PPL Corp
Form DEF 14A
April 06, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

PPL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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þ No fee required.
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

PPL Corporation

Notice of Annual Meeting
May 18, 2011

and

Proxy Statement

PPL CORPORATION
Two North Ninth Street
Allentown, Pennsylvania 18101

Notice of Annual Meeting of Shareowners

Time and Date	10:00 a.m., Eastern Daylight Time, on Wednesday, May 18, 2011.
Place	Zoellner Arts Center 420 East Packer Ave. Bethlehem, Pennsylvania
Items of Business	To elect ten directors for a term of one year, as listed in this Proxy Statement. To approve an Internal Revenue Code Section 162(m) compliant annual cash incentive compensation plan, called the Short-term Incentive Plan. To ratify the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for the year ending December 31, 2011. To conduct an advisory vote on executive compensation. To conduct an advisory vote on the frequency of future executive compensation votes. To consider two shareowner proposals, if properly presented. To consider such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.
Record Date	You can vote if you were a shareowner of record on February 28, 2011.
Proxy Voting	It is important that your shares be represented and voted at the Annual Meeting. You can vote your shares by completing and returning your proxy card or by voting on the Internet or by telephone. See details under the heading General Information How do I vote?

By Order of the Board of Directors,

Robert J. Grey
Senior Vice President,
General Counsel and Secretary

April 6, 2011

Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to Be Held on May 18, 2011:

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DIRECTIONS TO ANNUAL MEETING	Inside back cover

PPL CORPORATION
Two North Ninth Street
Allentown, Pennsylvania 18101

Proxy Statement
Annual Meeting of Shareowners
May 18, 2011
10:00 a.m. (Eastern Daylight Time)

We are providing these proxy materials in connection with the solicitation by the Board of Directors of PPL Corporation of proxies to be voted at the company s Annual Meeting of Shareowners to be held on May 18, 2011, and at any adjournment or postponement of the Annual Meeting. Directors, officers and other company employees may also solicit proxies by telephone or otherwise. Brokers, banks and other holders of record will be requested to solicit proxies or authorizations from beneficial owners and will be reimbursed for their reasonable expenses. We first released this proxy statement and the accompanying proxy materials to shareowners on or about April 6, 2011.

GENERAL INFORMATION

What am I voting on?

There are seven proposals scheduled to be voted on at the meeting:

- the election of ten directors for a term of one year, as listed in this proxy statement;
- the approval of an Internal Revenue Code Section 162(m) compliant annual cash incentive compensation plan, referred to as the company s Short-term Incentive Plan;
- the ratification of the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for the year ending December 31, 2011;
- an advisory vote on executive compensation;
- an advisory vote on the frequency of future executive compensation votes; and
- the consideration of two shareowner proposals, if properly presented to the meeting.

Who can vote?

Holders of PPL Corporation common stock as of the close of business on the record date, February 28, 2011, may vote at the Annual Meeting, either in person or by proxy. Each share of PPL Corporation common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What is the difference between holding shares as a shareowner of record and as a beneficial owner?

If your shares are registered directly in your name with PPL Corporation s transfer agent, Wells Fargo Bank, N.A., you are considered, with respect to those shares, the shareowner of record. The Notice of Annual Meeting, Proxy Statement, 2010 Annual Report, proxy card and accompanying documents have been sent directly to you by PPL Corporation.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name and the shareholder of record of your shares is your broker, bank or other holder of record. The Notice of Annual Meeting, Proxy

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Statement, 2010 Annual Report, proxy card and accompanying documents have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the shareowner of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in their mailing or by following their instructions for voting by telephone or on the Internet, if offered. The company urges you to instruct your broker, bank or other holder of record on how to vote your shares. Please understand that in this case, the company does not know that you are a shareowner, or how many shares you own.

How do I vote?

If you are a shareowner of record, you can vote by mail, by telephone, on the Internet or in person at the Annual Meeting.

By mail

Be sure to complete, sign and date the proxy card and return it in the postage-paid envelope we have provided. If you are a shareowner of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors.

If you are a shareowner of record, and the postage-paid envelope is missing, please mail your completed proxy card to PPL Corporation, c/o Shareowner Services^{sm}, P.O. Box 64873, St. Paul, MN 55164-0873.

By telephone or on the Internet

The telephone and Internet voting procedures we have established for shareowners of record are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded.

By telephone: You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

On the Internet: The website for Internet voting is at *www.eproxy.com/ppl/.* Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available when you go online. As with telephone voting, you can confirm that your instructions have been properly recorded.

The telephone and Internet voting facilities for shareowners of record will be available 24 hours a day and will close at 11:59 p.m., Central Time, on May 17, 2011.

The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, we recommend that you follow the voting instructions in the materials you receive from them.

In person at the Annual Meeting

If you are a shareowner of record, you may come to the Annual Meeting and cast your vote there, either by proxy or by ballot. Please bring your admission ticket with you to the Annual Meeting. You may vote shares held in street

name at the Annual Meeting only if you obtain a signed proxy from the record holder (broker or other nominee) giving you the right to vote the shares. Please see the attendance requirements discussed under Who can attend the Annual Meeting?

If you mail to us your properly completed and signed proxy card, or vote by telephone or on the Internet, your shares of PPL Corporation common stock will be voted according to the choices that you specify. If you sign and mail your proxy card without marking any choices, your proxy will be voted:

FOR the election of all nominees listed for director;

FOR the approval of the Short-term Incentive Plan;

FOR the ratification of the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for the year ending December 31, 2011;

FOR the advisory vote on executive compensation;

For 1 YEAR with respect to the frequency of future advisory votes on executive compensation; and

AGAINST the two shareowner proposals.

We do not expect that any other matters will be brought before the Annual Meeting. By giving your proxy, however, you appoint the persons named as proxies as your representatives at the meeting. If an issue comes up for vote at the Annual Meeting that is not included in the proxy material, the proxy holders will vote your shares in accordance with their best judgment.

As a participant in the PPL Corporation Employee Stock Ownership Plan, how do I vote shares held in my plan account?

If you are a participant in our Employee Stock Ownership Plan, you have the right to provide voting directions to the plan trustee, Fidelity Investments, by submitting your ballot card for those shares of our common stock that are held by the plan and allocated to your account. Plan participant ballots are treated confidentially. Full and fractional shares credited to your account under the plan as of February 28, 2011 will be voted by the trustee in accordance with your instructions. Participants may not vote in person at the Annual Meeting. Similar to the process for shareowners of PPL Corporation common stock, you may vote by mail, telephone or on the Internet. To allow sufficient time for voting by the trustee of the plan, your ballot must be returned by the close of business on May 13, 2011 if by mail and, if voting by telephone or on the Internet, by 11:59 p.m., Central Daylight Time, on May 13, 2011. Please follow the ballot instructions specific to the participants in the Employee Stock Ownership Plan.

If you do not return your ballot, or return it unsigned, or do not vote by phone or on the Internet, the plan provides that the trustee will vote your shares in the same percentage as shares held by participants for which the trustee has received timely voting instructions. The plan trustee will follow participants voting directions and the plan procedure for voting in the absence of voting directions, unless it determines that to do so would be contrary to the Employee Retirement Income Security Act of 1974.

May I change or revoke my vote?

Any shareowner giving a proxy has the right to revoke it at any time before it is voted by:

giving notice in writing to our Corporate Secretary, provided such statement is received not later than the close of business on May 17, 2011;

providing a later-dated vote using the telephone or Internet voting procedures; or

attending the Annual Meeting and voting in person.

Will my shares be voted if I do not provide my proxy?

It depends on whether you hold your shares in your own name or as the beneficial owner in the name of a broker, bank or other holder of record. If you hold your shares directly in your own

name, they will not be voted unless you provide a proxy or vote in person at the Annual Meeting. Brokerage firms, banks or other holders of record generally have the authority to vote customers unvoted shares on certain routine matters. For example, if your shares are held in the name of a brokerage firm, bank or other holder of record, such firm can vote your shares for the ratification of the appointment of Ernst & Young LLP, as this matter is considered routine under the applicable rules. The election of directors is no longer considered a routine matter as to which a broker, bank or other holder of record may vote in their discretion on behalf of clients who have not furnished voting instructions with respect to an uncontested director election. The company urges you to instruct your broker, bank or other holder of record on how to vote your shares.

Who can attend the Annual Meeting?

If you are a shareowner of record, your admission ticket is enclosed with your proxy card. If you hold shares through the Employee Stock Ownership Plan, your admission ticket is the letter enclosed with your ballot card. You will need to bring your admission ticket, along with picture identification, to the meeting. If you own shares as a beneficial owner (in street name), please bring proof of your PPL common stock ownership, such as your most recent brokerage statement, or an ownership confirmation letter from your broker, or a portion of your PPL voting instruction card sent to you by your broker, along with picture identification, to the meeting. PPL will use your brokerage document to verify your ownership of PPL common stock and admit you to the meeting.

What constitutes a quorum?

As of the record date, there were 484,431,366 shares of common stock outstanding and entitled to vote, and no shares of preferred stock of the company were outstanding. In order to conduct the Annual Meeting, a majority of the outstanding shares entitled to vote must be present, in person or by proxy, in order to constitute a quorum. If you submit a properly executed proxy card or vote by telephone or on the Internet, you will be considered part of the quorum. Abstentions, broker non-votes and votes withheld from director nominees will be counted as shares present and entitled to vote at the meeting for purposes of determining a quorum. A broker non-vote occurs when a broker, bank or other holder of record who holds shares for another person has not received voting instructions from the beneficial owner of the shares and, under New York Stock Exchange, or NYSE, listing standards, does not have discretionary authority to vote on a proposal.

What vote is needed for these proposals to be adopted?

Election of Directors (Proposal 1)

The nominees receiving the highest number of votes, up to the number of directors to be elected, will be elected. Authority to vote for any individual nominee can be withheld by writing the number, which is beside that person s name in the list of nominees, in the box provided to the right of such list on the accompanying proxy or by following the instructions if voting by telephone or on the Internet.

In any uncontested election of directors (an election in which the number of nominees is the same as the number of directors to be elected), any incumbent director nominee who receives a greater number of votes withheld from his or her election than votes for such election must promptly tender his or her resignation following the final tabulation of shareowner votes. Your Board of Directors will decide whether to accept the resignation within 90 days following the final vote tabulation, through a process managed by the Compensation, Governance and Nominating Committee, excluding the director in question. Thereafter, your Board of Directors promptly will disclose its decision whether to accept the director s resignation (and the reasons for rejecting the resignation, if applicable) in a Form 8-K filed with the Securities and Exchange Commission.

Approval of Short-term Incentive Plan (Proposal 2)

In order to approve the company s Short-term Incentive Plan, the proposal must receive a majority of the votes cast, in person or by proxy, by the shareowners voting as a single class.

Ratification of the Appointment of Ernst & Young LLP (Proposal 3)

In order to approve the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, the proposal must receive a majority of the votes cast, in person or by proxy, by the shareowners voting as a single class.

Advisory Vote on Executive Compensation (Proposal 4)

In order to approve, on an advisory basis, the compensation paid to the company s named executive officers, the proposal must receive a majority of the votes cast, in person or by proxy, by the shareowners voting as a single class.

Advisory Vote on the Frequency of Future Executive Compensation Votes (Proposal 5)

This item offers three alternatives plus abstention. The alternative which receives a majority of the votes cast, in person or by proxy, by the shareowners voting as a single class will be approved on an advisory basis.

Shareowner Proposals (Proposals 6 and 7)

In order to approve either shareowner proposal, the proposal must receive a majority of the votes cast, in person or by proxy, by the shareowners voting as a single class. The two shareowner proposals are advisory votes, which require further action by the company to implement any changes.

Proposal 1 (election of directors) is not considered a routine matter as to which a broker, bank or other holder of record may vote in their discretion on behalf of clients who have not furnished voting instructions with respect to an uncontested director election. Because the company has a plurality voting standard for the election of directors, broker non-votes and abstentions will not affect the outcome of the vote on this proposal.

Proposals 2, 4, 5, 6 and 7 are non-routine matters under NYSE rules, and brokerage firms, banks or other holders of record are prohibited from voting on each of these proposals without receiving instructions from the beneficial owners of the shares. Broker non-votes will not be considered as votes cast and will have no effect on the outcome of the vote. Abstentions will likewise not be treated as votes cast for purposes of these proposals and will have no effect on the outcome of the vote.

Proposal 3 (ratification of auditors) is considered to be a routine matter under NYSE rules, and brokers, banks or other holders of record may vote in their discretion on behalf of clients who have not furnished voting instructions. Abstentions will not be treated as votes cast and will have no effect on the outcome of the vote on this proposal.

Who conducts the proxy solicitation and how much will it cost?

PPL Corporation will pay the cost of soliciting proxies on behalf of the Board of Directors. In addition to the solicitation by mail, a number of regular employees may solicit proxies in person, over the Internet, by telephone or by facsimile. We have retained Innisfree M&A Incorporated to assist in the solicitation of proxies for the Annual Meeting, and we expect that the remuneration to Innisfree for its services will not exceed $15,000, plus

reimbursement for out-of-pocket expenses. Brokers, dealers, banks and other holders of record who hold shares for the benefit of others will

be asked to send proxy material to the beneficial owners of the shares, and we will reimburse them for their expenses.

How does the company keep voter information confidential?

To preserve voter confidentiality, we voluntarily limit access to shareowner voting records to certain designated employees of PPL Services Corporation. These employees sign a confidentiality agreement that prohibits them from disclosing the manner in which a shareowner has voted to any employee of PPL affiliates or to any other person (except to the Judges of Election or the person in whose name the shares are registered), unless otherwise required by law.

What is householding, and how does it affect me?

Beneficial owners of common stock in street name may receive a notice from their broker, bank or other holder of record stating that only one proxy statement and/or other shareowner communications and notices will be delivered to multiple security holders sharing an address. This practice, known as householding, will reduce PPL s printing, shipping and postage costs. Beneficial owners who participate in householding will continue to receive separate proxy forms. If any beneficial owner wants to revoke consent to this practice and wishes to receive his or her own documents and other communications, however, then he or she must contact the broker, bank or other holder of record with a notice of revocation. Any shareowner may obtain a copy of such documents now or in the future from PPL promptly upon request to the address and phone number for PPL listed on the back cover page of this proxy statement. If beneficial owners sharing an address wish to receive single copies of such materials in the future, they should contact their broker, banker or other holder of record.

