

E ON AG  
Form U-13-60  
April 30, 2004

[QuickLinks](#) -- Click here to rapidly navigate through this document

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM U-13-60**

ANNUAL REPORT

For the Period  
Beginning January 1, 2003 and Ending December 31, 2003

to the

U.S. SECURITIES AND EXCHANGE COMMISSION

of

**LG&E ENERGY SERVICES INC.**

(Exact Name of Reporting Company)

a **Subsidiary Service Company**

("Mutual" or "Subsidiary")

Date of Incorporation: **June 2, 2000**

If not Incorporated, Date of Organization: **N/A**

State of Sovereign Power under which Incorporated or Organized: **Kentucky**

Location of Principal Executive Offices of Reporting Company: **Louisville, Kentucky**

Name, title and address of officer to whom correspondence concerning this report should be addressed:

**Mr. S. Bradford Rives  
Chief Financial Officer  
LG&E Energy LLC  
220 West Main Street  
Louisville, KY 40202**

Name of Principal Holding Company Whose Subsidiaries are served by Reporting Company: **E.ON AG**

---

---

---

## LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

| Description of Schedules and Accounts   | Schedule or<br>Account Number | Page<br>Number |
|---|-------------------------------|----------------|
| Comparative Balance Sheet   | Schedule I                    | 3              |
| Service Company Property  | Schedule II                   | 5              |
| Accumulated Provision for Depreciation and Amortization of Service Company Property | Schedule III                  | 6              |
| Investments   | Schedule IV                   | 7              |
| Accounts Receivable from Associate Companies  | Schedule V                    | 8              |
| Fuel Stock Expenses Undistributed   | Schedule VI                   | 9              |
| Stores Expense Undistributed  | Schedule VII                  | 10             |
| Miscellaneous Current and Accrued Assets  | Schedule VIII                 | 11             |
| Miscellaneous Deferred Debits   | Schedule IX                   | 12             |
| Research, Development, or Demonstration Expenditures                                | Schedule X                    | 13             |
| Proprietary Capital   | Schedule XI                   | 14             |
| Long-Term Debt  | Schedule XII                  | 15             |
| Current and Accrued Liabilities   | Schedule XIII                 | 16             |
| Notes to Financial Statements   | Schedule XIV                  | 17             |
| Comparative Income Statement  | Schedule XV                   | 19             |
| Analysis of Billing Associate Companies   | Account 457                   | 20             |
| Analysis of Billing Non-associate Companies   | Account 458                   | 21             |
| Analysis of Charges for Service Associate and Non-associate Companies               | Schedule XVI                  | 22             |
| Schedule of Expense of Department or Service Function                               | Schedule XVII                 | 23             |
| Departmental Analysis of Salaries   | Account 920                   | 28             |
| Outside Services Employed   | Account 923                   | 29             |
| Employee Pensions and Benefits  | Account 926                   | 39             |
| General Advertising Expenses  | Account 930.1                 | 40             |
| Miscellaneous General Expenses  | Account 930.2                 | 41             |
| Rents   | Account 931                   | 42             |
| Taxes Other than Income Taxes   | Account 408                   | 43             |
| Donations   | Account 426.1                 | 44             |
| Other Deductions  | Account 426.5                 | 45             |
| Notes to Statement of Income  | Schedule XVIII                | 46             |
| Financial Data  | Schedule XIX                  | 47             |

## LISTING OF INSTRUCTIONAL FILING REQUIREMENTS

|  |    |
|--|----|
| Organization Chart   | 48 |
| Methods of Allocation                                      | 49 |
| Annual Statement of Compensation for Use of Capital Billed | 52 |
| Signature Clause   | 53 |
| Supplemental Information                                   | 54 |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.**  
**Schedule I Comparative Balance Sheet**

Give balance sheet of the Company as of December 31 of the current and prior year.

|  | <u>2003</u>        | <u>2002</u>       |
|--|--------------------|-------------------|
| <b>Service Company Property</b>                                  |                    |                   |
| 101 Service Company Property (Schedule II)                       | 2,473,541          | 1,620,382         |
| 107 Construction Work in Progress (Schedule II)                  | 944,604            | 2,243,827         |
|  | <u>3,418,145</u>   | <u>3,864,209</u>  |
| Total Property   | 3,418,145          | 3,864,209         |
|  | <u>(1,101,757)</u> | <u>(420,133)</u>  |
| 108 Less Accumulated Provision for Deprec & Amort (Schedule III) | (1,101,757)        | (420,133)         |
|  | <u>2,316,388</u>   | <u>3,444,076</u>  |
| Net Service Company Property                                     | 2,316,388          | 3,444,076         |
| <b>Investments</b>   |                    |                   |
| 123 Investments in Associate Co's (Schedule IV)                  | 0                  | 0                 |
| 124 Other Investments (Schedule IV)                              | 0                  | 0                 |
|  | <u>0</u>           | <u>0</u>          |
| Total Investments  | 0                  | 0                 |
| <b>Current and Accrued Assets</b>                                |                    |                   |
| 131 Cash   | (4,701,159)        | (15,795,284)      |
| 134 Special deposits   | 0                  | 0                 |
| 135 Working Funds  | 0                  | 0                 |
| 136 Temporary Cash Investments (Schedule IV)                     | 0                  | 0                 |
| 141 Notes Receivable   | 0                  | 0                 |
| 143 Accounts Receivable  | 345,162            | 168,060           |
| 144 Accumulated Provision for Uncollectible Accounts             | 0                  | 0                 |
| 146 Accounts Receivable from Associate Co's (Schedule V)         | 72,583,796         | 88,058,418        |
| 152 Fuel Stock Expenses Undistributed (Schedule VI)              | 0                  | 0                 |
| 154 Materials and Supplies                                       | 0                  | 0                 |
| 163 Stores Expense Undistributed (Schedule VII)                  | 0                  | 0                 |
| 165 Prepayments  | 77,819             | 0                 |
| 174 Misc. Current & Accrued Assets (Schedule VIII)               | 0                  | 0                 |
|  | <u>68,305,618</u>  | <u>72,431,194</u> |
| Total Current and Accrued Assets                                 | 68,305,618         | 72,431,194        |
| <b>Deferred Debits</b>   |                    |                   |
| 181 Unamortized Debt Expense                                     | 0                  | 0                 |
| 184 Clearing Accounts  | 23,958             | 453,742           |
| 186 Misc. Deferred Debits (Schedule IX)                          | 9,487,256          | 5,698,668         |
| 188 Research, Develop. or Demonstratn Expenditures (Schedule X)  | 0                  | 0                 |
| 190 Accumulated. Deferred Income Taxes                           | 0                  | 0                 |
|  | <u>9,511,214</u>   | <u>6,152,410</u>  |
| Total Deferred Debits  | 9,511,214          | 6,152,410         |
| <b>TOTAL ASSETS AND OTHER DEBITS</b>                             | <u>80,133,220</u>  | <u>82,027,680</u> |

2003

2002

Edgar Filing: E ON AG - Form U-13-60

| Proprietary Capital             |   |                     |                     |
|---------------------------------|---|---------------------|---------------------|
| 201                             | Common Stock Issued (Schedule XI)                   | 100                 | 100                 |
| 211                             | Misc. Paid-In-Capital (Schedule XI)                 | 900                 | 900                 |
| 215                             | Appropriated Retained Earnings                      | 0                   | 0                   |
| 216                             | Unappropriated Retained Earnings (Schedule XI)      | 0                   | 0                   |
| 219                             | OCI Minimum Pension Liability                       | (6,915,762)         | (7,251,111)         |
|                                 |   | <u>(6,914,762)</u>  | <u>(7,250,111)</u>  |
| Long-Term Debt                  |   |                     |                     |
| 223                             | Advances from Associate Co's (Schedule XII)         | 0                   | 0                   |
| 224                             | Other Long-Term Debt (Schedule XII)                 | 0                   | 0                   |
| 225                             | Unamortized Premium on Long-Term Debt               | 0                   | 0                   |
| 226                             | Unamortized Discount on Long-Term Debt-Debit        | 0                   | 0                   |
|                                 |   | <u>0</u>            | <u>0</u>            |
|                                 | Total Long-Term Debt                                | <u>0</u>            | <u>0</u>            |
| Current and Accrued Liabilities |   |                     |                     |
| 228.3                           | Accumulated. Provision for Pensions and Benefits    | 7,138,574           | 5,628,516           |
| 231                             | Notes Payable                                       | 0                   | 0                   |
| 232                             | Accounts Payable                                    | 77,438,464          | 71,007,472          |
| 233                             | Notes Payable to Associate Co's (Schedule XIII)     | 0                   | 0                   |
| 234                             | Accounts Payable to Associate Co's (Schedule XIII)  | 3,885,809           | 22,300,033          |
| 236                             | Taxes Accrued                                       | 9,936,575           | (1,320,239)         |
| 237                             | Interest Accrued                                    | 0                   | 0                   |
| 238                             | Dividends Declared                                  | 0                   | 0                   |
| 241                             | Tax Collections Payable                             | 940,377             | 148,520             |
| 242                             | Misc. Current & Accrued Liabilities (Schedule XIII) | 5,493,821           | 5,432,269           |
|                                 |   | <u>104,833,620</u>  | <u>103,196,571</u>  |
|                                 | Total Current and Accrued Liabilities               | <u>104,833,620</u>  | <u>103,196,571</u>  |
| Deferred Credits                |   |                     |                     |
| 253                             | Other Deferred Credits                              | 1,622,990           | 0                   |
| 255                             | Accumulated. Deferred Investment Tax Credits        | 0                   | 0                   |
|                                 |   | <u>1,622,990</u>    | <u>0</u>            |
|                                 | Total Deferred Credits                              | <u>1,622,990</u>    | <u>0</u>            |
| 282                             | Accumulated. Deferred Income Taxes                  | 0                   | 0                   |
| 283                             | Deferred Income Tax Other                           | (19,408,628)        | (13,918,780)        |
|                                 |   | <u>(19,408,628)</u> | <u>(13,918,780)</u> |
|                                 | TOTAL LIABILITIES AND PROPRIETARY CAPITAL           | <u>80,133,220</u>   | <u>82,027,680</u>   |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule II Service Company Property**

| <b>Account</b> | <b>Description</b>            | <b>Balance at<br/>Beginning<br/>of Year</b> | <b>Additions</b>  | <b>Retirements</b> | <b>Balance at<br/>Close<br/>of Year</b> |
|----------------|-------------------------------|---|-------------------|--------------------|---|
| 301            | Organization                  | 0   | 0                 | 0                  | 0                                       |
| 303            | Misc. Intangible Plant        | 0   | 0                 | 0                  | 0                                       |
| 389            | Land & Land Rights            | 0   | 0                 | 0                  | 0                                       |
| 390            | Structures & Improvements     | 0   | 0                 | 0                  | 0                                       |
| 391            | Office Furniture & Equipment  | 1,620,382                                   | 853,159           | 0                  | 2,473,541                               |
| 392            | Transportation                | 0   | 0                 | 0                  | 0                                       |
| 397            | Communication Equipment       | 0   | 0                 | 0                  | 0                                       |
| 399            | Other Tangible Property       | 0   | 0                 | 0                  | 0                                       |
|                | <b>Subtotal</b>               | <b>1,620,382</b>                            | <b>853,159</b>    | <b>0</b>           | <b>2,473,541</b>                        |
| 107            | Construction Work In Progress | 2,243,827                                   | 12,809,190        | 14,108,413         | 944,604                                 |
|                | <b>TOTAL</b>                  | <b>3,864,209</b>                            | <b>13,662,348</b> | <b>14,108,413</b>  | <b>3,418,145</b>                        |

(1) Provide an explanation of those changes considered material:

None

(2) Subaccounts are required for each class of equipment owned. The Service Company shall provide a listing by subaccount of equipment additions during the year and the balance at the close of the year:

|        | <b>Subaccount Description</b> | <b>Additions</b> | <b>Balance at<br/>Close of Year</b> |
|--------|-------------------------------|------------------|-------------------------------------|
| 339110 | Office Furniture              | 0                | 376,296                             |
| 339120 | Office Equipment              | 0                | 4,590                               |
| 339131 | Personal Computer Equipment   | 853,159          | 2,092,655                           |
|        | <b>Total</b>                  | <b>853,159</b>   | <b>2,473,541</b>                    |

(3) Describe other Service Company Property:

None

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule III Accumulated Provision for Depreciation and Amortization of Service Company Property.**

| <b>Account</b> | <b>Description</b>              | <b>Balance at<br/>Beginning<br/>of Year</b> | <b>Debits</b> | <b>Credits</b> | <b>Balance at<br/>Close<br/>of Year</b> |
|----------------|---------------------------------|---|---------------|----------------|---|
| 301            | Organization                    | 0   | 0             | 0              | 0                                       |
| 303            | Misc. Intangible Plant          | 0   | 0             | 0              | 0                                       |
| 389            | Land & Land Rights              | 0   | 0             | 0              | 0                                       |
| 390            | Structures & Improvements       | 0   | 0             | 0              | 0                                       |
| 391            | Office Furniture &<br>Equipment | 420,133                                     | 68,908        | 750,532        | 1,101,757                               |
| 392            | Transportation                  | 0   | 0             | 0              | 0                                       |
| 397            | Communication Equipment         | 0   | 0             | 0              | 0                                       |
| 399            | Other Tangible Property         | 0   | 0             | 0              | 0                                       |
|                | <b>TOTAL</b>                    | <b>420,133</b>                              | <b>68,908</b> | <b>750,532</b> | <b>1,101,757</b>                        |

(1) Provide an explanation of those changes considered material:

None

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule IV Investments**

Instructions:

Complete the following schedule concerning investments, Under Account 124 - Other Investments, state each investment separately, with description, including, the name of issuing company, number of shares or principal amount, etc. Under Account 135, Temporary Cash Investment, list each investment separately.

| Description                                       | Balance at        |               |
|---|-------------------|---------------|
|   | Beginning of Year | Close of Year |
| Account 123 Investment in Associate Companies     | 0                 | 0             |
| Account 124 Investment (Options on land purchase) | 0                 | 0             |
| Account 136 Temporary Cash Investment             | 0                 | 0             |
|   | 0                 | 0             |



**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule V Accounts Receivable from Associate Companies**

Instructions:

Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

Account 146 Accounts Receivable from Associate Companies

| Description                               | <b>Balance at<br/>Beginning of Year</b> | <b>Balance at<br/>End of Year</b> |
|---|---|-----------------------------------|
| LG&E Enertech Inc.                        | 382,192                                 | 0                                 |
| LG&E Home Services Inc.                   | 817                                     | 6,812                             |
| LG&E Capital Corp.                        | 21,220,603                              | 26,799,945                        |
| Louisville Gas and Electric Company       | 22,137,225                              | 20,624,453                        |
| Kentucky Utilities Company                | 17,818,515                              | 18,787,045                        |
| Western Kentucky Energy Corp.             | 1,522,635                               | 1,558,895                         |
| LG&E Energy LLC                           | 14,463,299                              | 2,841,667                         |
| LG&E Energy Marketing Inc. (Discontinued) | 0                                       | 1,155,444                         |
| Powergen UK plc                           | 303,130                                 | 309,275                           |
| LG&E Energy Foundation Inc.               | 10,783                                  | 39,920                            |
| E.ON AG                                   | 234,098                                 | 271,951                           |
| E.ON NA                                   | (5,014)                                 | 1,332                             |
| Sydskraft AB                              | 0                                       | 182,718                           |
| FSF Minerals                              | 149                                     | 168                               |
| FCD LLC                                   | 153                                     | 187                               |
| LPD Tiger Creek Management                | 9,969,833                               | 3,984                             |
| <b>TOTAL</b>                              | <b>88,058,418</b>                       | <b>72,583,796</b>                 |

Analysis of Convenience or Accommodation Payments:

| Description                         | <b>Amount</b>     |
|-------------------------------------|-------------------|
| Louisville Gas and Electric Company | 20,966,608        |
| LG&E Capital Corp.                  | 537,697           |
| Kentucky Utilities Company          | 19,201,721        |
| Western Kentucky Energy Corp.       | 7,527,773         |
| CRC-Evans International Inc.        | 520,075           |
| LG&E Power Inc.                     | 1,559,867         |
|                                     | <b>50,313,740</b> |

Convenience payments result primarily from the following items:

|                                |            |
|--------------------------------|------------|
| Risk Management Insurance      | 10,216,420 |
| Workers Comp Insurance         | 2,230,118  |
| Pension Benefit Guaranty       | 3,407,797  |
| Long Term Disability Insurance | 719,829    |
| Life Insurance                 | 1,275,751  |
| Dental Insurance               | 1,447,605  |
| Medical Insurance              | 28,791,430 |

Edgar Filing: E ON AG - Form U-13-60

401K Employer Match

2,224,790

50,313,740

8

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule VI Fuel Stock Expenses Undistributed**

Instructions:

Report the amount of labor and expenses incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associated company. Under the section headed "Summary" listed below give an overall report of the fuel functions performed by the service company.

| Description                                   | Labor    | Expenses | Total    |
|---|----------|----------|----------|
| Account 152 Fuel Stock Expenses Undistributed | 0        | 0        | 0        |
| <b>TOTAL</b>                                  | <b>0</b> | <b>0</b> | <b>0</b> |

Summary:

Fuel functions provided by the service company include the procurement of coal and limestone and the transportation services to move the coal and limestone from the loading point to the power plant, monitor inventory level and forecasted requirements and make purchases as needed on a timely basis, prepare bid solicitations for coal and limestone, evaluate the bids, negotiate and write the contracts and purchase orders, and contract administration.

