

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

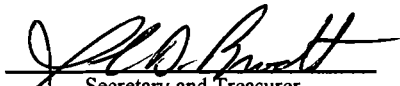
CONSOLIDATING BALANCE SHEETS - JUNE 30, 2010 AND 2009-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE - JUNE 30, 2010 AND 2009-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE - JUNE 30, 2010 AND 2009-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 June 30, 2010 and 2009 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 June 30, 2010 and 2009, 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 JUNE 30, 2010 AND 2009-UNAUDITED

	2010				2009			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
ASSETS								
ELECTRIC PLANT:								
At original cost	\$ 1,277,960,090.09	\$ -	\$ 610,648,736.55	\$ 667,311,353.54	\$ 1,245,724,386.24	\$ -	\$ 594,994,393.11	\$ 650,729,993.13
Less - Accumulated provisions for depreciation	(963,524,608.61)	-	(418,973,268.01)	(544,551,340.60)	(924,338,462.04)	-	(400,512,646.69)	(523,825,815.35)
	314,435,481.48	-	191,675,468.54	122,760,012.94	321,385,924.20	-	194,481,746.42	126,904,177.78
Construction in progress	962,057,529.84	-	562,144,170.05	399,913,359.79	894,534,605.23	-	504,460,902.53	390,073,702.70
Total electric plant	1,276,493,011.32	-	753,819,638.59	522,673,372.73	1,215,920,529.43	-	698,942,648.95	516,977,880.48
INVESTMENTS AND OTHER:								
Investment in subsidiary company	-	(3,400,000.00)	3,400,000.00	-	-	(3,400,000.00)	3,400,000.00	-
Advances to subsidiary-construction	-	(127,786,220.07)	127,786,220.07	-	-	(137,251,866.05)	137,251,866.05	-
Total investments and other	-	(131,186,220.07)	131,186,220.07	-	-	(140,651,866.05)	140,651,866.05	-
CURRENT ASSETS:								
Cash and cash equivalents	23,706,403.50	-	23,685,697.87	20,705.63	48,331,624.19	-	48,313,966.56	17,657.63
Accounts receivable	32,479,147.26	(407,407,406.94)	439,064,389.28	822,164.92	26,317,388.83	(362,319,650.41)	387,119,158.47	1,517,880.77
Fuel in storage-at average cost	83,208,223.98	-	33,004,258.93	50,203,965.05	65,437,765.17	-	28,169,630.52	37,268,134.65
Materials and supplies-at average cost	22,520,145.34	-	12,430,971.46	10,089,173.88	21,925,822.22	-	12,096,309.67	9,829,512.55
Property taxes applicable to future years	1,182,300.00	-	1,182,300.00	-	1,174,200.00	-	1,174,200.00	-
Emission allowances	3,946,773.08	-	3,946,773.08	-	7,247,711.04	-	7,247,711.04	-
Regulatory assets	-	-	-	-	1,034,148.00	-	-	1,034,148.00
Deferred tax assets	10,372,692.00	-	7,919,597.00	2,453,095.00	10,982,423.00	-	4,931,530.00	6,050,893.00
Prepaid expenses and other	1,604,171.50	-	825,473.80	778,697.70	1,395,028.45	-	693,112.23	701,916.22
Total current assets	179,019,856.66	(407,407,406.94)	522,059,461.42	64,367,802.18	183,846,110.90	(362,319,650.41)	489,745,618.49	56,420,142.82
REGULATORY ASSETS:								
Unrecognized postemployment benefits	3,211,580.00	-	1,079,663.00	2,131,917.00	2,236,997.00	-	936,047.00	1,300,950.00
Asset retirement costs	4,933,718.84	-	1,625,354.90	3,308,363.94	12,943,503.84	-	1,589,478.90	11,354,024.94
Pension benefits	7,831,705.00	-	4,217,373.00	3,614,332.00	27,261,510.00	-	14,593,086.00	12,668,424.00
Postretirement benefits	-	-	-	-	-	(985,463.00)	-	985,463.00
Deferred depreciation	1,005,691.28	-	1,005,691.28	-	18,772,565.83	-	5,526,088.51	13,246,477.32
Total regulatory assets	16,982,695.12	-	7,928,082.18	9,054,612.94	61,214,576.67	(985,463.00)	22,644,700.41	39,555,339.26
DEFERRED CHARGES AND OTHER:								
Unamortized debt expense	11,038,173.20	-	11,038,173.20	-	9,333,186.82	-	9,333,186.82	-
Deferred tax assets	53,327,361.00	-	22,937,280.00	30,390,081.00	37,524,839.00	-	25,468,128.00	12,056,711.00
Long-term investments	85,322,851.21	-	71,041,047.40	14,281,803.81	55,918,308.40	-	55,918,308.40	-
Other	209,428.77	-	193,494.76	15,934.01	209,022.80	-	197,769.97	11,252.83
Total deferred charges and other	149,897,814.18	-	105,209,995.36	44,687,818.82	102,985,357.02	-	90,917,393.19	12,067,963.83
TOTAL	\$ 1,622,393,377.28	\$ (538,593,627.01)	\$ 1,520,203,397.62	\$ 640,783,606.67	\$ 1,563,966,574.02	\$ (503,956,979.46)	\$ 1,442,902,227.09	\$ 625,021,326.39

