PPL ELECTRIC UTILITIES CORP
Form DEF 14C
April 25, 2008

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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:

o Preliminary Information Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

þ Definitive Information Statement.

PPL Electric Utilities Corporation

(Name of Registrant as Specified in Its Charter)

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þ No fee required.

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PPL Electric Utilities Corporation

Notice of Annual Meeting
May 22, 2008

and

Information Statement
(including appended
2007 Financial Statements)

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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 22, 2008.
Place	Offices of PPL Electric Utilities Corporation Two North Ninth Street Allentown, Pennsylvania
Items of Business	To elect directors
Record Date	You can vote if you are a shareowner of record on February 29, 2008.
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 25, 2008

Important Notice Regarding the Availability of Materials for the Shareowner Meeting to Be Held on May 22, 2008:

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 22, 2008
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 22, 2008, and at any adjournment 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 April 25, 2008.

GENERAL INFORMATION

What am I voting on?

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

Who can vote?

Holders of PPL Electric Utilities Corporation common stock, 41/2% Preferred Stock and Series Preferred Stock as of the close of business on the record date, February 29, 2008, may vote at the Annual Meeting. Each share of common stock, 41/2% 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 Utility 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?

You can vote in person at the Annual Meeting. 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 41/2% Preferred Stock or Series Preferred Stock and admit you to the meeting.

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What constitutes a quorum?

As of the record date of February 29, 2008, there were a total of 66,873,245 shares outstanding and entitled to vote, consisting of 66,368,056 shares of common stock all owned by PPL Corporation, 247,524 shares of 41/2% 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 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.

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The Board of Directors
recommends that shareowners vote FOR this Proposal

Nominees for Directors:

DEAN A. CHRISTIANSEN, 48, is Managing Director of Sales and Marketing for Capital Markets Engineering and Trading, LLC (CMET), a New York-based investment banking boutique providing, among other services, structured finance securitization and financial engineering solutions to the capital markets. Prior to joining CMET in August 2004, Mr. Christiansen was the President of Acacia Capital, Inc., a New York City-based corporate finance advisory firm founded in 1990. From October 2000 to July 2003, he also served as President and a Director of Lord Securities Corporation of New York, a financial services and administration 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. Mr. Christiansen is also a member of the board of PPL Transition Bond Company, LLC. He has been a director since 2001.

DAVID G. DeCAMPLI, 50, 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 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 April 2007.

PAUL A. FARR, 40, 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 Latin America and 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 international project finance manager at Illinova Generating Company, as 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 April 2007.

ROBERT J. GREY, 57, 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 and the company in 1996, 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, 59, is Chairman, President and Chief Executive Officer of the company s parent, PPL Corporation. Prior to his current position 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; Executive Vice President in January 2004; and also served as President of PPL Generation, LLC, a PPL subsidiary that operates power plants in the United States. He also serves as a director of PPL Corporation and serves on the board of 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

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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, 51, 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. 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 two Board meetings and acted by unanimous written consent nine times during 2007. Each director attended 100% of the meetings held by the Board during 2007, except for Mr. Christiansen who attended 50% because he was unable to attend one of the two meetings. Directors are expected to attend all meetings of the Board, its Executive Committee and shareowners. All of our then-serving directors attended the 2007 Annual Meeting of Shareowners.

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 and 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 2007. 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.

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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: Secretary, 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 2009 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 26, except for David G. DeCampli 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 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.

For those officers of the company who are not deemed to be executive officers of PPL Corporation, including Mr. DeCampli prior to his being named president of the company, compensation is recommended by the president of the company to the PPL Corporate Leadership Council, or CLC, which consists of the chief executive officer, chief financial officer, chief operating officer and general counsel of PPL Corporation. In addition to determining salary and cash incentive compensation for such officers, the CLC also has the authority to make restricted stock unit grants and stock option awards of PPL Corporation stock under the PPL Incentive Compensation Plan for Key Employees, or ICPKE. As a result of Mr. DeCampli being elected president of the company on April 1, 2007, the CGNC, rather than the CLC, determined his compensation after that date.

