

OHIO VALLEY ELECTRIC CORPORATION  
AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - SEPTEMBER 30, 2009 AND 2008-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE - SEPTEMBER 30, 2009 AND 2008-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE - SEPTEMBER 30, 2009 AND 2008-UNAUDITED

OFFICER'S CERTIFICATION

A review of the affairs and activities of Ohio Valley Electric Corporation and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation (the Companies), during the quarters ended September 30, 2009 and 2008 has been made under my supervision, and in my opinion, the unaudited financial statements for these periods present fairly the financial conditions of the Companies as of September 30, 2009 and 2008, and the results of the operations, thereof, in accordance with generally accepted accounting principles consistently applied throughout the period. To the best of my knowledge and belief, there has been no Potential Default, Default, or Event of Default by the Companies and the Companies are in compliance with the covenants of the current debt agreements.



Secretary and Treasurer

OHIO VALLEY ELECTRIC CORPORATION and  
INDIANA-KENTUCKY ELECTRIC CORPORATION

**CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS**

CONSOLIDATING BALANCE SHEETS  
AS OF SEPTEMBER 30, 2009 AND 2008-UNAUDITED

|  | 2009                       |                            |  |   | 2008                       |                            |  |   |
|--|----------------------------|----------------------------|--|---|----------------------------|----------------------------|--|---|
|  | Consolidated               | Eliminations<br>(Deduct)   | Ohio Valley<br>Electric<br>Corporation | Indiana-<br>Kentucky<br>Electric<br>Corporation | Consolidated               | Eliminations<br>(Deduct)   | Ohio Valley<br>Electric<br>Corporation | Indiana-<br>Kentucky<br>Electric<br>Corporation |
| <b>ASSETS</b>                                  |                            |                            |  |   |                            |                            |  |   |
| <b>ELECTRIC PLANT:</b>                         |                            |                            |  |   |                            |                            |  |   |
| At original cost                               | \$ 1,256,169,574.79        | \$ -                       | \$ 596,011,007.96                      | \$ 660,158,566.83                               | \$ 1,224,566,712.75        | \$ -                       | \$ 586,607,420.86                      | \$ 637,959,291.89                               |
| Less - Accumulated provisions for depreciation | <u>(939,636,954.57)</u>    | <u>-</u>                   | <u>(404,370,141.87)</u>                | <u>(535,266,812.70)</u>                         | <u>(894,083,641.14)</u>    | <u>-</u>                   | <u>(385,918,559.03)</u>                | <u>(508,165,082.11)</u>                         |
|  | 316,532,620.22             | -                          | 191,640,866.09                         | 124,891,754.13                                  | 330,483,071.61             | -                          | 200,688,861.83                         | 129,794,209.78                                  |
| Construction in progress                       | <u>934,385,783.90</u>      | <u>-</u>                   | <u>540,630,846.84</u>                  | <u>393,754,937.06</u>                           | <u>572,293,409.70</u>      | <u>-</u>                   | <u>366,016,216.91</u>                  | <u>206,277,192.79</u>                           |
| Total electric plant                           | <u>1,250,918,404.12</u>    | <u>-</u>                   | <u>732,271,712.93</u>                  | <u>518,646,691.19</u>                           | <u>902,776,481.31</u>      | <u>-</u>                   | <u>566,705,078.74</u>                  | <u>336,071,402.57</u>                           |
| <b>INVESTMENTS AND OTHER:</b>                  |                            |                            |  |   |                            |                            |  |   |
| Investment in subsidiary company               | -                          | (3,400,000.00)             | 3,400,000.00                           | -   | -                          | (3,400,000.00)             | 3,400,000.00                           | -   |
| Advances to subsidiary-construction            | <u>-</u>                   | <u>(139,280,218.76)</u>    | <u>139,280,218.76</u>                  | <u>-</u>  | <u>-</u>                   | <u>(141,984,689.04)</u>    | <u>141,984,689.04</u>                  | <u>-</u>  |
| Total investments and other                    | <u>-</u>                   | <u>(142,680,218.76)</u>    | <u>142,680,218.76</u>                  | <u>-</u>  | <u>-</u>                   | <u>(145,384,689.04)</u>    | <u>145,384,689.04</u>                  | <u>-</u>  |
| <b>CURRENT ASSETS:</b>                         |                            |                            |  |   |                            |                            |  |   |
| Cash and cash equivalents                      | 12,770,286.88              | -                          | 12,755,981.25                          | 14,305.63                                       | 147,480,304.61             | -                          | 147,463,589.11                         | 16,715.50                                       |
| Accounts receivable                            | 26,138,411.96              | (380,697,770.87)           | 406,256,998.21                         | 579,184.62                                      | 27,332,903.45              | (171,123,129.35)           | 197,336,409.61                         | 1,119,623.19                                    |