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF JUNE 30, 2010 AND 2009-UNAUDITED

	2010				2009			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
CAPITALIZATION AND LIABILITIES								
CAPITALIZATION:								
Common stock, \$100 par value-								
Authorized, 300,000 shares;								
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,								
stated at \$200 per share-								
Authorized, 100,000 shares;								
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%	376,112,846.00	-	376,112,846.00	-	391,508,957.00	-	391,508,957.00	-
2007 A, B, & C 5.90%	260,917,637.00	-	260,917,637.00	-	271,865,241.00	-	271,865,241.00	-
2008 A 5.92%	44,332,220.00	-	44,332,220.00	-	46,189,542.00	-	46,189,542.00	-
2008 B 6.71%	134,463,896.00	-	134,463,896.00	-	139,794,079.00	-	139,794,079.00	-
2008 C 6.71%	139,383,412.00	-	139,383,412.00	-	141,967,787.00	-	141,967,787.00	-
2009 A floating rate	100,000,000.00	-	100,000,000.00	-	100,000,000.00	-	100,000,000.00	-
2009 bonds	200,000,000.00	-	200,000,000.00	-	-	-	-	-
Line of credit borrowings-long term	85,000,000.00	-	85,000,000.00	-	150,000,000.00	-	150,000,000.00	-
Retained earnings	3,587,955.54	-	3,587,955.54	-	5,085,629.26	-	5,085,629.26	-
Total capitalization	1,353,797,966.54	(3,400,000.00)	1,353,797,966.54	3,400,000.00	1,256,411,235.26	(3,400,000.00)	1,256,411,235.26	3,400,000.00
CURRENT LIABILITIES:								
Senior unsecured debt-short term								
2006 A 5.80%	15,396,111.00	-	15,396,111.00	-	14,540,532.00	-	14,540,532.00	-
2007 A, B, & C 5.90%	10,947,604.00	-	10,947,604.00	-	10,329,193.00	-	10,329,193.00	-
2008 A 5.92%	1,857,322.00	-	1,857,322.00	-	1,752,065.00	-	1,752,065.00	-
2008 B 6.71%	5,330,183.00	-	5,330,183.00	-	4,989,754.00	-	4,989,754.00	-
2008 C 6.71%	2,584,375.00	-	2,584,375.00	-	4,919,800.00	-	4,919,800.00	-
Line of credit borrowings-short term	-	-	-	-	-	-	-	-
Accounts payable	34,470,136.73	(407,407,406.94)	22,790,021.52	419,087,522.15	36,623,125.14	(362,319,650.41)	18,247,332.14	380,695,443.41
Deferred revenue-advances for construction	15,728,684.13	-	10,301,091.07	5,427,593.06	31,581,617.30	-	15,120,140.44	16,461,476.86
Accrued taxes	14,500,608.77	-	11,206,725.86	3,293,882.91	19,762,129.72	-	15,262,338.98	4,499,790.74
Regulatory liabilities	2,781,818.42	-	2,752,754.35	29,064.07	4,285,468.52	-	3,377,612.19	907,856.33
Accrued interest and other	22,622,914.89	-	19,152,498.56	3,470,416.33	23,239,431.87	-	19,477,709.97	3,761,721.90
Total current liabilities	126,219,757.94	(407,407,406.94)	102,318,686.36	431,308,478.52	152,023,116.55	(362,319,650.41)	108,016,477.72	406,326,289.24
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	33,073,755.27	-	27,317,918.75	5,755,836.52	15,295,449.91	-	14,961,023.37	334,426.54
Investment tax credits	3,393,145.95	-	3,393,145.95	-	3,393,145.95	-	3,393,145.95	-
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	32,163,781.17	-	(679,394.83)	32,843,176.00	29,815,108.94	-	11,345,552.94	18,469,556.00
Total regulatory liabilities	70,454,611.80	-	30,704,739.72	39,749,872.08	50,327,634.21	-	30,372,792.11	19,954,842.10
OTHER LIABILITIES:								
Pension liability	7,831,705.00	-	4,217,373.00	3,614,332.00	26,276,047.00	(985,463.00)	14,593,086.00	12,668,424.00
Asset retirement obligations	29,439,057.00	-	11,615,532.00	17,823,525.00	34,162,393.00	-	10,379,998.00	23,782,395.00
Postretirement benefits obligation	31,438,699.00	-	16,469,437.00	14,969,262.00	42,529,151.00	-	22,192,591.00	20,336,560.00
Postemployment benefits obligation	3,211,580.00	-	1,079,663.00	2,131,917.00	2,236,997.00	-	936,047.00	1,300,950.00
Parent advances for construction	-	(127,786,220.07)	-	127,786,220.07	-	(137,251,866.05)	-	137,251,866.05
Total other liabilities	71,921,041.00	(127,786,220.07)	33,382,005.00	166,325,256.07	105,204,588.00	(138,237,329.05)	48,101,722.00	195,340,195.05
TOTAL	\$ 1,622,393,377.28	\$ (538,593,627.01)	\$ 1,520,203,397.62	\$ 640,783,606.67	\$ 1,563,966,574.02	\$ (503,956,979.46)	\$ 1,442,902,227.09	\$ 625,021,326.39