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule VII Stores Expense Undistributed**

Instructions:

Report the amount of labor and expenses incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

| Description                              | Labor | Expenses | Total |
|--|-------|----------|-------|
| Account 163 Stores Expense Undistributed | 0     | 0        | 0     |
| TOTAL                                    | 0     | 0        | 0     |

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003

Schedule VIII Miscellaneous Current and Accrued Assets

Instructions:

Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

| Description  | Balance at        |               |
|--|-------------------|---------------|
|  | Beginning of Year | Close of Year |
| Account 174 Miscellaneous Current and Accrued Assets | 0                 | 0             |
|  | 0                 | 0             |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule IX Miscellaneous Deferred Debits**

Instructions:

Provide detail of items in this account. Items less than \$10,000 may be grouped by class showing the number of items in each class.

| Description                               | Balance at        |                  |
|---|-------------------|------------------|
|   | Beginning of Year | Close of Year    |
| Account 186 Miscellaneous Deferred Debits |                   |                  |
| Intangible Pension Asset                  | 5,698,668         | 9,487,256        |
|   | <u>5,698,668</u>  | <u>9,487,256</u> |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule X Research, Development or Demonstration Expenditures**

Instruction:

Provide a description of each material research, development, or demonstration project which incurred costs by the service corporation during the year.

| Description  | Direct<br>Costs<br>Charged |
|--|----------------------------|
| Account 188 Research,<br>Development, or Demonstration<br>Expenditures |                            |
| NONE   | NONE                       |
| <b>TOTAL</b>   | <b>NONE</b>                |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XI Proprietary Capital**

| Account No. | Class of Stock | Number of Shares Authorized | Par or Stated Value per Share | Outstanding Close of Period |              |
|-------------|----------------|-----------------------------|-------------------------------|-----------------------------|--------------|
|             |                |                             |                               | No. of Shares               | Total Amount |
| 201         | Common Stock   | 1,000                       | \$ 0                          | 100                         | \$ 100.00    |

Instructions:

Classify amounts in each account with brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.

| Description  | Amount             |
|--|--------------------|
| Account 201 Common Stock   | 100                |
| Account 211 Contributed Capital Misc.                            | 900                |
| Account 214 Other Comprehensive Income Minimum Pension Liability | 0                  |
| Account 215 Appropriated Retained Earnings                       | 0                  |
| Account 219 OCI Minimum Pension Liability                        | (6,915,762)        |
| <b>TOTAL</b>   | <b>(6,914,762)</b> |

Instructions:

Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing non-associates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

|  |      |
|--|------|
| Account 216 Unappropriated Retained Earnings | NONE |
|--|------|



**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XII Long Term Debt**

Instructions:

Advances from associate companies should be reported separately for advance on notes, and advances on open account. Names of associate companies from which advances were received shall be shown under the class and series of obligation column. For Account 224 Other long-term debt provide the name of creditor company or organization, terms of the obligation, date of maturity, interest rate, and the amount authorized and outstanding.

| <b>Name of Creditor</b>                       | <b>Terms of Obligation Class &amp; Series of Obligation</b> | <b>Date of Maturity</b> | <b>Interest Rate</b> | <b>Amount Authorized</b> | <b>Balance at Beginning of Year</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance at Close of Year</b> |
|---|---|-------------------------|----------------------|--------------------------|-------------------------------------|------------------|-------------------|---------------------------------|
| Account 223 Advances from Associate Companies |   |                         |                      | NONE                     | 0                                   | 0                | 0                 | 0                               |
| Account 224 Other Long-Term Debt              |   |                         |                      |                          | 0                                   | 0                | 0                 | 0                               |
| <b>TOTAL</b>                                  |   |                         |                      |                          | <b>0</b>                            | <b>0</b>         | <b>0</b>          | <b>0</b>                        |

Give an explanation of Deductions:  
NONE

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XIII Current and Accrued Liabilities**

Instructions:

Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilities. Items less than \$10,000 may be grouped, showing the number of items in each group.

| Description   | Balance at        |                  |
|---|-------------------|------------------|
|   | Beginning of Year | Close of Year    |
| Account 233 Notes Payable to Associate Companies          | NONE              | NONE             |
| Account 234 Accounts Payable to Associate Companies       |                   |                  |
| LG&E Capital Corp.  | 244,619           | 1,370,134        |
| LG&E Enertech Inc.  | (4,956)           | 0                |
| Louisville Gas and Electric Company                       | 378,343           | 179,489          |
| Kentucky Utilities Company                                | 501,526           | 1,138,131        |
| Western Kentucky Energy Corp.                             | (19,611)          | 5,547            |
| LG&E Home Services Inc.                                   | 0                 | 63               |
| LG&E Energy Corp.   | 15,799,182        | 439,997          |
| LPD Tiger Creek   | 4,967,773         | 0                |
| E.ON AG   | 34,102            | 40,656           |
| Powergen UK plc   | 399,055           | 711,792          |
| <b>TOTAL</b>  | <b>22,300,033</b> | <b>3,885,809</b> |
| Account 242 Miscellaneous Current and Accrued Liabilities |                   |                  |
| Misc. Liability Vested Vacation                           | 5,432,269         | 5,493,821        |
| <b>TOTAL</b>  | <b>5,432,269</b>  | <b>5,493,821</b> |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XIV Notes to Financial Statements**

**Instructions:**

The space below is provided for important notes regarding the financial statements or any account thereof. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

**Note 1 Summary of Significant Accounting Policies**

**A. Organization of the Company**

LG&E Energy Services Inc., a Kentucky corporation (the Company or SERVCO), is a wholly-owned subsidiary of LG&E Energy LLC (LEL), a registered public utility holding company under the Public Utility Holding Company Act of 1935 (PUHCA). On December 30, 2003, LEL became the successor by assignment and subsequent merger, to all the assets and liabilities of the former LG&E Energy Corp. (LEC). Following the transaction, LEL, became a registered holding company under PUHCA. The Company was authorized to conduct business as a service company for LEC and its various subsidiaries by order of the Securities and Exchange Commission (SEC) dated December 6, 2000, and commenced operations January 1, 2001.

On July 1, 2002, E.ON AG (E.ON) completed its acquisition of Powergen plc, now Powergen Limited, which includes LEL, for approximately £5.1 billion (\$7.3 billion). Following the acquisition, E.ON became a registered holding company under PUHCA. As contemplated in their regulatory filings in connection with the E.ON acquisition, E.ON, Powergen and LG&E Energy completed an administrative reorganization to move the LG&E Energy group from an indirect Powergen subsidiary to an indirect E.ON subsidiary. This reorganization was effective in March 2003. In early 2004, LEL began direct reporting arrangements to E.ON.

The Company provides certain services to affiliated entities, including LG&E and KU, at cost as required under PUHCA. On January 1, 2001, approximately 1,000 employees, mainly from LEC, Louisville Gas and Electric Company and Kentucky Utilities Company, were moved to the Company. The Company is organized along functional lines to accomplish its purpose of providing management, administrative, and technical services. These services are priced so that the Company operates on a break-even basis.

The Company maintains its accounts in accordance with PUHCA, as administered by the SEC, and has adopted a system of accounts consistent with that prescribed by the Federal Energy Regulatory Commission. The accounting policies of the Company conform to U.S. generally accepted accounting principles (GAAP).

**B. Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Temporary cash investments are carried at cost, which approximates fair value.

**C. Income Taxes**

The Company accounts for income taxes pursuant to Statement of Financial Accounting Standards No. 109 "Accounting For Income Taxes" (FAS 109). This standard requires that deferred income taxes

be recorded for all temporary differences between the financial statement and tax basis of assets, liabilities and loss carryforwards. Deferred tax balances are based on enacted tax laws at tax rates that are expected to be in effect when the temporary differences reverse. Through December 31, 2003, the Company was part of the E.ON US Investments Corp. consolidated Federal income tax return, which includes LEL and all other eligible U.S. subsidiaries.

**D. Management's Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**E. Fair Value of Financial Instruments**

The carrying amounts of financial instruments on the Company's books are a reasonable estimate of their fair value.

**Note 2 Common Stock**

The Company is authorized to issue 1,000 shares of common stock, no par value per share. At December 31, 2003, there were 100 shares issued. LEL holds all of the Company's common stock.

**Note 3 Related Party Transactions**

The Company has transactions in the normal course of business with other LEL subsidiaries. These transactions are primarily composed of services received or rendered. Intercompany receivables were approximately \$72,583,796 at December 31, 2003. Intercompany payables totaled approximately \$3,885,809 at December 31, 2003.

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.**  
**For the Year Ended December 31, 2003**

**Schedule XV Statement of Income**

| Account         | Description                                  | 2003               | 2002               |
|-----------------|--|--------------------|--------------------|
| <b>INCOME</b>   |  |                    |                    |
| 457             | Services Rendered to Associate Companies     | 308,493,204        | 335,374,413        |
| 458             | Services Rendered to Non-Associate Companies | 0                  | 0                  |
| 421             | Miscellaneous Income and Loss                | 0                  | 0                  |
|                 | <b>TOTAL INCOME</b>                          | <b>308,493,204</b> | <b>335,374,413</b> |
| <b>EXPENSES</b> |  |                    |                    |
| 920             | Salaries and Wages                           | 88,176,947         | 86,952,633         |
| 921             | Office Supplies and Expenses                 | 70,450,959         | 66,717,060         |
| 922             | Administrative Expenses Transferred Credit   | 0                  | 0                  |
| 923             | Outside Services Employed                    | 124,415,229        | 164,289,815        |
| 924             | Property Insurance                           | 13,246             | 496                |
| 925             | Injuries and Damages                         | 70,696             | 201,719            |
| 926             | Employee Pensions and Benefits               | 6,852,424          | 8,250,371          |
| 928             | Regulatory Commission Expenses               | 68                 | 535,476            |
| 930.1           | General Advertising Expenses                 | 254,180            | 222,989            |
| 930.2           | Miscellaneous General Expenses               | 202,725            | 573,412            |
| 931             | Rents  | 1,382              | 71,768             |
| 932             | Maintenance of Structures and Equipment      | 0                  | 0                  |
| 935             | Mtce-Communication EQ                        | 11,323             | 42,786             |
| 403             | Depreciation and Amortization Expense        | 710,679            | 423,941            |
| 408             | Taxes other than Income Taxes                | 4,513,283          | 506,159            |
| 409             | Income Taxes                                 | 5,786,872          | 0                  |
| 410             | Provision for Deferred Income Taxes          | (5,786,872)        | 0                  |
| 411             | Provision for Deferred Income Taxes Credit   | 0                  | 0                  |
| 411.5           | Investment Tax Credit                        | 0                  | 0                  |
| 426.1           | Donations                                    | 251,252            | 100,464            |
| 426.2           | Life Insurance                               | 0                  | 126,015            |
| 426.3           | Penalties                                    | 25,075             | 544                |
| 426.4           | Civic, Political & Related Act               | 973,996            | 167,316            |
| 426.5           | Other Deductions                             | 11,569,376         | 5,878,579          |
| 427             | Interest on Long Term Debt                   | 0                  | 0                  |
| 430             | Interest on Debt to Associate Companies      | 0                  | 0                  |
| 431             | Other Interest Expense                       | 0                  | 312,870            |
| 566             | Misc. Trans Exp-SSTMT                        | 364                | 0                  |
|                 | <b>TOTAL EXPENSE</b>                         | <b>308,493,204</b> | <b>335,374,413</b> |
|                 | <b>NET INCOME OR (LOSS)</b>                  | <b>0</b>           | <b>0</b>           |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.**  
**For the Year Ended December 31, 2003**  
**Analysis of Billing**

**Associate Companies Account 457**

| NAME OF ASSOCIATE COMPANY                 | DIRECT<br>COSTS<br>CHARGED | INDIRECT<br>COSTS<br>CHARGED | COMPENSATION<br>FOR USE<br>OF CAPITAL | TOTAL<br>AMOUNT<br>BILLED |
|---|----------------------------|------------------------------|---------------------------------------|---------------------------|
| Louisville Gas and Electric Company       | 101,645,945                | 1,862,386                    | 0                                     | 103,508,331               |
| Kentucky Utilities Company                | 131,659,213                | 1,589,226                    | 0                                     | 133,248,439               |
| Western Kentucky Energy Corp.             | 6,104,635                  | 52,404                       | 0                                     | 6,157,039                 |
| LG&E Energy LLC                           | (14,495)                   | 0                            | 0                                     | (14,495)                  |
| LG&E Capital Corp.                        | 24,698,377                 | 2,582,559                    | 0                                     | 27,280,936                |
| LG&E Enertech Inc.                        | 217,222                    | 2                            | 0                                     | 217,224                   |
| LG&E Credit Corp.                         | 4,311                      | 0                            | 0                                     | 4,311                     |
| LPI Power Gen                             | 3,899,288                  | 65,530                       | 0                                     | 3,964,818                 |
| LG&E Energy Marketing Inc. (Continuing)   | 4,529,886                  | 342,292                      | 0                                     | 4,872,178                 |
| LG&E International                        | 4,500                      | 0                            | 0                                     | 4,500                     |
| LG&E Argentina                            | 2,241,316                  | 0                            | 0                                     | 2,241,316                 |
| LG&E Power Development Inc. (Fairfax)     | 623,916                    | 58,153                       | 0                                     | 682,069                   |
| LG&E Energy Marketing Gas Facilities      | 283                        | 0                            | 0                                     | 283                       |
| LG&E Energy Marketing Inc. (Discontinued) | 4,307,900                  | 1,158,817                    | 0                                     | 5,466,717                 |
| CRC Evans                                 | 102,814                    | 0                            | 0                                     | 102,814                   |
| Powergen UK plc                           | 1,079,467                  | 0                            | 0                                     | 1,079,467                 |
| LG&E Energy Foundation Inc.               | 39,920                     | 0                            | 0                                     | 39,920                    |
| LPD Tiger Creek Management                | 18,851,125                 | 0                            | 0                                     | 18,851,125                |
| E.ON                                      | 786,212                    | 0                            | 0                                     | 786,212                   |
| <b>TOTAL</b>                              | <b>300,781,835</b>         | <b>7,711,369</b>             | <b>0</b>                              | <b>308,493,204</b>        |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003  
Analysis of Billing**