| Fuel in storage-at average cost                | 70,016,975.52              | -                          | 26,437,916.14                          | 43,579,059.38                                   | 43,934,461.67              | -                          | 17,932,089.28                          | 26,002,372.39                                   |
| Materials and supplies-at average cost         | 22,555,372.51              | -                          | 12,266,670.08                          | 10,288,702.43                                   | 18,019,936.21              | -                          | 8,656,085.00                           | 9,363,851.21                                    |
| Property taxes applicable to future years      | 587,100.00                 | -                          | 587,100.00                             | -   | 556,980.00                 | -                          | 556,980.00                             | -   |
| Emission allowances                            | 6,666,672.15               | -                          | 6,666,672.15                           | -   | 4,545,201.86               | -                          | 4,545,201.86                           | -   |
| Regulatory assets                              | 1,034,148.00               | -                          | -                                      | 1,034,148.00                                    | -                          | -                          | -                                      | -   |
| Deferred tax assets                            | 10,982,423.00              | -                          | 4,931,530.00                           | 6,050,893.00                                    | 29,916,932.41              | -                          | 29,916,932.41                          | -   |
| Prepaid expenses and other                     | <u>2,818,790.16</u>        | <u>-</u>                   | <u>1,183,984.34</u>                    | <u>1,634,805.82</u>                             | <u>2,067,189.83</u>        | <u>-</u>                   | <u>1,008,112.71</u>                    | <u>1,059,077.12</u>                             |
| Total current assets                           | <u>153,570,180.18</u>      | <u>(380,697,770.87)</u>    | <u>471,086,852.17</u>                  | <u>63,181,098.88</u>                            | <u>273,853,910.04</u>      | <u>(171,123,129.35)</u>    | <u>407,415,399.98</u>                  | <u>37,561,639.41</u>                            |
| <b>REGULATORY ASSETS:</b>                      |                            |                            |  |   |                            |                            |  |   |
| Unrecognized postemployment benefits           | 2,236,997.00               | -                          | 936,047.00                             | 1,300,950.00                                    | 2,222,600.00               | -                          | 889,553.00                             | 1,333,047.00                                    |
| Asset retirement costs                         | 12,093,864.84              | -                          | 1,302,411.90                           | 10,791,452.94                                   | 13,553,555.84              | -                          | 1,861,569.90                           | 11,691,985.94                                   |
| Pension benefits                               | 27,261,510.00              | -                          | 14,593,086.00                          | 12,668,424.00                                   | 16,050,249.00              | -                          | 8,623,799.00                           | 7,426,450.00                                    |
| Postretirement benefits                        | -                          | (985,463.00)               | -                                      | 985,463.00                                      | -                          | -                          | -                                      | -   |
| Deferred depreciation                          | <u>14,438,152.46</u>       | <u>-</u>                   | <u>1,329,597.20</u>                    | <u>13,108,555.26</u>                            | <u>30,867,966.82</u>       | <u>-</u>                   | <u>17,176,585.99</u>                   | <u>13,691,380.83</u>                            |
| Total regulatory assets                        | <u>56,030,524.30</u>       | <u>(985,463.00)</u>        | <u>18,161,142.10</u>                   | <u>38,854,845.20</u>                            | <u>62,694,371.66</u>       | <u>-</u>                   | <u>28,551,507.89</u>                   | <u>34,142,863.77</u>                            |
| <b>DEFERRED CHARGES AND OTHER:</b>             |                            |                            |  |   |                            |                            |  |   |
| Unamortized debt expense                       | 11,973,583.99              | -                          | 11,973,583.99                          | -   | 9,072,304.13               | -                          | 9,072,304.13                           | -   |
| Deferred tax assets                            | 37,524,839.00              | -                          | 25,468,128.00                          | 12,056,711.00                                   | 20,718,495.59              | -                          | 9,501,256.59                           | 11,217,239.00                                   |