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 and makes awards for the just-completed fiscal year. The CLC performs the same function for other officers.

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 peer group 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 strategic goals for the long-term incentive program for the upcoming year, based on industry and market conditions and other factors. All of the incentive and strategic 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. This group includes 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 the executive officers who report directly to him and, with input from the chief operating officer of PPL Corporation, evaluates the presidents of the major business lines who report to the chief operating officer, which includes the president of the company. The CGNC approves the annual compensation, including salary, incentive compensation and other remuneration of such executive officers. The CLC approves the annual compensation of the other 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 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 met all filing requirements under Section 16(a) of the Securities Exchange Act of 1934 during 2007.

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 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, 2007, except for compensation for executive officers that has been approved by the CGNC, there have been no related-person transactions 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.

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 2007 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)

Of the named executive officers who are included in the Summary Compensation Table on page 26, four of the named executive officers, William H. Spence, Paul A. Farr, 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. David G. 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.

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 except Mr. DeCampli before he was named president of the company in April 2007. In the case of Mr. DeCampli s 2007 salary adjustment, the president of the company recommended an increase to PPL Corporation s Corporate Leadership Council, known as the CLC, and the CLC approved his salary. Mr. DeCampli s incentive compensation for 2007 was approved by the Committee, along with the awards for the other named executive officers. The Board of Directors of the company concurs with the decisions of the Committee and CLC.

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. Since executive officer performance has the potential to affect PPL s profitability, the elements of PPL s executive compensation program are intended to further PPL s business goals by encouraging and retaining leadership excellence and expertise, rewarding executive officers for sustained financial and operating performance, and aligning executive rewards with value creation for PPL Corporation s 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 equity incentive awards which is intended to provide an appropriate, competitive level of compensation, to reward recent performance results and to motivate long-term contributions to achieving PPL s strategic business objectives. PPL 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 26, 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 total compensation program provide: the ability for executives to accumulate capital, predominately in the form of equity to align executive interests with those of the 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 reviews the executive compensation program and each of its components regularly.

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 goals;
- Achievement of annual strategic objectives through performance-based restricted stock and stock unit awards;
- Long-term financial and operational performance through performance-based restricted stock or stock unit awards; and
- Stock price growth through awards of stock options.

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

In general, PPL offers a competitive direct compensation program that is intended to be similar to 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 competitive 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 and 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 lines for which the executive is responsible, are also taken into consideration in determining any adjustment.

In addition to assessing competitive pay levels, Towers Perrin reports to the Committee each July on recent industry trends and emerging 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, 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 the allocation of direct compensation for the company s executive officers for 2007, which is shown as a percentage of total direct compensation. For example, the salary of the president is targeted to represent less than 35% 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 long-term financial performance.

TABLE 1

Elements of Compensation as a Percentage of Total Direct Compensation 2007*

Direct Compensation Element	**Percentage of Total Direct Compensation** **President**	**Former President**	**Former Senior Vice President-Financial**	**Treasurer and VP & Controller (average)**
Salary	33.9%	23.0%	25.3%	40.8%
Target Annual Cash Incentive Award	16.9%	19.5%	19.0%	16.3%
Target Long-term Incentive Awards	49.2%	57.5%	55.7%	42.9%

* Percentages based on target award levels as a percentage of total direct compensation. Values of restricted stock unit and stock option awards shown in the Summary Compensation Table in this Information Statement reflect compensation expense recognized in 2007 for financial reporting purposes rather than fair market values calculated using the number of shares or options actually awarded in 2007. See Tax and Accounting Considerations SFAS 123(R) at the end of this CD&A at page 25 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 annually based on individual and, where applicable, business line performance and market comparisons, they are paid regularly and are not contingent on attainment of specific goals. Executive salaries are adjusted based on the expertise and experience of each executive, prior year individual performance and performance of the business lines 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 market. 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 PPL competitive data for the president position is $380,000, the Committee considers appropriate market compensation for this position as ranging between $323,000 and $437,000, or 15% less than and 15% greater than the market reference point of $380,000.