**Non-associate Companies Account 458**

Instruction:

Provide a brief description of the services rendered to each non-associate company:

|                                      | <b>DIRECT<br/>COSTS<br/>CHARGED</b> | <b>INDIRECT<br/>COSTS<br/>CHARGED</b> | <b>COMPENSATION<br/>FOR USE<br/>OF CAPITAL</b> | <b>TOTAL<br/>AMOUNT<br/>BILLED</b> |
|--------------------------------------|-------------------------------------|---------------------------------------|--|------------------------------------|
| <b>NAME OF NON-ASSOCIATE COMPANY</b> |                                     |                                       |  |                                    |
| NONE                                 | 0                                   | 0                                     | 0  | 0                                  |
| <b>TOTAL</b>                         | 0                                   | 0                                     | 0  | 0                                  |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XVI Analysis of Charges for Service Associate and Non-associate Companies**

| ACCOUNT | DESCRIPTION OF ITEMS                       | ASSOCIATE COMPANY CHARGES |                  |                    | NON-ASSOCIATE COMPANY CHARGES |               |          | TOTAL CHARGES      |                  |                    |
|---------|--|---------------------------|------------------|--------------------|-------------------------------|---------------|----------|--------------------|------------------|--------------------|
|         |  | DIRECT COST               | INDIRECT COST    | TOTAL              | DIRECT COST                   | INDIRECT COST | TOTAL    | DIRECT COST        | INDIRECT COST    | TOTAL              |
| 920     | Salaries & Wages                           | 83,661,474                | 4,515,473        | 88,176,947         | 0                             | 0             | 0        | 83,661,474         | 4,515,473        | 88,176,947         |
| 921     | Office Supplies & Expenses                 | 69,600,303                | 850,656          | 70,450,959         | 0                             | 0             | 0        | 69,600,303         | 850,656          | 70,450,959         |
| 922     | Administrative Expense                     | 0                         | 0                | 0                  | 0                             | 0             | 0        | 0                  | 0                | 0                  |
| 923     | Outside Services Employed                  | 124,216,172               | 199,057          | 124,415,229        | 0                             | 0             | 0        | 124,216,172        | 199,057          | 124,415,229        |
| 924     | Property Insurance                         | 13,246                    | 0                | 13,246             | 0                             | 0             | 0        | 13,246             | 0                | 13,246             |
| 925     | Injuries and Damages                       | 67,146                    | 3,549            | 70,696             | 0                             | 0             | 0        | 67,146             | 3,549            | 70,696             |
| 926     | Employee Pensions and Benefits             | 6,214,180                 | 638,244          | 6,852,424          | 0                             | 0             | 0        | 6,214,180          | 638,244          | 6,852,424          |
| 928     | Regulatory Commission Expense              | 68                        | 0                | 68                 | 0                             | 0             | 0        | 68                 | 0                | 68                 |
| 930.1   | General Advertising Expense                | 254,180                   | 0                | 254,180            | 0                             | 0             | 0        | 254,180            | 0                | 254,180            |
| 930.2   | Miscellaneous General Expenses             | 202,725                   | 0                | 202,725            | 0                             | 0             | 0        | 202,725            | 0                | 202,725            |
| 931     | Rents                                      | 1,382                     | 0                | 1,382              | 0                             | 0             | 0        | 1,382              | 0                | 1,382              |
| 932     | Maintenance of Structures and Equipment    | 0                         | 0                | 0                  | 0                             | 0             | 0        | 0                  | 0                | 0                  |
| 935     | Mtce-Communication EQ                      | 11,323                    | 0                | 11,323             | 0                             | 0             | 0        | 11,323             | 0                | 11,323             |
| 403     | Depreciation and Amortization Expenses     | 710,679                   | 0                | 710,679            | 0                             | 0             | 0        | 710,679            | 0                | 710,679            |
| 408     | Taxes Other than Income Taxes              | 4,085,845                 | 427,438          | 4,513,283          | 0                             | 0             | 0        | 4,085,845          | 427,438          | 4,513,283          |
| 409     | Income Taxes                               | 5,786,872                 | 0                | 5,786,872          | 0                             | 0             | 0        | 5,786,872          | 0                | 5,786,872          |
| 410     | Provision for Deferred Income Taxes        | (5,786,872)               | 0                | (5,786,872)        | 0                             | 0             | 0        | (5,786,872)        | 0                | (5,786,872)        |
| 411     | Provision for Deferred Income Taxes-Credit | 0                         | 0                | 0                  | 0                             | 0             | 0        | 0                  | 0                | 0                  |
| 411.5   | Investment Tax Credit                      | 0                         | 0                | 0                  | 0                             | 0             | 0        | 0                  | 0                | 0                  |
| 426.1   | Donations                                  | 251,252                   | 0                | 251,252            | 0                             | 0             | 0        | 251,252            | 0                | 251,252            |
| 426.3   | Penalties                                  | 25,075                    | 0                | 25,075             | 0                             | 0             | 0        | 25,075             | 0                | 25,075             |
| 426.4   | Civic, Political & Related Act.            | 973,996                   | 0                | 973,996            | 0                             | 0             | 0        | 973,996            | 0                | 973,996            |
| 426.5   | Other Deductions                           | 10,492,425                | 1,076,951        | 11,569,376         | 0                             | 0             | 0        | 10,492,425         | 1,076,951        | 11,569,376         |
| 427     | Interest on Long Term Debt                 | 0                         | 0                | 0                  | 0                             | 0             | 0        | 0                  | 0                | 0                  |
| 431     | Other Interest Expense                     | 0                         | 0                | 0                  | 0                             | 0             | 0        | 0                  | 0                | 0                  |
| 566     | Misc Trans Exp-SSTMT                       | 364                       | 0                | 364                | 0                             | 0             | 0        | 364                | 0                | 364                |
|         | <b>TOTAL EXPENSES</b>                      | <b>300,781,836</b>        | <b>7,711,369</b> | <b>308,493,204</b> | <b>0</b>                      | <b>0</b>      | <b>0</b> | <b>300,781,836</b> | <b>7,711,369</b> | <b>308,493,205</b> |
| 457.3   | Compensation for use of Equity             | 0                         | 0                | 0                  | 0                             | 0             | 0        | 0                  | 0                | 0                  |
| 430     | Interest on Debt to Associate Co           | 0                         | 0                | 0                  | 0                             | 0             | 0        | 0                  | 0                | 0                  |
|         | <b>TOTAL COST OF SERVICE</b>               | <b>300,781,836</b>        | <b>7,711,369</b> | <b>308,493,204</b> | <b>0</b>                      | <b>0</b>      | <b>0</b> | <b>300,781,836</b> | <b>7,711,369</b> | <b>308,493,205</b> |



**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XVII Schedule of Expense  
Distribution by Department or Service Function**

## Instructions:

Indicate each department or service function.

(See Instruction 01-3 General Structure of Accounting System:Uniform System of Accounts).

| ACCT  | DESCRIPTION                                | TOTAL       | SALES/MKTG | CUST<br>SVC | METERING | REVENUE<br>COLLECT | POWER<br>GENERATION | FUEL<br>PROCURE | TRANSMN   | REGULATORY<br>AFFAIR |
|-------|--|-------------|------------|-------------|----------|--------------------|---------------------|-----------------|-----------|----------------------|
| 901   | Supervision                                | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 920   | Salaries and Wages                         | 88,176,947  | 1,983,292  | 4,422,422   | 240,343  | 797,752            | 5,656,435           | 1,134,960       | 4,691,261 | 885,956              |
| 921   | Office Supplies and Expenses               | 70,450,959  | 1,179,551  | 1,052,544   | 15,264   | 169,934            | 15,050,019          | 226,594         | 1,831,257 | 1,082,435            |
| 922   | Administrative Expenses                    |             |            |             |          |                    |                     |                 |           |                      |
|       | Transferred Credit                         | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 923   | Outside Services Employed                  | 124,415,229 | 6,984,965  | 530,212     | 4,821    | 139,759            | 85,304,776          | 51,039          | 454,790   | 1,031,308            |
| 924   | Property Insurance                         | 13,246      | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 925   | Injuries and Damages                       | 70,696      | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 926   | Employee Pensions and Benefits             | 6,852,424   | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 928   | Regulatory Commission Expenses             | 68          | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 68                   |
| 930.1 | General Advertising Expenses               | 254,180     | 21         | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 930.2 | Miscellaneous General Expenses             | 202,725     | 29,426     | 0           | 6,209    | 0                  | 81,050              | 0               | 0         | 0                    |
| 931   | Rents                                      | 1,382       | 1,695      | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 932   | Maintenance of Structures and Equipment    | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 935   | Mtce-Communication EQ                      | 11,323      | 0          | 1,165       | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 403   | Depreciation and Amortization Expense      | 710,679     | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 408   | Taxes other than Income Taxes              | 4,513,283   | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 409   | Income Taxes                               | 5,786,872   | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 410   | Provision for Deferred Income Taxes        | (5,786,872) | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 411   | Provision for Deferred Income Taxes Credit | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 411.5 | Investment Tax Credit                      | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 426.1 | Donations                                  | 251,252     | 0          | 350         | 0        | 400                | 37,038              | 0               | 0         | 0                    |
| 426.3 | Penalties                                  | 25,075      | 0          | 0           | 0        | 5,000              | 0                   | 0               | 0         | 0                    |
| 426.4 | Civic, Political & Related Act.            | 973,996     | 0          | 0           | 0        | 0                  | 0                   | 52,500          | 0         | 0                    |
| 426.5 | Other Deductions                           | 11,569,376  | 101,766    | 0           | 0        | 3,650              | 445,211             | 2,798           | 0         | 15,510               |
| 427   | Interest on Long Term Debt                 | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 430   | Interest on Debt to Associate Companies    | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 431   | Other Interest Expense                     | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
| 566   |  | 364         | 0          | 0           | 0        | 0                  | 0                   | 0               | 364       | 0                    |

Edgar Filing: E ON AG - Form U-13-60

| ACCT | DESCRIPTION             | TOTAL       | SALES/MKTG | CUST<br>SVC | METERING | REVENUE<br>COLLECT | POWER<br>GENERATION | FUEL<br>PROCURE | TRANSMSN  | REGULATORY<br>AFFAIR |
|------|-------------------------|-------------|------------|-------------|----------|--------------------|---------------------|-----------------|-----------|----------------------|
|      | Misc Trans<br>Exp-SSTMT |             |            |             |          |                    |                     |                 |           |                      |
| 588  | Misc Distrib. Exp.      | 0           | 0          | 0           | 0        | 0                  | 0                   | 0               | 0         | 0                    |
|      | TOTAL EXPENSE           | 308,493,204 | 10,280,716 | 6,006,693   | 266,637  | 1,116,495          | 106,574,529         | 1,467,891       | 6,977,672 | 3,015,277            |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XVII Schedule of Expense  
Distribution by Department or Service Function**

## Instructions:

Indicate each department or service function.

(See Instruction 01-3 General Structure of

Accounting System:Uniform System of Accounts).

| ACCT  | DESCRIPTION                                | DISTRIB           |                    |                           |                       |                           |                          |                          | ACCT/FINANC<br>REPORTING | TRADING<br>CNTRLS/ENRGY<br>MKTG |
|-------|--|-------------------|--------------------|---------------------------|-----------------------|---------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|
|       |  | ENVIRON<br>AFFAIR | REGULATORY<br>MKTG | DISTRIB<br>OPER-<br>NETWK | OPER-<br>ASSET<br>MGT | DISTRIB<br>OPER-<br>MAINT | DISTRIB<br>OPER-<br>MGMT | FINANCIAL<br>PLAN/BUDGET |                          |                                 |
| 901   | Supervision                                | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 920   | Salaries and Wages                         | 504,510           | 5,149,379          | 33,077                    | 1,866,929             | 793,998                   | 826,424                  | 1,111,148                | 2,483,571                | 954,509                         |
| 921   | Office Supplies and Expenses               | 2,650,983         | 2,056,460          | 16,348                    | 319,568               | 63,938                    | 402,181                  | 221,371                  | (6,267)                  | 205,389                         |
| 922   | Administrative Expenses                    |                   |                    |                           |                       |                           |                          |                          |                          |                                 |
|       | Transferred Credit                         | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 923   | Outside Services Employed                  | 203,856           | 360,766            | 0                         | 3,183,112             | 6,286                     | 123,872                  | 31,275                   | 309,335                  | 13,869                          |
| 924   | Property Insurance                         | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 925   | Injuries and Damages                       | 0                 | 0                  | 0                         | 0                     | 0                         | 539                      | 0                        | 0                        | 0                               |
| 926   | Employee Pensions and Benefits             | 0                 | 92                 | 0                         | 0                     | 2,067                     | 333                      | 0                        | 7,235                    | 0                               |
| 928   | Regulatory Commission Expenses             | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 930.1 | General Advertising Expenses               | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 930.2 | Miscellaneous General Expenses             | 75                | 595                | 0                         | 103,752               | 0                         | 0                        | 33,384                   | 0                        | 0                               |
| 931   | Rents                                      | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 932   | Maintenance of Structures and Equipment    | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 935   | Mtce-Communication EQ                      | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 403   | Depreciation and Amortization Expense      | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 408   | Taxes other than Income Taxes              | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 409   | Income Taxes                               | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 410   | Provision for Deferred Income Taxes        | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 411   | Provision for Deferred Income Taxes Credit | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 411.5 | Investment Tax Credit                      | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 426.1 | Donations                                  | 0                 | 5,500              | 0                         | 20                    | 0                         | 2,558                    | 0                        | 0                        | 0                               |
| 426.3 | Penalties                                  | 0                 | 0                  | 0                         | 0                     | 0                         | 20,000                   | 0                        | 0                        | 0                               |
| 426.4 | Civic, Political & Related Act.            | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 426.5 | Other Deductions                           | 440               | 52,740             | 0                         | 155                   | 230                       | 1,223                    | 6,670                    | 20,253                   | 0                               |
| 427   | Interest on Long Term Debt                 | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 430   | Interest on Debt to Associate Companies    | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 431   |  | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |

Edgar Filing: E ON AG - Form U-13-60

| ACCT | DESCRIPTION               | DISTRIB           |                    |                           |                       |                           |                          | FINANCIAL<br>PLAN/BUDGET | ACCT/FINANC<br>REPORTING | TRADING<br>CNTRLS/ENRGY<br>MKTG |
|------|---------------------------|-------------------|--------------------|---------------------------|-----------------------|---------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|
|      |                           | ENVIRON<br>AFFAIR | REGULATORY<br>MKTG | DISTRIB<br>OPER-<br>NETWK | OPER-<br>ASSET<br>MGT | DISTRIB<br>OPER-<br>MAINT | DISTRIB<br>OPER-<br>MGMT |                          |                          |                                 |
|      | Other Interest<br>Expense |                   |                    |                           |                       |                           |                          |                          |                          |                                 |
| 566  | Misc Trans<br>Exp-SSTMT   | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
| 588  | Misc Distrib. Exp.        | 0                 | 0                  | 0                         | 0                     | 0                         | 0                        | 0                        | 0                        | 0                               |
|      | <b>TOTAL EXPENSE</b>      | <b>3,359,864</b>  | <b>7,625,532</b>   | <b>49,425</b>             | <b>5,473,536</b>      | <b>866,519</b>            | <b>1,377,130</b>         | <b>1,403,848</b>         | <b>2,814,127</b>         | <b>1,173,767</b>                |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XVII Schedule of Expense  
Distribution by Department or Service Function**

## Instructions:

Indicate each department or service function.

