

PPL ELECTRIC UTILITIES CORP
Form DEF 14C
April 28, 2009

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

Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement.

PPL Electric Utilities Corporation

(Name of Registrant as Specified in Its Charter)

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PPL Electric Utilities Corporation

Notice of Annual Meeting
May 21, 2009

and

Information Statement
(including appended
2008 Financial Statements)

PPL ELECTRIC UTILITIES CORPORATION
Two North Ninth Street
Allentown, Pennsylvania 18101

Notice of Annual Meeting of Shareowners

Time and Date 9:00 a.m., Eastern Daylight Time, on Thursday, May 21, 2009.

Place Offices of PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, Pennsylvania

Items of Business To elect the directors listed herein

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 are a shareowner of record on February 27, 2009.

Proxy Voting Proxies are not being solicited from shareowners because a quorum exists for the Annual Meeting based on the PPL Electric Utilities Corporation stock held by its parent, PPL Corporation. PPL Corporation owns all of the outstanding shares of common stock, and as a result, 99% of the voting shares of PPL Electric Utilities Corporation. PPL Corporation intends to vote all of these shares in favor of the election of PPL Electric Utilities Corporation's nominees as directors.

By Order of the Board of Directors,

Elizabeth Stevens Duane
Secretary

April 28, 2009

**Important Notice Regarding the Availability of Materials
for the Shareowner Meeting to Be Held on May 21, 2009:**

**This Information Statement is available at
<http://www.pplweb.com/PPLElectricInfoStatement>**

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PPL ELECTRIC UTILITIES CORPORATION
Two North Ninth Street
Allentown, Pennsylvania 18101

Information Statement

Annual Meeting of Shareowners
May 21, 2009
9:00 a.m. (Eastern Daylight Time)

We are providing this Information Statement in connection with the Annual Meeting of Shareowners of PPL Electric Utilities Corporation, or the company, to be held on May 21, 2009, and at any adjournment or postponement of the Annual Meeting. PPL Corporation, the parent of PPL Electric Utilities Corporation, owns all of the shares of the company's outstanding common stock, which represents 99% of the company's outstanding voting shares. As a result, a quorum exists for the Annual Meeting based on PPL Corporation's stock ownership. **ACCORDINGLY, WE ARE NOT ASKING THE SHAREOWNERS FOR A PROXY, AND SHAREOWNERS ARE REQUESTED NOT TO SEND US A PROXY.** We first released this Information Statement to shareowners on or about April 28, 2009.

GENERAL INFORMATION

What am I voting on?

There is one proposal scheduled to be voted on at the meeting, which is the election of the six directors listed herein for a term of one year.

Who can vote?

Holders of PPL Electric Utilities Corporation common stock, 4 1/2% Preferred Stock and Series Preferred Stock as of the close of business on the record date, February 27, 2009, may vote at the Annual Meeting. Each share of common stock, 4 1/2% Preferred Stock and Series Preferred 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 Electric Utilities 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 and Information Statement have been sent directly to you by PPL Electric Utilities 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. The Notice of Annual Meeting and Information Statement has 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.

How do I vote?

As we are not asking shareowners for a proxy by mail, you may come to the Annual Meeting and cast your vote there by ballot. Please bring your admission ticket with you to the Annual Meeting. You may request directions to the Annual Meeting by contacting Investor Services at 1-800-345-3085.

Abstentions and broker non-votes are not counted as either yes or no votes.

We do not expect that any other matters will be brought before the Annual Meeting.

Who can attend the Annual Meeting?

If you are a shareowner of record, your admission ticket is enclosed with the Notice of Annual Meeting and Information Statement. You will need to bring your admission ticket, along with picture identification, to the meeting. If you own shares in street name, please bring your most recent brokerage statement, along with picture identification, to the meeting. The company will use your brokerage statement to verify your ownership of 4 1/2% Preferred Stock or Series Preferred Stock and admit you to the meeting.

What constitutes a quorum?

As of the record date of February 27, 2009, there were a total of 66,873,245 shares of PPL Electric Utilities Corporation outstanding and entitled to vote, consisting of 66,368,056 shares of common stock all owned by PPL Corporation, 247,524 shares of 4 1/2% Preferred Stock and 257,665 shares of Series Preferred Stock. The 2,500,000 outstanding shares of Preference Stock are not entitled to vote. In order to conduct the Annual Meeting, a majority of the outstanding shares entitled to vote must be present in order to constitute a quorum. Abstentions and broker non-votes will be counted as present and entitled to vote 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 the directors to be elected?

Shareowners have the unconditional right of cumulative voting. Shareowners may vote in this manner by multiplying the number of shares registered in their respective names on the record date by the total number of directors to be elected at the Annual Meeting and casting all of such votes for one nominee or distributing them among any two or more nominees. The nominees who receive 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 striking a line through that person's name in the list of nominees on the ballot. Shares will be voted for the remaining nominees on a pro rata basis.

How does the company keep voter information confidential?

To preserve voter confidentiality, we voluntarily limit access to shareowner voting records to 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 company 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 PPL Electric Utilities Corporation 4 1/2% Preferred Stock and Series Preferred Stock held in street name may receive a notice from their broker, bank or other holder of record stating that only one Information 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 the company's printing, shipping, and postage costs. 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 from the company at the address and phone number listed on the back cover page of this Information Statement.

PROPOSAL: ELECTION OF DIRECTORS

The nominees this year are Dean A. Christiansen, David G. DeCampli, Paul A. Farr, Robert J. Grey, James H. Miller and William H. Spence, all of whom are currently serving as directors. 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 meeting, PPL Corporation intends to vote its shares of PPL Electric Utilities Corporation common stock for the election of such other person as the Board of Directors may recommend in place of that nominee.