| Long-term investments                          | 61,913,699.73              | -                          | 61,913,699.73                          | -   | 55,158,058.85              | -                          | 55,158,058.85                          | -   |
| Other  | <u>(64,151.18)</u>         | <u>-</u>                   | <u>(78,283.11)</u>                     | <u>14,131.93</u>                                | <u>96,000.71</u>           | <u>-</u>                   | <u>95,611.79</u>                       | <u>388.92</u>                                   |
| Total deferred charges and other               | <u>111,347,971.54</u>      | <u>-</u>                   | <u>99,277,128.61</u>                   | <u>12,070,842.93</u>                            | <u>85,044,859.28</u>       | <u>-</u>                   | <u>73,827,231.36</u>                   | <u>11,217,627.92</u>                            |
| <b>TOTAL</b>                                   | <u>\$ 1,571,867,080.14</u> | <u>\$ (524,363,452.63)</u> | <u>\$ 1,463,477,054.57</u>             | <u>\$ 632,753,478.20</u>                        | <u>\$ 1,324,369,622.29</u> | <u>\$ (316,507,818.39)</u> | <u>\$ 1,221,883,907.01</u>             | <u>\$ 418,993,533.67</u>                        |

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING BALANCE SHEETS  
AS OF SEPTEMBER 30, 2009 AND 2008-UNAUDITED

|   | 2009                       |                            |  |   | 2008                       |                            |  |   |
|---|----------------------------|----------------------------|--|---|----------------------------|----------------------------|--|---|
|   | Consolidated               | Eliminations<br>(Deduct)   | Ohio Valley<br>Electric<br>Corporation | Indiana-<br>Kentucky<br>Electric<br>Corporation | Consolidated               | Eliminations<br>(Deduct)   | Ohio Valley<br>Electric<br>Corporation | Indiana-<br>Kentucky<br>Electric<br>Corporation |
| <b>CAPITALIZATION AND LIABILITIES</b>   |                            |                            |  |   |                            |                            |  |   |
| <b>CAPITALIZATION:</b>  |                            |                            |  |   |                            |                            |  |   |
| Common stock, \$100 par value-<br>Authorized, 300,000 shares;<br>outstanding, 100,000 shares                                | \$ 10,000,000.00           | \$ -                       | \$ 10,000,000.00                       | \$ -  | \$ 10,000,000.00           | \$ -                       | \$ 10,000,000.00                       | \$ -  |
| Common stock, without par value,<br>stated at \$200 per share-<br>Authorized, 100,000 shares;<br>outstanding, 17,000 shares | -                          | (3,400,000.00)             | -                                      | 3,400,000.00                                    | -                          | (3,400,000.00)             | -                                      | 3,400,000.00                                    |
| Senior unsecured debt-long term   |                            |                            |  |   |                            |                            |  |   |
| 2006 A 5.80%  | 383,920,928.00             | -                          | 383,920,928.00                         | -   | 398,883,135.00             | -                          | 398,883,135.00                         | -   |
| 2007 A, B, & C 5.90%  | 271,865,241.00             | -                          | 271,865,241.00                         | -   | 282,194,433.00             | -                          | 282,194,433.00                         | -   |
| 2008 A 5.92%  | 46,189,542.00              | -                          | 46,189,542.00                          | -   | 47,941,607.00              | -                          | 47,941,607.00                          | -   |
| 2008 B 6.71%  | 139,794,079.00             | -                          | 139,794,079.00                         | -   | 144,783,833.00             | -                          | 144,783,833.00                         | -   |
| 2008 C 6.71%  | 141,967,787.00             | -                          | 141,967,787.00                         | -   | 146,887,587.00             | -                          | 146,887,587.00                         | -   |
| 2009 A floating rate  | 100,000,000.00             | -                          | 100,000,000.00                         | -   | -                          | -                          | -                                      | -   |
| 2009 bonds  | 100,000,000.00             | -                          | 100,000,000.00                         | -   | -                          | -                          | -                                      | -   |
| Line of credit borrowings-long term   | 80,000,000.00              | -                          | 80,000,000.00                          | -   | -                          | -                          | -                                      | -   |
| Retained earnings   | 11,153,294.73              | -                          | 11,153,294.73                          | -   | 5,504,040.53               | -                          | 5,504,040.53                           | -   |
| <b>Total capitalization</b>   | <b>1,284,890,871.73</b>    | <b>(3,400,000.00)</b>      | <b>1,284,890,871.73</b>                | <b>3,400,000.00</b>                             | <b>1,036,194,635.53</b>    | <b>(3,400,000.00)</b>      | <b>1,036,194,635.53</b>                | <b>3,400,000.00</b>                             |
| <b>CURRENT LIABILITIES:</b>   |                            |                            |  |   |                            |                            |  |   |