(See Instruction 01-3 General Structure of

Accounting System:Uniform System of Accounts).

| ACCT  | DESCRIPTION                                   | PAYROLL        | CORP<br>TAX    | FINANCE<br>SYS | FINANCE<br>CNTRACT<br>AUDITING | IT<br>STRATEGY   | IT<br>OPER        | CASH<br>MGT      | CORP<br>FINANCE  | INVESTORS<br>SHREHLD<br>RELAT | RISK<br>MGMT   |
|-------|---|----------------|----------------|----------------|--------------------------------|------------------|-------------------|------------------|------------------|-------------------------------|----------------|
| 901   | Supervision                                   | 0              | 0              | 0              | 0                              | 0                | (13,662)          | 0                | 0                | 0                             | 0              |
| 920   | Salaries and Wages                            | 296,822        | 662,602        | 402,358        | 591,597                        | 1,466,642        | 19,504,242        | 150,503          | 366,799          | 0                             | 0              |
| 921   | Office Supplies and<br>Expenses               | 170,590        | 76,969         | 333,403        | 98,327                         | 1,592,821        | 18,295,479        | 1,587,841        | 1,163,767        | 0                             | 473,139        |
| 922   | Administrative<br>Expenses                    |                |                |                |                                |                  |                   |                  |                  |                               |                |
|       | Transferred Credit                            | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 923   | Outside Services<br>Employed                  | 38,577         | 63,326         | 128,965        | 179,734                        | 545,885          | 3,890,219         | 64               | 298,733          | 54,116                        | 250,138        |
| 924   | Property Insurance                            | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 13,246         |
| 925   | Injuries and Damages                          | 0              | 0              | 0              | 0                              | 0                | (38,382)          | 0                | 0                | 0                             | 6,904          |
| 926   | Employee Pensions<br>and Benefits             | 0              | 0              | 0              | 0                              | 9,260            | (3,954,785)       | 0                | 0                | 0                             | 0              |
| 928   | Regulatory<br>Commission Expenses             | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 930.1 | General Advertising<br>Expenses               | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 930.2 | Miscellaneous General<br>Expenses             | 669            | 0              | 0              | 0                              | (7,319)          | (33,775)          | 0                | 0                | 0                             | (14,000)       |
| 931   | Rents   | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 932   | Maintenance of<br>Structures and<br>Equipment | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 935   | Mtce-Communication<br>EQ                      | 0              | 0              | 0              | 0                              | 12,487           | (187,424)         | 0                | 0                | 0                             | 0              |
| 403   | Depreciation and<br>Amortization Expense      | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 408   | Taxes other than<br>Income Taxes              | 0              | 0              | 0              | 0                              | 0                | (1,185,603)       | 0                | 0                | 0                             | 0              |
| 409   | Income Taxes                                  | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 410   | Provision for Deferred<br>Income Taxes        | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 411   | Provision for Deferred<br>Income Taxes Credit | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 411.5 | Investment Tax Credit                         | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 426.1 | Donations                                     | 0              | 0              | 0              | 1,000                          | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 426.3 | Penalties                                     | 66             | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 426.4 | Civic, Political &<br>Related Act.            | 0              | 0              | 0              | 0                              | 0                | 3,171             | 0                | 0                | 0                             | 0              |
| 426.5 | Other Deductions                              | 0              | 0              | 0              | 0                              | 0                | 58,155            | 0                | 0                | 0                             | 0              |
| 427   | Interest on Long Term<br>Debt                 | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 430   | Interest on Debt to<br>Associate Companies    | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 431   | Other Interest Expense                        | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 566   | Misc Trans<br>Exp-SSTMT                       | 0              | 0              | 0              | 0                              | 0                | 0                 | 0                | 0                | 0                             | 0              |
| 588   | Misc Distrib. Exp.                            | 0              | 0              | 0              | 260                            | 2,624            | (112,355)         | 0                | 0                | 0                             | 0              |
|       | <b>TOTAL EXPENSE</b>                          | <b>506,724</b> | <b>802,897</b> | <b>864,726</b> | <b>870,918</b>                 | <b>3,622,400</b> | <b>36,225,280</b> | <b>1,738,408</b> | <b>1,829,299</b> | <b>54,116</b>                 | <b>729,427</b> |

Edgar Filing: E ON AG - Form U-13-60

| ACCT | DESCRIPTION | PAYROLL | CORP TAX | FINANCE SYS | FINANCE CNTRACT AUDITING | IT STRATEGY | IT OPER | CASH MGT | CORP FINANCE | INVESTORS SHREHLD RELAT | RISK MGMT |
|------|-------------|---------|----------|-------------|--------------------------|-------------|---------|----------|--------------|-------------------------|-----------|
|      |             |         |          |             |                          |             |         |          |              |                         |           |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XVII Schedule of Expense  
Distribution by Department or Service Function**

## Instructions:

Indicate each department or service function.

(See Instruction 01-3 General Structure of Accounting System:Uniform System of Accounts).

| ACCT  | DESCRIPTION                                      | STRATEGY<br>PLAN | LEGAL      | INTRNL<br>COMMUNIC | BLDG<br>OPER<br>MAINT | SECURITY  | DOC<br>SVC | R.O.W.  | TRANSPORT<br>SVC | PROCURE-<br>MENT | STRATEGIC<br>SOURCING |
|-------|--|------------------|------------|--------------------|-----------------------|-----------|------------|---------|------------------|------------------|-----------------------|
| 901   | Supervision                                      | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 920   | Salaries and Wages                               | 276,765          | 1,877,356  | 411,578            | 623,942               | 166,668   | 59,935     | 139,135 | 151,327          | 262,110          | 363,352               |
| 921   | Office Supplies and<br>Expenses                  | 41,393           | (708,371)  | 313,521            | 3,983,782             | 42,997    | 4,951,720  | 20,559  | 31,731           | 42,245           | 65,814                |
| 922   | Administrative<br>Expenses                       |                  |            |                    |                       |           |            |         |                  |                  |                       |
|       | Transferred Credit                               | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 923   | Outside Services<br>Employed                     | 136              | 12,727,533 | 177,507            | 2,256,403             | 1,233,616 | 1,847,375  | 127,016 | 1,295            | 44,184           | 19,364                |
| 924   | Property Insurance                               | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 925   | Injuries and Damages                             | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 926   | Employee Pensions<br>and Benefits                | 0                | 0          | 0                  | 1,330                 | 0         | 0          | 0       | 0                | 0                | 0                     |
| 928   | Regulatory<br>Commission<br>Expenses             | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 930.1 | General Advertising<br>Expenses                  | 0                | 0          | (182)              | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 930.2 | Miscellaneous<br>General Expenses                | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 931   | Rents  | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 932   | Maintenance of<br>Structures and<br>Equipment    | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 935   | Mtce-Communication<br>EQ                         | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 403   | Depreciation and<br>Amortization<br>Expense      | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 408   | Taxes other than<br>Income Taxes                 | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 409   | Income Taxes                                     | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 410   | Provision for<br>Deferred Income<br>Taxes        | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 411   | Provision for<br>Deferred Income<br>Taxes Credit | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 411.5 | Investment Tax<br>Credit                         | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 426.1 | Donations  | 1,350            | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 3,500            | 0                     |
| 426.3 | Penalties  | 0                | 9          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 426.4 | Civic, Political &<br>Related Act.               | 0                | 751,665    | 0                  | 0                     | 214       | 0          | 0       | 0                | 0                | 0                     |
| 426.5 | Other Deductions                                 | 0                | 99,193     | 439,286            | 173                   | 0         | 0          | 0       | 0                | 66,534           | 250                   |
| 427   | Interest on Long<br>Term Debt                    | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 430   | Interest on Debt to<br>Associate Companies       | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 431   | Other Interest<br>Expense                        | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |

Edgar Filing: E ON AG - Form U-13-60

| ACCT | DESCRIPTION             | STRATEGY<br>PLAN | LEGAL      | INTRNL<br>COMMUNIC | BLDG<br>OPER<br>MAINT | SECURITY  | DOC<br>SVC | R.O.W.  | TRANSPORT<br>SVC | PROCURE-<br>MENT | STRATEGIC<br>SOURCING |
|------|-------------------------|------------------|------------|--------------------|-----------------------|-----------|------------|---------|------------------|------------------|-----------------------|
| 566  | Misc Trans<br>Exp-SSTMT | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
| 588  | Misc Distrib. Exp.      | 0                | 0          | 0                  | 0                     | 0         | 0          | 0       | 0                | 0                | 0                     |
|      | TOTAL EXPENSE           | 319,644          | 14,747,385 | 1,341,710          | 6,865,630             | 1,443,495 | 6,859,030  | 286,710 | 184,353          | 418,573          | 448,780               |



**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XVII Schedule of Expense  
Distribution by Department or Service Function**

## Instructions:

Indicate each department or service function.

(See Instruction 01-3 General Structure of Accounting System:Uniform System of Accounts).

| ACCT  | DESCRIPTION                                      | MATERIALS<br>LOGISTICS | SOURCING<br>SUPPORT | CORP<br>HR | TECH &<br>SAFETY<br>TRAINING | INDUSTRY<br>RELATIONS | EXEC<br>MGMT | CORPORATE   | EXTERNAL<br>MKTG | OVERHEADS  |
|-------|--|------------------------|---------------------|------------|------------------------------|-----------------------|--------------|-------------|------------------|------------|
| 901   | Supervision                                      | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 13,662     |
| 920   | Salaries and Wages                               | 392,071                | 330,937             | 3,073,008  | 786,480                      | 146,221               | 4,746,174    | 244,293     | 504,755          | 16,643,309 |
| 921   | Office Supplies and<br>Expenses                  | 55,890                 | 16,627              | 2,325,542  | 320,016                      | 16,566                | 3,343,944    | (216,589)   | 914,945          | 4,558,722  |
| 922   | Administrative<br>Expenses                       |                        |                     |            |                              |                       |              |             |                  |            |
|       | Transferred Credit                               | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 923   | Outside Services<br>Employed                     | 356                    | 50,173              | 626,783    | 9,253                        | 10,172                | 23,489       | 181,207     | 604,385          | 291,184    |
| 924   | Property Insurance                               | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 925   | Injuries and Damages                             | 0                      | 0                   | 0          | 6,168                        | 0                     | 0            | 0           | 0                | 95,467     |
| 926   | Employee Pensions<br>and Benefits                | 0                      | 0                   | 136,182    | 5,813                        | 0                     | 0            | (4,985,797) | 3,150            | 15,627,544 |
| 928   | Regulatory<br>Commission<br>Expenses             | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 930.1 | General Advertising<br>Expenses                  | 0                      | 0                   | 0          | 2,805                        | 0                     | 0            | 0           | 251,536          | 0          |
| 930.2 | Miscellaneous<br>General Expenses                | 0                      | 0                   | 802        | 0                            | 0                     | (42,692)     | 877         | 0                | 43,672     |
| 931   | Rents  | 0                      | 0                   | 0          | 0                            | 0                     | 0            | (313)       | 0                | 0          |
| 932   | Maintenance of<br>Structures and<br>Equipment    | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 935   | Mtce-Communication<br>EQ                         | 0                      | 0                   | 0          | 0                            | 0                     | 0            | (276)       | 0                | 185,371    |
| 403   | Depreciation and<br>Amortization<br>Expense      | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 710,679     | 0                | 0          |
| 408   | Taxes other than<br>Income Taxes                 | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 5,698,886  |
| 409   | Income Taxes                                     | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 5,786,872   | 0                | 0          |
| 410   | Provision for<br>Deferred Income<br>Taxes        | 0                      | 0                   | 0          | 0                            | 0                     | 0            | (5,786,872) | 0                | 0          |
| 411   | Provision for<br>Deferred Income<br>Taxes Credit | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 411.5 | Investment Tax<br>Credit                         | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 426.1 | Donations  | 0                      | 0                   | 2,929      | 0                            | 0                     | 195,811      | 296         | 500              | 0          |
| 426.3 | Penalties  | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 426.4 | Civic, Political &<br>Related Act.               | 0                      | 0                   | 0          | 0                            | 0                     | 67,707       | (1)         | 15,031           | 83,709     |
| 426.5 | Other Deductions                                 | 3,580                  | 4,232               | 78,826     | 0                            | 0                     | 164,738      | (47,579)    | 665,750          | 9,385,592  |
| 427   | Interest on Long<br>Term Debt                    | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 430   | Interest on Debt to<br>Associate Companies       | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 431   | Other Interest<br>Expense                        | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |

Edgar Filing: E ON AG - Form U-13-60

| ACCT | DESCRIPTION             | MATERIALS<br>LOGISTICS | SOURCING<br>SUPPORT | CORP<br>HR | TECH &<br>SAFETY<br>TRAINING | INDUSTRY<br>RELATIONS | EXEC<br>MGMT | CORPORATE   | EXTERNAL<br>MKTG | OVERHEADS  |
|------|-------------------------|------------------------|---------------------|------------|------------------------------|-----------------------|--------------|-------------|------------------|------------|
| 566  | Misc Trans<br>Exp-SSTMT | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 0          |
| 588  | Misc Distrib. Exp.      | 0                      | 0                   | 0          | 0                            | 0                     | 0            | 0           | 0                | 109,471    |
|      | TOTAL EXPENSE           | 451,897                | 401,969             | 6,244,072  | 1,130,535                    | 172,959               | 8,499,171    | (4,113,203) | 2,960,052        | 52,736,589 |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Departmental Analysis of Salaries Account 920**