When are the 2012 shareowner proposals due?

To be included in the proxy material for the 2012 Annual Meeting, any proposal intended to be presented at that Annual Meeting by a shareowner must be received by the Secretary of the company in writing no later than December 8, 2011:

Corporate Secretary s Office
PPL Corporation
Two North Ninth Street
Allentown, Pennsylvania 18101

To be properly brought before the Annual Meeting, any other proposal must be received no later than 75 days in advance of the date of the 2012 Annual Meeting.

PROPOSAL 1: ELECTION OF DIRECTORS

Ten members of our Board are standing for re-election, to hold office until the next Annual Meeting of Shareowners. Because the shareowners approved the company s proposal at last year s annual meeting to amend the company s bylaws to eliminate the classification of the terms of the Board of Directors, all 10 directors will stand for election at this year s Annual Meeting of Shareowners. Each nominee elected as a Director will continue in office until his or her successor has been elected and qualified, or until his or her earlier death, resignation or retirement.

The Board of Directors has no reason to believe that any of the nominees will become unavailable for election, but, if any nominee should become unavailable prior to the Annual Meeting, the accompanying proxy will be voted for the election of such other person as the Board of Directors may recommend in place of that nominee.

The proxies appointed by the Board of Directors intend to vote the proxy for the election of each of these nominees, unless you indicate otherwise on the proxy or ballot card.

The following pages contain biographical information about the nominees. See also Director Nomination Process on page 16 regarding information concerning the particular experience, qualifications, attributes and/or skills that led the Compensation, Governance and Nominating Committee and the Board to determine that each nominee should serve as a director. In addition, a majority of our directors serve or have served on boards and board committees (including, in many cases, as committee chairs) of other public companies, which we believe provides them with additional board leadership and governance experience, exposure to best practices, and substantial knowledge and skills that further enhance the functioning of our Board.

Nominees for Directors:

FREDERICK M. BERNTHAL, 68, is the former President of Universities Research Association (URA), a position he held from 1994 until March 2011. Located in Washington, D.C., URA is a consortium of 87 research universities engaged in the construction and operation of major research facilities on behalf of the U.S. Department of Energy and the National Science Foundation. Dr. Bernthal served from 1990 to 1994 as Deputy Director of the National Science Foundation, from 1988 to 1990 as Assistant Secretary of State for Oceans, Environment and Science, and from 1983 to 1988 as a member of the U.S. Nuclear Regulatory Commission. He received a Bachelor of Science degree in chemistry from Valparaiso University and a Ph.D. in nuclear chemistry from the University of California at Berkeley. Dr. Bernthal is chair of the Nuclear Oversight Committee and a member of the Audit and Executive Committees. He has been a director since 1997.

JOHN W. CONWAY, 65, is Chairman of the Board, President and Chief Executive Officer of Crown Holdings, Inc. of Philadelphia, Pennsylvania, a position he has held since 2001. Prior to that time, he served as President and Chief Operating Officer. Crown is an international manufacturer of packaging products for consumer goods. Mr. Conway joined Crown in 1991 as a result of its acquisition of Continental Can International Corporation. Prior to 1991, he served as President of Continental Can and in various other management positions. Mr. Conway is the past Chairman of the Can Manufacturers Institute. He received his B.A. in Economics from the University of Virginia and his law degree from Columbia Law School. He is a member of the Executive and Finance Committees. He has been a director since 2000.

STEVEN G. ELLIOTT, 64, is the retired senior vice chairman of The Bank of New York Mellon Corporation, an asset management and securities servicing company. He served in that position from 1998 until his retirement in December 2010. He joined Mellon in 1987 as executive vice president and head of the finance department. He was named chief financial officer in 1990, vice chairman in 1992 and senior vice chairman in 1998. Before joining Mellon, he had held senior officer positions at First Commerce Corporation, New Orleans; Crocker National Bank, San Francisco; Continental Illinois National Bank, Chicago; and First Interstate Bank of California. He served as a director of Mellon Financial Corporation from 2001 until the July 2007 merger and then as a director of BNY Mellon through July 2008. He also serves as a director of Huntington Bancshares Incorporated and AllianceBernstein Corporation. Mr. Elliott earned a bachelor s degree in finance from the University of Houston and a master s degree in business administration from Northwestern University s Kellogg School of Management. He is a certified public accountant and a member of the American Institute of Certified Public Accountants and Financial Executives Institute. He also serves on the board of the Pittsburgh Cultural Trust. He is a member of the Audit and Finance Committees.

LOUISE K. GOESER, 57, is President and Chief Executive Officer of Grupo Siemens S.A. de C.V. and is responsible for Siemens Mesoamérica. Siemens Mesoamérica is the Mexican, Central American and Caribbean unit of multinational Siemens AG, a global engineering company operating in the industry, energy and healthcare sectors. Before accepting this position in March 2009, Ms. Goeser served as President and Chief Executive Officer of Ford of Mexico from January 2005 until November 2008. Ford of Mexico manufactures cars, trucks and related parts and accessories. Prior to this position, she served as Vice President, Global Quality for Ford Motor Company, a position she had held since 1999. In that position, she was responsible for ensuring superior quality in the design, manufacture, sale and service of all Ford cars, trucks and components worldwide. Prior to 1999, she served as Vice President for Quality at Whirlpool Corporation, and served in various leadership positions with Westinghouse Electric Corporation. Ms. Goeser received a bachelor s degree in mathematics from Pennsylvania State University and a master s degree in business administration from the University of Pittsburgh. She also serves as a director of MSC Industrial Direct Co., Inc. She is a member of the Compensation, Governance and Nominating Committee and has been a director since 2003.

STUART E. GRAHAM, 65, retired in April 2008 as President and Chief Executive Officer of Sweden-based Skanska AB, an international project development and construction company. He continues to serve as chairman of Skanska USA Inc., a U.S. subsidiary. Mr. Graham was named President and CEO of Skanska AB and was elected to its board of directors in 2002. From 2000 to 2002, Mr. Graham served as executive vice president and as a member of the senior executive team of Skanska AB. Mr. Graham s career includes more than four decades of experience in the infrastructure and construction industry, including executive management responsibilities for Skanska s business units in the United States, the United Kingdom, Hong Kong and South America. He is past chairman of the Engineering and Construction Governors Council of the World Economic Forum and founded the Engineering and Construction Risk Institute. He also serves as a member of the board of directors of Harsco Corporation, Securitas AB and Skanska AB. Mr. Graham graduated from Holy Cross College with a B.S. in economics. He is a member of the Compensation, Governance and Nominating Committee, Executive Committee, and the Nuclear Oversight

Committee. He has been a director since 2008.

STUART HEYDT, 71, retired in 2000 as Chief Executive Officer of the Geisinger Health System, a nonprofit healthcare provider, a position he held since 1991. He is past president and a Distinguished Fellow of the American College of Physician Executives. Dr. Heydt attended Dartmouth College and received an M.D. from the University of Nebraska. He is chair of the Audit Committee and a member of the Compensation, Governance and Nominating Committee, as well as the Executive and Nuclear Oversight Committees. Dr. Heydt has been a director since 1991.

JAMES H. MILLER, 62, is Chairman, President and Chief Executive Officer of PPL Corporation. Prior to his current appointment in October 2006, Mr. Miller was named President in August 2005; Chief Operating Officer in September 2004, a position he held until the end of June 2006; Executive Vice President in January 2004; and also served as President of PPL Generation, LLC, a PPL Corporation subsidiary that operates power plants in the United States. He also serves on the boards of Crown Holdings, Inc., PPL Electric Utilities Corporation and PPL Energy Supply, LLC. Mr. Miller earned a bachelor s degree in electrical engineering from the University of Delaware and served in the U.S. Navy nuclear program. Before joining PPL Generation in February 2001, Mr. Miller served as Executive Vice President and Vice President, Production of USEC, Inc. from 1995, and prior to that time as President of ABB Environmental Systems, President of UC Operating Services, President of ABB Resource Recovery Systems and in various engineering and management positions at the former Delmarva Power and Light Co. He is chair of the Executive Committee and chair of the Corporate Leadership Council, an internal committee comprised of the senior officers of PPL Corporation. Mr. Miller has been a director since 2005.

CRAIG A. ROGERSON, 54, is Chairman, President and Chief Executive Officer of Chemtura Corporation, a position he has held since December 2008. Chemtura, located in Middlebury, Connecticut, is a global manufacturer and marketer of specialty chemicals, crop protection and pool, spa and home care products. Chemtura, which filed for protection under Chapter 11 of the United States Bankruptcy Code in March 2009, successfully completed its financial restructuring and emerged from bankruptcy in November 2010. From December 2003, Mr. Rogerson served as President, Chief Executive Officer and director of Hercules Incorporated until its acquisition by Ashland, Incorporated in November 2008. Located in Wilmington, Delaware, Hercules was a global manufacturer and marketer of specialty chemicals and related services for a broad range of business, consumer and industrial applications. Mr. Rogerson joined Hercules in 1979 and served in a number of management positions before leaving the company to serve as President and Chief Executive Officer of Wacker Silicones Corporation in 1997. In May 2000, Mr. Rogerson rejoined Hercules and was named President of its BetzDearborn Division in August 2000. Prior to being named CEO of Hercules in December 2003, Mr. Rogerson held a variety of senior management positions with the company, including president of the FiberVisions and Pinova Divisions, Vice President of Global Procurement and Chief Operating Officer. Mr. Rogerson serves on the boards of the American Chemistry Council and the Society of Chemical Industry. He holds a chemical engineering degree from Michigan State University. He is a member of the Compensation, Governance and Nominating Committee, the Executive Committee and the Nuclear Oversight Committee. He has been a director since 2005.

NATICA VON ALTHANN, 60, is currently a founding partner of C&A Advisors, a consulting firm in the financial services and risk management areas. She retired in June 2008 as the Senior Credit Risk Management Executive for Bank of America, and Chief Credit Officer of U.S. Trust, an investment management company. Prior to being appointed to the Bank of America position in 2007 after U.S. Trust was acquired by Bank of America, Ms. von Althann served as Chief Credit Officer of U.S. Trust since 2003. Prior to joining U.S. Trust in 2003, Ms. von Althann served as managing director at IQ Venture Partners, an investment banking boutique. Previously, she spent 26 years at Citigroup, including in a number of senior management roles. During her time at Citigroup, among other positions, she served as managing director and co-head of Citicorp s U.S. Telecommunications-Technology group, managing director and global industry head of the Retail and Apparel group and division executive and market region head for Latin America in the Citigroup private banking group. Ms. von Althann earned a bachelor s degree in political science from Bryn Mawr College and completed master s level work in Iberian and Latin American history at the University of Cologne, Germany. She serves as a director of TD Bank, N.A. and also serves on the board of a nonprofit organization, Neighbors Link in Mt. Kisco, New York. She is chair of the Finance Committee and is a member of the Audit Committee and the Nuclear Oversight Committee and has been a director since December 2009.

KEITH H. WILLIAMSON, 58, is Senior Vice President, Secretary and General Counsel of Centene Corporation, a position he has held since 2006. Centene Corporation is located in St. Louis, Missouri and is a multi-line healthcare enterprise that provides programs and related services to individuals receiving benefits under Medicaid, including Supplemental Security Income and the State Children s Health Insurance Program. He previously served as President of the Capital Services Division of Pitney Bowes Inc., a position he held since 1999. Pitney Bowes is a global provider of integrated mail, messaging and document management solutions headquartered in Stamford, Connecticut. Mr. Williamson joined Pitney Bowes in 1988 and held a series of positions in the company s tax, finance and legal operations, including oversight of the treasury function and rating agency activity. Mr. Williamson earned a B.A. from Brown University, a J.D. and M.B.A. from Harvard University and an LL.M. in taxation from New York University Law School. He is a member of the Finance Committee and has been a director since 2005.

E. Allen Deaver, the company s Lead Director, in compliance with the company s Guidelines for Corporate Governance, will retire from the Board prior to the 2011 Annual Meeting of Shareowners, which follows his 75th birthday. Mr. Deaver retired in 1998 as Executive Vice President and a director of Armstrong World Industries, Inc., of Lancaster, Pennsylvania. He is also a director of the Geisinger Health System. He graduated from the University of Tennessee with a B.S. in Mechanical Engineering and is a former United States Army officer. He began his Armstrong career in 1960 and served as Executive Vice President for 10 years. Prior to that time, he gained experience in a variety of engineering and manufacturing positions in the United States and abroad. Mr. Deaver is chair of the Compensation, Governance and Nominating Committee and a member of the Executive, Finance and Nuclear Oversight Committees.

Your Board of Directors recommends that shareowners vote FOR Proposal 1, the election of these nominees for director

GOVERNANCE OF THE COMPANY

Board of Directors

Attendance. The Board of Directors met nine times during 2010. Each director attended at least 75% of the meetings held by the Board and the committees on which they served during the year, except for Mr. Conway. The average attendance of directors at Board and Committee meetings held during 2010 was 96%. Directors are expected to attend all meetings of shareowners, the Board, and the Committees on which they serve. All of our then-serving directors attended the 2010 Annual Meeting of Shareowners.

Independence of Directors. The Board has established guidelines to assist it in determining director independence, which conform to the independence requirements of the NYSE listing standards. In addition to applying these guidelines, which are summarized below and are available in the Corporate Governance section of our website (*www.pplweb.com/about/corporate+governance*), the Board considers all relevant facts and circumstances in making an independence determination. At its January 2011 meeting, the Board determined that the following 10 directors (constituting all of PPL s non-employee directors) are independent from the company and management pursuant to its independence guidelines: Drs. Bernthal and Heydt, Messrs. Conway, Deaver, Elliott, Graham, Rogerson and Williamson, and Ms. Goeser and Ms. von Althann.