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE AS OF JUNE 30, 2010 AND 2009-UNAUDITED

	2010				2009			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
OPERATING REVENUES:								
Sales of electric energy to:								
Department of Energy	\$ 5,761,549.65	\$ -	\$ 5,761,549.65	\$ -	\$ 6,256,069.60	\$ -	\$ 6,256,069.60	\$ -
Ohio Valley Electric Corp.	-	(144,597,297.12)	-	144,597,297.12	-	(145,459,871.85)	-	145,459,871.85
Sponsoring Companies	340,513,133.79	-	340,513,133.79	-	310,440,574.96	-	310,440,574.96	-
Other	-	-	-	-	-	-	-	-
Total operating revenues	346,274,683.44	(144,597,297.12)	346,274,683.44	144,597,297.12	316,696,644.56	(145,459,871.85)	316,696,644.56	145,459,871.85
OPERATING EXPENSES:								
Fuel and emission allowances consumed								
in operation	169,354,861.76	-	76,780,166.26	92,574,695.50	161,661,400.07	-	69,320,302.56	92,341,097.51
Purchased power	5,409,817.40	(144,597,297.12)	150,007,114.52	-	5,866,243.92	(145,459,871.85)	151,326,115.77	-
Other operation	44,108,619.16	-	26,451,691.32	17,656,927.84	37,581,381.52	-	21,174,031.63	16,407,349.89
Maintenance	48,977,065.10	-	23,007,347.97	25,969,717.13	42,685,792.45	-	21,439,299.16	21,246,493.29
Depreciation	34,714,490.14	-	29,447,622.69	5,266,867.45	27,199,353.04	-	15,474,892.47	11,724,460.57
Taxes-other than federal income taxes	5,830,144.26	-	3,072,853.30	2,757,290.96	6,679,850.04	-	2,953,013.10	3,726,836.94
Federal income taxes	449,617.03	-	449,617.03	-	438,690.00	-	438,690.00	-
Total operating expenses	308,844,614.85	(144,597,297.12)	309,216,413.09	144,225,498.88	282,112,711.04	(145,459,871.85)	282,126,344.69	145,446,238.20
OPERATING INCOME	37,430,068.59	-	37,058,270.35	371,798.24	34,583,933.52	-	34,570,299.87	13,633.65
OTHER INCOME (EXPENSE)	1,379,146.98	-	1,750,594.98	(371,448.00)	2,571,568.74	-	2,585,200.56	(13,631.82)
INCOME BEFORE INTEREST CHARGES	38,809,215.57	-	38,808,865.33	350.24	37,155,502.26	-	37,155,500.43	1.83
INTEREST CHARGES:								
Amortization of debt expense	1,501,977.92	-	1,501,977.92	-	306,349.94	-	306,349.94	-
Interest expense	34,761,648.42	-	34,761,298.18	350.24	33,070,334.14	-	33,070,332.31	1.83
Total interest charges	36,263,626.34	-	36,263,276.10	350.24	33,376,684.08	-	33,376,682.25	1.83
NET INCOME	\$ 2,545,589.23	\$ -	\$ 2,545,589.23	\$ -	\$ 3,778,818.18	\$ -	\$ 3,778,818.18	\$ -
RETAINED EARNINGS, JAN. 1	2,242,366.31	-	2,242,366.31	-	2,506,811.08	-	2,506,811.08	-
CASH DIVIDENDS ON COMMON STOCK	(1,200,000.00)	-	(1,200,000.00)	-	(1,200,000.00)	-	(1,200,000.00)	-
RETAINED EARNINGS, JUN. 30	\$ 3,587,955.54	\$ -	\$ 3,587,955.54	\$ -	\$ 5,085,629.26	\$ -	\$ 5,085,629.26	\$ -

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE AS OF JUNE 30, 2010 AND 2009-UNAUDITED