**The Board of Directors
recommends that shareowners vote FOR this Proposal**

Nominees for Directors:

DEAN A. CHRISTIANSEN, 49, is a Principal of Acacia Capital, Inc., a New York-based corporate finance firm he co-founded in 1990, providing mergers and acquisition, corporate finance, and equity and debt placement advisory services to the middle market. From August 2004 to June 2008, Mr. Christiansen also served as Managing Director of Sales and Marketing for Capital Markets Engineering & Trading LLC, a New York-based structured finance and fixed income securities financing boutique he helped organize. In addition, from October 2000 to July 2003, he served as President and Director of Lord Securities Corporation of New York, a corporate

governance and financial administrative services company with operations world-wide. Mr. Christiansen received a degree in government from the University of Notre Dame and has completed additional studies in Aerospace engineering. He is also a member of the board of PPL Transition Bond Company, LLC. Mr. Christiansen has been a director since 2001.

DAVID G. DeCAMPLI, 51, is President of the company. Before being named to his current position in April 2007, Mr. DeCampli served as Senior Vice President-Transmission and Distribution Engineering and Operations of the company since December 2006. Prior to joining the company in December 2006, Mr. DeCampli served in the following positions for Exelon Energy Delivery, a retail energy marketer specializing in the supply of natural gas and electricity, in Chicago: as Vice President-Asset Investment Strategy and Development from April 2004; as Vice President and Chief Integration Officer from June 2003; as Vice President-Distribution Operations from April 2002; and as Vice President-Merger Implementation & Operations Strategy from October 2000. He also previously held various other engineering and management positions at PECO Energy. Mr. DeCampli earned a bachelor's degree in electrical engineering from Drexel University and a master's in organizational dynamics from the University of Pennsylvania. He has been a director since 2007.

PAUL A. FARR, 41, is Executive Vice President and Chief Financial Officer of the company's parent, PPL Corporation. Prior to assuming his current position in April of 2007, Mr. Farr was named Senior Vice President-Financial of PPL Corporation in August 2005, Vice President and Controller in August 2004 and served as Controller until January 2006. Prior to serving in his PPL Corporation positions, Mr. Farr served as Senior Vice President of PPL Global, LLC, a subsidiary of PPL Corporation that owns and operates electricity businesses in the United Kingdom, from January 2004, as well as Vice President-International Operations from June 2002 and Vice President since October 2001. Mr. Farr also served for several years as the chief financial officer of PPL Montana, LLC, and in other management positions at PPL Global. Before joining PPL in 1998, Mr. Farr served as an international project finance manager at Illinova Generating Company, as an international tax manager for Price Waterhouse LLP and as an international tax senior at Arthur Andersen. Mr. Farr earned a bachelor's degree in accounting from Marquette University and a master's degree in management from Purdue University. He is a certified public accountant and also serves on the boards of PPL Energy Supply, LLC and PPL Transition Bond Company, LLC. Mr. Farr has been a director since 2007.

ROBERT J. GREY, 58, serves as Senior Vice President, General Counsel and Secretary of the company's parent, PPL Corporation, and is on the board of PPL Energy Supply, LLC. Mr. Grey earned his bachelor's degree from Columbia University, a law degree from Emory University and a Master of Laws degree from George Washington University. Before being named as Senior Vice President, General Counsel and Secretary of PPL Corporation and the company in 1996, a position he served with the company until July 2000, Mr. Grey served as Vice President, General Counsel and Secretary. Before joining the company in 1995, Mr. Grey served as General Counsel for Long Island Lighting Company and was a partner with the law firm of Preston Gates & Ellis, now known as Kirkpatrick & Lockhart Preston Gates Ellis LLP. He has been a director since 2000.

JAMES H. MILLER, 60, is Chairman, President and Chief Executive Officer of the company's parent, PPL Corporation. Prior to his current appointment in October of 2006, Mr. Miller was named President of PPL Corporation in August 2005; Chief Operating Officer in September 2004, a position he held until the end of June 2006; and Executive Vice President in January 2004. He also served as President of PPL Generation, LLC, a PPL subsidiary that operates power plants in the United States. He also serves on the boards of PPL 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, LLC 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. Mr. Miller has been a

director since 2001.

WILLIAM H. SPENCE, 52, is Executive Vice President and Chief Operating Officer of the company's parent, PPL Corporation. Prior to joining PPL in June 2006, Mr. Spence had 19 years of service with Pepco Holdings, Inc., an energy delivery company in the Mid-Atlantic region, and its heritage companies, Delmarva Power and Conectiv. He served as Senior Vice President of Pepco Holdings from August 2002 and as Senior Vice President of Conectiv Holdings since September 2000. He joined Delmarva Power in 1987 in that company's regulated gas business, where he held various management positions before being named Vice President of Trading in 1996. Mr. Spence also serves on the board of PPL Energy Supply, LLC. Mr. Spence earned a bachelor's degree in petroleum and natural gas engineering from Penn State University and a master's degree in business administration from Bentley College. Mr. Spence has been a director since 2006.

GOVERNANCE OF THE COMPANY

Board of Directors

Attendance. The Board of Directors held one Board meeting and acted by unanimous written consent 14 times during 2008. Each director attended the meeting held by the Board during 2008, except for Mr. Farr who was unable to attend the meeting. Directors are expected to attend all meetings of the Board, its Executive Committee and shareowners. All of our directors attended the 2008 Annual Meeting of Shareowners, except for Mr. Farr.

Communications with the Board. Shareowners or other parties interested in communicating with the Board of Directors may write to the following address:

Board of Directors
c/o Corporate Secretary's Office
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, Pennsylvania 18101

The Secretary of the company 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 of PPL Corporation with respect to such matters.

Code of Ethics. The company's parent maintains its *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 PPL Corporation's Web site (www.pplweb.com/about/corporate+governance.htm). The *Standards* are also available in print, without charge, to any shareowner who requests a copy.

Board Committees

The company does not have standing audit, nominating or compensation committees of the Board of Directors.