In reaching this conclusion, the Board considered transactions and relationships between each director or any member of his or her immediate family and the company and its subsidiaries. From time to time, our subsidiaries have transacted business in the ordinary course with companies with which several of our directors are or were affiliated. In particular, with respect to each of the most recent three completed fiscal years, the Board evaluated the following relationships:

Each of Mr. Conway and Mr. Graham were officers at companies with which PPL has engaged in business transactions in the ordinary course. The Board reviewed all transactions with each of these companies and determined that the annual amount of revenues received by PPL in each fiscal year was significantly below 1 percent of the consolidated gross revenues of PPL and each of these companies. As part of its determination, the Board also considered that most of the transactions were competitively bid.

The Board determined that all of these relationships were immaterial. Under the categorical standard of independence that the Board adopted for the company, business transactions between the company (and its subsidiaries) and a director s employer or the employer of the director s immediate family member, as defined by the rules of the NYSE, not involving more than 2 percent of the employer s consolidated gross revenues in any fiscal year, will not impair the director s independence. All of the transactions considered were significantly below 1 percent of the consolidated gross revenues of any of the companies involved.

Also, pursuant to NYSE standards, a director is not independent from the company and management if, within the last three years, the director or an immediate family member of the director:

is or has been an employee of the company (and its subsidiaries), in the case of the director, or is or has been an executive officer of the company (and its subsidiaries), in the case of an immediate family member of the director;

has received more than $120,000 in direct compensation from the company (and its subsidiaries) during any 12-month period (excluding director or committee fees);

is or was a partner or employee of any of the auditors of the company, subject to certain exceptions;

is or was employed as an executive officer of another company where any of the company s present executive officers at the same time serves or served on the other company s compensation committee; or

is a current employee, in the case of the director, or is a current executive officer, in the case of an immediate family member, of a company that has made payments to, or received payments from, our company for property or services in an amount which exceeds the greater of $1 million, or 2 percent of such other company s consolidated gross revenues.

In addition to the independence requirements set forth above, the Board evaluates additional independence requirements under applicable Securities and Exchange Commission, or SEC, rules for directors who are members of the audit committee. If a director is considered independent pursuant to the standards set forth above, the director also will be deemed to be independent for purposes of being a member of our Audit Committee if:

- the director does not directly or indirectly, including through certain family members, receive any consulting, advisory or other compensatory fee from the company (and its subsidiaries) except in such person s capacity as a director or committee member; and

- the director is not an affiliated person of the company (or any of its subsidiaries), meaning that the director does not directly or indirectly (through one or more intermediaries) control, is not controlled by or is not under common control with the company (and its subsidiaries), all within the meaning of applicable securities laws.

Executive Sessions; Presiding and Lead Director. The independent directors meet in regular executive sessions during each Board meeting without management present. The Board has designated Mr. Deaver as the presiding director to chair these executive sessions. Mr. Deaver also serves as the lead director of the Board. At the time of Mr. Deaver s retirement, the Board will designate a new presiding and lead director.

Board Leadership Structure. The positions of Chairman and Chief Executive Officer, or CEO, are held by Mr. Miller. Mr. Deaver has served as a strong independent lead director for a number of years. The Board believes that the responsibilities delegated to the lead director are substantially similar to many of the functions typically fulfilled by a board chairman. The Board believes that its lead director position balances the need for effective and independent oversight of management with the need for strong, unified leadership. Of our 11 directors, only Mr. Miller is not independent from the company. All of our committees, with the exception of the Executive Committee on which Mr. Miller serves, are composed entirely of independent directors and the agendas are driven by the independent chairs through discussions with designated management liaisons. Each independent director is encouraged to, and does, regularly contact management with questions or suggestions for agenda items. The Board does not believe that the establishment of an independent Chairman is necessary or recommended at the present time. The Board continues to have the right to separate those roles if it were to determine that such a separation would be in the best interest of the company, its shareowners and other stakeholders.

The lead director serves in the following roles:

- presides at all meetings of the Board at which the Chairman and CEO is not present, including executive sessions of the independent directors that occur at each Board meeting;

- serves as an adviser to the Chairman and CEO, as well as a non-exclusive liaison between the independent directors and the Chairman and CEO;

- responds to shareowner and other stakeholder questions that are directed to the presiding or lead director, as well as to the independent directors as a group;

periodically reviews or suggests meeting agendas and schedules for the Board and at least annually solicits suggestions from the Board on meeting topics, such as strategy, management performance and governance matters;

leads the process for evaluating the performance of the CEO, through his role as the Chair of the Compensation, Governance and Nominating Committee; and

fulfills such other responsibilities as the Board may from time to time request.

The Corporate Secretary s Office, together with any other key employees requested by the lead director, provides support to the lead director in fulfilling his role.

Guidelines for Corporate Governance. You can find the full text of our *Guidelines for Corporate Governance* in the Corporate Governance section of our website *(www.pplweb.com/about/corporate+governance).*

Communications with the Board. Shareowners or other parties interested in communicating with the lead director, with the Board or with the independent directors as a group may write to the following address:

The Lead Director or the Board of Directors
c/o Corporate Secretary s Office
PPL Corporation
Two North Ninth Street
Allentown, Pennsylvania 18101

The Corporate Secretary s Office forwards all correspondence to the respective Board members, with the exception of commercial solicitations, advertisements or obvious junk mail. Concerns relating to accounting, internal controls or auditing matters are to be brought immediately to the attention of the company s Office of Business Ethics and Compliance and are handled in accordance with procedures established by the Audit Committee with respect to such matters.

Code of Ethics. We maintain a code of business conduct and ethics, our *Standards of Conduct and Integrity,* which are applicable to all Board members and employees of the company and its subsidiaries, including the principal executive officer, the principal financial officer and the principal accounting officer of the company. You can find the full text of the *Standards* in the Corporate Governance section of our website *(www.pplweb.com/about/corporate+governance).*

Board Committees

The Board of Directors has five standing committees:

the Executive Committee;

the Compensation, Governance and Nominating Committee;

the Finance Committee;

the Nuclear Oversight Committee; and

the Audit Committee.

Each non-employee director usually serves on one or more of these committees. All of our committees, with the exception of the Executive Committee, are composed entirely of independent directors. The charters of all of the

committees are available in the Corporate Governance section of the company s website *(www.pplweb.com/about/corporate+governance)*.

Executive Committee. During periods between Board meetings, the Executive Committee may exercise all of the powers of the Board of Directors, except that the Executive Committee may not elect directors, change the membership of or fill vacancies in the Executive Committee, fix the compensation of the directors, change the Bylaws, or take any action restricted by the Pennsylvania Business Corporation Law or the Bylaws (including actions committed to another Board committee). The Executive Committee met six times in 2010. The members of the Executive Committee are Mr. Miller (chair), Drs. Bernthal and Heydt, and Messrs. Conway, Deaver, Graham and Rogerson.

Messrs. Conway, Graham and Rogerson became members of the Executive Committee in January 2011.

Compensation, Governance and Nominating Committee. The principal functions of the Compensation, Governance and Nominating Committee, or CGNC, are:

to review and evaluate at least annually the performance of the chief executive officer and other senior officers of the company and its subsidiaries, and to set their remuneration, including incentive awards;

to review management s succession planning;

to identify and recommend to the Board of Directors candidates for election to the Board;

to review the fees paid to outside directors for their services on the Board of Directors and its Committees;

to establish and administer programs for evaluating the performance of Board members; and

to develop and recommend to the Board corporate governance guidelines for the company.

All of the members of the CGNC are independent within the meaning of the listing standards of the NYSE and the company s standards of independence described above under the heading Independence of Directors. In addition, each member of the CGNC is a Non-Employee Director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and is an outside director as defined in Section 162(m) of the Internal Revenue Code. This committee met six times in 2010. The members of the CGNC are Mr. Deaver (chair), Ms. Goeser, Messrs. Graham and Rogerson, and Dr. Heydt. Mr. Conway resigned from the CGNC in December 2010, and Mr. Rogerson joined the CGNC in January 2011.

Compensation Processes and Procedures

Decisions regarding the compensation of our executive officers are made by the CGNC. Specifically, the CGNC has strategic and administrative responsibility for a broad range of issues, including ensuring that we compensate executive officers effectively and in a manner consistent with our stated compensation strategy. The CGNC also oversees the administration of our executive compensation plans, including the design of, and performance measures and award opportunities for, the executive incentive programs, and some employee benefits. The CGNC has delegated the ability to authorize stock awards to non-executive officers within the terms of a stock plan to the Corporate Leadership Council, composed of the top four senior executive officers, all of whom are named executive officers in this proxy statement.

The CGNC periodically reviews executive officer compensation to ensure that compensation is consistent with our compensation philosophies, company and personal performance, changes in market practices and changes in an individual s responsibilities. At the CGNC s first regular in-person meeting each year, which it holds in January, the CGNC reviews the performance of executive officers and makes awards for the just-completed fiscal year.

To assist in its efforts to meet the objectives outlined above, the CGNC previously retained Towers Watson, a nationally known executive compensation consulting firm, to advise it on a regular basis on executive compensation programs. A group of former Towers Perrin and Watson Wyatt executive compensation consultants created Pay Governance, LLC, an independent consulting firm, in 2010 and the CGNC retained Pay Governance to advise it as of May 18, 2010. Pay Governance provides additional information to the CGNC so that it can determine whether the company s executive compensation programs are reasonable and consistent with competitive practices. Representatives of Pay Governance regularly participate in CGNC meetings and provide advice as to compensation

trends and best practices, plan design and competitive market comparisons.

The CGNC regularly engages Pay Governance to provide the following information and analyses:

- Utility Industry Executive Compensation Trends Presentation provides a report on current trends in utility industry executive compensation.

- Director Pay Analysis reviews the pay program for PPL s non-employee directors relative to a group of utility companies and to a broad spectrum of general industry companies.

- Executive Compensation Analysis provides a review of compensation for the top 25 executive positions of PPL, including all of the named executive officers. This review includes both utility and general industry medians and 75th percentile data, and it results in a report on the compensation of executive officers and competitive market data. A detailed discussion of the competitive market comparison process is provided below, in Compensation Discussion and Analysis-Compensation Elements-Direct Compensation.

- Change in Control Analysis conducted annually to prepare calculations of severance benefit and tax gross-up values for named executive officers for disclosure in the proxy statement (see Termination Benefits on page 68 and Potential Payments upon Termination or Change in Control of PPL Corporation table on page 73).

Additionally, management may request analyses or information from Pay Governance in order to assist it in the administration of the executive compensation programs, including competitive analysis on new executive positions and valuation support for the company s stock award program such as Black-Scholes calculations for stock options and the valuation of performance unit grants for accounting purposes.

The vice president of Human Resources and Services is management s liaison to the CGNC, and his staff provides support for the CGNC and regularly interacts with Pay Governance.

Annually, the CGNC requests that Pay Governance present emerging issues and trends in executive compensation among the 25 largest U.S. utilities at its July meeting and continues with a detailed analysis of competitive pay levels and practices at its year-end meeting. The CGNC uses this analysis to provide a general understanding of current market practices when it assesses performance and considers salary levels and incentive awards at its January meeting following the performance year.

Senior management develops the business plan and recommends to the CGNC the related goals for the annual cash incentive program and the long-term incentive program for the upcoming year, based on industry and market conditions and other factors. All of the incentive goals are reviewed and approved by the CGNC.

The CGNC has the authority to review and approve annually the compensation structure, including goals and objectives, of the chief executive officer, or CEO, and other executive officers who are subject to Section 16 of the Exchange Act, including all of the executive officers named in this proxy statement. The CEO reviews with the CGNC his evaluation of the performance and leadership of: (1) the executive officers who report directly to him; (2) the presidents of the major business lines who report to the chief operating officer, or COO, with input from the COO; and (3) the treasurer and the controller, with input from the chief financial officer. The CEO presents his compensation recommendations to the CGNC, and based in large part on such recommendations, the CGNC approves the annual compensation, including salary, incentive compensation and other remuneration of such executive officers. In preparing his recommendations, the CEO may discuss his evaluations and potential recommendations with the vice president of Human Resources and Services and representatives of Pay Governance. The CEO does not discuss his own compensation with Pay Governance.

The CGNC manages a process for the Board of Directors to evaluate our CEO. Each director, other than the CEO, completes an evaluation of the CEO and submits the evaluation to the Chair of the CGNC, who is also the lead director. The evaluation is presented to the outside directors of the Board and discussed at the January meeting. A summary evaluation is compiled by the Chair of the CGNC, who then discusses the evaluation with the CEO. The CGNC determines the CEO s salary and incentive awards at its January meeting, based on the Board s evaluation.

The Board of Directors, with recommendations from the CGNC, determines the amount and form of director compensation. Pay Governance also assists the CGNC with this determination.

Prior to retaining Pay Governance in May 2010, Towers Watson provided the CGNC with executive compensation and benefits consulting services. Towers Watson also regularly provides the company with other services, such as actuarial valuation of pension plans and retiree welfare plans, due diligence reviews of acquisition opportunities and workforce management and human resource consulting services. The CGNC annually reviews, but did not formally approve, total expenditures paid to Towers Watson prior to May 2010, and to Pay Governance after May 2010. The CGNC does specifically approve expenditures for executive compensation consulting. Management reviews and approves all other expenses. In 2010, the aggregate amount paid to Towers Watson and Pay Governance for executive compensation consultant services to the CGNC was $304,000 and $28,000, respectively. The amount paid to Towers Watson for all other services was $1,406,000. Pay Governance does not provide any other services to the company.

Director Nomination Process

The CGNC establishes guidelines for new directors and evaluates director candidates. In considering candidates, the CGNC seeks individuals who possess strong personal and professional ethics, high standards of integrity and values, independence of thought and judgment and who have senior corporate leadership experience. The company believes that prior business experience is valuable, and it seeks candidates who have certain prior experience relevant to serving on the Board, such as financial, operating and nuclear.