	2010				2009			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
CASH FROM OPERATIONS								
Net income	\$ 2,545,589.23	\$ -	\$ 2,545,589.23	\$ -	\$ 3,778,818.18	\$ -	\$ 3,778,818.18	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	34,714,490.14	-	29,447,622.69	5,266,867.45	27,199,353.04	-	15,474,892.47	11,724,460.57
Amortization of debt expense and discount	1,501,977.92	-	1,501,977.92	-	306,349.94	-	306,349.94	-
Deferred taxes	(16,429,501.69)	-	(16,429,501.69)	-	(17,255,768.31)	-	(17,255,768.31)	-
Gain on marketable securities	(1,347,568.42)	-	(1,721,083.78)	373,515.36	(2,308,762.99)	-	(2,308,762.99)	-
Changes in assets and liabilities:								
Accounts receivable	9,962,237.47	10,732,582.07	(1,984,080.63)	1,213,736.03	9,269,595.36	111,052,373.56	(104,002,753.21)	2,219,975.01
Fuel in storage	(2,105,472.07)	-	(973,046.50)	(1,132,425.57)	(13,217,150.85)	-	(6,936,257.48)	(6,280,893.37)
Material and supplies	(535,392.63)	-	(245,594.97)	(289,797.66)	(2,702,612.65)	-	(2,498,229.93)	(204,382.72)
Property taxes applicable to subsequent years	1,182,300.00	-	1,182,300.00	-	1,174,200.00	-	1,174,200.00	-
Emission allowances	1,268,878.07	-	1,268,878.07	-	(5,003,584.81)	-	(5,003,584.81)	-
Prepaid expenses and other	372,062.39	-	205,247.12	166,815.27	542,113.59	-	366,243.58	175,870.01
Other regulatory assets	11,109,855.41	-	10,148,208.41	961,647.00	9,974,588.00	-	8,573,569.88	1,401,018.12
Other noncurrent assets	(170,293.61)	-	(168,191.53)	(2,102.08)	(67,932.81)	-	(60,754.66)	(7,178.15)
Accounts payable	(14,925,203.52)	(10,732,582.07)	(5,015,193.47)	822,572.02	(62,782,126.12)	(111,052,373.56)	(18,531,437.41)	66,801,684.85
Deferred revenue	(6,305,394.16)	-	(7,154,903.04)	-	849,508.88	-	4,823,482.23	88,131.71
Accrued taxes	7,437,286.94	-	7,314,813.27	122,473.67	9,939,344.06	-	9,093,884.37	845,459.69
Accrued interest and other	(353,110.96)	-	(172,313.84)	(180,797.12)	2,401,948.04	-	2,114,587.38	287,360.66
Postretirement benefit liabilities	1,798,490.47	-	887,040.95	911,449.52	639,924.55	-	305,498.01	334,426.54
Other regulatory liabilities	150,854.91	-	121,790.84	29,064.07	55,069.05	-	(878.55)	55,947.60