| Senior unsecured debt-short term  |                            |                            |  |   |                            |                            |  |   |
| 2006 A 5.80%  | 14,962,207.00              | -                          | 14,962,207.00                          | -   | 14,130,741.00              | -                          | 14,130,741.00                          | -   |
| 2007 A, B, & C 5.90%  | 10,329,193.00              | -                          | 10,329,193.00                          | -   | 9,745,714.00               | -                          | 9,745,714.00                           | -   |
| 2008 A 5.92%  | 1,752,065.00               | -                          | 1,752,065.00                           | -   | 1,652,772.00               | -                          | 1,652,772.00                           | -   |
| 2008 B 6.71%  | 4,989,754.00               | -                          | 4,989,754.00                           | -   | 5,216,167.00               | -                          | 5,216,167.00                           | -   |
| 2008 C 6.71%  | 4,919,800.00               | -                          | 4,919,800.00                           | -   | 3,112,413.00               | -                          | 3,112,413.00                           | -   |
| Accounts payable  | 28,779,996.46              | (380,697,770.87)           | 14,912,898.78                          | 394,564,868.55                                  | 33,448,214.23              | (171,123,129.35)           | 15,386,098.70                          | 189,185,244.88                                  |
| Deferred revenue-advances for construction  | 22,337,494.32              | -                          | 14,808,796.85                          | 7,528,697.47                                    | 28,086,979.51              | -                          | 13,016,414.94                          | 15,070,564.57                                   |
| Accrued taxes   | 23,362,398.29              | -                          | 18,024,925.27                          | 5,337,473.02                                    | 20,760,448.99              | -                          | 17,396,877.98                          | 3,363,571.01                                    |
| Regulatory liabilities  | 4,268,149.85               | -                          | 3,360,293.52                           | 907,856.33                                      | 3,398,912.92               | -                          | 3,398,912.92                           | -   |
| Accrued interest and other  | 25,689,884.59              | -                          | 21,936,264.30                          | 3,753,620.29                                    | 20,870,253.72              | -                          | 17,229,639.09                          | 3,640,614.63                                    |
| <b>Total current liabilities</b>  | <b>141,390,942.51</b>      | <b>(380,697,770.87)</b>    | <b>109,996,197.72</b>                  | <b>412,092,515.66</b>                           | <b>140,422,616.37</b>      | <b>(171,123,129.35)</b>    | <b>100,285,750.63</b>                  | <b>211,259,995.09</b>                           |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |                            |                            |  |   |                            |                            |  |   |
| <b>REGULATORY LIABILITIES:</b>  |                            |                            |  |   |                            |                            |  |   |
| Postretirement benefits   | 15,162,294.02              | -                          | 14,890,294.80                          | 271,999.22                                      | 19,708,993.80              | -                          | 19,310,872.55                          | 398,121.25                                      |
| Investment tax credits  | 3,393,145.95               | -                          | 3,393,145.95                           | -   | 4,245,054.68               | -                          | 3,393,145.95                           | 851,908.73                                      |
| Net antitrust settlement  | 1,823,929.41               | -                          | 673,069.85                             | 1,150,859.56                                    | 1,823,929.41               | -                          | 673,069.85                             | 1,150,859.56                                    |
| Income taxes refundable to customers  | 20,001,308.52              | -                          | 1,531,752.52                           | 18,469,556.00                                   | 34,703,099.50              | -                          | 23,485,860.50                          | 11,217,239.00                                   |
| <b>Total regulatory liabilities</b>   | <b>40,380,677.90</b>       | <b>-</b>                   | <b>20,488,263.12</b>                   | <b>19,892,414.78</b>                            | <b>60,481,077.39</b>       | <b>-</b>                   | <b>46,862,948.85</b>                   | <b>13,618,128.54</b>                            |
| <b>OTHER LIABILITIES:</b>   |                            |                            |  |   |                            |                            |  |   |
| Pension liability   | 26,276,047.00              | (985,463.00)               | 14,593,086.00                          | 12,668,424.00                                   | 16,050,249.00              | -                          | 8,623,799.00                           | 7,426,450.00                                    |