In addition, the CGNC seeks individuals who have a broad range of demonstrated abilities and accomplishments beyond corporate leadership. These abilities include the skill and expertise sufficient to provide sound and prudent guidance with respect to all of the company s operations and interests. The CGNC believes that, while diversity and variety of experiences and viewpoints represented on the board should always be considered, a director nominee should not be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the CGNC focuses on skills, expertise or background that would complement the existing board, recognizing that the company s businesses and operations are diverse and global in nature. Our directors come from diverse backgrounds including industrial, financial, non-profit and healthcare. Finally, the CGNC seeks individuals who are capable of devoting the required amount of time to serve effectively, including preparation time and attendance at Board, committee and shareowner meetings.

Nominations for the election of directors may be made by the Board of Directors, the CGNC or any shareowner entitled to vote in the election of directors generally. The CGNC screens all candidates in the same manner regardless of the source of the recommendation. The CGNC s review is typically based on any written materials provided with respect to the candidate. The CGNC determines whether the candidate meets the company s general qualifications and specific qualities and skills for directors and whether requesting additional information or an interview is appropriate.

If the CGNC or management identifies a need to add a new Board member to fulfill a special need or to fill a vacancy, the CGNC usually retains a third-party search firm to identify a candidate or candidates. The CGNC seeks prospective nominees through personal referrals, independent inquiries by directors and search firms. Once the CGNC has identified a prospective nominee, it generally requests the third-party search firm to gather additional information about the prospective nominee s background and experience. The CEO, the chair of the CGNC and other members of the CGNC, if available, then interview the prospective candidates in person. After completing the interview and evaluation process, which includes evaluating the prospective nominee against the standards and qualifications set out in the company s *Guidelines for Corporate Governance*, the CGNC makes a recommendation to the full Board as to the persons who should be nominated by the Board. The Board then votes on whether to approve the nominee after considering the recommendation and report of the CGNC.

When considering whether the Board s directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of the company s business and structure, the Board focused primarily on the information discussed in each of the Board members or nominees biographical information set forth on pages 7 to 10. In particular, in connection with the nominations of each director for election as directors at the 2011 Annual Meeting of Shareowners, the Board considered their contributions to the company s success during their previous years of Board service. With regards to Dr. Bernthal, the Board considered his service with the U.S. Nuclear Regulatory Commission and his governmental and leadership experience. For Mr. Conway, the Board considered his general business background and his leadership expertise as a CEO of a publicly traded company. With regards to Mr. Deaver, the Board considered his engineering and general business background, as well as his senior executive experience. For Mr. Elliott, the Board considered his broad experience in the financial services industry, and his accounting and risk management expertise. With regards to Ms. Goeser, the Board considered her leadership and business experience in a variety of industry positions. For Mr. Graham, the Board considered his international construction and development experience, as well as his leadership skills from serving as a CEO of a publicly traded company. With regards to Dr. Heydt, the Board considered his business experience and leadership expertise from serving as CEO of a large healthcare system. For Mr. Miller, the Board considered his operating and nuclear experience, as well as his leadership skills. With regards to Mr. Rogerson, the Board considered his general business background and his leadership expertise as a CEO of several publicly traded companies. With regards to Ms. von Althann, the Board considered her financial and risk management experience, as well as senior management experience. With regards to Mr. Williamson, the Board considered his general business, finance and legal background.

Shareowners interested in recommending nominees for directors should submit their recommendations in writing to:

Corporate Secretary
PPL Corporation
Two North Ninth Street
Allentown, Pennsylvania 18101

In order to be considered, we must receive nominations by shareowners at least 75 days prior to the 2012 Annual Meeting. The nominations must also contain the information required by our Bylaws, such as the name and address of the shareowner making the nomination and of the proposed nominees and certain other information concerning the shareowner and the nominee. The exact procedures for making nominations are included in our Bylaws, which can be found at the Corporate Governance section of our website *(www.pplweb.com/about/corporate+governance).*

Compensation Committee Interlocks and Insider Participation. None of the members of the CGNC during 2010 or as of the date of this proxy statement is or has been an officer or employee of the company, and no executive officer of the company served on the compensation committee or board of any company while that company employed any member of the CGNC or the company s Board of Directors. Mr. Conway resigned from the CGNC in December 2010, prior to the appointment of Mr. Miller to the Board of Directors of Crown Holdings, Inc., the company for which Mr. Conway serves as Chairman of the Board, President and Chief Executive Officer.

Finance Committee. The principal functions of the Finance Committee are:

- to review and approve annually the business plan for the company;
- to approve company financings and corporate financial policies;
- to authorize certain capital expenditures;

to authorize acquisitions and dispositions in excess of $75 million; and

to review, approve and monitor the policies and practices of the company and its subsidiaries in managing financial risk.

All of the members of this committee are independent within the meaning of the listing standards of the NYSE and the company s standards of independence described above under the heading Independence of Directors. The Finance Committee met four times in 2010. The members of the Finance Committee are Ms. von Althann (chair), and Messrs. Conway, Deaver, Elliott and Williamson. Mr. W. Keith Smith, the former chair of the Finance Committee, resigned when he retired from the Board in May 2010. Mr. Elliott joined the Finance Committee in January 2011 when he was elected to the Board of Directors.

Nuclear Oversight Committee. The principal functions of the Nuclear Oversight Committee are:

to assist the Board of Directors in the fulfillment of its responsibilities for oversight of the company s nuclear operations;

to advise company management on nuclear matters; and

to provide advice and recommendations to the Board of Directors concerning the future direction of the company and management performance related to the nuclear operations.

All of the members of this committee are independent within the meaning of the listing standards of the NYSE and the company s standards of independence described above under the heading Independence of Directors. The Nuclear Oversight Committee met three times in 2010. The members of the Nuclear Oversight Committee are Dr. Bernthal (chair), Messrs. Deaver, Graham and Rogerson, Dr. Heydt and Ms. von Althann.

Audit Committee. The primary function of the Audit Committee is to assist the company s Board of Directors in the oversight of:

the integrity of the financial statements of the company and its subsidiaries;

the effectiveness of the company s internal control over financial reporting;

the identification and management of risk;

the company s compliance with legal and regulatory requirements;

the independent auditor s qualifications and independence; and

the performance of the company s independent auditor and internal audit function.

The Charter of the Audit Committee, which specifies the Audit Committee s responsibilities, is available on our website (www.pplweb.com/about/corporate+governance). The Audit Committee met eight times during 2010. The members of the Audit Committee are not employees of the company, and the Board of Directors has determined that each of its Audit Committee members has met the independence and expertise requirements of the NYSE, the rules of the SEC and the company s independence standards described above under the heading Independence of Directors. The members of the Audit Committee are Dr. Heydt (chair), Dr. Bernthal, Mr. Elliott and Ms. von Althann. Mr. W. Keith Smith resigned from the Audit Committee when he retired from the Board in May 2010. Mr. Elliott joined the Audit Committee in January 2011 when he was elected to the Board of Directors. Our Board of Directors has determined that Mr. Elliott and Ms. von Althann are audit committee financial experts as defined by the rules and regulations of the SEC.

Report of the Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to, among other items, the integrity of the company s financial statements. Company management is responsible for the preparation and integrity of the company s financial statements, the financial reporting process and the associated system of internal controls over financial reporting and assessing the effectiveness of such controls. Ernst & Young LLP, the company s principal independent registered public accounting firm, is responsible for auditing the company s annual financial statements, expressing an opinion as to whether the financial statements present fairly, in all material respects, the company s financial position and results of operations in conformity with U.S. generally accepted accounting principles, and expressing an opinion as to the effectiveness of internal control

over financial reporting in accordance with the Standards of the Public Company Accounting Oversight Board (PCAOB). The Audit Committee s responsibility is to monitor and review these processes. PricewaterhouseCoopers LLP, an independent registered public accounting firm, audited the financial statements of LG&E and KU Energy LLC (LKE), a wholly owned subsidiary, for the period November 1, 2010 (date of acquisition) to December 31, 2010. Ernst & Young LLP referred to PricewaterhouseCoopers LLP s audit opinion of LKE in their audit opinion of the company s annual financial statements. The Audit Committee has reviewed and discussed the audited financial statements with management, as well as Ernst & Young LLP and PricewaterhouseCoopers LLP, hereinafter referred to as the independent auditors.

In its capacity as a Committee of the Board of Directors, the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors. The independent auditors report directly to the Audit Committee, and the Audit Committee is responsible for preapproving all audit and permitted non-audit services to be provided by the independent auditors. The Audit Committee has a policy to periodically solicit competitive proposals for audit services from independent accounting firms. The Audit Committee has discussed with the independent auditors the matters required to be discussed by applicable Auditing Standards as periodically adopted or amended, and the rules of the Securities and Exchange Commission (SEC) including the appropriateness and application of accounting principles.

The Audit Committee has received the written disclosures and the letters from its independent auditors required by applicable requirements of the PCAOB and the American Institute of Certified Public Accountants (AICPA) regarding the independent auditors communications with the Audit Committee concerning independence, and has had discussions with the independent auditors about their independence. The Audit Committee also considered whether the provision of non-audit services by the independent auditors is compatible with maintaining the independence of such independent auditors.

In the performance of its responsibilities, the Audit Committee met periodically with the internal auditor and the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the company s internal controls, and the overall quality of the company s financial reporting.

The Audit Committee has reviewed and discussed, together with management and the independent auditors, management s assessment of internal controls relating to the adequacy and effectiveness of financial reporting. The Audit Committee has also discussed with company management and the internal auditor the process utilized in connection with the certifications of the company s principal executive officer and principal financial officer under the Sarbanes-Oxley Act of 2002 and related SEC rules for the company s annual and quarterly filings with the SEC.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board approved, that the audited financial statements and management s assessment of the effectiveness of the company s internal control over financial reporting be included in the company s Annual Report on Form 10-K for the year ended December 31, 2010.

The Audit Committee has a Committee Charter that specifies its responsibilities. The Committee Charter, which has been approved by the Board of Directors, is available on the company s website (www.pplweb.com/about/corporate+governance). Also, the Audit Committee s procedures and practices comply with the requirements of the SEC and the NYSE applicable to corporate audit committees.

The Audit Committee

Stuart Heydt, Chair
Frederick M. Bernthal
Steven G. Elliott
Natica von Althann

The Board s Role in Risk Oversight

The Board provides oversight of the company s risk management practices. The Board reviews material risks associated with the company s business plan periodically as part of its consideration of the ongoing operations and strategic direction of the company. At meetings of the Board and its committees, directors receive periodic updates from management regarding risk management activities. Outside of formal meetings, the Board, its committees and individual Board members have full access to senior executives and other key employees, including the CFO, the COO and the chief risk officer, or CRO.

Each of the committees of the Board, other than the Executive Committee, reports regularly to the full Board on risk-related matters. The committees also oversee the management of material risks that fall within such committee s areas of responsibility. In performing this function, each committee has full access to management, as well as the ability to engage advisers. The CRO communicates key risks to the Audit and Finance Committees. This communication includes the identification of key risks, emerging risks and how these risks are being managed.

A primary function of the Audit Committee is to assist the Board in the oversight of the identification and management of risk. More specifically, the Audit Committee is responsible for the review of the company s process for identifying, assessing and managing business risks and exposures and discussing related guidelines and procedures. The Audit Committee regularly reviews risk management activities related to the financial statements, legal and compliance matters, information technology and other key areas. The Audit Committee also periodically meets in executive session with representatives from the company s independent registered public accounting firm, the Executive Director-Corporate Audit Services and the Senior Director-Business Ethics and Compliance.

The Audit Committee also oversees the company s enterprise risk management process. The CRO has responsibility for leading the company s enterprise risk management process. The company s Risk Management group and Corporate Audit Services department report to the Audit Committee regarding key risk matters. The Executive Director-Corporate Audit Services reports directly to the Audit Committee.

The Finance Committee is responsible for, among other items provided in its Charter, reviewing, approving and monitoring the policies and practices to be followed by the company and its subsidiaries in managing market risk, credit risk, liquidity risk and currency risk. The company s internal Risk Management Committee is chaired by the CRO. The Risk Management Committee and the CRO serve at the direction of the Finance Committee to provide oversight of risk management activities related to buying and selling electric energy and gas, fuel procurement and the issuance of corporate debt.

The Compensation, Governance and Nominating Committee considers various risks including those related to the attraction and retention of talent, the design of compensation programs, succession planning, governance matters and the identification of qualified individuals to become board members. The company has determined that any risks arising from its compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on the company.

The Nuclear Oversight Committee considers risks in connection with its responsibilities for oversight of the company s nuclear function, including various risks related to ensuring the company has appropriate systems in place to protect the health and safety of the public and maintain compliance with applicable laws and regulations.

Compensation of Directors

Annual Retainer. Directors who are company employees do not receive any separate compensation for service on the Board of Directors or committees of the Board of Directors. During 2010, directors who were not employees of PPL, except for Messrs. Rogerson and Williamson, received an annual retainer of $151,400, of which a minimum of $101,400 was mandatorily allocated to a deferred stock account under the Directors Deferred Compensation Plan, or DDCP. Messrs. Rogerson and Williamson, for the reasons explained below, received an annual retainer of $120,000, of which $70,000 was mandatorily allocated to a deferred stock account under the DDCP. The remaining $50,000 portion of the annual retainer for all

directors was paid in cash in monthly installments to each director, unless voluntarily deferred to their stock account or to their deferred cash account (as discussed below). The stock portion was allocated in monthly installments to each director s deferred stock account.

In June 2008, the Board revised the terms of the annual retainer paid to directors for service on the Board. As described below in One-time Grant of Restricted Stock Units, prior to the effective date of this revision, upon a director s first-time election to the Board, the director received a one-time award of 7,000 deferred restricted stock units, or Special Stock Units, mandatorily allocated to the director s deferred stock account in the DDCP. Special Stock Units are subject to a five-year restriction period and forfeiture in the event a director leaves the Board before the five-year restriction period lapses. Effective June 16, 2008, the award of Special Stock Units to newly elected directors was eliminated, and the mandatory deferred stock unit annual retainer was increased. The new retainer terms were applicable (1) to all new directors who join the Board on or after June 16, 2008, including Messrs. Elliott and Graham and Ms. von Althann, and (2) to ongoing directors serving on our Board as of June 16, 2008, beginning on January 1 of the year immediately following the year in which the restrictions on their Special Stock Units lapse. Because Messrs. Rogerson and Williamson joined the Board after most of the other Board members, except Messrs. Elliott and Graham and Ms. von Althann, their Special Stock Units did not vest until September 1, 2010 and they did not receive the increased deferred stock unit retainer until January 1, 2011. The increase to the portion of the annual retainer that is mandatorily allocated to a deferred stock account was to replace the loss in value of the Special Stock Units as they vest.