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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 25, 2007, the Committee approved base salaries for the named executive officers as follows, except as noted:

TABLE 2

2007 Salary Adjustments by Position

Name and Position	Prior Salary	PPL Competitive Range	2007 Salary	% Change
D. G. DeCampli[(1)]				
Senior Vice President-T&D Engineering and Operations	$ 265,000	$221,000-$299,000	$ 265,000	0%
President	265,000	$323,000-$437,000	305,000	15.1%
W. H. Spence[(2)]				
Former President	525,000	$561,000-$759,000	600,000	14.3%
P. A. Farr[(2)(3)]				
Former Senior Vice President-Financial	390,000	$353,000-$477,000	409,900	5.1%
Executive Vice President and Chief Financial Officer of PPL Corporation	409,900	$438,000-$592,000	450,000	9.8%
J. E. Abel[(2)]				
Treasurer	265,773	$221,000-$299,000	275,100	3.5%
J. M. Simmons, Jr.[(2)]				
Vice President & Controller	225,000	$238,000-$322,000	250,000	11.1%

(1) Mr. DeCampli served as Senior Vice President-Transmission and Distribution Engineering and Operations until his election as President as of April 1, 2007. Mr. DeCampli joined the company on December 4, 2006, at the salary noted for Senior Vice President. At the time of his election as president, the Committee re-evaluated his salary for the new position and increased it as shown.

(2) Messrs. Spence, Farr, Abel and Simmons are compensated for their positions served at PPL Corporation, and not as officers of the company.

(3)

Mr. Farr served as Senior Vice President-Financial until his election as Executive Vice President and Chief Financial Officer for PPL Corporation as of April 1, 2007, at which time he resigned as an officer of the company. At the time of his election, the Committee re-evaluated his salary for the new position with PPL Corporation and increased it as shown.

The Committee increased Mr. DeCampli s salary upon promotion to president towards the lower end of the PPL competitive range.

Mr. Spence joined PPL Corporation in mid-2006 and was paid toward the lower end of the PPL competitive range. He has successfully assumed the chief operating officer role for PPL, and the salary adjustment reflects PPL Corporation s chief executive officer s recommendation and the Committee s approval to increase Mr. Spence s salary to about 90% of the PPL competitive range mid-point.

Mr. Farr was promoted to PPL Corporation Executive Vice President and Chief Financial Officer on April 1, 2007 at which time he resigned his position with the company. The January increase reflected reward for his contributions during 2006 and the Committee s intent to properly reward the successor chief financial officer. Upon election as CFO in April, the Committee recognized the new responsibilities and approved a salary at the lower end, or 87%, of the PPL competitive range mid-point.

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

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Mr. Simmon s salary was increased significantly 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 goals 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%) from zero to the program maximum of 150% of target established for each position.

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 goals 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 2007 annual cash incentive awards under the Short-Term Incentive Plan:

TABLE 3

Annual Cash Incentive Targets by Position for 2007

Position	**Targets as % of Salary**
President	50%
Former President*	85%
Former Senior Vice President-Financial*	75%
Treasurer and Vice President & Controller*	40%

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

The corporate financial goal for 2007, which was a fully diluted earnings per share, or EPS target described in detail below, represented 40% of the total award for business line presidents, including the President of the company as well as the Senior Vice President-Transmission and Distribution Engineering and Operations, Treasurer and Vice President and Controller. EPS represented 60% of the total award for the former president (as the award was based on service as Chief Operating Officer of PPL Corporation) and the Senior Vice President-Financial. Various measures make up operational goals, including 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.

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The following table summarizes the weightings allocated to financial and operational results, by executive officer position, for determining 2007 annual cash incentive awards:

TABLE 4

Annual Cash Incentive Weightings Applied to Financial and Operational Results

Category	President	Former President and SVP-Financial	Treasurer and VP & Controller
Financial Results	40%	60%	40%
Operational Results			
PPL Generation		9%	9%
PPL EnergyPlus	10%	9%	9%
Utility Operations:			
PPL Electric Utilities	38%		9%
PPL Gas Utilities	2%	9%	
PPL Global	10%	9%	9%
PPL Energy Services Group		4%	4%
Individual Results	*	*	20%

* Annual cash incentive awards for these executive officers are based on the financial and operational results for the year and are not further adjusted for individual performance.