**INCLUDED IN AMOUNTS BILLED TO:**

| <b>NAME OF DEPT OR SERVICE<br/>FUNCTION</b>        | <b>TOTAL<br/>AMOUNT</b> | <b>PARENT<br/>(LEL)</b> | <b>OTHER<br/>ASSOCIATES</b> | <b>NON-<br/>ASSOCIATES</b> | <b>NUMBER OF<br/>PERSONNEL<br/>END OF YEAR</b> |
|--|-------------------------|-------------------------|-----------------------------|----------------------------|--|
| Customer Service                                   | 5,643,707.80            | 0                       | 5,643,707.80                | 0                          | 145  |
| Sales & Marketing                                  | 2,529,691.09            | 0                       | 2,529,691.09                | 0                          | 34   |
| Metering   | 309,072.56              | 0                       | 309,072.56                  | 0                          | 4  |
| Revenue Collection                                 | 1,026,089.75            | 0                       | 1,026,089.75                | 0                          | 21   |
| Power Generation                                   | 6,877,112.76            | 0                       | 6,877,112.76                | 0                          | 80   |
| Fuel Procurement                                   | 1,421,944.72            | 0                       | 1,421,944.72                | 0                          | 15   |
| Transmission                                       | 6,015,717.92            | 0                       | 6,015,717.92                | 0                          | 82   |
| Regulatory Affairs Management                      | 1,141,502.15            | 0                       | 1,141,502.15                | 0                          | 14   |
| Environmental Affairs Management                   | 647,018.13              | 0                       | 647,018.13                  | 0                          | 8  |
| Regulatory Marketing                               | 7,227,276.32            | 0                       | 7,227,276.32                | 0                          | 68   |
| Distribution Oper-Repair Network<br>Process        | 43,940.72               | 0                       | 43,940.72                   | 0                          | 1  |
| Distribution Oper-Asset Mgmt                       | 2,385,018.31            | 0                       | 2,385,018.31                | 0                          | 29   |
| Distribution Oper-Oper & Maintain<br>Network Procs | 1,021,183.34            | 0                       | 1,021,183.34                | 0                          | 11   |
| Distribution Oper-Management                       | 1,064,054.84            | 0                       | 1,064,054.84                | 0                          | 15   |
| Financial Planning & Budgeting                     | 1,392,263.15            | 0                       | 1,392,263.15                | 0                          | 18   |
| Accounting & Financial Reporting                   | 3,168,612.10            | 0                       | 3,168,612.10                | 0                          | 51   |
| Trading Controls/Energy Mktg<br>Accounting         | 1,198,924.04            | 0                       | 1,198,924.04                | 0                          | 16   |
| Payroll  | 380,053.37              | 0                       | 380,053.37                  | 0                          | 7  |
| Corporate Tax                                      | 851,344.94              | 0                       | 851,344.94                  | 0                          | 12   |
| Financial Systems                                  | 462,997.93              | 0                       | 462,997.93                  | 0                          | 4  |
| Financial & Contract Auditing                      | 758,894.21              | 0                       | 758,894.21                  | 0                          | 10   |
| IT Tech Strategy, Planning & Security              | 1,863,519.47            | 0                       | 1,863,519.47                | 0                          | 22   |
| IT Operations                                      | 22,052,541.97           | 0                       | 22,052,541.97               | 0                          | 176  |
| Cash Mgmt & Investment Services                    | 193,892.02              | 0                       | 193,892.02                  | 0                          | 4  |
| Corporate Finance Services                         | 470,479.46              | 0                       | 470,479.46                  | 0                          | 6  |
| Strategic Planning                                 | 355,791.14              | 0                       | 355,791.14                  | 0                          | 4  |
| Legal Services                                     | 2,398,549.88            | 0                       | 2,398,549.88                | 0                          | 23   |
| Internal Communications                            | 528,878.20              | 0                       | 528,878.20                  | 0                          | 9  |
| Building Operations & Maintenance<br>Services      | 802,996.80              | 0                       | 802,996.80                  | 0                          | 12   |
| Security Services                                  | 214,228.90              | 0                       | 214,228.90                  | 0                          | 3  |
| Document Services                                  | 75,930.93               | 0                       | 75,930.93                   | 0                          | 0  |
| Right Of Way Services                              | 179,214.43              | 0                       | 179,214.43                  | 0                          | 3  |
| Transportation Services                            | 196,030.33              | 0                       | 196,030.33                  | 0                          | 2  |
| Procurement & Major Contracts                      | 327,268.09              | 0                       | 327,268.09                  | 0                          | 1  |
| Strategic Sourcing                                 | 472,451.24              | 0                       | 472,451.24                  | 0                          | 8  |
| Materials Logistics                                | 505,376.80              | 0                       | 505,376.80                  | 0                          | 9  |
| Sourcing Support                                   | 425,579.98              | 0                       | 425,579.98                  | 0                          | 6  |
| Corporate Human Resources                          | 3,898,245.17            | 0                       | 3,898,245.17                | 0                          | 47   |
| Technical & Safety Training                        | 1,012,227.24            | 0                       | 1,012,227.24                | 0                          | 15   |
| Industrial Relations Management                    | 182,879.68              | 0                       | 182,879.68                  | 0                          | 2  |
| Executive Management Services                      | 5,572,812.73            | 0                       | 5,572,812.73                | 0                          | 21   |
| Corporate  | 246,861.55              | 0                       | 246,861.55                  | 0                          | 0  |
| External & Brand Commun.                           | 634,770.50              | 0                       | 634,770.50                  | 0                          | 8  |

INCLUDED IN AMOUNTS BILLED TO:

---

---

|       |            |   |            |   |       |
|-------|------------|---|------------|---|-------|
| TOTAL | 88,176,947 | 0 | 88,176,947 | 0 | 1,026 |
|-------|------------|---|------------|---|-------|

---

---

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Outside Services Employed Account 923**

Instructions:

Provide a breakdown by subaccount of outside services employed. If the aggregate amounts paid to any one payee and included within one subaccount is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a subtotal for each type of service.

| <b>From Whom Purchased</b>      | <b>Address</b>  | <b>Relationship "A"<br/>Associate "NA"<br/>Non-Associate</b> | <b>Amount</b> |
|---------------------------------|---|--|---------------|
| 4Sight Corporation              | 1302 Basswood Ct.<br>Jeffersonville, IN 47130             | NA   | 825,960       |
| Abel Construction Company Inc.  | 3401 Bashford Ave. Ct.<br>Louisville, KY 40218            | NA   | 80,458        |
| Access Computer Careers         | 429 W. Muhammad Ali Blvd, Ste 502<br>Louisville, KY 40202 | NA   | 331,525       |
| AETNA Building Maintenance Inc. | 525 N. Yellow Springs St.<br>Springfield, OH 45504        | NA   | 293,179       |
| Ajilon LLC                      | 2918 Collections Center Dr.<br>Chicago, IL 60693          | NA   | 90,181        |
| American Payment Systems Inc.   | P.I. Box 5736<br>Hartford, CT 06102-5736                  | NA   | 455,786       |
| Analysts International          | 22062 Network Pl.<br>Chicago, IL 60673                    | NA   | 258,744       |
| Andriot, James E                | 231 Breckenridge Ln. S202-D<br>Louisville, KY 40207       | NA   | 91,302        |
| Anything Groes Inc.             | P.O. Box 305<br>Buckner, KY 40010                         | NA   | 46,258        |
| Apar Infotech Corporation       | 160 Technology Dr.<br>Canonsburg, PA 15317                | NA   | 357,509       |
| Aquarius Marine Inc.            | 800 Elm Street<br>Ludlow, KY 41016                        | NA   | 33,000        |
| Assured Asset Protection Inc.   | 8220 Saint Anthony Church Rd.<br>Louisville, KY 40214     | NA   | 52,220        |
| ATC Associates Inc.             | 2815 Watterson Trail<br>Louisville, KY 40299              | NA   | 55,707        |
| Avaya Inc.                      | P.O. Box 27-850<br>Kansas City, MO 64180                  | NA   | 154,332       |
| B and B Electric Co., Inc.      | 1460 Sunshine Ln.<br>Lexington, KY 40505                  | NA   | 127,819       |
| Banctec Inc                     | P.O. Box 910887   | NA   | 28,130        |

Edgar Filing: E ON AG - Form U-13-60

| From Whom Purchased | Address               | Relationship "A"<br>Associate "NA"<br>Non-Associate | Amount |
|---------------------|-----------------------|---|--------|
|                     | Dallas, TX 75391-0887 |   |        |

Edgar Filing: E ON AG - Form U-13-60

|                                |   |    |           |
|--------------------------------|---|----|-----------|
| Bank One NA                    | P.O. Box 94596<br>Louisville, KY 40294                              | NA | 1,390,923 |
| Barrington Wellesley Group Inc | 2479 Lanam Ridge Rd.<br>Nashville, IN 47448                         | NA | 274,699   |
| Bearingpoint                   | 7301 N. State Hwy 161<br>Irving, TX 75039                           | NA | 65,457    |
| Big Rivers Electric Corp       | 201 3rd Street<br>P.O. Box 24<br>Henderson, KY 42420                | NA | 25,000    |
| Black & Veatch Corp            | 8400 Ward Pkwy<br>Energy Services Division<br>Kansas City, MO 64114 | NA | 29,462    |
| Bloomberg LP                   | P.O. Box 30244<br>Hartford, CT 06150                                | NA | 29,028    |
| Boehl Stopher and Graves LLP   | 400 W. Market St. S. 2300<br>Louisville, KY 40202                   | NA | 469,619   |
| Brattle Group                  | 44 Brattle Street<br>Cambridge, MA 02138-3736                       | NA | 129,669   |
| Bruce, Dale                    | 3010 Autumn Hills Tr.<br>New Albany, IN 47150                       | NA | 32,652    |
| Burns and McDonnell            | P.O. Box 411883<br>Kansas City, MO 64141                            | NA | 79,259    |
| C & S H Inc.                   | 8601 Chetmer Ln.<br>Louisville, KY 40220                            | NA | 152,804   |
| Cannon Technologies Inc        | 8301 Golden Valley Rd, Ste 300<br>Golden Valley, MN 55427           | NA | 278,271   |
| Catalyst Air Management Inc    | 11020 Solway School Road<br>Suite 108<br>Knoxville, TN 37931        | NA | 42,700    |
| Cendant Mobility Services Corp | P.O. Box 360287<br>Pittsburgh, PA 15250-6287                        | NA | 34,293    |
| Christensen Assoc              | 4610 University Avenue, Ste 700<br>Madison, WI 53705-2164           | NA | 82,201    |
| Colours 2000                   | 1106 Yakima Street<br>Louisville, KY 40214                          | NA | 58,300    |
| Commercial Furniture Services  | 1004 Dixon Ave.<br>Louisville, KY 40217                             | NA | 28,845    |
| Commercial Movers Inc.         | P.O. Box 710710<br>Columbus, OH 43271                               | NA | 106,528   |
| Computer Progress United       | 304 Middletown Pk Pl<br>Suite A<br>Louisville, KY 40243             | NA | 178,494   |





Edgar Filing: E ON AG - Form U-13-60

|                                     |  |    |           |
|-------------------------------------|--|----|-----------|
| Computer Task Group Inc.            | P.O. Box 60073<br>Charlotte, NC 28260                | NA | 108,576   |
| Computershare Investor Services LLC | 33844 Treasury Center<br>Chicago, IL 60694           | NA | 53,936    |
| Comverge Technologies               | 4497 Park Dr.<br>Norcross, GA 30093                  | NA | 940,257   |
| Convergent Group Corp.              | Dept. 348<br>Denver, CO 80291-0348                   | NA | 4,017,681 |
| Corporate Executive Board           | 3393 Collections Center Dr.<br>Chicago, IL 60693     | NA | 32,500    |
| Covington & Burling                 | P.O. Box 7566<br>Washington, DC 20044                | NA | 1,359,775 |
| Creative Alliance                   | P.O. Box 641266<br>Cincinnati, OH 45264              | NA | 45,925    |
| CSC Research Services               | P.O. Box 905145<br>Charlotte, NC 28290               | NA | 56,900    |
| Cummins and Barnard Inc             | 5405 Data Court, Ste 100<br>Ann Arbor, MI 48108      | NA | 58,609    |
| D B Electric                        | 4117 Morning Drive<br>Sellersburg, IN 47172          | NA | 32,947    |
| Dean Dorton & Ford PSC              | 106 West Vine Street, Ste 600<br>Lexington, KY 40507 | NA | 33,565    |
| Design Collaborative Inc.           | 183 Lazy River N. Pkwy.<br>Shepherdsville, KY 40165  | NA | 26,944    |
| Dewey Ballantine                    | 1301 Avenue of the Americas<br>New York, NY 10019    | NA | 312,903   |
| Diversity Adventures Inc.           | 104 Ridgeway Ave.<br>Louisville, KY 40207            | NA | 81,587    |
| Document Control Systems Inc.       | 1300 S. 4th St. S.150<br>Louisville, KY 40208        | NA | 126,199   |
| Dolzer, Professor Rudolph           | Am Pferchelhang 4/1 NA<br>Heidelberg GERMANY         |    | 30,000    |
| Duke/Fluor Daniel                   | P.O. Box 65934<br>Charlotte, NC 28266-0934           | NA | 297,422   |
| Duncan Technologies                 | 32441 30th Ave.<br>Stanton, MN 55018                 | NA | 101,128   |
| Dupont Flooring Systems             | 4790 Crittenden Dr. S. 101<br>Louisville, KY 40209   | NA | 68,142    |
| E Max Inc.                          | 2420 Frankfort Ave.<br>Louisville, KY 40206          | NA | 487,700   |
| Eads Telecom North America Inc      | P.O. Box 57069                                       | NA | 64,167    |



Edgar Filing: E ON AG - Form U-13-60

|   |  |    |            |
|---|--|----|------------|
| Earthwell Energy Management Inc                     | P.O. Box 3044<br>Louisville, KY 40201                              | NA | 126,082    |
| Edgewood Consulting Inc                             | 240 Bear Ladder Road<br>West Fulton, NY 12194                      | NA | 55,693     |
| Edwards Moving and Rigging                          | 2695 Aiken Road<br>Shelbyville, KY 40065                           | NA | 117,220    |
| Enertouch Inc.                                      | 1959 Parker Cr. Suite E<br>Stone Mountain, GA 30087                | NA | 1,798,260  |
| Environmental Protection Services                   | 4 Industrial Park Drive<br>P.O. Box 710<br>Wheeling, WV 26003-0091 | NA | 33,070     |
| EON Engineering GMBH                                | Bermannsgluckstr 41 43<br>Gelsenkirchen 45898 Germany              | A  | 586,531    |
| EPRI  | P.O. Box 60624<br>Charlotte, NC 28260                              | NA | 30,000     |
| Evans Construction Co Inc.                          | 4807 Chenoweth Run Rd.<br>Louisville, KY 40299                     | NA | 614,474    |
| Everest Technologies LLC                            | 12910 Shelbyville Rd. S. 135<br>Louisville, KY 40243               | NA | 112,401    |
| Fellers Snider Blankenship Bailey and<br>Tippens PC | 100 N. Broadway<br>Oklahoma City, OK 73102                         | NA | 53,215     |
| Find/SVP Inc  | Newark Post Office<br>P.O. Box 10761<br>Newark, NJ 07193-0761      | NA | 63,400     |
| Foresight Technology Group                          | 6670 W. Snowville Road<br>Brecksville, OH 44141                    | NA | 45,543     |
| Francis, James R.                                   | 24521 Morning Glory St.<br>Moreno Valley, CA 92553                 | NA | 121,914    |
| Frost Brown Todd LLC                                | P.O. Box 70087<br>Louisville, KY 40270                             | NA | 789,734    |
| Gamblin, William W.                                 | 101 East Vine Street<br>Lexington, KY 40515                        | NA | 30,646     |
| Gartner GRP   | 56 Top Gallant Road<br>P.O. Box 10212<br>Stanford, CT 06904        | NA | 86,969     |
| General Electric Company                            | Power Generation<br>1 River Road<br>Schenectady, NY 12245          | NA | 47,546,745 |
| Green Mechanical Construction                       | P.O. Box 1869<br>Glasgow, KY 42142-1869                            | NA | 27,588     |
| Greenebaum Doll & McDonald PLLC                     | Section 469<br>Louisville, KY 40289                                | NA | 173,922    |