Each deferred stock unit represents the right to receive a share of PPL common stock and, except for the Special Stock Units, is fully vested upon grant, but does not have voting rights. Deferred stock units accumulate quarterly dividend-equivalent payments, which are reinvested in additional deferred stock units.

Effective January 1, 2011, the annual retainer increased by $5,100 for all directors, with a $2,000 increase to the cash portion and a $3,100 increase to the portion mandatorily allocated to a deferred stock account.

One-time Grant of Restricted Stock Units. Each non-employee director who was on the Board on January 1, 2004 received Special Stock Units as a one-time additional retainer equal to 7,000 deferred restricted stock units (which reflect the 2-for-1 common stock split completed in August 2005), which were mandatorily allocated to such director s deferred stock account under the DDCP. Any new director joining the Board of Directors after that time, but before June 2008, also received this one-time additional retainer of Special Stock Units. These deferred stock units have a five-year restriction period and are subject to forfeiture if the director leaves the Board of Directors before the five-year restriction period ends. The five-year restriction period for most directors, except for Messrs. Rogerson and Williamson, lapsed on January 1, 2009. Messrs. Rogerson and Williamson did not receive their one-time awards until September 1, 2005, when they joined the Board, so their restrictions did not lapse until September 1, 2010. They began receiving the same mandatory deferral into their stock accounts as all of the other directors as of January 1, 2011. In June 2008, the Board eliminated the award of any new Special Stock Units to newly elected directors. As a result, no such award was granted to Mr. Graham when he joined the Board on July 1, 2008, to Ms. von Althann when she joined the Board on December 1, 2009, or to Mr. Elliott when he joined the Board on January 1, 2011, but each such director received the higher adjusted retainer.

Committee Retainers. During 2010, each committee chair, except for the Audit Committee Chair, received an annual cash retainer of $10,000, which was paid in monthly installments. The Audit Committee Chair received an annual cash retainer of $15,000 during 2010.

Presiding Director Retainer. The presiding director, who is also our lead independent director, receives an annual cash retainer of $30,000, which is paid in monthly installments.

Other Fees. During 2010, each non-employee director also received a fee of $1,500 for attending each Board of Directors meeting, committee meeting and other meetings at the company s request, and a fee of $1,000 for participating in meetings held by telephone conference call. Effective

January 1, 2011, the fee for attending each meeting of the Board of Directors increased to $2,000 per meeting. PPL also reimburses each director for usual and customary travel expenses.

Directors Deferred Compensation Plan. Pursuant to the DDCP, non-employee directors may elect to defer all or any part of the fees and any retainer that is not part of the mandatory stock unit deferrals. Under this plan, directors can defer compensation other than the mandatory deferrals into a deferred cash account or the deferred stock account. The deferred cash account earns a return as if the funds had been invested in one or more of the core investment options offered to employees as part of PPL s 401(k) plans, including publicly available mutual funds, institutionally managed funds and lifestyle funds available from a mutual fund provider (for 2010, the lifestyle funds were Fidelity Investments Freedom Funds). The brokerage account option that is available to employees is not available to directors. For 2010, only two directors elected to defer any of their cash retainer or fees into a deferred cash account. These directors deferred cash into one or more of the following Fidelity funds, with the annual return shown for each fund: Fidelity Freedom 2020 (12.93%); Spartan Total Market Index (17.41%); JPM Core Bond R5 Fund (7.48%); and a stable value fund managed by Fidelity (2.39%). Payment of the amounts allocated to the deferred cash account and accrued earnings, together with the deferred stock units and accrued dividend equivalents, is deferred until after the directors retirement from the Board of Directors, at which time they receive the deferred cash and stock in one or more annual installments for a period of up to ten years as previously elected by the director.

The following table summarizes all compensation earned during 2010 by our non-employee directors.

2010 DIRECTOR COMPENSATION

	Fees Earned or Paid in Cash				
Name of Director	**Paid in Cash[2]**	**Deferred into Restricted Stock Units[3]**	**Stock Awards[4]**	**All Other Compensation[5]**	**Total**
Frederick M. Bernthal	$ 0	$ 90,500	$ 101,400	$ 520	$ 192,420
John W. Conway	0	70,000	101,400	520	171,920
E. Allen Deaver	126,000	0	101,400	520	227,920
Louise K. Goeser	70,000	0	101,400	520	171,920
Stuart E. Graham	80,000	0	101,400	520	181,920
Stuart Heydt	106,500	0	101,400	520	208,420
Craig A. Rogerson	66,000	0	70,000	520	136,520
W. Keith Smith[1]	39,000	0	42,250	2,217	83,467
Natica von Althann	88,833	0	101,400	520	190,753
Keith H. Williamson	69,500	0	70,000	520	140,020

(1) Mr. Smith retired from the Board immediately prior to the 2010 Annual Meeting of Shareowners on May 19, 2010.

(2) This column reports the amount of retainers and fees actually paid in cash or deferred into cash accounts in 2010 for Board and committee service by each director, including a $30,000 annual cash retainer for Mr. Deaver for serving as presiding director and the cash retainers for the committee chairs: Dr. Heydt (Audit $15,000), Dr. Bernthal (Nuclear Oversight $10,000), Mr. Deaver (CGNC $10,000), Mr. Smith (Finance $4,167 for five months), and Ms. von Althann (Finance $5,833 for seven months). Messrs. Deaver and Rogerson voluntarily

deferred $96,000 and $66,000, respectively, of cash fees into their deferred cash accounts under PPL s DDCP and these amounts are included in this column for each such director.

(3) This column reports the dollar amount of retainers and fees voluntarily deferred into restricted stock accounts under the DDCP. Dr. Bernthal and Mr. Conway voluntarily deferred all of their cash retainers and fees into their deferred stock accounts under the DDCP.

(4) This column represents the grant date fair value of mandatorily deferred stock units granted during 2010 as calculated under ASC Topic 718 as of the date of grant. For additional information on PPL s accounting methods and assumptions for stock-based awards, refer to Notes 1 and 12 of the PPL financial statements in the Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the SEC. The grant date fair value for the deferred stock units was calculated using the closing price of PPL stock on the NYSE on the date of grant.

As of December 31, 2010, all deferred stock units held in each director s deferred stock account were vested.

(5) This column shows the dollar value of life insurance premiums paid by the company during 2010 for each director. The company provides life insurance to each director equal to twice the amount of the annual retainer fee. Effective June 1, 2010, after Mr. Smith retired from the Board, the company also entered into a consulting agreement with him for a term of one year for the purpose of assisting the company with certain management, consulting, financial and related matters. Mr. Smith was paid $2,000 for his services during 2010, which is reflected in this column.

STOCK OWNERSHIP

Directors and Executive Officers

All directors and executive officers as a group hold less than 1 percent of PPL s common stock. The table below shows the number of shares of our common stock beneficially owned as of March 4, 2011 by each of our directors and each named executive officer for whom compensation is disclosed in the Summary Compensation Table, as well as the number of shares beneficially owned by all of our directors and executive officers as a group. The table also includes information about stock options, stock units, restricted stock, restricted stock units granted to executive officers under the company s Incentive Compensation Plan, or ICP, and stock units credited to the accounts of our directors under the Directors Deferred Compensation Plan, or DDCP.

Name	Shares of Common Stock Owned[1]
F. M. Bernthal	68,417(2)
J. W. Conway	66,201(3)
E. A. Deaver	62,858(4)(5)
S. G. Elliott	687(6)
P. A. Farr	397,952(7)
L. K. Goeser	30,022(8)
S. E. Graham	14,458(9)
R. J. Grey	358,670(10)
S. Heydt	77,410(5)(11)
J. H. Miller	1,273,482(12)
C. A. Rogerson	20,616(13)
W. H. Spence	383,858(14)
V. A. Staffieri	80,940(15)
N. von Althann	4,839(16)
K. H. Williamson	20,616(17)
All 21 executive officers and directors as a group	3,565,804(18)

(1) The number of shares owned includes: (a) shares directly owned by certain relatives with whom directors or officers share voting or investment power; (b) shares held of record individually by a director or officer or jointly with others or held in the name of a bank, broker or nominee for such individual s account; (c) shares in which certain directors or officers maintain exclusive or shared investment or voting power, whether or not the securities are held for their benefit; and (d) with respect to executive officers, shares held for their benefit by the Trustee under PPL s Employee Stock Ownership Plan, or ESOP.

(2) Consists of 68,417 shares credited to Mr. Bernthal s deferred stock account under the DDCP.

(3) Includes 63,256 shares credited to Mr. Conway s deferred stock account under the DDCP.

(4) Includes 53,329 shares credited to Mr. Deaver s deferred stock account under the DDCP.

(5) Includes additional deferred stock credited to their accounts in connection with the termination of the Directors Retirement Plan in 1996, as follows: Mr. Deaver 5,269 shares and Dr. Heydt 3,928 shares.

(6) Includes 687 shares credited to Mr. Elliott s deferred stock account under the DDCP.

(7) Includes 40,000 shares of restricted stock, 55,520 restricted stock units and 270,763 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP.

(8) Includes 30,022 shares credited to Ms. Goeser s deferred stock account under the DDCP.

(9) Includes 9,458 shares credited to Mr. Graham s deferred stock account under the DDCP.

(10) Includes 32,100 restricted stock units and 325,766 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP.

(11) Includes 73,482 shares credited to Dr. Heydt s deferred stock account under the DDCP.

(12) Includes 185,860 restricted stock units and 1,027,123 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP.

(13) Includes 20,616 shares credited to Mr. Rogerson s deferred stock account under the DDCP.

(14) Includes 78,540 restricted stock units and 289,939 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP.

(15) Includes 80,940 restricted stock units.

(16) Includes 4,839 shares credited to Ms. von Althann s deferred stock account under the DDCP.

(17) Includes 20,616 shares credited to Mr. Williamson s deferred stock account under the DDCP.

(18) Includes 70,000 shares of restricted stock, 561,640 restricted stock units, 2,383,180 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP, 9,197 additional shares credited to directors accounts in connection with the termination of a retirement plan, and 344,721 shares credited to the directors deferred stock accounts under the DDCP.

Principal Shareowners

Based on filings made under Sections 13(d) and 13(g) of the Exchange Act, as of February 14, 2011, the only persons known by the company to be beneficial owners of more than 5% of PPL s common stock are as follows:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc.[1] 40 East 52nd Street New York, NY 10022	30,062,377	6.22%
FMR LLC and related parties[2] 82 Devonshire Street Boston, MA 02109	26,321,818	5.42%

(1) Based solely on a review of the Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 2, 2011. As reported on the Schedule 13G, as of December 31, 2010, BlackRock, Inc. had sole voting and dispositive power with respect to 30,062,377 shares held by BlackRock Japan Co. Ltd., BlackRock Advisors (UK) Limited,

BlackRock Asset Management Deutschland AG, BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Asset Management Canada Limited, BlackRock Asset Management Australia Limited, BlackRock Advisors, LLC, BlackRock Capital Management, Inc., BlackRock Financial Management, Inc., BlackRock Investment Management, LLC, BlackRock Investment Management (Australia) Limited, BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock Fund Managers Limited, BlackRock Asset Management Ireland Limited, BlackRock International Limited and BlackRock Investment Management (UK) Limited.

(2) Based solely on a review of the Schedule 13G jointly filed with the SEC by FMR LLC (FMR), its chairman Edward C. Johnson 3d and Fidelity Management & Research Company (Fidelity), a wholly owned subsidiary of FMR, on February 14, 2011. As reported on the Schedule 13G, as of December 31, 2010, each of FMR and Mr. Johnson beneficially owned 26,321,818 shares of common stock and had sole voting power with respect to 1,634,036 of such shares and sole dispositive power with respect to 26,321,818 shares as follows: (a) Mr. Johnson and FMR, through its control of Fidelity, each had sole power to dispose of the 24,614,352 shares owned by the funds

that Fidelity advises; (b) FMR beneficially owned 3,833 shares through Strategic Advisers, Inc., its wholly owned subsidiary; (c) Mr. Johnson and FMR, through its control of Pyramis Global Advisors, LLC, an indirect wholly owned subsidiary of FMR (PGALLC), each had sole power to vote or to direct the vote of and to dispose of 546,720 shares owned by the institutional accounts or funds advised by PGALLC; (d) Mr. Johnson and FMR, through its control of Pyramis Global Advisors Trust Company, an indirect wholly owned subsidiary of FMR (PGATC), each had sole dispositive power over 598,336 shares and sole power to vote or to direct the voting of 547,566 shares owned by the institutional accounts managed by PGATC; and (e) FIL Limited (FIL), whose chairman is Mr. Johnson, had sole dispositive power over 558,577 shares, sole power to vote or direct the voting of 535,917 shares and no power to vote or direct the voting of 22,660 shares held by the international funds that FIL advises. Shares reported include beneficial ownership by the following entities: Fidelity (24,614,352 shares, including 1,599,122 shares resulting from the assumed conversion of 921,100 equity units of PPL); Strategic Advisers, Inc. (3,833 shares); PGALLC (546,720 shares, including 265,450 shares resulting from the assumed conversion of 152,900 equity units of PPL); PGATC (598,336 shares, including 30,382 shares resulting from the assumed conversion of 17,500 equity units of PPL); and FIL (558,577 shares, including 309,547 shares resulting from the assumed conversion of 178,300 equity units of PPL).

Members of the family of Mr. Johnson are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, representing 49% of the voting power of FMR. The Johnson family group and all other Series B shareholders have entered into a shareholders voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR.