Executive Committee. During the periods between Board meetings, the Executive Committee's function is to act on behalf of the Board on appropriate matters that do not require full Board approval under the Pennsylvania Business Corporation Law or the company's articles of incorporation and bylaws. This Committee did not meet during 2008. The members of the Executive Committee are Mr. Miller (chair), and Messrs. DeCampli and Farr.

Nominations. The Board of Directors of the company makes the nominations for election of directors for the company and does not have a separate standing nominating committee. As PPL Corporation owns all of the outstanding shares of the company's common stock, which represents 99% of the company's outstanding voting shares, PPL Corporation has a quorum and voting power for the purpose of election of directors of the company, and PPL Corporation recommends to the Board of Directors of the company all of the nominees for directors of the company. Therefore, the Board of Directors of the company acts upon these recommendations and actions of PPL Corporation.

Because the company does not list any common equity securities with the NYSE and is a direct consolidated subsidiary of PPL Corporation, the company is not required to have a majority of independent directors nor an audit committee or audit committee financial expert. Most of the directors nominated are officers of PPL Corporation and its subsidiaries, including the company. In addition, because the Amended and Restated Articles of Incorporation require the company to have at all times a director who is independent, the Board of Directors nominates one independent director for election to the Board of Directors, based on the independence requirements set forth in the Amended and Restated Articles of Incorporation. The current independent director, Mr. Christiansen, was chosen by the company's board upon the recommendation of PPL Corporation. Because PPL Corporation controls the vote and the nomination of directors of the company, the company has not recently received any director recommendations from owners of voting preferred stock of the company. Shareowners interested in recommending nominees for directors should submit their recommendations in writing to: the Corporate Secretary's Office, PPL Electric Utilities Corporation, Two North Ninth Street, Allentown, Pennsylvania 18101. In order to be considered, nominations by shareowners must be received by the company 75 days prior to the 2010 Annual Meeting and must contain the information required by the Bylaws, such as the name and

address of the shareowner making the nomination and of the proposed nominees and other information concerning the shareowner and the nominee.

In considering the candidates recommended by PPL Corporation, the Board of Directors 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, including within PPL Corporation. The company believes that prior business experience is valuable and provides a necessary basis for consideration of the many complicated issues associated with the company's business and the impact of related decisions on PPL Corporation and other shareowners, customers, employees and the general public. In addition, the Board of Directors 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. After completing the evaluation process, the Board of Directors votes on whether to approve the nominees. Each nominee to be elected who is named in this Information Statement was recommended by PPL Corporation in accordance with the practices described above.

Compensation Processes and Procedures. The Compensation, Governance and Nominating Committee, or CGNC, of the Board of Directors of the company's parent, PPL Corporation, determines compensation for all officers who are deemed to be executive officers of PPL Corporation. This group includes all of the named executive officers who are included in the Summary Compensation Table on page 22, except for David G. DeCampi before he was named president of the company in April 2007. Specifically, the CGNC has strategic and administrative responsibility for a broad range of issues, including ensuring that executive officers are compensated effectively and in a manner consistent with the company's stated compensation strategy. The CGNC also oversees the administration of 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 the authority to make restricted stock, restricted stock unit, performance unit and option awards of PPL Corporation stock under the PPL Incentive Compensation Plan, or ICP. The Board of Directors of PPL Corporation appoints each member of the CGNC and has determined that each is an independent director.

The CGNC periodically reviews executive officer compensation to ensure that compensation is consistent with PPL Corporation's 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 PPL Corporation executive officers, including the company's named executive officers, and makes awards for the just-completed fiscal year.

To assist in its efforts to meet the objectives outlined above, the CGNC has retained Towers Perrin, a nationally known executive compensation and benefits consulting firm, to advise it on a regular basis on executive compensation and benefit programs. Towers Perrin provides additional information to the CGNC so that it can determine whether the executive compensation programs of PPL Corporation and the company are reasonable and consistent with competitive practices. Representatives of Towers Perrin regularly participate in CGNC meetings and provide advice as to compensation trends and best practices, plan design and competitive market comparisons.

Annually, the CGNC requests Towers Perrin to develop an analysis of current competitive compensation practices and levels. This analysis begins with a general review at the committee's July meeting and continues with a detailed analysis of competitive pay levels and practices at its year-end meeting. The CGNC uses this analysis when it assesses performance and considers salary levels and incentive awards at its January meeting following the performance year.

Senior management of PPL Corporation and each of its subsidiaries, including the company, develop the business plan and recommend 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 president of the company and other executive officers who are deemed to be executive officers of PPL Corporation and are subject to Section 16 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including all of the executive officers named in this Information Statement. The chief executive officer of PPL Corporation 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, which includes the president of the company, with input from the chief operating officer; and (3) the treasurer and controller of PPL and the company, with input from the chief financial officer. The CGNC

approves the annual compensation, including salary, incentive compensation and other remuneration of such executive officers.

Compensation of Directors

Directors who are employees of the company or its affiliates do not receive any separate compensation for service on the Board of Directors or its Executive Committee. The company pays Lord Securities Corporation an annual fee of \$7,000 for providing the services of the company's independent director, Dean A. Christiansen.

STOCK OWNERSHIP

As noted above, all of the outstanding shares of common stock of the company are owned by PPL Corporation. No directors or executive officers of the company own any shares of PPL Electric Utilities Corporation preferred, series preferred or preference stock.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

To our knowledge, our directors and executive officers, and all holders of more than 10% of either 4 1/2% Preferred Stock or Series Preferred Stock, met all filing requirements under Section 16(a) of the Exchange Act during 2008.