Edgar Filing: E ON AG - Form U-13-60

|   |  |    |           |
|---|--|----|-----------|
| Guthrie Mayes & Associates Inc                                | 710 West Main Street<br>Louisville, KY 40202-2676  | NA | 26,364    |
| H Huff Construction Mgmt Specialists Inc.                     | 1651 Colony Ln.<br>Zachary, LA 70791   | NA | 537,295   |
| Harshaw Trane Service   | 1800 Plantside Dr.<br>Louisville, KY 40299-1975  | NA | 229,039   |
| Heidrick and Struggles Inc                                    | P.O. Box 92227<br>Chicago, IL 60675-4590   | NA | 86,176    |
| Henderman Jessee and Co PLLC                                  | 304 Whittington Pkwy, Ste 107<br>Louisville, KY 40222  | NA | 28,001    |
| Henwood Energy Services                                       | 2710-N Gateway Oaks Drive<br>Suite 300<br>Sacramento, CA 95833                                   | NA | 27,851    |
| Hill and Associates Inc.                                      | 222 Severn Ave.<br>Annapolis, MD 21403   | NA | 183,122   |
| Honeywell DMC Services Inc.                                   | Stonehill Corp Center, 999 Broadway<br>Saugus, MA 01906  | NA | 1,631,978 |
| Honeywell Industry Solutions                                  | P.O. Box 75578<br>Chicago, IL 60675  | NA | 141,635   |
| Hope Duggan and Silva   | Miami Commercial Center<br>8307 NW 68th St. S. 1218<br>P.O. Box 025743<br>Miami, FL 33102        | NA | 301,404   |
| Hunton & Williams   | 1900 K Street NW<br>Washington, DC 20006   | NA | 154,341   |
| ICI Security Systems  | P.O. Box 99258<br>Chicago, IL 60693  | NA | 30,713    |
| ICR   | P.O. Box 1050<br>Moorestown, NJ 08057  | NA | 396,832   |
| Incorp  | 2628B N. Cullen Avenue<br>Evansville, IN 47715   | NA | 25,059    |
| International Center for Settlement of<br>Investment Disputes | 1818 H Street NW<br>Federal Reserve Bank of New York<br>33 Liberty Street<br>Washington DC 20433 | NA | 60,000    |
| Iron Mountain   | 4111 Leghorn Dr.<br>Louisville, KY 40218   | NA | 46,720    |
| J. Bruce Miller Law Group                                     | 1800 One Riverfront Plaza<br>Louisville, KY 40202  | NA | 45,000    |
| Jackson & Kelly PLLC  | P.O. Box 11276<br>Charleston, WV 25339   | NA | 100,500   |
| Jarboe  | 21 E. High St.<br>Mooresville, IN 46158  | NA | 73,767    |



## Edgar Filing: E ON AG - Form U-13-60

|   |   |    |         |
|---|---|----|---------|
| JC Graphics LLC                         | 7006 Echo Tr.<br>Louisville, KY 40299                 | NA | 54,415  |
| JD Power and Assoc.                     | 30401 Agoura Rd.<br>Agoura Hills, CA 91301            | NA | 145,000 |
| Jones Day Reavis & Pogue                | 77 West Wacker<br>Chicago, IL 60601                   | NA | 475,687 |
| Kentucky State Treasurer                | P.O. Box 2004<br>Frankfort, KY 40602-2004             | NA | 25,267  |
| Kforce.Com                              | 4965 U.S. Hwy 42 S.2900<br>Louisville, KY 40222       | NA | 294,712 |
| Koinonia Computing Inc.                 | 200 S. 5th St. STE 201 S<br>Louisville, KY 40202      | NA | 346,719 |
| KPMG LLP                                | P.O. Box 120001<br>Dallas, TX 75312-0825              | NA | 27,400  |
| Lakeshore Financial Staffing            | 33112 Treasury Center<br>Chicago, IL 60694            | NA | 120,679 |
| Law Offices of Todd C. Ringstad         | 2030 Main Street, Ste 1200<br>Irvine, CA 92614        | NA | 26,245  |
| Lewis & Corrigan PLLC                   | P.O. Box 5711<br>Louisville, KY 40255                 | NA | 30,000  |
| LG&E Power Operations Inc.              | 220 W. Main St.<br>Louisville, KY 40202               | A  | 216,876 |
| Liebert Global Services                 | 610 Executive Campus Drive<br>Westerville, OH 43082   | NA | 25,331  |
| Long, Gregory Keith                     | 1704 Traveller Rd.<br>Lexington, KY 40504             | NA | 53,417  |
| Lyon, Robert E.                         | 2018 Tyler Ln.<br>Louisville, KY 40205                | NA | 97,083  |
| M S Gerber & Associates Inc.            | 1357 West Lane Ave.<br>Columbus, OH 43221             | NA | 84,650  |
| Management Applications Consulting Inc  | 2921 Windmill Road, Ste 4<br>Sinking Spring, PA 19608 | NA | 101,512 |
| Matrix Integration LLC                  | 417 Main St.<br>Jasper, IN 47546                      | NA | 136,431 |
| Media Library Inc.                      | 7604-D Big Bend Blvd<br>St. Louis, MO 63119           | NA | 40,563  |
| Mercer Human Resource Consulting        | P.O. Box 730212<br>Dallas, TX 75373-0212              | NA | 87,822  |
| Merrill Communications LLC              | CM-9638<br>St. Paul, MN 55170-9638                    | NA | 61,755  |
| Midwest Independent System Operator Inc | 5517 W 74th Street                                    | NA | 75,000  |





Edgar Filing: E ON AG - Form U-13-60

|  |   |    |            |
|--|---|----|------------|
| MO Better Marketing Communications               | 605 W. Main St.<br>Louisville, KY 40202               | NA | 26,690     |
| Moodys Investor Service                          | P.O. Box 102597<br>Atlanta, GA 30368                  | NA | 142,500    |
| Moore Security LLC                               | 506 Hwy 131 E., Ste 3<br>Clarksville, IN 47129        | NA | 54,894     |
| MTS Services Inc                                 | 4740 Ridge Drive NE<br>Salem, OR 97303                | NA | 39,958     |
| Mustang Engineering Inc.                         | P.O. Box 201829<br>Houston, TX 77216                  | NA | 143,525    |
| National Yellow Pages Direct                     | 14 Tower Park Ct, Ste 1<br>Little Rock, AR 72227      | NA | 137,721    |
| Neace Lukens Inc.                                | 211 Browns Ln.<br>Louisville, KY 40207                | NA | 297,541    |
| Netgain Technologies Inc                         | 6100 Dutchmans Lane<br>Louisville, KY 40205           | NA | 93,709     |
| Netjets Aviation Inc.                            | 4111 Bridleway Ave.<br>Columbus, OH 43219             | NA | 135,192    |
| New Age Technologies Inc.                        | 819 W. Main St. S. 200<br>Louisville, KY 40202        | NA | 54,314     |
| New Energy Associates LLC                        | P.O. Box 116022<br>Atlanta, GA 03068-6022             | NA | 25,936     |
| Nixon Peabody LLP                                | One Thomas Circle, Suite 700<br>Washington, DC 20005  | NA | 362,808    |
| Occupational Physician Services of<br>Louisville | 901 W. Broadway<br>Louisville, KY 40202               | NA | 37,291     |
| Off Duty Police Services Inc.                    | 13418 Forest Springs Dr.<br>Louisville, KY 40245-2076 | NA | 42,830     |
| Ogden Newell and Welch                           | 1700 Citizens Plaza<br>Louisville, KY 40202           | NA | 921,449    |
| Open Systems International Inc.                  | 3600 Holly Ln. N. S 40<br>Minneapolis, MN 55447-1283  | NA | 38,232     |
| OPS Plus Inc                                     | 2950 Breckenridge Ln. S. 9A<br>Louisville, KY 40220   | NA | 260,460    |
| Oracle Corp                                      | P.O. Box 71028<br>Chicago, IL 60694-1028              | NA | 127,196    |
| Overland Contracting Inc.                        | P.O. Box 801103<br>Kansas City, MO 64180-1103         | NA | 37,839,656 |
| Payton & Associates                              | 210 Meidinger Tower<br>Louisville, KY 40202           | NA | 45,000     |
| PDE, PLLC  | 4024 Lilydale Ct.                                     | NA | 87,200     |



Edgar Filing: E ON AG - Form U-13-60

|                                      |  |    |           |
|--------------------------------------|--|----|-----------|
| Perkin Elmer LLC                     | 710 Bridgeport Avenue<br>Mail Station 10<br>Shelton, CT 06484-4792 | NA | 25,449    |
| Pink Elephant Inc.                   | 5575 N. Service Rd.<br>Burlington, ON, L7L 6M1, Canada             | NA | 34,857    |
| Piper Marbury Rudnick & Wolfe LLP    | 1251 Avenue of the Americas<br>New York, NY 10020-1104             | NA | 32,317    |
| Polaris Personnel Service Inc        | 120 S. Harris St.<br>P.O. Box 6057<br>Sandersville, GA 31082       | NA | 26,277    |
| Porter, Janice W.                    | 5902 Croft Ct.<br>Louisville, KY 40207-1728                        | NA | 41,358    |
| Powell Goldstein Frazer & Murphy LLP | 191 Peachtree St. NE, 16th FL<br>Atlanta, GA 30303                 | NA | 139,352   |
| Power Technology                     | Westwood Way<br>Westwood Business Park<br>Coventry CV4 8LG         | A  | 190,016   |
| Powergen UK Plc                      | Westwood Way<br>Westwood Business Park Coventry CV4<br>8LG         | A  | 101,469   |
| Pricewaterhouse Coopers LLP          | P.O. Box 651376<br>Charlotte, NC 28265                             | NA | 327,782   |
| Pro Turf Inc.                        | 2007 Browns Village Rd.<br>Jeffersontown, KY 40299                 | NA | 59,490    |
| Quest Engineers Inc                  | 300 West Main St, Ste 600<br>Louisville, KY 40202                  | NA | 32,822    |
| Rapidigm Inc.                        | 8790 Governor's Hill Dr. S. 204<br>Cincinnati, OH 45249            | NA | 152,544   |
| Regenco LLC                          | 6609R W Washington Street<br>West Allis, WI 53214                  | NA | 99,448    |
| Robert Half Management Resources     | 9300 Shelbyville Road<br>Louisville, KY 40222                      | NA | 96,205    |
| Robert Half Technology               | 9300 Shelbyville Road, Ste 920<br>Louisville, KY 40222             | NA | 123,184   |
| Ryan Co LLC                          | 2295 Wolfpen Rd.<br>Sulphur, KY 40070                              | NA | 92,750    |
| Sargent and Lundy LLC                | 135 S. LaSalle St. Dept 2901<br>Chicago, IL 60674-2901             | NA | 242,367   |
| Schlumberger Industries              | 7127 Mexico Rd. PMB 289<br>St. Peters, MO 63376                    | NA | 1,371,420 |
| Schmidt Consulting Services          | 405 McKnight Park Drive<br>Pittsburgh, PA 15237                    | NA | 448,500   |



Edgar Filing: E ON AG - Form U-13-60

|   |  |    |           |
|---|--|----|-----------|
| Sea Inc                                     | 7349 Worthington Galena Rd<br>Columbus, OH 43085                             | NA | 26,311    |
| Smith and Smith                             | 200 S. Fifth Street, Ste 300 S<br>First Trust Centre<br>Louisville, KY 40202 | NA | 34,940    |
| Southern Natural Gas Company                | P.O. Box 102502<br>Atlanta, GA 30368   | NA | 1,029,007 |
| Southern Plumbing and Heating Inc           | 435 East Burnett Avenue<br>Louisville, KY 40217-1053                         | NA | 32,980    |
| Standard and Poors Corp                     | 2542 Collection Center Drive<br>Chicago, IL 60693                            | NA | 157,500   |
| Stoll Keenon and Park LLP                   | 201 E. Main St. S. 1000<br>Lexington, KY 40507                               | NA | 422,607   |
| Summit Blue Consulting                      | 1722 14th St. S 230<br>Boulder, CO 80302                                     | NA | 128,118   |
| Sunland Construction, Inc.                  | P.O. Box 972824<br>Dallas, TX 75397-2824                                     | NA | 179,952   |
| Sutherland Asbill and Brennan LLP           | 999 Peachtree St. NE<br>Atlanta, GA 30309                                    | NA | 4,529,923 |
| Synergics Energy Services LLC               | 191 Main St.<br>Annapolis, MD 21401  | NA | 84,532    |
| T & C Contracting Inc                       | 6301 Pendleton Road<br>P.O. Box 72398<br>Louisville, KY 40272                | NA | 77,794    |
| Tamplin & Co                                | 6511 Glenridge Park Place 8<br>Louisville, KY 40222                          | NA | 63,958    |
| TBI   | Cali Corporate Center<br>50 Tice Boulevard<br>Woodcliff Lake, NJ 07675       | NA | 457,272   |
| Tek Systems                                 | 9420 Bunsen Pkwy S. 220<br>Louisville, KY 40220                              | NA | 180,385   |
| The Prime Group LLC                         | P.O. Box 7469<br>Louisville, KY 40257  | NA | 474,850   |
| Todays Staffing Inc.                        | P.O. Box 910270<br>Dallas, TX 75391  | NA | 648,147   |
| Towers Perrin                               | 1500 Market Street<br>Philadelphia, PA 19178                                 | NA | 51,055    |
| Transperfect Translations International Inc | 3 Park Avenue 39th Floor<br>New York, NY 10016                               | NA | 54,340    |
| Troutman Sanders LLP                        | 600 Peachtree Street NE S. 5200<br>Atlanta, GA 30308-2216                    | NA | 847,582   |



Edgar Filing: E ON AG - Form U-13-60

|                                  |   |    |                    |
|----------------------------------|---|----|--------------------|
| Tuck Mapping Solutions Inc.      | 1928 Wildcat Road<br>P.O. Box 760<br>Big Stone Gap, VA 24219            | NA | 41,640             |
| Turner Davis & Gerald            | P.O. Box 2796<br>Midland, TX 79702                                      | NA | 163,064            |
| Unisys Pulsepoint Communications | 6307 Carpinteria Ave.<br>Carpinteria, CA 93013                          | NA | 39,560             |
| United Mail                      | 4410 Bishop Ln.<br>Louisville, KY 40218                                 | NA | 129,618            |
| United Sciences Testing Inc      | 5474 William Flynn Hwy<br>Gibsonia, PA 15044                            | NA | 43,750             |
| University of Kentucky           | 201 Administrative Building<br>Lexington, KY 40506                      | NA | 26,000             |
| Wallace Company Inc.             | P.O. Box 19825<br>Louisville, KY 40259                                  | NA | 74,321             |
| Wayne Corp.                      | Medical Arts Bldg.<br>1169 Eastern Pkwy S. 1166<br>Louisville, KY 40217 | NA | 92,076             |
| Weber Fick and Wilson Division   | 1000 N. Front Street, Ste 200<br>Wormleysburg, PA 17043                 | NA | 86,002             |
| William E Groves Construction    | 3135 Grapevine Road<br>P.O. Box 1205<br>Madisonville, KY 42431          | NA | 41,713             |
| Williams Mullen Clark & Dobbins  | Two James Center<br>P.O. Box 1320<br>Richmond, VA 23218-1320            | NA | 56,619             |
| Wright & Talisman PC             | 1200 G. Street NW Suite 600<br>Washington, DC 20005-3802                | NA | 68,884             |
| Wyatt Tarrant & Combs LLP        | PNC Plaza<br>Louisville, KY 40202                                       | NA | 57,448             |
| Xerox                            | 9000 Wessex PL S. 100<br>Louisville, KY 40222                           | NA | 1,808,798          |
| YCA                              | 2336 Wisteria Dr. S. 440<br>Snellville, GA 30078                        | NA | 75,587             |
| All Others (647)                 |   | NA | (6,595,755)        |
| <b>TOTAL ALL</b>                 |   |    | <b>124,415,229</b> |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Employee Pensions and Benefits Account 926**

