/2017	[illegible]
10/23	UniCredit	Aa2/A	[illegible]	[illegible]	[illegible]	[illegible]
10/23	Union Pacific	Baa2/BBB	[illegible]	[illegible]	[illegible] 2017	142
10/23	Washington Mutual	A1/BBB+	[illegible]	[illegible]	[illegible]	[illegible]
10/23	Bank of New York Mellon	Aa2/A+	[illegible]	[illegible]	[illegible] 2012	[illegible]
10/23	JP Morgan Chase	Aa2/AA-	[illegible]	FRN	11/01/2010	[illegible]
10/23	EDP Finance	A2/A-	[illegible]	5.375	11/02/2012	140
10/23	EDP Finance	A2/A-	1,000	6.000	02/02/2018	163

Utility and Pipeline new issue supply ($Bn)



GRAB Govt **YAS**

Enter 12<GO> for Comparable Bond Spread Analysis

YIELD & SPREAD ANALYSIS CUSIP912828HA PCS BGN

US TREASURY N/B T 4 ¾ 08/15/17 102-16 /102-17 (4.43 /43) BGN @14:01

SETTLE 10/24/07 FACE AMT 1000 M or PROCEEDS 1,034,191.58

1) YA	YIELDS	2) YASD
PRICE	102-16+	No Rounding N
YIELD	4.430	Wst
SPRD	-27.30	bp yld-decimals 3/3

versus Consensus BENCHMARK

T 5 05/15/37

PRICE	104-23	Save Delete
YIELD	4.703 %	sd: 10/24/07

RISK & HEDGE RATIOS	T 4 ¾ 08/15/17 workout 8/15/17	OAS	HEDGE BOND OAS
Mod Dur	7.74	7.82	15.58
Risk	8.007	8.084	16.665
Convexity	0.72	0.74	3.59

Workout HEDGE Amount:487 M

OAS HEDGE Amount:485 M

Yields are: Semi-Annual 12)CBS

3) OAS SPREADS 4) ASW

OAS: 0.2 CRV# CMT VOL Opt

OAS: CRV# TED: 72.0

ASW (A/A) -63.1 ZSPR -64.2 11) History

CRV# I52 US $ SWAP 30/360

ISPRD -61.9 DSPRD -62.6

Yield Curve: I25 US TREASURY ACTIVES

+ 0 v 9.8yr (4.430 %) INTERPOLATED

+ 33 v 5yr (4.10) T 4 ¼ 09/30/12

+ 0 v 10yr (4.43) T 4 ¾ 08/15/17

- 27 v 30yr (4.70) T 5 05/15/37

5) FPA FINANCING

Repo% 4.300 (360/365) 360 Days 1

		Carry P&L
Int Income	129.08	
Fin Cost	-123.53	5.55
Amortiz	-5.92<->	-0.38
Forwrd Prc	102.515070	
Prc Drop	0.000555	
Drop (bp)	0.00	

Accrued Interest /100 0.903533

Number Of Days Accrued 70

Kentucky Utilities indicative 12-year new issue pricing as of Oct 22nd, 2007

Kentucky Utilities fixed rate pricing - A1/A, first mortgage bonds	
Maturity	**12**
Reference Treasury	4.750% 08/17
Treasury Yield	4.41
Reoffer Spread (bps)[1]	**125A**
Coupon (%)	**5.66**
Amortized fees (bps)	7
All-in Cost (%)	5.73
Coupon swapped to 3m$L (bps)[2]	54

Indicative New Issue Pricing – Kentucky Utilities FMBs (A1/A)

Issuer	Ratings Moody's	Ratings S&P	Amt ($mm)	Cpn	Mty	10/10/07 T+	10/10/07 L+
Florida Power & Light*	Aa3	A	300	5.550%	11/17	+95	+31
Florida Power & Light*	Aa3	A	300	5.850%	05/37	+118	+58
Progress Energy Florida*	A2	A-	250	5.800%	09/17	+102	+39
Progress Energy Florida*	A2	A-	500	6.350%	09/37	+123	+63
PacifiCorp*	A3	A-	200	4.950%	08/14	+95	+48
PacifiCorp*	A3	A	600	6.250%	10/37	+127	+67
Public Service Colorado*	A3	A-	600	7.875%	10/12	+100	+34
Public Service Colorado*	A3	A-	350	6.250%	09/37	+129	+69
Con Edison Co of NY	A1	A ↓	250	5.300%	12/16	+112	+52
Con Edison Co of NY	A1	A ↓	525	6.300%	08/37	+136	+76
Wisconsin Electric Power	A1	A-	300	4.500%	05/13	+99	+28
Wisconsin Electric Power	A1	A-	300	5.700%	12/36	+140	+80
Georgia Power	A2	A	450	5.700%	06/17	+112	+50
Georgia Power	A2	A	250	5.650%	03/37	+132	+72
MidAmerican Energy	A2	A-	250	5.950%	07/17	+110	+47
MidAmerican Energy	A2	A-	350	5.800%	10/36	+130	+70

↓ negative outlook ⇓ negative watch ↔ outlook forming ↑ positive outlook ⇑ positive watch * FMBs