TRANSACTIONS WITH RELATED PERSONS

The Board of Directors of the company's parent, PPL Corporation, adopted a written related-person transaction policy in January 2007 to recognize the process its Board will use in identifying potential conflicts of interest arising out of financial transactions, arrangements or relations between PPL Corporation or its subsidiaries, including the company, and any related persons. This policy applies to any transaction or series of transactions in which PPL Corporation or a subsidiary, including the company, 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 also others related to them by specified 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 of PPL Corporation, other than any employment relationship or transaction involving an executive officer and any related compensation, which must be approved by PPL Corporation's Compensation, Governance and Nominating Committee, or CGNC. PPL Corporation collects information about potential related-person transactions in annual questionnaires completed by directors and executive officers, including those of the company. PPL Corporation also reviews any payments made by PPL Corporation or its subsidiaries, including the company, 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. PPL Corporation's Office of General Counsel determines whether a transaction requires review by the Board of PPL Corporation or the CGNC. Transactions that fall within the definition of the policy are reported to the Board of PPL Corporation or the CGNC. The disinterested independent members of the Board of PPL Corporation, 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. Since January 1, 2008, there have been no related-person transactions involving the company that were required either to be approved under the policy or reported under the related-person transaction rules of the Securities and Exchange Commission, or SEC, except for compensation for executive officers of the company that has been approved by the CGNC.

EXECUTIVE COMPENSATION

Compensation Committee Report

The Board of Directors has reviewed the following Compensation Discussion and Analysis and discussed it with management. Based on its review and discussions with management, the Board authorized the Compensation Discussion and Analysis to be incorporated by reference into the company's Annual Report on Form 10-K for the year ended December 31, 2008 and included in this Information Statement.

Board of Directors

Dean A. Christiansen
David G. DeCampli
Paul A. Farr
Robert J. Grey
James H. Miller
William H. Spence

Compensation Discussion and Analysis (CD&A)

The Compensation, Governance and Nominating Committee of the PPL Corporation Board of Directors, referred to throughout this CD&A as the Committee, is responsible for overseeing the executive compensation program and approves all executive compensation awards to those officers who are deemed to be executive officers of PPL Corporation. This group includes all of the named executive officers of the company. The Board of Directors of the company concurs with the decisions of the Committee.

Of the named executive officers who are included in the Summary Compensation Table on page 22, two of the named executive officers, James E. Abel and J. Matt Simmons, Jr., are not paid separately as officers of the company but are employees of PPL Services Corporation, an affiliate of PPL Corporation and of the company. Mr. DeCampli is an employee of the company. The company is a participating employer and has adopted all of the executive compensation plans offered by PPL Corporation to officers of the major operating subsidiaries of PPL Corporation as well as the officers of PPL Corporation. Each named executive officer participates in the executive compensation plans for their particular company, but all of the benefits offered and the terms of each plan are the same for all participating companies.

2008 Summary

Compensation awarded to our executive officers is composed of base salary, annual short-term cash incentives, and mid- and long-term stock-based incentives. Over 60% of total direct compensation of all of the executive officers each year is at risk.

2008 reflected our ongoing commitment to a pay-for-performance philosophy, where executive compensation is linked to performance of PPL Corporation and its subsidiaries, including the company, and to individual performance.

2008 was a challenging year for PPL Corporation, with net income and earnings, including earnings for the company, falling short of targeted goals.

Substantial reductions in total direct compensation with respect to our named executive officers for 2008, a year when key business objectives were not achieved, demonstrates that our program design is appropriately aligned with and tied to our business results.

Equity-based awards will continue to play an important role in this difficult economic environment because they reward named executive officers for the achievement of long-term business objectives and provide incentives for the creation of shareowner value.

An equity award based on total shareowner return of PPL Corporation was added to the mix of incentive awards granted in 2008, in order to focus executive performance on medium-term financial performance relative to industry peers.

Objectives of PPL's Executive Compensation Program

The executive compensation program of PPL Corporation and its subsidiaries, including the company and collectively referred to throughout this CD&A as PPL, is designed to recruit, retain and motivate executive leadership and align compensation with PPL's performance. Because executive officer performance has the potential to affect PPL's profitability, the elements of our executive compensation program are intended to further

PPL's business objectives by encouraging and retaining leadership excellence and expertise, rewarding our executive officers for sustained financial and operating performance, and aligning executive rewards with value creation for our shareowners over both the short and long term.

A key component of the program is 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 performance results and to motivate longer-term contributions to achieving PPL's strategic business objectives. The Committee evaluates the direct compensation program as a whole and seeks 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 PPL. The incentive compensation program focuses executive awards on annual and longer-term performance and, for executive officers including the named executive officers in the Summary Compensation Table on page 22, provides the major portion of direct compensation in the form of PPL Corporation stock, ensuring that management and shareowner interests are aligned.

Other elements of the executive compensation program provide: the ability for executives to accumulate capital, predominantly in the form of equity to align executive interests with those of PPL Corporation's shareowners; a level of retirement income; and, in the event of special circumstances like termination of employment in connection with a change in control of PPL Corporation, 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.

Compensation Elements

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

Direct Compensation

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 performance through peer-group relative performance-based performance unit awards; and

Stock price growth through awards of stock options.

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.

In general, PPL offers a direct compensation program that is intended to be competitive with that of companies of similar size and complexity, which are also the companies with which PPL competes 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 developed by the Committee's compensation consultant, Towers Perrin, 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 developing this competitive data, Towers Perrin uses its published compensation surveys (typically their current-year Executive Compensation Database and Long-Term Incentive Report (approximately 800 corporate participants), Energy Services Industry Executive Compensation Database (approximately 100 corporate participants) and Benchmark Compensation Survey of Energy Trading and Marketing Positions (approximately 65 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. The result of these analyses produces a market 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 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 as a tool for evaluating salary levels as well as to set target incentive levels. For example, salary amounts are determined based on the PPL competitive data provided by the compensation consultant's analyses for a particular position and the PPL Corporation chief executive officer's assessment, with input from PPL Corporation's chief operating officer and chief financial officer as appropriate, and the Committee's assessment of the individual's 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.