At its January 2008 meeting, the Committee reviewed 2007 performance results to determine whether the named executive officers had met or exceeded pre-established 2007 performance goals. Annual cash incentive awards are determined as summarized below by multiplying the results for financial and operational measures 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, 2007, the end of the performance period.

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

(Table 3)

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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 2007 Performance

Name	Salary Basis for Award	Total Goal Results	2007 Annual Cash Award[(1)]
D. G. DeCampli	$ 305,000	123.4%	$ 188,200
W. H. Spence[(2)]	600,000	139.6%	712,000
P. A. Farr[(2)]	450,000	139.6%	471,200
J. E. Abel[(2)]	275,000	133.0%(3)	146,400
J. M. Simmons, Jr.[(2)]	250,000	135.0%(4)	135,000

(1) Total award amounts may differ from the amounts included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table due to amounts exchanged under the Premium Exchange Program, which is described on page 23 of this CD&A under Ownership Guidelines.

(2) Paid by an affiliate of the company for positions served at PPL Corporation.

(3) Includes individual results achieved at 120% of target performance.

(4) Includes individual results achieved at 130% of target performance.

Table 6A and Table 6B below provide further detail on the goal results underlying the 2007 annual cash incentive awards. Table 6A applies the weights from Table 4 to the various results for Mr. DeCampli s position as president to produce the total result for award purposes. Table 6B applies the weights for Messrs. Spence s and Farr s awards. Messrs. Abel s and Simmons awards apply the weights from Table 4 to the applicable results, including results for individual performance.

TABLE 6A

Annual Cash Incentive Awards for President*

	Results	Weight	Attainment
PPL Corporation EPS (40% weight)	150.0%	40%	60.00%
Operational:			
PPL EnergyPlus (10% weight)			
EnergyPlus Energy Marketing Center	147.2%	10%	14.7%
Utility Operations (40% weight)			

PPL Electric Utilities (95%)	82.6%	38%	31.4%
PPL Gas Utilities (5%)	120.1%	2%	2.4%
PPL Global (10% weight)			
Global	148.7%	10%	14.9%
Total Weight & Attainment		**100.0%**	**123.4%**

* Not applicable to Mr. Spence, as he is compensated by an affiliate of PPL Corporation as an executive officer of PPL Corporation.

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TABLE 6B

Annual Cash Incentive Awards for Corporate-level Executive Officers

	Results	Weight	Attainment
PPL Corporation EPS (60% weight)	150.0%	60%	90.0%
Operational:			
PPL Generation (9% weight)			
Generation East Fossil/Hydro (50%)	124.2%	4.5%	5.6%
Susquehanna (30%)	110.5%	2.7%	3.0%
Generation West Fossil/Hydro (20%)	123.5%	1.8%	2.2%
PPL EnergyPlus (9% weight)			
EnergyPlus Energy Marketing Center	147.2%	9.0%	13.2%
Utility Operations (9% weight)			
PPL Electric Utilities (95%)	82.6%	8.6%	7.1%
PPL Gas Utilities (5%)	120.1%	0.5%	0.5%
PPL Global (9% weight)			
Global	148.7%	9.0%	13.4%
PPL Energy Services Group (4% weight)			
Energy Services (30%)	133.3%	1.2%	1.6%
Synfuels (20%)	80.0%	0.8%	0.6%
Telcom (15%)	141.3%	0.6%	0.8%
PPLSolutions (15%)	117.8%	0.6%	0.7%
Development (20%)	100.8%	0.8%	0.8%
Total Weight & Attainment		**100.0%**	**139.6%**

As noted above, the total goal results are based on a blend of corporate, financial and operational results for PPL. The financial and operational goals are based on PPL s business plan. The financial goals are set to meet management s objectives and financial market expectations, and the operational goals 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 80% to 120% of target. Awards for the positions of the named executive officers over the last five years have ranged from 102.5% to 123.4% of target, with an average award of 115.9% of target for the corporate executive officers.