In addition, according to the Schedule 13G, FMR and FIL are of the view that they are not acting as a group for purposes of Section 13(d) under the Exchange Act and that they are not otherwise required to attribute to each other the beneficial ownership of securities beneficially owned by the other corporation within the meaning of Rule 13d-3 promulgated under the Exchange Act. FMR, however, indicated that it was making the filing on a voluntary basis as if all of the shares were beneficially owned by FMR and FIL on a joint basis.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

To our knowledge, our directors and executive officers met all filing requirements under Section 16(a) of the Exchange Act during 2010.

TRANSACTIONS WITH RELATED PERSONS

The Board of Directors adopted a written related-person transaction policy in January 2007 to recognize the process the Board will use to identify potential conflicts of interest arising out of financial transactions, arrangements or relations between PPL and any related persons. This policy applies to any transaction or series of transactions in which PPL Corporation or a subsidiary is a participant, the amount exceeds $120,000 and a related person has a direct or indirect material interest. A related person includes not only the company s directors and executive officers, but others related to them by certain family relationships, as well as shareowners who own more than 5% of any class of PPL Corporation s voting securities.

Under the policy, each related-person transaction must be reviewed and approved or ratified by the disinterested independent members of the Board, other than any employment relationship or transaction involving an executive officer and any related compensation, which must be approved by the Compensation, Governance and Nominating Committee, or CGNC. We collect information about potential related-person transactions in annual questionnaires

completed by directors and executive officers. We also review any payments made by the company or its subsidiaries to each director and executive officer and their immediate family members, and to or from those companies that either employ a director or an immediate family member of any director or executive officer. We also review any payments made by the company or

its subsidiaries to, or any payments received by the company and its subsidiaries from, any shareowner who owns more than 5% of any class of PPL Corporation s voting securities. The company s Office of General Counsel determines whether a transaction requires review by the Board or the CGNC. Transactions that fall within the definition of the policy are reported to the Board or the CGNC. The disinterested independent members of the Board, or the CGNC, as applicable, review and consider the relevant facts and circumstances and determine whether to approve, deny or ratify the related-person transaction.

BlackRock, Inc. filed a Schedule 13G in February 2011, stating that it holds 6.22% of PPL s common stock. As a result of beneficially owning more than 5% of PPL s common stock, BlackRock is currently considered a related person under PPL s related-person transaction policy. After conducting a review of any relationships between BlackRock and its subsidiaries and our company and its subsidiaries, the company determined that the company invests its short-term cash overnight in money market funds managed by BlackRock Institutional Management Corporation, which received fees in the amount of approximately $250,400 during 2010. Certain affiliates of BlackRock also provided asset management investment services for one of the company s U.S. retirement plan trust and the company s legacy pension trusts in the United Kingdom, all of which are separate from the company and are managed by independent trustees. These relationships were reviewed and ratified by the Board of Directors in compliance with the company s related-person transaction policy.

FMR LLC filed a Schedule 13G in February 2011, stating that it holds 5.42% of PPL s common stock. As a result of beneficially owning more than 5% of PPL s common stock, FMR is currently considered a related person under PPL s related-person transaction policy. After conducting a review of any relationships between FMR and its subsidiaries and our company and its subsidiaries, the company determined that affiliates of FMR provide a variety of services to the company under the general umbrella of Fidelity Investments in connection with our stock plans and benefit plans:

The company paid FMR affiliates an aggregate of approximately $403,800 for the following services during 2010:

One FMR affiliate provides trustee services for several of our 401(k) plans and the PPL Employee Stock Ownership Plan.

FMR affiliates provide recordkeeping services in connection with several of our 401(k) plans, the PPL Employee Stock Ownership Plan, the PPL Directors Deferred Compensation Plan, the PPL Officers Deferred Compensation Plan and the PPL Supplemental Executive Retirement Plan.

Affiliates of FMR also provide administrative services to some of the company s U.S. retirement plans and our stock plans.

The company paid another FMR affiliate $135,700 for consulting services in connection with employee communications.

Certain affiliates of FMR also received investment management fees incurred by plan participants in the amount of about $4.6 million in the aggregate during 2010 from Fidelity mutual funds offered under the 401(k) plans based on a percentage of the plan assets invested in such mutual fund, as well as certain administrative fees.

Another FMR affiliate provided services to some of our U.S. retirement plans, such as paying the monthly retirement benefits to retirees and processing employee retirement requests. Fidelity also provides Internet site information to PPL employees on estimating retirement benefits and planning for retirement. Fees in the aggregate amount of about $307,700 are paid by the pension trust, since it benefits plan participants. Pyramis

Global Advisors, an affiliate of FMR, provided investment management services to some of PPL s U.S. retirement plans. Payments to Pyramis were made directly by PPL s retirement plan trust, which is separate from the company and is managed by an independent trustee.

All of these relationships with FMR affiliates were reviewed and ratified by the company s Board of Directors in compliance with the company s related-person transaction policy.

EXECUTIVE COMPENSATION

Compensation Committee Report

The Compensation, Governance and Nominating Committee has reviewed the following Compensation Discussion and Analysis and discussed that analysis with management. Based on its review and discussions with management, the committee recommended that the Compensation Discussion and Analysis be incorporated by reference into the company s Annual Report on Form 10-K for the year ended December 31, 2010 and included in this Proxy Statement.

Compensation, Governance and Nominating Committee

E. Allen Deaver, Chair
Louise K. Goeser
Stuart E. Graham
Stuart Heydt
Craig A. Rogerson

Compensation Discussion and Analysis (CD&A)

Overview

The discussion below outlines our approach to executive compensation. In conjunction with the Compensation, Governance and Nominating Committee of the Board of Directors, or the Committee, we regularly review the appropriateness of the program in aligning executive compensation with the short- and long-term interests of shareowners. Recognizing the dynamic business environment over the past few years, the Committee s 2010 review of the executive compensation program concluded that the program continued to meet its objectives and was in the best interest of shareowners.

As we describe in detail below, one of the central tenets of our approach to rewarding PPL executives is aligning executive rewards with value creation for our shareowners by providing a balanced approach to rewarding executives to achieve shorter-term business plan objectives as well as strategic, longer-term objectives.

Our executive compensation program performed exactly as designed during this period. When the company s results did not meet its 2008 earnings forecast, the top executives of the company received no cash bonus. When the company exceeded earnings targets despite extremely challenging conditions in 2009 and 2010, executives were rewarded with above-target cash incentive awards.

The longer-term focus for our executives is encouraged through grants of restricted stock units, performance units and stock options, as well as a requirement that executives hold a significant amount of PPL common stock. In all cases, the executives of the company saw the value of this compensation drop as the company s stock price remained relatively flat over the past several years. And, in the case of the performance units granted in 2008, the award was forfeited because total shareowner return failed to meet the threshold for receiving an award. Accordingly, the named executive officers received no value for this award in 2010.

Since mid-2008, PPL s stock price has been pressured by the significant decline in wholesale power prices. Reflecting a long-term focus, in 2010 and early 2011, the executives of the company took steps to fundamentally transform PPL Corporation into a significantly larger, more financially robust company. This transformation was accomplished through the acquisitions of E.ON U.S. LLC, now known as LG&E and KU Energy LLC, or LKE, in Louisville, Kentucky, and the Central

Networks businesses in the United Kingdom, which not only have grown the company but also re-balanced its business mix.

These acquisitions of regulated enterprises were pursued and executed in a bold, yet deliberate fashion. In our industry, acquisition opportunities that clearly enhance shareowner value are few and far between. They also traditionally have been very difficult to bring across the finish line. These strategic initiatives underscore the value of a compensation program that encourages both long-term and short-term perspectives among our senior executive team.

As a result, our regulated operations will provide a significant majority of the company s annual earnings and cash flows, materially improving our risk profile. This strategic objective was established, in part, in response to the relative contribution of competitive earnings and cash flows from our Supply business and the inherent volatility of these earnings and cash flows, which are driven by commodity market cycles.

For 2011 and beyond, we expect that our regulated businesses will produce an increasing proportion of our earnings, reducing our relative exposure to commodity market swings. In addition, our competitive supply segment is well-positioned to benefit when wholesale electricity markets rebound. This new balance in our business provides the company with the ability to thrive in a wide variety of future scenarios, which should benefit shareowners over the long term.

Our improved business mix also strengthens our financial stability and provides the potential to grow our already solid dividend in years to come.

During this time, the company has reviewed and, aside from minor adjustments, decided to maintain its general approach to direct compensation. We believe our compensation approach serves the company s, as well as shareowners , interests by attracting and retaining a highly qualified team of executives and by emphasizing both short-term earnings performance as well as long-term stock price and total return growth.

As we maintain a steady approach to paying executives to keep a balanced focus on both the shorter- and longer-term, we are confident that the recent strategic decisions management has made will position the company for improving financial performance and increased shareowner value going forward.

2010 Highlights

Total direct compensation awarded to our executive officers is composed of base salary, annual short-term cash incentives, and mid- and long-term stock-based incentives. More than 80% of total direct compensation of the chief executive officer each year is at risk, while more than 70% of total direct compensation of all the executive officers each year is at risk.

Equity-based compensation, directly aligning executive and shareowner interests, comprised the majority of executive direct compensation. More than 60% of the chief executive officer s annual compensation and more than 50% of other executive officers compensation is in the form of PPL stock-based compensation.

Our compensation program reflects the company s ongoing commitment to a pay-for-performance philosophy, where executive compensation is linked to company performance and, in some instances, to individual performance, and aligned with shareowner interests. For example:

in 2008, net income and earnings from ongoing operations fell short of targeted goals and no annual short-term cash incentive awards were made to those named executive officers who serve

on the company s Corporate Leadership Council, or CLC;

in 2009 and 2010, net income and earnings from ongoing operations significantly exceeded targeted performance and significant annual cash incentive awards were made to the CLC; and

our relative, total shareowner equity award component introduced in 2008 with the first potential payout following the close of 2010 was forfeited by executives because performance during this period did not meet the threshold for receiving an award.

In light of market volatility, the mix of equity-based awards was reviewed to ensure continued appropriateness. Considering the loss of value of outstanding equity held by our executives (for example, all stock options issued since 2005 currently have no value), the Committee decided to retain the mix and balance of the current program.

Objectives of PPL s Executive Compensation Program

PPL s executive compensation program is designed to recruit, retain and motivate executive leadership and align compensation with the company s performance. Because executive officer performance has the potential to affect the company s profitability, the elements of our executive compensation program are intended to further the company s business objectives by encouraging and retaining leadership excellence and expertise, by rewarding our executive officers for sustained financial and operating performance, and by aligning executive rewards with value creation for our shareowners over both the short-and long-term.

A key component of the program is total direct compensation salary and a combination of annual cash and stock-based incentive awards which is intended to provide an appropriate, competitive level of compensation, to reward recent results and to motivate longer-term contributions to achieving the company s strategic business objectives. We evaluate the direct compensation program as a whole, seeking to deliver a balance of current cash compensation and stock-based compensation. The program also balances a level of fixed compensation paid regularly salary with incentive compensation that varies with the performance of the company. The incentive compensation program focuses executive awards on annual and longer-term performance and, for executive officers including the named executive officers reflected in the Summary Compensation Table on page 52, provides the major portion of direct compensation in the form of PPL stock, ensuring that management and shareowner interests are aligned.

Other elements of PPL s executive compensation program include: a target amount of stock ownership to align executive interests with those of our shareowners; a reasonable level of retirement income; and, in the event of special circumstances like termination of employment in connection with a change in control of PPL, special severance protection to help ensure executive retention during the change in control process and to ensure executive focus on serving the company and shareowner interests without the distraction of possible job and income loss.

To ensure appropriate alignment with business strategy and objectives and shareowner interests, the Committee regularly reviews the executive compensation program and each of its components.

Acquisition of E.ON U.S. LLC

On November 1, 2010, PPL acquired E.ON U.S. LLC, now known as LG&E and KU Energy LLC, or LKE, from the German company E.ON AG. In connection with the acquisition, PPL agreed to continue, for 24 months, specified components of the executive compensation program in place for the LKE executives on terms materially no less favorable in the aggregate than those executives then-current terms, including each executive s annual base salary, annual cash incentive opportunity and long-term incentive opportunity. Additionally, for a smaller group of executives, PPL agreed to continue specified benefits such as a supplemental executive retirement plan, a non-qualified deferred compensation plan and certain perquisites.

Effective for 2011, PPL integrated the senior executives of LKE, including Victor A. Staffieri, a named executive officer of PPL and the Chairman of the Board, Chief Executive Officer and President of LKE, into the PPL executive compensation structure to the extent possible under the terms of the existing contracts and obligations with respect to the pre-acquisition program. In particular, we have aligned LKE performance measures for purposes of 2011 annual cash incentive awards with the PPL program and we have granted LKE senior executives PPL equity for the 2011 grants.

PPL modified the E.ON AG financial performance components in determining Mr. Staffieri s 2010 annual cash incentive award. Instead of the annual cash incentive component previously based solely on E.ON AG financial performance, it was revised to be based on a combination of LKE and PPL financial performance. Specifically, PPL used LKE performance for the 10 months prior to the acquisition and PPL 2010 earnings per share performance for the two months following the acquisition.

In many respects, the LKE approach to executive compensation is similar to PPL s approach. Pay levels and mix of forms of compensation are similar, though the LKE program contains certain features, particularly as pertains to perquisites, that PPL does not provide within its compensation approach. Many of those perquisites have been eliminated to align with PPL s pay practices, as described below in Perquisites and Other Benefits.

Compensation Elements

Our executive compensation program consists of: (1) direct compensation; (2) indirect compensation; and (3) special compensation.

Direct Compensation

The direct compensation program includes salary, an annual cash incentive award and stock-based, long-term incentive awards. Stock-based incentive awards are granted in three forms of equity: restricted stock units, performance units and stock options.

Broadly stated, the direct compensation program is intended to reward:

- Expertise and experience through competitive salaries;
- Short-term financial and operational performance through annual cash incentive awards, which are tied to specific, measurable objectives;
- Achievement of sustained financial results through performance-based restricted stock unit awards;
- Medium-term financial total shareowner return performance stock appreciation plus accumulated dividend payments through peer-group relative performance-based performance unit awards; and
- Stock price growth through awards of stock options.