In addition to assessing competitive pay levels, Towers Perrin reports to the Committee regularly, and in particular at each July meeting, 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 PPL. 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 illustrates our allocation of direct compensation for the company's named executive officers for 2008, which is shown as a percentage of total direct compensation. For example, the salary of the president is targeted to represent less than 34% of total direct compensation. Incentive compensation (annual and long-term) is targeted to represent more than 65% of the president's direct pay, with about 50% stock-based and linked to longer-term financial performance.

TABLE 1

Elements of Targeted Compensation as a Percentage of Total Direct Compensation 2008

Direct Compensation Element	Percentage of Total Direct Compensation		
	President	Treasurer	Vice President and Controller
Salary	33.9%	40.8%	40.8%
Target Annual Cash Incentive Award	16.9%	16.3%	16.3%
Target Long-term Incentive Awards	49.2%	42.9%	42.9%

* 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 Information Statement reflect compensation expense recognized in 2008 for financial reporting purposes rather than fair market values calculated using the number of shares or options actually awarded. See Tax and Accounting Considerations SFAS 123(R) at the end of this CD&A at page 21 for further details on how equity awards are expensed.

Base Salary

The Committee sets 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 individual and, where applicable, business line performance and market comparisons. We adjust executive salaries based on the expertise and experience of each executive, prior year individual performance and performance of the business line for which the executive is responsible. Additionally, the critical need for a particular executive's skill, overall assessment of an executive's pay in relation to others within the company and level of pay relative to the PPL competitive data are considered in determining an individual's base salary.

Generally, the company seeks to align salaries to the median of the companies in the PPL competitive data. Salaries are considered paid competitively if they are within 15% of the PPL competitive data, or within the PPL competitive range for a particular position. For example, if the median of PPL competitive data for the president position is \$375,000, we consider appropriate market compensation for this position as ranging between \$320,000 and \$450,000, or 15% less than and 15% greater than the market reference point of \$375,000.

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 PPL Corporation executive officers, including the named executive officers.

At its meeting on January 24, 2008, the Committee approved base salaries for the named executive officers as follows:

TABLE 2

**2008 Salary Adjustments by Position
(effective January 1, 2008)**

Name and Position	Prior Salary	PPL Competitive		% Change
		Range	2008 Salary	
D. G. DeCampli President	\$ 305,000	\$331,500-\$448,500	\$ 350,000	14.8%
J. E. Abel* Treasurer	\$ 275,100	\$225,000-\$305,000	\$ 284,000	3.2%
J. M. Simmons, Jr.* Vice President and Controller	\$ 250,000	\$238,000-\$322,000	\$ 265,000	6.0%

* Messrs. Abel and Simmons were compensated for their positions served at PPL Corporation, and not as officers of the company.

The Committee increased Mr. DeCampli's salary upon promotion to president in 2007 and further adjusted his salary based on his sustained, effective performance and in recognition that his pay was towards the lower end of the PPL competitive range.

Mr. Abel's salary was increased to reflect continued effective performance as Vice President-Finance and Treasurer of PPL Corporation.

Mr. Simmons' salary was increased to reflect his effective performance in the same position for PPL Corporation and the fact that his salary was low relative to the PPL competitive range.

Annual Cash Incentive Awards

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 business results. Awards may vary from the target award (that is, the result at which payouts would be at 100% of the target) to the threshold or minimum payment of 50% of target or to the program maximum of 150% of target established for each position. No payment will be made if the results are below the 50% payment threshold.

The Committee makes annual cash incentive awards to executive officers under the shareholder-approved PPL Corporation Short-Term Incentive Plan, or the 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 a review of the

PPL competitive data and an internal comparison of executive positions.

The Committee set the following target award levels for the positions listed for the 2008 annual cash incentive awards under the Short-Term Incentive Plan:

TABLE 3
Annual Cash Incentive Targets by Position for 2008

	Position	Targets as % of Salary
President		50%
Treasurer*		40%
Vice President and Controller*		40%

* Targets for these positions based on positions served at PPL Corporation.

The basis for the 2008 annual cash incentive awards was adjusted following a comprehensive review of the program at the end of 2007 and the beginning of 2008. The Committee adjusted the program in two ways: (1) to change the objectives to be more focused on quantifiable measures with a greater emphasis for executive officers on corporate earnings per share, or EPS, achievement; and (2) to restructure the weighting of the EPS, business line and individual objectives.

As a result of the changes approved for 2008, the number of objectives was greatly reduced for purposes of calculating amounts available to pay annual cash incentive awards with a primary emphasis on EPS achievement. An individual performance factor was introduced for the presidents of the principal operating subsidiaries, including the company. Additional discretionary factors will be considered when assessing individual performance and award allocation for presidents of principal operating subsidiaries and other staff.

To implement these changes, the Committee at its January 2008 meeting revised the weighting of goal results in determining 2008 cash incentive awards. Awards for presidents of principal operating subsidiaries, including the president of the company, are now weighted 60% EPS, 20% on the results of their business line and 20% based on individual performance. In 2007, the awards for presidents were based on 40% EPS and 60% on all business line results, with their particular business line more heavily weighted than other business lines, and no individual performance factor.

The introduction of an individual performance component for determining cash incentive awards for the president of the company allows more discretion for Committee and PPL Corporation CEO judgment and provides a means to reward or penalize presidents for safety and environmental performance, corporate initiatives or strategic goal attainment. (Simultaneously with changes to the weighting of goal results for the annual cash incentive program, the Committee made several changes to the long-term incentive program, noted below on page 13, including elimination of a strategic goal-based award. Performance in connection with strategic initiatives can be the basis for all or a portion of the individual component of the annual cash award.)

The corporate financial goal for 2008, which was a fully diluted EPS target described in detail below, represented 60% of the total award for the president of the company. Business line operating results comprised 20% of the president's award opportunity. Awards for the treasurer, and the vice president and controller, are now weighted 50% EPS, 20% on individual performance and the remaining 30% is allocated to various operational objectives of the four principal operating subsidiaries of PPL Corporation and include business line net income, marketing and trading gross margin, generation availability, operation and maintenance expense and capital expenditure amounts, safety and environmental performance and other measures critical to the success of the business lines, all of which are described in detail below.