| Asset retirement obligations  | 34,162,393.00              | -                          | 10,379,998.00                          | 23,782,395.00                                   | 32,223,528.00              | -                          | 9,790,888.00                           | 22,432,640.00                                   |
| Postretirement benefits obligation  | 42,529,151.00              | -                          | 22,192,591.00                          | 20,336,560.00                                   | 36,774,916.00              | -                          | 19,236,332.00                          | 17,538,584.00                                   |
| Postemployment benefits obligation  | 2,236,997.00               | -                          | 936,047.00                             | 1,300,950.00                                    | 2,222,600.00               | -                          | 889,553.00                             | 1,333,047.00                                    |
| Parent advances for construction  | -                          | (139,280,218.76)           | -                                      | 139,280,218.76                                  | -                          | (141,984,689.04)           | -                                      | 141,984,689.04                                  |
| <b>Total other liabilities</b>  | <b>105,204,588.00</b>      | <b>(140,265,681.76)</b>    | <b>48,101,722.00</b>                   | <b>197,368,547.76</b>                           | <b>87,271,293.00</b>       | <b>(141,984,689.04)</b>    | <b>38,540,572.00</b>                   | <b>190,715,410.04</b>                           |
| <b>TOTAL</b>  | <b>\$ 1,571,867,080.14</b> | <b>\$ (524,363,452.63)</b> | <b>\$ 1,463,477,054.57</b>             | <b>\$ 632,753,478.20</b>                        | <b>\$ 1,324,369,622.29</b> | <b>\$ (316,507,818.39)</b> | <b>\$ 1,221,883,907.01</b>             | <b>\$ 418,993,533.67</b>                        |

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE AS OF SEPTEMBER 30, 2009 AND 2008-UNAUDITED

|                                       | 2009                    |                          |  |   | 2008                   |                          |  |   |
|---------------------------------------|-------------------------|--------------------------|--|---|------------------------|--------------------------|--|---|
|                                       | Consolidated            | Eliminations<br>(Deduct) | Ohio Valley<br>Electric<br>Corporation | Indiana-<br>Kentucky<br>Electric<br>Corporation | Consolidated           | Eliminations<br>(Deduct) | Ohio Valley<br>Electric<br>Corporation | Indiana-<br>Kentucky<br>Electric<br>Corporation |
| <b>OPERATING REVENUES:</b>            |                         |                          |  |   |                        |                          |  |   |
| Sales of electric energy to:          |                         |                          |  |   |                        |                          |  |   |
| Department of Energy                  | \$ 9,035,632.21         | \$ -                     | \$ 9,035,632.21                        | \$ -  | \$ 14,934,400.88       | \$ -                     | \$ 14,934,400.88                       | \$ -  |
| Ohio Valley Electric Corp.            | -                       | (225,230,424.54)         | -                                      | 225,230,424.54                                  | -                      | (214,750,137.33)         | -                                      | 214,750,137.33                                  |
| Sponsoring Companies                  | 472,257,339.56          | -                        | 472,257,339.56                         | -   | 441,053,673.79         | -                        | 441,053,673.79                         | -   |
| Other                                 | -                       | -                        | -                                      | -   | -                      | -                        | -                                      | -   |
| <b>Total operating revenues</b>       | <b>481,292,971.77</b>   | <b>(225,230,424.54)</b>  | <b>481,292,971.77</b>                  | <b>225,230,424.54</b>                           | <b>455,988,074.67</b>  | <b>(214,750,137.33)</b>  | <b>455,988,074.67</b>                  | <b>214,750,137.33</b>                           |
| <b>OPERATING EXPENSES:</b>            |                         |                          |  |   |                        |                          |  |   |
| Fuel and emission allowances consumed |                         |                          |  |   |                        |                          |  |   |
| in operation                          | 243,975,666.64          | -                        | 104,703,477.66                         | 139,272,188.98                                  | 251,336,342.69         | -                        | 110,785,262.99                         | 140,551,079.70                                  |
| Purchased power                       | 8,457,288.92            | (225,230,424.54)         | 233,687,713.46                         | -   | 14,531,635.14          | (214,750,137.33)         | 229,281,772.47                         | -   |
| Other operation                       | 57,101,862.80           | -                        | 32,736,506.17                          | 24,365,356.63                                   | 48,995,459.06          | -                        | 27,281,951.71                          | 21,713,507.35                                   |
| Maintenance                           | 58,599,529.89           | -                        | 28,070,499.39                          | 30,529,030.50                                   | 54,815,624.89          | -                        | 21,811,984.29                          | 33,003,640.60                                   |