In general, we offer a direct compensation program that is intended, in the aggregate and at target performance levels, to be competitive with that of companies of similar size and complexity, which are also the companies with which we compete for talent. The Committee and the company target direct compensation to be generally at the median of the competitive market. Each year, competitive data are provided by the Committee s compensation consultant, Pay Governance, based on companies of similar size in terms of revenue scope, both in the energy services industry and general industry companies other than energy services or financial services companies. In providing these competitive data, Pay Governance uses published compensation surveys, (including Towers Watson s Executive Compensation Database and Long-Term Incentive Report (approximately 809 corporate participants), Energy Services Industry Executive Compensation Database (approximately 102 corporate participants), and Benchmark Compensation Survey of Energy Trading and Marketing Positions (approximately 64 corporate participants)). When possible and appropriate, analyses are performed to size-adjust the survey data to achieve a closer correlation with the appropriate revenue scope for the applicable PPL business position. We do not generally review specific pay levels of individual survey companies, but rather review the statistical median of a large group of companies in order to better understand

the market for executive-level positions with minimal year-to-year volatility that might exist when surveying a smaller group of companies. The result of these analyses produces a market median reference point we refer to as the PPL competitive data, which we believe appropriately reflects the competitive marketplace in which we compete for executive talent. General industry data determine the PPL competitive data used for staff positions and for purposes of maintaining internal equity across business lines and corporate positions for

setting incentive levels. Energy industry data are used as the PPL competitive data reference point for salaries of business line positions.

PPL competitive data are used in conjunction with the respective executive officer s performance, expertise and experience for evaluating salary levels to ensure that PPL direct compensation remains competitive in the aggregate, as well as to set target incentive levels for different levels of executives. For example, salary amounts for a particular position are based on the chief executive officer s assessment (other than with respect to his own compensation), with input from the chief operating officer and the chief financial officer, as appropriate, and the Committee s assessment of the individual s performance, expertise and experience. Total direct compensation in relation to other executives, as well as prior year individual performance and performance of the business line for which the executive is responsible, are also taken into consideration in determining any adjustment in pay level. Pay levels are reviewed based on the PPL competitive data provided by the compensation consultant s analyses to ensure competitive pay is maintained to retain incumbent talent and to attract required expertise. The PPL competitive data are also used to ensure that recommended compensation levels provide competitive compensation for PPL executives over time.

In addition to assessing competitive trends and general pay levels, Pay Governance reports to the Committee regularly on recent and emerging compensation trends they perceive in the energy services industry.

The majority of direct compensation for executive officers consists of incentive compensation that varies with the performance of the company. A portion of incentive compensation is intended to reward annual or short-term performance; the rest consists of restricted stock units and performance units, which are intended to promote medium-term performance, and stock options, which are intended to promote longer-term stock price growth.

Table 1 below provides our allocation of direct compensation for our executive officers for 2010, which is shown as a percentage of total direct compensation. For example, the salary of the chief executive officer, or CEO, is targeted to represent less than 20% of his total direct compensation. Incentive compensation annual and long-term is targeted to represent more than 80% of our CEO s direct pay, with over 60% stock-based and linked to longer-term financial performance.

TABLE 1

Elements of Targeted Compensation as a Percentage of Total Direct Compensation 2010[1]

	Percentage of Total Direct Compensation			
Direct Compensation Element	**Chief Executive Officer**	**Chief Operating Officer**	**Chief Financial Officer**	**Other Executive Officers[2] (average)**
Salary	17.9%	23.0%	25.3%	31.5%
Target Annual Cash Incentive Award	19.6%	19.5%	19.0%	19.1%
Target Long-term Incentive Awards	62.5%	57.5%	55.7%	49.4%
	100%	100%	100%	100%

(1) Percentages based on target award levels as a percentage of total direct compensation. Values of restricted stock units, performance units and stock option awards shown in the Summary Compensation Table in this proxy statement for 2010 reflect equity awards granted in 2010. Restricted stock unit awards granted in 2010 are based on company performance prior to 2010.

(2) Includes the positions of Senior Vice President, General Counsel and Secretary; and four presidents of major business lines, including Mr. Staffieri.

Base Salary

We set base salaries to reward expertise and experience. Salaries are not at risk in the sense that, once established, they are paid regularly and are not contingent on attainment of specific objectives. Salaries are established annually based on the expertise and experience of each executive and sustained individual performance and performance of the business line for which the executive is responsible, if applicable. In determining individual performance, we review individual effectiveness, business line results, if applicable, and conformity with expected behavior based on PPL s corporate values. Additionally, the critical need for a particular executive s skill and an overall assessment of an executive s pay in relation to others within the company are considered in determining an individual s base salary. Once pay levels are established using this criteria, the Committee reviews the level of pay relative to the PPL competitive data.

Generally, we expect to pay salaries at the median of the PPL competitive data. Salaries are considered paid competitively if they are within 15% of the PPL competitive data median, or within the PPL competitive range for a particular position. For example, if the median of PPL competitive data for an executive position is $1,000,000, we consider appropriate market compensation for this position as ranging between $850,000 and $1,150,000, or 15% less than and 15% greater than the market reference point of $1,000,000. An executive s salary is intended to be within this competitive range over time; accordingly, there is no established policy to prescriptively align with any particular market position and, based on individual circumstances, salary may exceed or fall below the competitive range.

Because target incentive award levels are set as a percentage of base salary, increases in salary also affect annual cash incentive award and equity incentive award opportunities.

In January of each year, the Committee reviews base salary levels for all executive officers, including the named executive officers.

At its meeting on January 21, 2010, the Committee approved base salaries for the named executive officers as described below, except for Mr. Staffieri:

TABLE 2

2010 Salary Adjustments by Position
(effective January 1, 2010 unless otherwise noted)

Name and Position	Prior Salary	PPL Competitive Range	2010 Salary	% Change
J. H. Miller Chairman, President and Chief Executive Officer	$ 1,145,000	$922,000-$1,248,000	$ 1,179,500	3.0%
W. H. Spence Executive Vice President and Chief Operating Officer	$ 660,000	$582,000-$788,000	$ 693,000	5.0%
P. A. Farr Executive Vice President and Chief Financial Officer	$ 535,000	$493,000-$667,000	$ 570,000	6.5%

R. J. Grey Senior Vice President, General Counsel and Secretary	$ 425,900	$374,000-$506,000	$ 437,000	2.6%
V. A. Staffieri[1] Chairman of the Board, Chief Executive Officer and President LG&E and KU Energy LLC (LKE)			$ 811,220	

(1) Mr. Staffieri became an executive officer of PPL Corporation effective November 1, 2010. The 2010 annual base salary shown in the above table reflects the base salary previously set by E.ON AG prior to the acquisition.

The Committee increased Mr. Miller s salary in January 2010 in recognition of his leadership during a difficult economic period and wholesale commodity market and his management of the company, which exceeded earnings from ongoing operations targets for 2009. The Committee considered it appropriate, given Mr. Miller s experience and expertise, that his salary and total direct compensation be in the upper half of the PPL competitive data.

The increase in base salary for Mr. Spence reflected his contribution to the success of the operations of PPL including the energy marketing and trading operations, the generation operations as well as in the company s energy delivery operations. The Committee determined that Mr. Spence s expertise and experience and his sustained performance justified his pay level, which includes salary just above the median and total direct compensation in the upper half of the PPL competitive data.

Mr. Farr and his organization successfully managed the financial positioning of the company in light of the challenging credit markets experienced during 2008 and 2009. Over the past few years, Mr. Farr s pay has been in the lower half of the PPL competitive range as he gained experience in his role as CFO. His 2010 salary increase recognized his expertise and sustained performance and places his pay near the median of the PPL competitive data.

The salary increase for Mr. Grey reflected his continued effective performance and Mr. Miller s and the Committee s intention to reward his experience, expertise and sustained performance.

At its October 21, 2010 meeting, pursuant to the terms of the purchase and sale agreement and prior to the closing of the LKE acquisition, the Committee ratified Mr. Staffieri s annual base salary at his then-current 2010 level of $811,220 effective as of the closing of the acquisition, as well as annual cash incentive target and long-term incentive target opportunities at his then-current 2010 level of 75% and 175% of annual base salary, respectively, each effective as of the closing of the acquisition.

<u>Annual Cash Incentive Awards</u>

The annual cash incentive award program is designed to reward annual performance compared to business objectives established at the beginning of the year. Unlike salary, where payment is a fixed amount paid regularly, this compensation element is at risk because awards are based on achievement of prescribed objective financial and operational results. Awards may vary from the target award (that is, the result at which payouts would be at 100% of the target opportunity) to the threshold or minimum payment of 50% of target or to the program maximum of 200% of target established for each position. No payment will be made if the corporate financial performance results are below the 50% payment threshold.

The Committee makes annual cash incentive awards to executive officers under the shareowner-approved PPL Corporation Short-term Incentive Plan. The awards are based on objective corporate financial and operational measures. Specific written performance objectives and business objectives are established by management and approved by the Committee during the first quarter of each calendar year. The Committee establishes target award levels, set as a percentage of salary for each executive, based on an internal comparison of executive positions and targeted at the approximate median of the PPL competitive data.

The annual cash incentive program is aligned with competitive practice where the typical payment range is 50% to 200% of the target. The program cutoff that was introduced in 2009 eliminates any annual cash incentive payments for executive officers for operating unit performance if performance on the corporate financial earnings per share, or EPS, goal is 20% or more lower than the target for the 2010 performance period. Previous to the 2009 performance period, even if EPS goal performance did not exceed the threshold, operating unit results may have produced an annual cash incentive award for executive officers other than the members of the CLC.

The Committee set the following target award levels for the PPL positions listed, except for Mr. Staffieri, for the 2010 annual cash incentive awards under the Short-term Incentive Plan, which did not change from 2009. The target award level for Mr. Staffieri is the 2010 target award level

previously set by E.ON AG and ratified by the Committee at its October 21, 2010 meeting prior to the LKE acquisition.

TABLE 3

Annual Cash Incentive Targets by Position for 2010

Position	Targets as % of Salary
Chief Executive Officer	110%
Executive Vice President and Chief Operating Officer	85%
Executive Vice President and Chief Financial Officer	75%
President of LKE	75%
Senior Vice President, General Counsel and Secretary	65%

At its July 2010 and October 2010 meetings, the Committee conducted a review of the incentive compensation program design in light of the power market volatility, the changing mix of the company s business and trends in industry compensation practices. The Committee concluded that the Short-term Incentive Plan component of the incentive compensation program was, for the most part, operating appropriately. The link between financial performance achieved and annual cash incentive awards for 2008, 2009 and 2010 for the named executive officers who serve on the Corporate Leadership Council, or CLC, demonstrates that our program design for annual cash incentive is aligned to our business objectives. Specifically, in 2008, PPL did not achieve the target EPS. Therefore, there was no annual cash incentive award made to the named executive officers who serve on the CLC for 2008. For 2009 and 2010, the named executive officers who serve on the CLC were eligible for annual cash incentive awards at levels above the pre-established objective earnings targets as a percentage of salary for achievement of higher-than-target EPS.

At its December 2010 and January 2011 meetings, after reviewing competitive data provided by Pay Governance, the Committee increased the target award level for the Executive Vice President and Chief Operating Officer position from the 85% shown above to 95% for the 2011 performance period. The target award level was increased to ensure internal equity with other executive positions and to be more reflective of market practice for companies that are comparable in revenue size to PPL.

At its March 2010 meeting, the Committee approved the performance goals for 2010 for those named executive officers who are members of CLC.

The corporate financial goal for 2010 represented 100% of the total award for the CLC members. There was no discretionary component to any awards for Messrs. Miller, Spence, Farr and Grey as they were fully based on pre-established objective financial measures. For Mr. Staffieri, the 20% portion of the annual incentive target originally attributable to E.ON AG financial performance was calculated by using the financial performance of LKE for the first 10 months of 2010 and PPL 2010 EPS performance for the last two months of 2010, representing a split of 83% and 17%, respectively.

The following table summarizes the weightings allocated to financial and operational results, by named executive officer position, for determining 2010 annual cash incentive awards:

TABLE 4

Annual Cash Incentive Weightings Applied to Financial and Operational Results

Category	**CEO; COO; CFO; SVP[1]**	**President of LKE**
Financial Results		
PPL Corporation	100%	
Combined PPL and LKE		20%
LKE		30%
Operational Results		
LKE		10%
Individual Performance		40%

(1) Annual cash incentive awards for members of the Corporate Leadership Council are based solely on the corporate financial results or EPS for the year and are not further adjusted for individual performance.

At its January 2011 meeting, the Committee reviewed 2010 performance results to determine whether the named executive officers had met pre-established 2010 performance objectives. Annual cash incentive awards are determined as summarized below by multiplying the financial results, and where applicable, operational results and individual performance, by the weightings in Table 4 above to determine the total performance result for each position. The total performance result is then multiplied by the target award opportunity as detailed in Table 3 above and then multiplied by salary as of December 31, 2010, the end of the performance period.

results	×	weights (Table 4)	×	target award % (Table 3)	×	year-end salary (Table 2)	=	annual cash incentive award

As a result, the Committee approved the following annual cash incentive awards, which are reflected in the Summary Compensation Table in the column headed Non-Equity Incentive Plan Compensation.

TABLE 5

Annual Cash Incentive Awards for 2010 Performance

Name	Salary Basis for Award	Total Goal Results	2010 Annual Cash Award
J. H. Miller	$ 1,179,500	200%	$ 2,594,900
W. H. Spence	693,000	200%	1,178,100
P. A. Farr	570,000	200%	855,000
R. J. Grey	437,000	200%	568,100
V. A. Staffieri	811,220	127.9%	778,400(1)

(1) Shows full award. Only about 1/6 of this amount, or $129,733, is reflected in the Summary Compensation Table for Mr. Staffieri who did not become an executive officer of PPL until the closing of the acquisition on November 1, 2010.