The following table summarizes the weightings allocated to financial and operational results, by executive officer position, for determining 2008 annual cash incentive awards:

TABLE 4

Annual Cash Incentive Weightings Applied to Financial and Operational Results

Category	President	Treasurer	Vice President and Controller
-----------------	------------------	------------------	--------------------------------------

Financial Results	60%	50%	50%
Operational Results			
PPL Generation		8%	8%
PPL EnergyPlus		8%	8%
PPL Electric Utilities	20%	7%	7%
PPL Global		7%	7%
Individual performance	20%	20%	20%

At its January 2009 meeting, the Committee reviewed 2008 performance results to determine whether the named executive officers had met pre-established 2008 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, 2008, the end of the performance period.

In determining individual performance for the annual cash incentive awards for the president of the company, the Committee considers the recommendations of the PPL Corporation chief executive officer. In developing his recommendations, the chief executive officer consults with the PPL Corporation chief operating officer who establishes individual objectives at the beginning of the year and conducts a performance review at the end of the performance year on each executive. The performance review includes an assessment conducted by the chief operating officer with input from the Corporate Leadership Council members and the vice president-Human Resources and Services. The assessment contains two dimensions – an assessment of attainment of overall objectives for the year, as well as an assessment of values behaviors and key attributes.

$$\text{results} \quad \times \quad \text{weights (Table 4)} \quad \times \quad \text{target award \% (Table 3)} \quad \times \quad \text{year-end salary (Table 2)} \quad = \quad \text{annual cash incentive award}$$

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 2008 Performance

Name	Salary Basis for Award	Total Goal Results	2008 Annual Cash Award
D. G. DeCampli	\$ 350,000	44.5% ⁽¹⁾	\$ 77,900
J. E. Abel ⁽²⁾	284,000	40.3% ⁽³⁾	45,800
J. M. Simmons, Jr. ⁽²⁾	265,000	43.3% ⁽⁴⁾	45,900

(1) Includes individual results achieved at 125% of target performance.

(2) Paid by PPL Services Corporation for positions served at PPL Corporation.

(3) Includes individual results achieved at 110% of target performance.

(4) Includes individual results achieved at 125% of target performance.

As noted above, the total goal results are based on a combination of corporate financial results, operational results and individual performance. The financial and operational objectives, described in detail below, are based on PPL's business plan. The financial objectives are set to meet management's objectives and financial market expectations, and the operational objectives are established to support financial results for both the short and longer term.

Although awards may range from zero to 150% of target, we generally expect awards, in the aggregate, to range from 90% to 110% of target. Awards for the positions of the named executive officers over the last five years have ranged from 40.3% to 139.6% of target for the named executive officers.

Financial Results. Target EPS for the annual cash incentive program was \$2.43 per share for 2008, with a 150% payout maximum of \$2.55 and a 50% payout threshold of \$2.19. Results below \$2.19 result in a zero payout on this portion of the incentive goal. The target EPS used for goal purposes is corporate ongoing earnings.

The EPS achieved for purposes of the annual cash incentive program for 2008 was \$2.02 per share, which is below the payment threshold, resulting in zero attainment for the financial results portion.

Operational Results. Operating objectives are detailed, quantifiable objectives set specifically for each business line annually. The operational objectives are structured to attain the target EPS for the year, while at the same time promoting near-term activities that benefit the operating assets in future years. Because the target EPS is a challenging goal relative to the previous year's target, many of the supporting operational objectives require difficult-to-reach elements in order to produce operating results that render the target EPS. The company's operational objectives for 2008 for the company's named executive officers included: earnings before interest and taxes (EBIT); 2008 milestones for the Mobile Operations Management Project, including capital expenditures, efficiencies, schedule and operational improvements; and execution of the Rate Cap Mitigation Strategy, including among other items, an improvement in the Roper Poll of customers index.

Operational results for Messrs. Abel and Simmons are based on the combined operating results of PPL Corporation's four major subsidiaries.

Results compared to target for the four major PPL business subsidiaries for 2008 were: the company 97.5%; PPL Generation 36.8%; PPL EnergyPlus 35%; and PPL Global 143.6%. The company's goals are described above. The goals for the other units are based on EBIT, net income and cash flow and, for PPL Generation, commercial availability of its generating plants, and for PPL EnergyPlus, gross margin, and for PPL Global's United Kingdom electric company, customer service measures.

Changes to the Annual Cash Incentive Program for 2009

At its December 2008 and January 2009 meetings, the Committee conducted a review of the incentive compensation program design in light of the challenges experienced by the company during 2008. The Committee concluded that the incentive compensation program was operating appropriately. The substantially reduced annual cash incentive awards for all three named executive officers demonstrated that PPL's program design appropriately responds to PPL's business results.

At its March 26, 2009 meeting, in addition to approving the performance goals for 2009, the Committee approved two changes to the annual cash incentive program effective for the 2009 performance period. The Committee (1) extended the performance range of the program to provide for a 200% potential, maximum payout if performance is proportionately higher than the current maximum payout of 150% of the target, and (2) implemented a program cutoff. The change to the payment range aligns the program with competitive practice where the typical payment range is 50% to 200% of the target. The cutoff will eliminate any annual cash incentive payments for executives and employees if performance on the EPS goal is 20% lower than the target for the 2009 performance period. Previously, even if EPS goal performance did not exceed the threshold, operating unit results may have produced an annual cash incentive award for executives and employees other than the members of the Corporate Leadership Council of PPL Corporation.