Fixed Rate Issuance	12 Years
Benchmark	4.75% 8/17
Benchmark Yield	4.410%
Reoffer Spread	+125 - 130
Reoffer Yield	5.66% - 5.71%
Underwriting Commission	0.675%
All-in Yield	5.74% - 5.79%
Swapped to LIBOR Levels	
Swap Spread	+71
Reoffer versus LIBOR	$L+ 54 - 59
All-in versus LIBOR	$L+ 62 - 67

Benchmark and reoffer spreads as of 10/22/2007

Indicative First Mortgage Bond Pricing for Kentucky Utilities

A1(stable)/A(stable)

	12 NC4
Benchmark UST	4.75% Aug 2017
Benchmark Yield	4.41%
Reoffer Spread	**T+120 bp area**
Reoffer Yield	**5.61%**
Offering Price	100.000%
Underwriting Commission	0.675%
Proceeds to the Company	99.325%
All-In Cost of Funds	5.69%
All-In Spread	**+128 bp**

citi

Wiedmar, John

Deutsche Bank

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:49 AM
To: Wiedmar, John
Subject: WG: indication on a E.ON PP

Mit freundlichen Grüßen/Kind regards

[illegible] Heintzen

Treasury
T +49 2 11-45 [illegible]
F +49 2 11-45 79-[illegible]
[illegible].Heintzen@[illegible].com

E.ON AG
E.ON-Platz 1
40479 Dusseldorf
www.eon.com

-----Ursprüngliche Nachricht-----
Von: Hasso Spielberg [mailto:hasso.spielberg@db.com]
Gesendet: Mittwoch, 17. Oktober 2007 14:57
An: Heintzen, Lioba
Betreff: indication on a E.ON PP

Dear Mrs. Heintzen,

[illegible] approximately 55bp over Libor.
Please note that this information is purely indicative and no tradeable price.

[illegible]

[illegible]

1

attn John Wiedmar

001 502 627 4742

<HELP> for explanation, <MENU> for similar functions. CurncyH P

C L O S E / V A L U E Page 1 / 2

USSP12 USD SWAP SPREAD SEMI 12Y PRICE 70.00 Composite(Ldn)

Range **4/23/07** to **10/23/07** Period D Daily Market M mid/trd

HI 90.50 ON 8/16/07
AVE 69.08
LOW 57.75 ON 5/ 8/07

	DATE	PRICE		DATE	PRICE		DATE	PRICE
F			F	10/ 5	69.88	F	9/14	74.13
T			T	10/ 4	69.38	T	9/13	70.88
W			W	10/ 3	69.13	W	9/12	72.75
T	10/23	70.00	T	10/ 2	69.75	T	9/11	73.25
M	10/22	71.13	M	10/ 1	70.38	M	9/10	73.25
F	10/19	71.25	F	9/28	70.38	F	9/ 7	69.13
T	10/18	71.63	T	9/27	70.25	T	9/ 6	75.75
W	10/17	70.25	W	9/26	71.75	W	9/ 5	78.00
T	10/16	69.88	T	9/25	73.13	T	9/ 4	71.75
M	10/15	69.38	M	9/24	72.63	M	9/ 3	76.25
F	10/12	66.63	F	9/21	72.63	F	8/31	76.25
T	10/11	66.25	T	9/20	72.13	T	8/30	71.75
W	10/10	68.25	W	9/19	69.00	W	8/29	77.50
T	10/ 9	69.50	T	9/18	74.50	T	8/28	72.88
M	10/ 8	70.00	M	9/17	75.13	M	8/27	71.50

Kind regards
Lidoq

Spread over Libor 55
Swap Spread 70
Total Spread 125 bp

Wiedmar, John

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:49 AM
To: Wiedmar, John
Subject: WG: USPP Indication

-----Ursprüngliche Nachricht-----
Von: Martin.Sohns@barclayscapital.com [mailto:Martin.Sohns@barclayscapital.com]
Gesendet: Dienstag, 23. Oktober 2007 [illegible]
An: Heintzen, Lioba
Betreff: USPP Indication

Hallo Frau Heintzen

As discussed on the phone, for a 10y USPP for E.ON we would indicatively quote **Benchmark + 125 Basispoints including all fees.** Based on current Swapspread of 71 Basispoints this roughly equates Midswaps + 54 Basispoints.

Benchmark is the 4.75% Treasury Bond [illegible].

Kind Regards, Martin Sohns

Martin Sohns

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Wiedmar, John

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:48 AM
To: Wiedmar, John
Subject: WG: Spread

-----Ursprüngliche Nachricht-----
Von: Schrage, [illegible] [mailto:[illegible]]
Gesendet: Dienstag, [illegible]. Oktober 2007 13:4[illegible]
An: Heintzen, Lioba
Cc: Meckel, [illegible]
Betreff: FW: Spread

Dear Lioba,

pls find the indicative pricing for a USD private placement of [illegible]m dollars with 10 year maturity:
UST + 147 area [illegible] .
Reference Treasury: On the run 10 year US Treasury 4.75% coupon 8/17 yielding 4.[illegible]%.

Many thanks,
GS Team

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Peterborough Court 133 Fleet Street London EC4A 2BB
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Fax: +44-(0)20 [illegible]
E-mail: [illegible]@gs.com

[illegible] Schrage
Investment Banking Division

From: Heintzen, Lioba [mailto:[illegible]]
Sent: [illegible]
To: Schrage, [illegible]
Cc: Meckel, [illegible]
Subject: Spread

[illegible]