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	29,872,085.89	-	20,759,559.05	9,112,526.84	(33,145,020.79)	-	(110,586,901.31)	77,441,880.52
INVESTING ACTIVITIES								
Net electric plant additions	(32,673,572.21)	-	(28,580,121.60)	(4,093,450.61)	(144,948,639.86)	-	(70,193,034.55)	(74,755,605.31)
Purchase of marketable securities	(1,543,218.96)	-	(581,776.15)	(961,442.81)	-	-	-	-
Advances to subsidiary company	-	(4,056,705.42)	4,056,705.42	-	-	(2,704,470.28)	2,704,470.28	-
Advances from parent company	-	4,056,705.42	-	(4,056,705.42)	-	2,704,470.28	-	(2,704,470.28)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(34,216,791.17)	-	(25,105,192.33)	(9,111,598.84)	(144,948,639.86)	-	(67,488,564.27)	(77,460,075.59)
FINANCING ACTIVITIES								
Issuance of Senior 2009 notes	-	-	-	-	100,000,000.00	-	100,000,000.00	-
Issuance of 2009 bonds	-	-	-	-	-	-	-	-
Repayment of Senior 2006 Notes	(7,374,178.00)	-	(7,374,178.00)	-	(6,964,387.00)	-	(6,964,387.00)	-
Repayment of Senior 2007 Notes	(5,239,667.00)	-	(5,239,667.00)	-	(4,943,686.00)	-	(4,943,686.00)	-
Repayment of Senior 2008 Notes	(5,925,331.00)	-	(5,925,331.00)	-	(5,553,286.00)	-	(5,553,286.00)	-
Proceeds from line of credit	20,000,000.00	-	20,000,000.00	-	150,000,000.00	-	150,000,000.00	-
Payments on line of credit	-	-	-	-	(50,000,000.00)	-	(50,000,000.00)	-
Loan origination costs	(432,094.87)	-	(432,094.87)	-	(89,621.27)	-	(89,621.27)	-
Dividends-common stock	(1,200,000.00)	-	(1,200,000.00)	-	(1,200,000.00)	-	(1,200,000.00)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(171,270.87)	-	(171,270.87)	-	181,249,019.73	-	181,249,019.73	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (4,515,976.15)	\$ -	\$ (4,516,904.15)	\$ 928.00	\$ 3,155,359.08	\$ -	\$ 3,173,554.15	\$ (18,195.07)
CASH AND CASH EQUIVALENTS, JAN. 1	28,222,379.65	-	28,202,602.02	19,777.63	45,176,265.11	-	45,140,412.41	35,852.70
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,515,976.15)	-	(4,516,904.15)	928.00	3,155,359.08	-	3,173,554.15	(18,195.07)
CASH AND CASH EQUIVALENTS, JUN. 30	\$ 23,706,403.50	\$ -	\$ 23,685,697.87	\$ 20,705.63	\$ 48,331,624.19	\$ -	\$ 48,313,966.56	\$ 17,657.63