Long-term Incentive Awards (Equity Awards)

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

At its January 2008 meeting, the Committee modified the long-term incentive program for 2008: (1) to eliminate the strategic goal-based restricted stock unit award included in the program in prior years; (2) to introduce a performance unit award based on relative, total shareowner return; and (3) to rebalance the value of each form of equity award within the total long-term incentive opportunity. The strategic goal-based restricted stock unit award had been a tool to focus on specific goals during the restructuring of the electric industry over the past decade. Although the goal had specific objectives and milestones, the evaluation of the performance was somewhat subjective. The new performance unit goal is a quantifiable goal with results determined by PPL Corporation's stock price growth and dividend payments over a three-year period compared to specific industry peers. Within the long-term incentive program, the medium-term focus of the performance unit award balances the internally focused performance measures of the restricted stock unit award and the longer-term, stock price growth focus of the stock option award to provide a balanced focus on shareowner value creation for our executive officers.

Based on the Committee's assessment of market practice, particularly the prevalence of relative, total shareowner return-based programs in the industry, and the Committee's view that the balance of three types of equity awards properly focused executives on internal and external performance factors as well as medium-term and longer-term performance, the Committee rebalanced the mix of long-term incentives from the prior 65% restricted stock unit and 35% stock option mix. Under the revised mix, restricted stock units based on sustained financial and operational performance represent 40% of an executive's total long-term incentive opportunity; the performance unit award

represents 20% of the award opportunity; and stock options represent 40% of the award opportunity, as further detailed in Table 6 below.

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 PPL Corporation's industry peers based on total PPL Corporation shareholder return, stock price growth and dividends; and

Stock option awards for stock price growth.

General

PPL grants restricted stock unit awards based on the achievement of targeted business results. Restricted stock unit awards provide executives the right to receive an equivalent number of shares of PPL Corporation 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 150% of target. Restricted stock unit awards are also at risk compensation because the awards are denominated in shares of PPL Corporation 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 made in 2009, for 2008 performance, have a three-year restriction period, with restrictions scheduled to lapse in 2012. During the restriction period, each restricted stock unit entitles the executive to receive quarterly payments from the company equal to the quarterly dividends per share of PPL Corporation stock, thereby recognizing both current income generation and stock price appreciation or depreciation in line with PPL Corporation shareowners.

Starting in 2008, PPL also began to grant performance units, 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 PPL Corporation 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 paid over the performance period. The performance unit awards provide executives the right to receive a number of shares of PPL Corporation 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 Corporation common stock following the performance period. Cash or stock dividend equivalent amounts payable on PPL Corporation common shares are converted into additional performance units and are payable in shares of PPL Corporation 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 Corporation's stock price performance.

PPL also grants stock options. Stock options are granted at an exercise price equal to the closing price of PPL Corporation stock on the grant date and will normally 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 Corporation's stock price.

Stock options granted in 2008 become exercisable over three years one-third at the end of each anniversary of the grant date and are exercisable for ten years from the grant date, subject to earlier expiration following specified periods after termination of employment.

Under the terms of PPL'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 PPL 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 under PPL's Incentive Compensation

Plan. No such additional awards were made to the named executive officers in 2008.

Structure of Awards

For 2008, the Committee introduced the performance unit component of the long-term incentive program. 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.

Target award levels for each component of the long-term incentive program seek to maintain executive focus on PPL'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 were set as a percentage of salary for 2008 and are provided below:

TABLE 6

Long-term Incentive Award Targets

Position	(Targets as % of Salary)			Total
	Restricted Stock Units	Performance Units	Stock Options	
President	58%	29%	58%	145%
Treasurer	42%	21%	42%	105%
Vice President and Controller	42%	21%	42%	105%

Restricted Stock Unit Awards

A restricted stock unit award is made by the Committee after the end of each year, based on the most recent three-year average financial results of the annual cash incentive program. Grants are subject to a three-year restriction period:

$$\text{target award \%} \times \text{salary} \times \text{3-year average EPS results} \times \text{market price of PPL stock as of award date} = \text{number of units granted}$$

This award is designed to reward sustained financial performance.

Performance Unit Awards

A grant of performance units is made each year at each executive's target award level:

$$\text{target award \%} \times \text{salary} \times \text{market price of PPL stock as of award date} = \text{number of units granted}$$

At the end of the performance period, PPL Corporation total shareholder return, or TSR, for the three-year period will be compared to the total return of companies in the S&P Electric Utilities Index. The Committee will determine whether the performance goals are satisfied. Upon certification that the performance goals have been satisfied, the performance units and reinvested dividend equivalents will vest and will be paid based on the following table:

Percentile Rank (PPL TSR Performance, Relative to Companies in Index)	Payout (Expressed as a % of Target Award)
85 th Percentile or above	200% (the Maximum Award)
50 th Percentile	100% (the Target Award)
40 th Percentile	50%
Below 40 th Percentile	0%

This award is designed to reward performance relative to PPL Corporation's industry peers. Performance units are payable in shares of PPL Corporation common stock, and the reinvested cash dividend equivalents and any stock dividend equivalents are payable in additional shares of PPL Corporation common stock, each after the three-year performance period and after the Committee has determined that the performance goals are satisfied.

Stock Option Awards

A grant of stock options is made each year at each executive's target award level:

$$\begin{matrix} \text{target} \\ \text{award} \\ \% \end{matrix} \times \text{salary} = \begin{matrix} \text{option value} \\ \text{as of award} \\ \text{date} \end{matrix} \times \begin{matrix} \text{number} \\ \text{of options} \\ \text{granted} \end{matrix}$$

This award is designed to promote stock price growth.

The value of the long-term incentive awards as of the grant date, based on the targets, delivers a level of total direct compensation intended to pay executive officers at a level that compares to the median of the PPL competitive data. The ultimate value of long-term incentive awards to executives is tied to the future value of PPL's total shareowner return—stock price growth and dividends. To the extent total shareowner value increases, executives may realize values that exceed the values as determined on the grant date. Similarly, should shareowner value decline, executive compensation levels for these awards could fall below the grant values, possibly to zero.

Awards for 2008

At its January 2008 meeting, the Committee approved performance unit and stock option awards for 2008.