| Depreciation                          | 50,863,775.84           | -                        | 25,023,879.80                          | 25,839,896.04                                   | 38,356,522.93          | -                        | 22,075,312.94                          | 16,281,209.99                                   |
| Taxes-other than federal income taxes | 9,483,656.31            | -                        | 4,278,566.57                           | 5,205,089.74                                    | 6,991,267.68           | -                        | 3,733,431.68                           | 3,257,836.00                                    |
| Federal income taxes                  | 658,035.00              | -                        | 658,035.00                             | -   | 658,035.00             | -                        | 658,035.00                             | -   |
| <b>Total operating expenses</b>       | <b>429,139,815.40</b>   | <b>(225,230,424.54)</b>  | <b>429,158,678.05</b>                  | <b>225,211,561.89</b>                           | <b>415,684,887.39</b>  | <b>(214,750,137.33)</b>  | <b>415,627,751.08</b>                  | <b>214,807,273.64</b>                           |
| <b>OPERATING INCOME</b>               | <b>52,153,156.37</b>    | <b>-</b>                 | <b>52,134,293.72</b>                   | <b>18,862.65</b>                                | <b>40,303,187.28</b>   | <b>-</b>                 | <b>40,360,323.59</b>                   | <b>(57,136.31)</b>                              |
| <b>OTHER INCOME (EXPENSE)</b>         | <b>8,646,075.36</b>     | <b>-</b>                 | <b>8,664,936.18</b>                    | <b>(18,860.82)</b>                              | <b>2,849,398.93</b>    | <b>-</b>                 | <b>2,792,262.62</b>                    | <b>57,136.31</b>                                |
| <b>INCOME BEFORE INTEREST CHARGES</b> | <b>60,799,231.73</b>    | <b>-</b>                 | <b>60,799,229.90</b>                   | <b>1.83</b>                                     | <b>43,152,586.21</b>   | <b>-</b>                 | <b>43,152,586.21</b>                   | <b>-</b>  |
| <b>INTEREST CHARGES:</b>              |                         |                          |  |   |                        |                          |  |   |
| Amortization of debt expense          | 731,838.91              | -                        | 731,838.91                             | -   | 344,472.93             | -                        | 344,472.93                             | -   |
| Interest expense                      | 49,620,909.17           | -                        | 49,620,907.34                          | 1.83  | 38,119,714.53          | -                        | 38,119,714.53                          | -   |
| <b>Total interest charges</b>         | <b>50,352,748.08</b>    | <b>-</b>                 | <b>50,352,746.25</b>                   | <b>1.83</b>                                     | <b>38,464,187.46</b>   | <b>-</b>                 | <b>38,464,187.46</b>                   | <b>-</b>  |
| <b>NET INCOME</b>                     | <b>\$ 10,446,483.65</b> | <b>\$ -</b>              | <b>\$ 10,446,483.65</b>                | <b>\$ -</b>                                     | <b>\$ 4,688,398.75</b> | <b>\$ -</b>              | <b>\$ 4,688,398.75</b>                 | <b>\$ -</b>                                     |
| <b>RETAINED EARNINGS, JAN. 1</b>      | <b>2,506,811.08</b>     | <b>-</b>                 | <b>2,506,811.08</b>                    | <b>-</b>  | <b>2,915,641.78</b>    | <b>-</b>                 | <b>2,915,641.78</b>                    | <b>-</b>  |
| <b>CASH DIVIDENDS ON COMMON STOCK</b> | <b>(1,800,000.00)</b>   | <b>-</b>                 | <b>(1,800,000.00)</b>                  | <b>-</b>  | <b>(2,100,000.00)</b>  | <b>-</b>                 | <b>(2,100,000.00)</b>                  | <b>-</b>  |
| <b>RETAINED EARNINGS, SEP. 30</b>     | <b>\$ 11,153,294.73</b> | <b>\$ -</b>              | <b>\$ 11,153,294.73</b>                | <b>\$ -</b>                                     | <b>\$ 5,504,040.53</b> | <b>\$ -</b>              | <b>\$ 5,504,040.53</b>                 | <b>\$ -</b>                                     |

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE AS OF SEPTEMBER 30, 2009 AND 2008-UNAUDITED

|   | 2009                    |                          |  |   | 2008                     |                          |  |   |
|---|-------------------------|--------------------------|--|---|--------------------------|--------------------------|--|---|
|   | Consolidated            | Eliminations<br>(Deduct) | Ohio Valley<br>Electric<br>Corporation | Indiana-<br>Kentucky<br>Electric<br>Corporation | Consolidated             | Eliminations<br>(Deduct) | Ohio Valley<br>Electric<br>Corporation | Indiana-<br>Kentucky<br>Electric<br>Corporation |
| <b>CASH FROM OPERATIONS</b>   |                         |                          |  |   |                          |                          |  |   |
| Net income  | \$ 10,446,483.65        | \$ -                     | \$ 10,446,483.65                       | \$ -  | \$ 4,688,398.75          | \$ -                     | \$ 4,688,398.75                        | \$ -  |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                         |                          |  |   |                          |                          |  |   |