Instructions:

Provide a listing of each pension plan and benefit program provided by the service company. Such listing should be limited to \$25,000.

| Description               | Amount           |
|---------------------------|------------------|
| Life Insurance Expense    | 322,848          |
| Medical Insurance Expense | 3,232,203        |
| Retiree Medical           | (4,879,002)      |
| Dental Insurance Expense  | 286,650          |
| Post Employment Benefits  | 189,501          |
| Pension Expense           | 5,034,347        |
| Post Retirement Benefits  | 1,162,651        |
| 401 (K)                   | 1,363,270        |
| Long Term Disability      | 122,546          |
| Other Tuition Refund Plan | 17,410           |
|                           | <b>6,852,424</b> |



**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**General Advertising Expenses Account 930.1**

**Instruction:**

Provide a listing of the amount included in Account 930.1, "General Advertising Expenses," classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

| Name of Payee                          | DIRECT<br>COSTS<br>CHARGED |
|--|----------------------------|
| American Express Corp                  | 5,478                      |
| Bluegrass State Games                  | 12,000                     |
| Creative Alliance                      | 30,293                     |
| Host Communications Inc.               | 22,818                     |
| Kentucky Derby Festival Inc            | 7,500                      |
| Lexington Professional Baseball Co LLC | 10,500                     |
| Louisville Central Area Inc            | 3,605                      |
| Nelligan Sports Marketing Inc          | 125,000                    |
| Okolona Fire Protection District       | 5,000                      |
| Total ID Solutions                     | 9,648                      |
| Various                                | 22,339                     |
| <b>TOTAL</b>                           | <b>254,180</b>             |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Miscellaneous General Expenses Account 930.2**

Instruction:

Provide a listing of the amount included in Account 930.2, Miscellaneous General Expenses, classifying such expenses according to their nature. Payments and expenses permitted by Section 321 (b) (2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. SS441 (b) (2)) shall be separately classified.

| Description                          |                | <b>DIRECT<br/>COSTS<br/>CHARGED</b> |
|--------------------------------------|----------------|-------------------------------------|
| 930201 Misc. Corporate Exp.          |                |                                     |
| Executive Mgmt Exp. Telecom          | 3,288          |                                     |
| Business License Fees                | 198            | 3,485                               |
| 930202 Association Dues              | 103,827        | 103,827                             |
| 930203 Research Work                 |                |                                     |
| EPRI DUES                            | 81,050         | 81,050                              |
| 930207 Other Misc. Gen Exp.          |                |                                     |
| Charges to Louisville Gas & Electric |                |                                     |
| Phone                                | 1,674          |                                     |
| Employee Expenses                    | 841            |                                     |
| Misc.                                | 1,276          | 3,791                               |
| Charges to LG&E Capital Corp.        |                |                                     |
| Employee Expenses                    | 52             |                                     |
| Write-off of Enertech Receivables    | 11,086         |                                     |
| Misc.                                | 738            | 11,877                              |
| Charges to LG&E Enertech Inc.        |                |                                     |
| Phone                                | 2,247          |                                     |
| Advertising                          | 4,200          |                                     |
| Postage                              | 190            |                                     |
| Employee Expenses                    | 3,758          |                                     |
| Dues                                 | 839            |                                     |
| Misc.                                | 792            | 12,026                              |
| 930209 Nondeductible Penalties       | 669            | 669                                 |
| 930250 Broker Fees                   |                |                                     |
| Neace Lukens accrual reversal        | (14,000)       | (14,000)                            |
| <b>TOTAL</b>                         | <b>202,725</b> | <b>202,725</b>                      |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Rents Account 931**

Instruction:

Provide a listing of the amount included in Account 931, "Rents", classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts.

|                           | <b>DIRECT<br/>COSTS<br/>CHARGED</b> |
|---------------------------|-------------------------------------|
| Description               |                                     |
| 931004 Rents Corporate HQ | 1,100                               |
| 931100 Rents Other        | 282                                 |
|                           | <hr/>                               |
| TOTAL                     | 1,382                               |
|                           | <hr/>                               |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Taxes Other Than Income Taxes Account 408**

Instructions:

Provide an analysis of Account 408, "Taxes Other Than Income Taxes." Separate the analysis into two groups: (1) Other than U.S. Government taxes, and (2) U.S. Government taxes. Specify each of the various kinds of taxes and show the amounts thereof. Provide a subtotal for each class of tax.

| Kind Of Tax                      | Amount           |
|----------------------------------|------------------|
| <hr/>                            |                  |
| Other Than U.S. Government Taxes |                  |
| Real and Personal Prop Tax       | 0                |
|                                  | <hr/>            |
| <b>TOTAL</b>                     | <b>0</b>         |
|                                  | <hr/>            |
| U.S. Government Taxes            |                  |
| Federal Unemployment Insurance   | 228,762          |
| Federal Old Age Benefits Tax     | 4,284,521        |
|                                  | <hr/>            |
| <b>TOTAL</b>                     | <b>4,513,283</b> |
|                                  | <hr/>            |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

Donations Account 426.1

Instructions:

Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than \$3,000 may be in lieu of details.

| <b>Name of Recipient</b>                      | <b>Amount</b> |
|---|---------------|
| Bellarmine College                            | 4,700         |
| Greater Louisville Inc                        | 89,000        |
| Metro United Way                              | 47,979        |
| National Kidney Foundation of Kentucky        | 5,000         |
| Skip Zoeller Enterprises                      | 11,418        |
| The Kentucky Center                           | 8,500         |
| University of Louisville                      | 17,667        |
| Watson Lane Elementary Family Resource Center | 3,000         |
| Others (56)                                   | 63,989        |
|   | 251,252       |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

Other Deductions Account 426.5

Instructions:

Provide a listing of the amount included in Account 426.5, "Other Deductions," classifying such expenses according to their nature.

| Description   | Name of<br>Payee | Amount            |
|---|------------------|-------------------|
| 426501 Other Deductions                                   |                  |                   |
| Project Engineering Expenses                              | Various          | 350,770           |
| Advertising   | Various          | 1,078,696         |
| Sales and Promotion Expense                               | Various          | 7,896             |
| Lease/Rental  | Various          | (6,168)           |
| Office Supplies and Materials/Postage/Freight             | Various          | 36,750            |
| Dues and Subscriptions                                    | Various          | 10,251            |
| Contributions   | Various          | 77,030            |
| Education and Training Course Fees/Tuition                | Various          | 23,121            |
| Labor/Burdens   | Various          | 56,630            |
| Officer Gross-Up Taxes                                    | Various          | 334,967           |
| Pension   | Various          | 10,699            |
| Employee Meals/Travel Expenses/Telecom                    | Various          | 288,862           |
| Miscellaneous Employee Expenses                           | Various          | 156,784           |
| Miscellaneous   | Various          | 175,223           |
|   |                  | <u>2,601,512</u>  |
| 426507 Senior Management Pension                          | Various          | 410               |
| 426512 Expatriate Benefits                                | Various          | (24,045)          |
| 426515 Senior Management Long-Term Incent                 | Various          | 76,282            |
| 426502, 426592 SERP (Direct and Indirect)                 |                  |                   |
| Officers Supplemental Early Retirement Program            | Various          | 5,327,458         |
| 426504, 426594 Officers' TIA (Direct and Indirect)        |                  |                   |
| Officers Team Incentive Award                             | Various          | 2,191,298         |
| 426505, 426595 Off Long-Term Incent (Direct and Indirect) |                  |                   |
| Officers Long-Term Incentives                             | Various          | 1,396,462         |
| TOTAL 426.5   |                  | <u>11,569,376</u> |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Schedule XVIII Notes to Statement of Income**

See Notes to Financial Statements on pages 17-18.

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.**  
**For the Year Ended December 31, 2003**

**Schedule XIX Financial Data**

If, at the time an annual report on this form is filed, the registrant is required to submit this report and any amendments thereto electronically via EDGAR, the registrant shall furnish a Financial Data Schedule. The Schedule shall set forth the financial and other data specified below that are applicable to the registrant on a consolidated basis.

| Item No. | Caption Heading                                    | Amount       |
|----------|--|--------------|
| 1        | Net Service Company Property                       | 2,316,388    |
| 2        | Total Investments                                  | 0            |
| 3        | Total Current and Accrued Assets                   | 68,305,618   |
| 4        | Total Deferred Debits                              | 9,511,214    |
| 5        | Balancing Amount for Total Assets and Other Debits | 0            |
| 6        | Total Assets and Other Debits                      | 80,133,220   |
| 7        | Total Proprietary Capital                          | (6,914,762)  |
| 8        | Total Long-Term Debt                               | 0            |
| 9        | Notes Payable                                      | 0            |
| 10       | Notes Payable to Associate Companies               | 0            |
| 11       | Other Current and Accrued Liabilities              | 104,833,620  |
| 12       | Total Deferred Credits                             | 1,622,990    |
| 13       | Accumulated Deferred Income Taxes                  | (19,408,628) |
| 14       | Total Liabilities and Proprietary Capital          | 80,133,220   |
| 15       | Services Rendered to Associate Companies           | 308,493,204  |
| 16       | Services Rendered to Non-associate Companies       | 0            |
| 17       | Miscellaneous Income or Loss                       | 0            |
| 18       | Total Income                                       | 308,493,204  |
| 19       | Salaries and Wages                                 | 88,176,947   |
| 20       | Employee Pensions and Benefits                     | 6,852,424    |
| 21       | Other Expenses                                     | 213,463,833  |
| 22       | Total Expenses                                     | 308,493,204  |
| 23       | Net Income (Loss)                                  | 0            |
| 24       | Total Expenses (Direct Costs)                      | 300,781,835  |
| 25       | Total Expenses (Indirect Costs)                    | 7,711,369    |
| 26       | Total Expenses (Total)                             | 308,493,204  |
| 27       | Number of Personnel End of Year                    | 1,026        |



**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003  
Organization Chart**

|                     |   |
|---------------------|---|
| Victor A. Staffieri | Chairman, Chief Executive Officer and President |
| John R. McCall      | Vice President and Secretary                    |
| S. Bradford Rives   | Chief Financial Officer                         |
| Daniel K. Arbough   | Treasurer                                       |

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**METHODS OF ALLOCATION**

**Information Systems Chargeback Rates** Rates for services, including but not limited to software, consulting, mainframe and personal computer services, are based on the costs of labor, materials and information services overheads related to the provision of each service. Such rates are applied based on the specific equipment employed and the measured usage of services by Client entities. These rates will be determined annually based on actual experience and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

**Number of Customers Ratio** A ratio based on the number of retail electric and/or gas customers. This ratio will be determined annually based on the actual number of customers at the end of the previous calendar year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes. In some cases, the ratio may be calculated based on the type of customer class being served (i.e. Residential, Commercial or Industrial).

**Number of Employees Ratio** A ratio based on the number of employees benefiting from the performance of a service. This ratio will be determined annually based on actual counts of applicable employees at the end of the previous calendar year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes. In some cases, a two-step assignment methodology is utilized to properly allocate SERVCO employee costs to the proper legal entity.

**Departmental Charge Ratio** A specific SERVCO department ratio based upon various factors such as labor hours, labor dollars, departmental or Client entity headcount, etc. The departmental charge ratio typically applies to indirectly attributable costs (defined in Section V, Cost Apportionment Methodology) such as departmental administrative, support, and/or material and supply costs that benefit more than one affiliate and that require allocation using general measures of cost causation. Methods for assignment are department-specific depending on the type of product or service being performed and are documented and monitored by the PUHCA Compliance Manager on a monthly basis to ensure consistent and proper application and periodic true-up, where necessary, for SERVCO billing purposes.

**Electric Peak Load Ratio** Based on the sum of the monthly electric maximum system demands for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

**Revenue Ratio** Based on the sum of the revenue at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

**Payroll Ratio** Based on the sum of the payroll at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

**Total Assets Ratio** Based on the total assets at year end for the preceding year, the numerator of which is for an operating company or affected affiliate company and the denominator of which is for

all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes. In the event of joint ownership of a specific asset, asset ownership percentages will be utilized to assign costs.

**Contract Ratio** Based on the sum of the physical amount (i.e. tons of coal, cubic feet of natural gas) of the contract for both coal and natural gas at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

**Shareholder Ratio** Based on the average number of preferred shareholders at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined on an annual basis, or at such time as may be required due to significant changes.

**Number of Meters Ratio** Ratio based on the number or types of meters being utilized by all levels of customer classes within the system for the immediately preceding twelve consecutive calendar months. The numerator is equal to the number of meters for a specific Client entity and the denominator is equal to such expenditures for all applicable client entities. This ratio will be determined annually, or at such time as may be required due to significant change.

**Number of Transactions Ratio** Based on the sum of transactions occurring in the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected would affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined on a monthly basis, or at such time as may be required due to significant changes. For example, services with regard to Procurement and Major Contracts define a transaction as the number of contracts negotiated. Services pertaining to Materials Logistics would define the transaction as the number of items ordered, picked and disbursed out of the warehouse. Services pertaining to Accounts Payable would define the transaction as the number of invoices processed. Similar to the Departmental Charge Ratio, defined previously, the PUHCA Compliance Manager is responsible for maintaining and monitoring specific product/service methodology documentation and periodic true-up requirements for actual transactions related to SERVCO billings.

**Retail Revenue Ratio** Based on utility revenues, excluding energy marketing revenues, for the immediate preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affiliate and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

**Energy Marketing Ratio** Based on the absolute value of equivalent megawatt hours purchased or sold for the immediate preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affiliate and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

**Regulatory Mandate Ratios** Based on Federal or state mandated percentage allocations based on regulatory proceedings and requirements. These ratios are typically developed in concert with regulatory authorities representing the results of merger or joint asset ownership negotiations and are supported by specific contracts regarding legal entity allocation requirements. Contract terms and periodic updates, if necessary, are maintained and monitored by the PUHCA Compliance Manager and SERVCO departmental management.

**Project Ratio** Based on the total costs for any departmental or affiliate project at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined on a monthly basis, or at such time as may be required due to significant changes.

**Transportation Resource Management System Chargeback Rate** Rates for use of transportation equipment are based on the costs associated with providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles. Such rates are applied based on the specific equipment employment and the measured usage of services by Client entities. These rates will be determined annually based on actual experience and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

**Non-Fuel Material and Services Expenditures** A ratio based on non-fuel material and services expenditures, net of reimbursements, for the immediately preceding twelve consecutive calendar months. The numerator is equal to such expenditures for a specific Client entity and/or line-of-business as appropriate and the denominator is equal to such expenditures for all applicable Client entities. This ratio will be determined annually, or at such time as may be required due to a significant change.