At its meeting in January 2009, the Committee reviewed and certified the performance results for the 2008 cash incentive compensation award. These results impact the following restricted stock unit award made in January 2009 for 2008 performance:

Restricted stock unit award for sustained financial results: the 2008 annual cash incentive results for executives were averaged with similar results for 2007 and 2006, which were based solely on EPS achievement and formed the basis for the award made in 2009 for performance over the preceding three years. The average results were 90.3%, which represent the average of 2008-0%, 2007-139.63% and 2006-131.3%.

The Committee also approved restricted stock unit awards for 2008 performance. These awards are set forth in the table below. The amount recognized as an expense by PPL in 2008 for the performance unit and stock option awards granted in 2008 is included in the Summary Compensation Table. However, because the restricted stock unit awards for 2008 performance were not recorded as an expense until after they were granted in January 2009, any amount recorded as an expense for such awards will not be reflected in the Summary Compensation Table until next year, and the grants will not be reflected in the Grants of Plan-Based Awards table until next year. See Tax and Accounting Considerations—SFAS 123(R) at the end of this CD&A at page 21 for further details on how equity awards are expensed.

TABLE 7

Long-Term Incentive Awards for 2008

Name	(Awards in Dollars)		
	Restricted Stock Units ⁽¹⁾	Performance Units ⁽²⁾	Stock Options ⁽²⁾

D. G. DeCampli	\$ 183,300	\$ 88,450	\$ 154,788
J. E. Abel	107,700	57,771	101,100
J. M. Simmons, Jr.	100,500	52,500	91,876

(1) Includes restricted stock awards granted in January 2009 for 2008 performance.

(2) Includes performance units and stock options granted in January 2008.

Changes to the Long-term Incentive Program for 2009

At its December 2008 and January 2009 meetings, the Committee conducted a review of the incentive compensation program design in light of the challenges experienced by the company during 2008. The Committee generally concluded that the incentive compensation program was performing appropriately.

Perquisites and Other Benefits

Officers of PPL, including the named executive officers, are eligible for company-paid financial planning services. These services include financial planning, tax preparation support and a one-time payment for estate documentation preparation. These services are provided in recognition of time constraints on busy executives and their more complex compensation program that requires professional financial and tax planning. PPL believes that good financial planning by experts reduces the amount of time and attention that executive officers must spend on such issues and maximizes the net financial reward to the employee of compensation received from the company. Such planning also helps ensure that the objectives of PPL's compensation programs are met and not frustrated by unexpected tax or other consequences.

The value of all perquisites for 2008 is summarized in Note 7 to the Summary Compensation Table.

Indirect Compensation

Officers of PPL, including the named executive officers, participate in benefit programs offered to all company employees. In addition, officers are eligible for the executive benefit plans described below.

The company's retirement income benefits are designed to provide a competitive level of income replacement in retirement for career executives. The primary retirement income program for executives consists of two plans: (1) the PPL Retirement Plan, a tax-qualified, defined benefit pension plan available to employees of the company generally; and (2) the PPL Supplemental Executive Retirement Plan, or SERP, a nonqualified defined benefit pension plan available for officers of the company.

We have established a retirement income target for the PPL Retirement Plan and SERP for executives at 55% of pay (defined as five-year average total cash compensation) for a career employee with 30 years of service. Additional details on these plans are provided under Executive Compensation Tables Pension Benefits in 2008.

The company believes that its SERP benefits are competitive relative to companies with which it competes for talent and are necessary to retain executives and to recruit new executives to join the company.

The primary capital accumulation opportunities for executives are: (1) stock gains under PPL's long-term incentive program and employee stock ownership plan; and (2) voluntary savings opportunities that, for 2008, included savings through the tax-qualified employee savings plan, which is a 401(k) plan (the PPL Deferred Savings Plan), and the PPL Officers Deferred Compensation Plan, which is a nonqualified deferred compensation arrangement.

Under the PPL Deferred Savings Plan, the company provides matching cash contributions of up to 3% of the participating employee's pay (defined as salary plus annual cash incentive award) up to contribution limits imposed by federal tax rules. Participating employees are vested in the company matching contributions after one year of service. This plan provides a selection of core investment options, including publicly available mutual funds, institutionally managed funds and lifestyle funds available from a mutual fund provider (for 2008, the lifestyle funds were Fidelity Investments Freedom Funds). The plan investment options also include a brokerage account option that allows participants to select from a broad range of publicly available mutual funds, including those of the plan trustee as well as competitor funds. Participants may request distribution of their accounts at any time following termination of employment.

The PPL Officers Deferred Compensation Plan permits participants to defer up to all but \$75,000 of their base salary and up to all of their annual cash incentive awards. A hypothetical account is established for each participant who elects to defer, and the participant selects one or more investment choices that generally mirror those that are available

generally to employees under the PPL Deferred Savings Plan. For additional details on the Officers Deferred Compensation Plan, see Executive Compensation Tables Nonqualified Deferred Compensation in 2008 table on page 30. Matching contributions are made under this plan on behalf of participating officers to make up for matching contributions that would have been made on behalf of such officers under the PPL Deferred Savings Plan but for the imposition of certain maximum statutory limits imposed on qualified plan benefits (for example, annual limits on eligible pay and contributions). Executive officers who reach the maximum limits in the PPL Deferred Savings Plan are generally eligible for matching contributions under this plan. There is no vesting requirement for the company matching contributions. Retirement benefits and capital accumulation contributions under the Officers Deferred Compensation Plan are not affected by any long-term incentive or equity awards.

PPL Corporation also has a tax-qualified employee stock ownership plan, the PPL Corporation Employee Stock Ownership Plan, or ESOP, to which PPL Corporation makes an annual contribution. Historically, PPL Corporation has contributed a dollar amount to the ESOP that is equal to the tax benefit it receives for a tax deduction on dividends paid on PPL Corporation common stock held by the trustee of the ESOP. C