| Depreciation and amortization   | 50,863,775.84           | -                        | 25,023,879.80                          | 25,839,896.04                                   | 38,356,522.93            | -                        | 22,075,312.94                          | 16,281,209.99                                   |
| Amortization of debt expense and discount   | 731,838.91              | -                        | 731,838.91                             | -   | 344,472.93               | -                        | 344,472.93                             | -   |
| Deferred taxes  | (27,069,568.73)         | -                        | (27,069,568.73)                        | -   | (14,131,434.52)          | -                        | (14,131,434.52)                        | -   |
| Gain on marketable securities   | (8,304,154.32)          | -                        | (8,304,154.32)                         | -   | (39,003.67)              | -                        | (39,003.67)                            | -   |
| Changes in assets and liabilities:  |                         |                          |  |   |                          |                          |  |   |
| Accounts receivable   | 9,448,572.23            | 129,430,494.02           | (123,140,592.95)                       | 3,158,671.16                                    | 1,646,134.92             | 99,700,459.46            | (101,350,268.97)                       | 3,295,944.43                                    |
| Fuel in storage   | (17,796,361.20)         | -                        | (5,204,543.10)                         | (12,591,818.10)                                 | 19,978,868.70            | -                        | 12,219,009.34                          | 7,759,859.36                                    |
| Material and supplies   | (3,332,162.94)          | -                        | (2,668,590.34)                         | (663,572.60)                                    | (1,156,608.96)           | -                        | (356,956.82)                           | (799,652.14)                                    |
| Property taxes applicable to subsequent years   | 1,761,300.00            | -                        | 1,761,300.00                           | -   | 1,670,940.00             | -                        | 1,670,940.00                           | -   |
| Emission allowances   | (4,422,545.92)          | -                        | (4,422,545.92)                         | -   | 7,242,762.54             | -                        | 7,242,762.54                           | -   |
| Prepaid expenses and other  | (881,648.12)            | -                        | (124,628.53)                           | (757,019.59)                                    | (363,951.25)             | -                        | (180,496.00)                           | (183,455.25)                                    |
| Other regulatory assets   | 15,158,640.37           | -                        | 13,057,128.19                          | 2,101,512.18                                    | 10,324,378.54            | -                        | 8,129,574.37                           | 2,194,804.17                                    |
| Other noncurrent assets   | 205,241.17              | -                        | 215,298.42                             | (10,057.25)                                     | (84,503.39)              | -                        | (84,249.76)                            | (253.63)  |
| Accounts payable  | (70,625,254.80)         | (129,430,494.02)         | (21,865,870.77)                        | 80,671,109.99                                   | (43,582,800.06)          | (99,700,459.46)          | (32,205,464.90)                        | 88,323,124.30                                   |
| Deferred revenue  | (4,332,509.04)          | -                        | 4,512,138.64                           | (8,844,647.68)                                  | 3,497,956.88             | -                        | 1,867,703.63                           | 1,630,253.25                                    |
| Accrued taxes   | 13,539,612.63           | -                        | 11,856,470.66                          | 1,683,141.97                                    | 13,929,934.07            | -                        | 12,446,697.88                          | 1,483,236.19                                    |
| Accrued interest and other  | 4,852,400.76            | -                        | 4,573,141.71                           | 279,259.05                                      | 4,087,005.64             | -                        | 3,409,091.62                           | 677,914.02                                      |
| Postretirement benefit liabilities  | 506,768.66              | -                        | 234,769.44                             | 271,999.22                                      | 761,365.72               | -                        | 363,244.47                             | 398,121.25                                      |
| Other regulatory liabilities  | 37,750.38               | -                        | (18,197.22)                            | 55,947.60                                       | (863,511.34)             | -                        | 1,087,051.89                           | (1,950,563.23)                                  |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>                                  | <u>(29,211,820.47)</u>  | <u>-</u>                 | <u>(120,406,242.46)</u>                | <u>91,194,421.99</u>                            | <u>46,306,928.43</u>     | <u>-</u>                 | <u>(72,803,614.28)</u>                 | <u>119,110,542.71</u>                           |