**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

**Annual Statement of Compensation for Use of Capital Billed**

Not Applicable



**ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC.  
For the Year Ended December 31, 2003**

Supplemental Service Transactions among the E.ON System and LG&E Energy Group

Instructions: As required by Securities and Exchange Commission Release No. 35-27539 (June 14, 2002).

Services rendered by members of the E.ON Group or the Powergen Group companies included the assessment of environmental control options for coal-fired plants, specialist analysis of combustion turbine component failures, analysis and resolution of plant operational, performance, availability and reliability issues for coal plant and combustion turbines, plant maintenance strategy development for coal boilers and combustion turbines, various monitoring and specification and technical studies, acceptance, balance and catalyst performance testing, and training in assessing and preventing boiler tube failures at the LG&E Energy Group Plant facilities. Further services included educational seminars for professional development of LG&E Energy Group employees.

In addition, several E.ON/Powergen employees are assigned to work in the US for the LG&E Energy Group. These salaries and expenses of the expatriate employees were reimbursed to E.ON/Powergen. Individual job descriptions are listed below.

Services rendered by individual LG&E Energy Group companies were mainly labor and general expenses of individuals doing specialized work for the E.ON/Powergen system companies. This work included regulatory filings, engineering policy, best practices purchasing, auditing, human resources and investment/shareholder expenses. Also, several employees were assigned to work in UK at Powergen and in Germany at E.ON. Those salaries and expenses were reimbursed by Powergen and E.ON. Several items were expenses of Powergen and E.ON and were paid by the LG&E Energy Group companies, with reimbursement from Powergen and E.ON. Descriptions are on each line item below.

| Description of Services                                    | Amount     | Service Performed By: | Service Received By:          | LG&E Energy Group Employees Performing Service |            |
|--|------------|-----------------------|-------------------------------|--|------------|
|  |            |                       |                               | Absolute                                       | Percentage |
| OLVMS Brown CT11 Monitoring                                | \$ 8,178   | Power Technology      | Kentucky Utilities Company    |  |            |
| Trimble County II Specification and Technical Studies      | \$ 177,150 | Power Technology      | Louisville Gas & Electric Co. |  |            |
| Flow modeling of Mill Creek 2CW System                     | \$ 7,400   | Power Technology      | Louisville Gas & Electric Co. |  |            |
| Gent U4 Monitor Vibration During RTS                       | \$ 4,840   | Power Technology      | Kentucky Utilities Company    |  |            |
| Airborne Technology Assessment                             | \$ 2,128   | Power Technology      | LG&E Energy Group             |  |            |
| Ghent 3+4 Reheater & Economiser Design                     | \$ 46,890  | Power Technology      | Kentucky Utilities Company    |  |            |
| Dimensional & Visual Inspection of 1st Superheater Element | \$ 2,150   | Power Technology      | Western Kentucky Energy       |  |            |
| Coleman Boiler 3 Buckstay Inspection                       | \$ 11,675  | Power Technology      | Western Kentucky Energy       |  |            |
| Ghent Ultrasonics Small Bore                               | \$ 12,105  | Power Technology      | Kentucky Utilities Company    |  |            |
| Ghent U3 Advice on Inspection Strategy Small Bore Tubes    | \$ 1,050   | Power Technology      | Kentucky Utilities Company    |  |            |

Edgar Filing: E ON AG - Form U-13-60

|   |    |         |                       |                               |
|---|----|---------|-----------------------|-------------------------------|
| Mill Creek EMAT Tube Survey                               | \$ | 7,700   | Power Technology      | Louisville Gas & Electric Co. |
| Ghent U3 Reheater/Econ Elements                           | \$ | 1,410   | Power Technology      | Kentucky Utilities Company    |
| PROATES B Ghent U4 Analysis of Plant Performance          | \$ | 10,598  | Power Technology      | Kentucky Utilities Company    |
| Ghent U3&4 Reheater Outlet Temperature Dis Study          | \$ | 5,046   | Power Technology      | Kentucky Utilities Company    |
| Life Extension Work on GT24 Gas Turbines                  | \$ | 22,592  | Power Technology      | Kentucky Utilities Company    |
| Mill Creek Supply 103 Sets Reheater Elements              | \$ | 568,000 | Power Technology      | Louisville Gas & Electric Co. |
| Monitor Return to Service of Wilson Using Beran OLVMS     | \$ | 27,360  | Power Technology      | Western Kentucky Energy       |
| Pressure Parts Maintenance Strategy Draft Documents       | \$ | 6,078   | Power Technology      | Louisville Gas & Electric Co. |
| Ghent U3+4 Economiser Gas Baffles                         | \$ | 6,984   | Power Technology      | Kentucky Utilities Company    |
| Ghent U3+4 Economiser Bypass Feasibility                  | \$ | 14,603  | Power Technology      | Kentucky Utilities Company    |
| Coleman FGD Boiler Implosion Study                        | \$ | 8,050   | Power Technology      | Western Kentucky Energy       |
| Consulting Study/Cycle Optimization Trimble County Unit 2 | \$ | 163,008 | E.ON Engineering GmbH | Louisville Gas & Electric Co. |
| Mill Creek/Ghent SCR Performance Tests                    | \$ | 102,206 | E.ON Engineering GmbH | Louisville Gas & Electric Co. |
| WKE, Wilson, SCR Testing                                  | \$ | 194,853 | E.ON Engineering GmbH | Western Kentucky Energy       |
| Trimble 1, NH3 Optimization                               | \$ | 74,490  | E.ON Engineering GmbH | Louisville Gas & Electric Co. |
| Trimble 1, Catalyst Testing                               | \$ | 22,800  | E.ON Engineering GmbH | Louisville Gas & Electric Co. |
| Coleman FGD, EPC Specifications Review                    | \$ | 26,512  | E.ON Engineering GmbH | Western Kentucky Energy       |
| Coleman, PRB Study  | \$ | 35,883  | E.ON Engineering GmbH | Western Kentucky Energy       |
| Coleman, Indicative Baseline Testing                      | \$ | 12,180  | E.ON Engineering GmbH | Western Kentucky Energy       |
| Seminar Leading Change and Organizational Renewal         | \$ | 7,500   | E.ON Academy          | LG&E Energy Group             |
| Seminar High Performance People Skills                    | \$ | 4,097   | E.ON Academy          | LG&E Energy Group             |
| Seminar Intercultural Effectiveness Program               | \$ | 11,300  | E.ON Academy          | LG&E Energy Group             |
| Seminar E.ON General Management Program (IMD)             | \$ | 4,510   | E.ON Academy          | LG&E Energy Group             |
| Seminar E.ON Executive Program                            | \$ | 12,600  | E.ON Academy          | LG&E Energy Group             |
| Seminar Understanding Energy Markets and Technologies     | \$ | 450     | E.ON Academy          | LG&E Energy Group             |
| Seminar Emerging Leaders Program                          | \$ | 4,600   | E.ON Academy          | LG&E Energy Group             |



Edgar Filing: E ON AG - Form U-13-60

|   |    |            |                           |   |   |       |
|---|----|------------|---------------------------|---|---|-------|
| Seminar E.ON Finance for Non-Finance Executives     | \$ | 20,800     | E.ON Academy              | LG&E Energy Group                         |   |       |
| Seminar Personal Awareness and Impact               | \$ | 19,350     | E.ON Academy              | LG&E Energy Group                         |   |       |
| Bank Fees   | \$ | 127,534    | E.ON NA                   | LG&E Capital Corp.                        |   |       |
| Expatriate Salaries and Expenses Engineering        | \$ | 281,428.94 | Powergen plc              | Louisville Gas and Electric Company       |   |       |
|   | \$ | 322,645    | Powergen plc              | Kentucky Utilities Company                |   |       |
|   | \$ | 596,366    | Powergen plc              | LG&E Capital Corp.                        |   |       |
|   | \$ | 101,037    | Powergen plc              | LG&E Power Development Inc. (Tiger Creek) |   |       |
|   | \$ | 1,782      | Powergen plc              | Powergen plc                              |   |       |
|   | \$ | 125,561    | Powergen plc              | LG&E Power Inc.                           |   |       |
|   | \$ | 180,765    | Powergen plc              | Western Kentucky Energy Corp.             |   |       |
| Expatriate Salaries and Expenses Human Resources    | \$ | 54,464     | Powergen plc              | Louisville Gas and Electric Company       |   |       |
|   | \$ | 56,564     | Powergen plc              | Kentucky Utilities Company                |   |       |
|   | \$ | 46,870     | Powergen plc              | LG&E Capital Corp.                        |   |       |
|   | \$ | 679        | Powergen plc              | LG&E Power Inc.                           |   |       |
|   | \$ | 2,436      | Powergen plc              | Western Kentucky Energy Corp.             |   |       |
|   | \$ | 23         | Powergen plc              | LG&E Power Development Inc. (Fairfax)     |   |       |
|   | \$ | 117        | Powergen plc              | LG&E Energy Marketing Inc.                |   |       |
| Expatriate Salaries and Expenses Accounting/Finance | \$ | 66,250     | Powergen plc              | Louisville Gas and Electric Company       |   |       |
|   | \$ | 66,250     | Powergen plc              | Kentucky Utilities Company                |   |       |
|   | \$ | 1,007,343  | Powergen plc              | LG&E Capital Corp.                        |   |       |
| Expatriate Salaries and Expenses Transition         | \$ | 636,321    | Powergen plc              | LG&E Capital Corp.                        |   |       |
| Expatriate Salaries and Expenses OPC                | \$ | 93,038     | Powergen plc              | LG&E Energy Marketing Inc.                |   |       |
|   | \$ | 7,830      | Powergen plc              | LG&E Capital Corp.                        |   |       |
| Expatriate Salaries and Expenses Accounting/Finance | \$ | 20,861     | E.ON AG                   | Louisville Gas and Electric Company       |   |       |
|   | \$ | 20,861     | E.ON AG                   | Kentucky Utilities Company                |   |       |
|   | \$ | 58,662     | E.ON AG                   | LG&E Capital Corp.                        |   |       |
| Expatriate Salaries and Expenses Trading Controls   | \$ | 19,159     | E.ON AG                   | LG&E Capital Corp.                        |   |       |
| Legal   | \$ | 4,588      | LG&E Energy Services Inc. | Powergen plc                              | 8 | 0.23% |
| Corporate Communications (Expatriate assignment)    | \$ | 2,896      | LG&E Energy Services Inc. | Powergen plc                              | 0 | 0.00% |

Edgar Filing: E ON AG - Form U-13-60

|  |    |          |                           |              |    |       |
|--|----|----------|---------------------------|--------------|----|-------|
| Engineering Policy-Group Engineering   | \$ | 329,658  | LG&E Energy Services Inc. | Powergen plc | 1  | 0.03% |
| Dir. Chain & Operating Services (Expatriate assignment)  | \$ | 10,900   | LG&E Energy Services Inc. | Powergen plc | 1  | 0.03% |
| Legal (Ex-Pat Assignment)  | \$ | 277,993  | LG&E Energy Services Inc. | Powergen plc | 1  | 0.03% |
| Legal (Transition Director)  | \$ | (11,327) | LG&E Energy Services Inc. | Powergen plc | 0  | 0.00% |
| Investment/Shareholder Relations (Expenses Paid by LG&E Services for Powergen plc Computershare)           | \$ | 54,116   | LG&E Energy Services Inc. | Powergen plc |    |       |
| Legal (Expenses Paid by LG&E Services for Powergen plc)  | \$ | 76,882   | LG&E Energy Services Inc. | Powergen plc |    |       |
| 2003 EPRI Payment (Expenses Paid by LG&E Services for Powergen plc)  | \$ | 379,448  | LG&E Energy Services Inc. | Powergen plc |    |       |
| Corporate Communications   | \$ | 157,741  | LG&E Energy Services Inc. | E.ON AG      | 1  | 0.03% |
| Information Technology (Credit for Day 1 Initiatives Billed in Error)                                      | \$ | (35,481) | LG&E Energy Services Inc. | E.ON AG      | 0  | 0.00% |
| Human Resources (Expenses Paid by LG&E Services for E.ON AG)   | \$ | 102,559  | LG&E Energy Services Inc. | E.ON AG      | 10 | 0.29% |
| Legal (Expenses Paid by LG&E Services for E.ON AG)   | \$ | 6,069    | LG&E Energy Services Inc. | E.ON AG      | 1  | 0.03% |
| Miscellaneous Expenses of E.ON Employee stationed in Louisville Expenses Paid by LG&E Services for E.ON AG | \$ | 27,110   | LG&E Energy Services Inc. | E.ON AG      |    |       |
| Human Resources (Ex-Pat Assignment)  | \$ | 304,428  | LG&E Energy Services Inc. | E.ON AG      | 1  | 0.03% |
| Sr. Buyer/International Best Practices (Ex-Pat Assignment)   | \$ | 45,339   | LG&E Energy Services Inc. | E.ON AG      | 1  | 0.03% |
| IT Auditor (Ex-Pat Assignment)   | \$ | 23,399   | LG&E Energy Services Inc. | E.ON AG      | 1  | 0.03% |
| Miscellaneous Special Award/Promotion (Credit for Expenses Billed in Error)                                | \$ | (17,639) | LG&E Energy Services Inc. | E.ON AG      |    |       |
| Miscellaneous Glenview House (Expenses Paid by LG&E Services for E.ON NA)                                  | \$ | 3,275    | LG&E Energy Services Inc. | E.ON NA      |    |       |
| Human Resources (Ex-Pat Assignment)  | \$ | 183,679  | LG&E Energy Services Inc. | Sydskraft AB | 1  | 0.03% |
| Total LG&E Group Employees engaged in rendering services:  |    |          |                           |              | 27 | 0.77% |

QuickLinks

LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. Schedule I Comparative Balance Sheet

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule II Service Company Property

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule III Accumulated Provision for Depreciation and Amortization of Service Company Property.

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule IV Investments

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule V Accounts Receivable from Associate Companies

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule VI Fuel Stock Expenses Undistributed

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule VII Stores Expense Undistributed

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule VIII Miscellaneous Current and Accrued Assets

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule IX Miscellaneous Deferred Debits

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule X Research, Development or Demonstration Expenditures

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XI Proprietary Capital

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XII Long Term Debt

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XIII Current and Accrued Liabilities

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XIV Notes to Financial Statements

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XV Statement of Income

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Analysis of Billing Associate Companies Account 457

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Analysis of Billing Non-associate Companies Account 458

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XVI Analysis of Charges for Service Associate and Non-associate Companies

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XVII Schedule of Expense Distribution by Department or Service Function

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XVII Schedule of Expense Distribution by Department or Service Function

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XVII Schedule of Expense Distribution by Department or Service Function

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XVII Schedule of Expense Distribution by Department or Service Function

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XVII Schedule of Expense Distribution by Department or Service Function

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Departmental Analysis of

Edgar Filing: E ON AG - Form U-13-60

Salaries Account 920

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Outside Services Employed Account 923

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Employee Pensions and Benefits Account 926

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 General Advertising Expenses Account 930,1

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Miscellaneous General Expenses Account 930,2

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Rents Account 931

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Taxes Other Than Income Taxes Account 408

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XVIII Notes to Statement of Income

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Schedule XIX Financial Data

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003

METHODS OF ALLOCATION

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003 Annual Statement of Compensation for Use of Capital Billed

ANNUAL REPORT OF LG&E ENERGY SERVICES INC. Signature Clause

ANNUAL REPORT TO THE SEC OF LG&E ENERGY SERVICES INC. For the Year Ended December 31, 2003