As noted above, the total goal results are based on corporate financial results and, in the case of Mr. Staffieri, a combination of PPL corporate and LKE financial results, LKE segment financial results, LKE operational results and individual performance. The PPL financial objectives, described in detail below, are based on PPL s business plan, which is approved annually by the Finance Committee of the Board of Directors. In the case of Mr. Staffieri, the segment financial and operational objectives are based on LKE s business plan under E.ON AG prior to the acquisition.

Because Mr. Staffieri became an executive officer of PPL as of the acquisition on November 1, 2010, his 2010 annual cash incentive award was also determined by the Committee at its January 2011 meeting, along with other executive officers. Only that portion of his annual cash incentive attributable to November and December, the two months that LKE was owned by PPL Corporation, is reflected in the Summary Compensation Table.

Awards for the positions of the named executive officers over the most recent five years have ranged from 0% to 200% of target for the corporate executive officers.

Financial Results. Target PPL Corporation EPS for the annual cash incentive program was $2.87 for 2010, with a 200% payout maximum at $3.10 and a 50% payout threshold at $2.61. Results below $2.61 would result in a zero payout for Corporate Leadership Council members. The target EPS used for goal purposes is earnings per share from ongoing operations. No annual cash incentive awards would have been paid if EPS results were less than $2.36.

The PPL Corporation EPS achieved for purposes of the annual cash incentive program for 2010 was $3.13, which was above the target resulting in the 200% payment maximum.

Prior to the acquisition, 20% of Mr. Staffieri s annual cash incentive target was based on E.ON AG earnings before interest and taxes, or EBIT, performance versus budget. Because E.ON AG would not be in a position to share

financial information with LKE after the closing of the acquisition, and waiting for the public release of E.ON AG financial results would not be timely as to the normal PPL incentive award grants, the E.ON AG financial goal was replaced with a combination of LKE and PPL financial goals. The replacement goals consist of an adjusted LKE EBIT target of $490 million for the first 10 months of 2010 and PPL 2010 EPS performance for two months (a split of 83% - 17%). As such, the 20% portion of the annual incentive target originally attributable to E.ON AG financial performance was determined on this basis. The combined PPL and LKE financial results represent a combined financial result of 151.7%, with a total award result for Mr. Staffieri of 30.3% for the 20% corporate financial component.

Mr. Staffieri also had a 30% financial objective in 2010 to achieve the adjusted LKE EBIT target of $490 million. Actual achievement was $551 million, which represents slightly more than 110% of target and results in a 142% payout for that objective, which produced a total award result for Mr. Staffieri of

42.6% for the LKE financial component. Total award results for Mr. Staffieri are shown in Table 6 below.

Operational and Individual Results.

In addition to financial results, Mr. Staffieri s 2010 annual cash incentive award was based on certain operating results and individual performance determined as follows.

Lost Time Injury Frequency (LTIF). Mr. Staffieri had an operational objective tied to lost time injury frequency, or LTIF. This measure was a specific goal established by E.ON AG. The achievement of the LTIF goal resulted in a payout percentage of 150%. The performance calculation of the LTIF is as follows:

Employee LTIF (25% weighting) of 0.38 was favorable to target of 1.2. There were only two lost time injuries at LKE during 2010, which was the best performance in LKE history. This result outperformed the maximum target of 200%.

Contractor LTIF (25% weighting) of 0.95 was favorable to target of 1.3. There were only seven lost time cases reported in over 6.5 million hours worked in 2010. This result outperformed the maximum target of 200%.

Safety Systems and Safety Culture Indicator (50% weighting) reflects the prepared and fully implemented 2010 Bridge to Excellence Operational Safety Improvement Plan at LKE. There were no fatalities at LKE in 2010. The result of this measure was 100%.

Individual Performance. The final component of the annual incentive for Mr. Staffieri was performance against individual goals. These goals were established between Mr. Staffieri and his E.ON AG management at the beginning of 2010. At the end of the performance period, success was measured on a scale of 0 200% achievement.

Mr. Staffieri s individual performance goals for 2010 were as follows:

Successful prosecution of 2010 rate case before the Kentucky Public Service Commission, or KPSC, as measured by annualized revenue increase granted. Consideration would be given, as appropriate, to the impact of strategic initiatives, financing costs, depreciation expense and other regulatory proceedings.

Maintenance of good regulatory relations and full recovery of Environmental Cost Recovery surcharge for regulated expenditures.

Effective management of investment program, balancing capital constraints with internal and regulatory expectations of providing safe and reliable service.

Development of scenarios to understand effects of possible CO_2 requirements.

In determining individual performance for the annual cash incentive award for Mr. Staffieri, the Committee considered the recommendations of Mr. Miller, the CEO. In developing his recommendations, the CEO consulted with the chief operating officer, or COO, and conducted a performance review at the end of the performance year with assessment input from the COO and the Vice President-Human Resources and Services of PPL. The assessment contained two dimensions an assessment of attainment of overall objectives for the year, as well as an assessment of values behaviors and key attributes.

In particular, the Committee considered that, under Mr. Staffieri s leadership: (1) LKE achieved the successful rate case goal with annualized revenue increase exceeding goal target of $187 million; (2) the quality of his operations regulatory relations was reflected in the KPSC approval of the rate case settlement without adjustments; (3) the achievement of the ECR recovery which fell short of the maximum target of $221 million and the GAAP budget capital spending at $610 million; and (4) LKE successfully updated the long-term financing planning model to adjust for the various tenets of proposed CO_2 legislation and calculated the impact of various proposals throughout the year. This

effort was expanded to cover a number of new proposed Environmental Protection Agency regulations.

The specific operational target objectives and weights for LKE that produced the total annual cash incentive goal results in Table 5 for Mr. Staffieri are detailed in Table 6 below.

TABLE 6

Annual Cash Incentive Goals and Results
V. A. Staffieri

ROUP CIAL LTS	OBJECTIVE SUMMARY STATEMENTS	WEIGHT WITHIN FINANCIAL/ OPERATING UNIT	RESULTS	OBJECTIVE SCORE	WEIGHT IN TOTAL AWARD	TO AV RE
ned PPL	Achieve PPL Corporation Earnings Per Share from Ongoing Operations ³ $2.87.	16.7%	200%			
				151.7%	20%	3
	Achieve LG&E/KU Adjusted EBIT Target $490 ($ Millions).	83.3%	142%			
	Achieve LG&E/KU Adjusted EBIT Target $490 ($ Millions).		142%	**142.0%**	30%	4
CIAL						
OTAL					50%	7
ATIONAL LTS						
	1. Achieve an employee lost-time injury frequency of £ 1.2.	25%	200%	50.0%		
	2. Achieve a contractor lost-time injury frequency of £ 1.3.	25%	200%	50.0%		
	3. Achieve Safety Systems and Safety Culture Indicator.	50%	100%	50.0%		

	100%	**150.0%**	10%	1
CIAL/OPERATIONAL GOAL SUB-TOTAL			60%	8
IDUAL PERFORMANCE GOAL ACHIEVEMENT			40%	4
L			**100%**	**12**

Special Cash Incentive Award

The LKE acquisition was an extraordinary transaction for PPL. It was significant and precedent-setting, as it was the largest cash acquisition in the utility sector since 2007 and the second largest in over a decade. The strategic logic of the transaction was based on the view that a higher proportion of rate-regulated utility earnings would benefit our shareowners by providing long-term growth, strengthening support for our dividend and stabilizing credit ratings.

Given the strategic importance of the acquisition to PPL s longer-term financial results, a special cash incentive award opportunity is being implemented for Messrs. Miller, Spence, Farr and Grey for the two-year performance period of 2011-2012.

Specific metrics must be achieved in order for PPL to realize the longer-term benefits of the acquisition for shareowners. At its March 2011 meeting, the Committee established a special limited eligibility, incremental cash incentive award designed to motivate the executives who are members of CLC to focus on specific acquisition metrics and realize the anticipated shareowner value from the acquisition.

The metrics for the special cash incentive are:

- Achieving a specific consolidated net income target for LKE in each of 2011 and 2012;
- Achieving a specific consolidated net cash from operations target for LKE in each of 2011 and 2012; and
- Achieving specific consolidated return-on-equity at LKE.

The target annual opportunities range from 55% to 75% of annual base salary, with individual payment ranging from 0 to 150% of target annual opportunity based on attainment of each metric within a range of performance of 90% to 120% of target over the two-year period 2011-2012. Each year will have specific metrics to be achieved, with one payment potential in 2013. If achievement of any metric is below 90% of target, no payment will be made for that metric. In addition to metric achievement, in each year, corporate EPS achievement must be no less than 85% of target. Complete details of this program will be fully discussed in the 2011 CD&A.

This incremental special award aligns with our overall compensation philosophy and structure. The payments, if made, would be based on superior performance that provides enhanced value to shareowners.

Long-term Incentive Awards (Equity Awards)

We grant long-term incentive awards to align the interests of the executive officers with those of our shareowners. Long-term incentive awards for executive officers are made annually under the shareowner-approved PPL Corporation Incentive Compensation Plan.

The long-term incentive program is designed to reward mid- and long-term performance and is composed of three awards:

- Restricted stock unit awards for sustained financial and operational performance;
- Performance unit awards for three-year performance relative to our industry peers based on total shareowner return stock price growth and dividends; and
- Stock option awards for stock price growth.

General

We grant restricted stock unit awards based on the achievement of targeted business results, which is currently the most recent three-year average of corporate financial results as determined for the annual cash incentive program. Restricted stock unit awards provide executives the right to receive an equivalent number of shares of PPL common stock after a restriction or holding period. These grants are therefore at risk because awards may vary from zero to the

program maximum of 200% of target. Restricted stock unit awards are also at risk compensation because the awards are denominated in shares of PPL stock and are subject to vesting and potential forfeiture, and the ultimate value realized by the executives is directly related to PPL s stock price performance.

Restricted stock unit awards granted in 2011, based on company performance prior to 2010, have a three-year restriction period, with restrictions scheduled to lapse in 2014. During the restriction period, each restricted stock unit entitles the executive to receive quarterly payments from the company equal

to the quarterly dividends on one share of PPL stock, thereby recognizing both current income generation and stock price appreciation or depreciation in line with PPL shareowners.

Performance units are a total shareowner return-based performance unit award under which executives receive a target number of performance units at the beginning of the performance period, with the actual amount of shares of common stock earned at the end of the performance period dependent on the three-year total shareowner return results of the company compared to the total return of companies in the S&P Electric Utilities Index. Total shareowner return reflects the combined impact of changes in stock price plus dividends reinvested over the performance period. The performance unit awards provide executives the right to receive a number of shares of PPL common stock based on PPL total shareowner return relative to industry peers. Performance units are granted at the beginning of a three-year performance period and are payable in shares of PPL common stock following the performance period. Cash or stock dividend equivalent amounts payable on PPL common shares are converted into additional performance units and are payable in shares of PPL common stock at the end of the performance period based on the determination by the Committee of whether the performance goals have been achieved. These grants are at risk because total shares distributed at the end of the performance period, including shares distributed in respect of the performance unit grant itself and all reinvested cash or stock dividend equivalents, may vary from zero to the program maximum of 200% of target and are subject to potential forfeiture. The ultimate value realized by the executives is directly related to PPL s total shareowner return relative to its industry peers and to PPL s stock price performance. The Committee has no discretion to provide for payment of the performance units absent attainment of the stated target levels.

We also grant stock options. Stock options provide the holder the right to purchase PPL stock at a future time at an exercise price equal to the closing price of PPL stock on the grant date. Stock options normally will not be exercised by the holder if the stock price does not increase after the grant date. As a result, stock option awards are designed to reward executives for increases in PPL s stock price.

Stock options granted in 2010 become exercisable over three years one-third at the end of each anniversary of the grant date and are exercisable for 10 years from the grant date, subject to earlier expiration following specified periods after termination of employment.

Under the terms of the company s Incentive Compensation Plan, restricted stock units, performance units and unvested stock options are forfeited if the executive voluntarily leaves PPL and generally become vested if the executive retires from the company prior to the scheduled vesting date. However, any stock options granted within 12 months prior to an executive officer s retirement date will be forfeited. See Termination Benefits Long-term Incentive Awards for a description of conditions of the provisions and expiration dates applicable to awards.

From time to time, as an additional incentive to encourage and reward an executive s superior performance and service with PPL and to retain key talent, we may also grant additional restricted stock or stock units under our company s Incentive Compensation Plan. See Retention Agreements on page 68 for previous additional restricted stock awards granted to Messrs. Miller and Farr and a 2010 restricted stock unit award granted to Mr. Staffieri as a retention measure and in consideration for the loss of certain perquisites previously provided by LKE.

During 2010, the company undertook a review of its incentive compensation program in light of market conditions and evolving trends in industry compensation practices to ensure continued appropriateness and considering the loss of value of outstanding equity held by our executives due to depressed stock prices and under water stock options. The Committee approved a continuation of the current program structure but also approved changes to the total shareowner return-based performance unit award as noted below.

Structure of Awards

The Committee introduced the performance unit component of the long-term incentive program in 2008. At the same time, the Committee also rebalanced the value of the three stock-based components to the following percentages of an executive s total long-term incentive opportunity: 40% restricted stock units; 20% performance units; and 40% stock options. This decision was based on changes recognized in market practice and on the Committee s view of the appropriate balance of the three forms of stock-based compensation. The Committee made no changes to this balance for 2010.

Target award levels for each component of the long-term incentive program seek to balance executive focus on the company s business objectives, to balance the internal compensation levels of executive positions and to reflect the PPL competitive data. The target award levels for the named executive officers, with the exception of Mr. Staffieri, were set by the Committee. In the case of Mr. Staffieri, target award levels, set as a percentage of salary for 2010, by E.ON AG prior to the LKE acquisition, were ratified by the Committee as of the closing of the acquisition, consistent with the terms of the related purchase and sale agreement, and are provided below:

TABLE 7

Long-term Incentive Award Targets

	(Targets as % of Salary)			
Position	**Restricted Stock Units**	**Performance Units**	**Stock Options**	**Total**
Chief Executive Officer	140%	70%	140%	350%