| <b>INVESTING ACTIVITIES</b>   |                         |                          |  |   |                          |                          |  |   |
| Net electric plant additions  | (203,610,937.35)        | -                        | (113,071,085.86)                       | (90,539,851.49)                                 | (278,303,367.19)         | -                        | (165,284,390.96)                       | (113,018,976.23)                                |
| Purchase of marketable securities   | -                       | -                        | -                                      | -   | (55,119,055.18)          | -                        | (55,119,055.18)                        | -   |
| Advances to subsidiary company  | -                       | (676,117.57)             | 676,117.57                             | -   | -                        | (6,085,058.13)           | 6,085,058.13                           | -   |
| Advances from parent company  | -                       | 676,117.57               | -                                      | (676,117.57)                                    | -                        | 6,085,058.13             | -                                      | (6,085,058.13)                                  |
| <b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>                                  | <u>(203,610,937.35)</u> | <u>-</u>                 | <u>(112,394,968.29)</u>                | <u>(91,215,969.06)</u>                          | <u>(333,422,422.37)</u>  | <u>-</u>                 | <u>(214,318,388.01)</u>                | <u>(119,104,034.36)</u>                         |
| <b>FINANCING ACTIVITIES</b>   |                         |                          |  |   |                          |                          |  |   |
| Issuance of Senior 2008 notes   | -                       | -                        | -                                      | -   | 350,000,000.00           | -                        | 350,000,000.00                         | -   |
| Issuance of Senior 2009 notes   | 100,000,000.00          | -                        | 100,000,000.00                         | -   | -                        | -                        | -                                      | -   |
| Issuance of 2009 bonds  | 100,000,000.00          | -                        | 100,000,000.00                         | -   | -                        | -                        | -                                      | -   |
| Repayment of Senior 2006 Notes  | (14,130,741.00)         | -                        | (14,130,741.00)                        | -   | (13,345,480.00)          | -                        | (13,345,480.00)                        | -   |
| Repayment of Senior 2007 Notes  | (4,943,686.00)          | -                        | (4,943,686.00)                         | -   | (4,661,900.00)           | -                        | (4,661,900.00)                         | -   |
| Repayment of Senior 2008 Notes  | (5,553,286.00)          | -                        | (5,553,286.00)                         | -   | (405,621.00)             | -                        | (405,621.00)                           | -   |
| Proceeds from line of credit  | 180,000,000.00          | -                        | 180,000,000.00                         | -   | 50,000,000.00            | -                        | 50,000,000.00                          | -   |
| Payments on line of credit  | (150,000,000.00)        | -                        | (150,000,000.00)                       | -   | (50,000,000.00)          | -                        | (50,000,000.00)                        | -   |
| Loan origination costs  | (3,155,507.41)          | -                        | (3,155,507.41)                         | -   | (2,585,696.05)           | -                        | (2,585,696.05)                         | -   |
| Dividends-common stock  | (1,800,000.00)          | -                        | (1,800,000.00)                         | -   | (2,100,000.00)           | -                        | (2,100,000.00)                         | -   |
| <b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>                                  | <u>200,416,779.59</u>   | <u>-</u>                 | <u>200,416,779.59</u>                  | <u>-</u>  | <u>326,901,302.95</u>    | <u>-</u>                 | <u>326,901,302.95</u>                  | <u>-</u>  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 | \$ (32,405,978.23)      | \$ -                     | \$ (32,384,431.16)                     | \$ (21,547.07)                                  | \$ 39,785,809.01         | \$ -                     | \$ 39,779,300.66                       | \$ 6,508.35                                     |
| CASH AND CASH EQUIVALENTS, JAN. 1   | 45,176,265.11           | -                        | 45,140,412.41                          | 35,852.70                                       | 107,694,495.60           | -                        | 107,684,288.45                         | 10,207.15                                       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 | <u>(32,405,978.23)</u>  | <u>-</u>                 | <u>(32,384,431.16)</u>                 | <u>(21,547.07)</u>                              | <u>39,785,809.01</u>     | <u>-</u>                 | <u>39,779,300.66</u>                   | <u>6,508.35</u>                                 |
| <b>CASH AND CASH EQUIVALENTS, SEP. 30</b>   | \$ <u>12,770,286.88</u> | \$ <u>-</u>              | \$ <u>12,755,981.25</u>                | \$ <u>14,305.63</u>                             | \$ <u>147,480,304.61</u> | \$ <u>-</u>              | \$ <u>147,463,589.11</u>               | \$ <u>16,715.50</u>                             |