Financial Results. Target EPS of PPL for the annual cash incentive program was $2.35 per share for 2007, with a 150% payout goal of $2.47 and a 50% payout goal of $2.23. Results below $2.23 would result in a zero payout on this portion of the incentive goal.

The target EPS used for goal purposes is corporate reported earnings of PPL, net of specific items excluded at the beginning of the year as approved by the Committee in March 2007. The excluded items for 2007 were:

> Any impact from changes in accounting resulting from FASB or SEC determinations that, as of January 31, 2007, were not scheduled to become applicable to current year financial statements, or if the financial statement impact was not determinable based on the issued or proposed guidance.

Costs associated with the refinancing of debt or senior equity securities where refinancing results in a positive net present value.

Asset impairments related to or resulting from a decision to sell assets or discontinue operations where such sale or discontinued operations results in a positive net present value.

Gains related to or resulting from the sale of an asset or an affiliated company that are treated as unusual credits to income. Any income (or loss) included in the 2007 business plan for such asset or affiliated company for the balance of the year following the closing date for such sale will be included in the calculation of the 2007 corporate financial goal.

Any mark-to-market (MTM) impact on earnings from energy marketing and trading activities. The MTM changes of forward commitments are not reflective of the ultimate profitability of the MTM transactions. The ultimate financial impact of MTM transactions, as well as related transactions that do not receive MTM accounting, will be reflected in earnings as contracted products and services are delivered.

Other-than temporary impairments of available-for-sale investment securities held in the Nuclear Decommissioning Trust Fund, as provided in the SEC s Staff Accounting Bulletin topic 5.m.

The outcome of the legal proceedings relating to a PJM billing dispute at the Federal Energy Regulatory Commission. PJM, or PJM Interconnection, L.L.C., is the independent operator of the electric transmission network for the region in which PPL Electric Utilities Corporation provides transmission service.

After adjusting PPL s reported corporate earnings for the above excluded items, the EPS achieved for purposes of the annual cash incentive program was $2.77 per share (reported EPS (GAAP) of $3.39 reduced by excluded items), which is above the maximum of 150% of the target EPS for 2007.

Operational Results. Operating goals are detailed, quantifiable goals set specifically for each business unit of PPL annually. The operational goals are structured to attain the target EPS of PPL 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 goals require difficult-to-reach elements in order to produce operating results that render the target EPS.

Operating goals in 2007 included the following:

Safety goals (limits on Occupational Safety and Health Administration reportable events and motor vehicle accidents) are included in all business units.

Gross margin, net income or net operating profit after tax (NOPAT) goals are included in each business line s goals. Gross margin is a goal for PPL Generation and PPL EnergyPlus. Net income is a goal for the delivery companies PPL Electric Utilities and PPL Global and PPL s smaller business lines. NOPAT is used by PPL Energy Services Group. PPL Global has a free cash flow goal for international operations. PPL Generation, PPL Electric Utilities and PPL Gas Utilities also have specific operations and maintenance and capital expenditure goals that support their margin or income goals.

Station generation goals are included for PPL Generation units, including specific commercial availability and system-wide, fleet initiative goals.

PPL Generation has specific goals pertaining to the Montour and Brunner Island scrubber projects.

PPL Generation s nuclear unit has specific goals pertaining to outage refueling metrics.

PPL Energy Services Group s business development unit has goals pertaining to asset growth.

Environmental compliance goals are included for the fossil and hydro generating units. Nuclear Regulatory Commission Performance Indicators and Inspector Findings and Institute of Nuclear Power Operations rating goals are included for our nuclear unit.

Customer service goals are included for the delivery companies PPL Electric Utilities, PPL Gas Utilities and PPL Global s subsidiaries taking the form of customer satisfaction surveys, interruption limits, lost minute limits and non-storm lost minute measures.

Community impact goals are included for our fossil and hydro units in the form of a favorable public perception evaluation.

Changes to the Annual Cash Incentive Program for 2008

At its November 2007 meeting, the Committee conducted a comprehensive review of the incentive compensation program and considered a recommendation from management to make specified changes. The Committee determined that the program should be adjusted in two ways: (1) the goals should be more focused on quantifiable measures with a greater emphasis for executive officers on EPS achievement and (2) the weighting of the PPL corporate EPS, unit and individual goals should be restructured.

At its meeting in January 2008, the Committee revised the weighting of goal results in determining 2008 cash incentive awards. Awards for presidents of principal operating subsidiaries will be weighted 60% EPS, 20% on

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the results of their business unit and 20% based on individual performance. As described above, in 2007, awards for presidents were based on 40% EPS and 60% on business unit results based on the results of all units with their unit more heavily weighted than other business units with no individual factor.

At its meeting in March 2008, the Committee reduced the number of goals to be used for purposes of calculating amounts available to pay annual cash incentive awards, with a predominate emphasis to be on EPS achievement for PPL executive officers. A new individual performance factor was introduced for the presidents of major business lines, including the president of the company. A more complete set of goals will be considered when assessing individual performance and award allocation for presidents of principal subsidiaries and other staff.

The introduction of an individual performance component for determining cash incentive awards allows more discretion for Committee and parent Chief Executive Officer 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 also made changes to the long-term incentive program, noted below at Long-term Incentive Awards (Equity Awards) Changes to the Long-term Incentive Program for 2008 on page 19, including elimination of a strategic goal-based award. Performance against strategic initiatives can be the basis for all or a portion of the individual component of the annual cash award.) PPL currently uses an individual performance component for vice president-level executives and is extending this concept to president-level executives in 2008.

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 s shareowners. Long-term incentive awards for those officers who are deemed executive officers of PPL Corporation are made annually under the PPL Corporation shareowner-approved Incentive Compensation Plan, or ICP. Key employees of PPL companies who are not deemed to be executive officers of PPL Corporation, such as Mr. DeCampli before he was named president of the company, are eligible to receive long-term incentive awards under the PPL Corporation shareowner-approved Incentive Compensation Plan for Key Employees, or ICPKE. The Committee approves all awards granted under the ICP, and the CLC approves all grants under the ICPKE.

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;
- Restricted stock unit awards for performance on specific, strategic goals; 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 Corporation s stock price performance.

Restricted stock unit awards made in 2008 for 2007 performance have a three-year restriction period, with restrictions scheduled to lapse in 2011. During the restriction period, each restricted stock unit entitles the executive to receive quarterly payments from PPL equal to the quarterly dividends on one share of PPL Corporation stock, thereby recognizing both current income generation and stock price appreciation in line with PPL Corporation shareowners.

PPL also grants stock options. Stock options are granted at an exercise price equal to the market value 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.

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Stock options granted in 2007 become exercisable over three years one-third at the end of each year following grant 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 the ICP and the ICPKE, restricted stock units and unvested stock options are forfeited if the executive voluntarily leaves PPL and generally become vested if the executive retires from PPL or its affiliates prior to the scheduled vesting date. However, any stock options granted under the ICP 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, PPL may also grant restricted stock, rather than restricted stock units, under the ICP or ICPKE. No such additional awards were made to any of the named executive officers of the company in 2007. See Retention Agreement on page 38 for previous additional restricted stock awards granted to Mr. Farr.

Structure of Awards

At its January 2007 meeting, the Committee decided to rebalance the value of restricted stock units as compared with stock options to 65% restricted stock units and 35% options, from the prior 50%-50% mix. This decision was based on changes noted in market practice and on the Committee s view that stock options should receive less weight. The restricted stock unit portion of the long-term incentive program is further split, with 50% of the award tied to sustained financial and operational results and 50% of the award tied to strategic goals. Equity awards are intended to balance incentive pay with performance toward specific business goals based on PPL s multi-year business plan.

Target award levels for each component of the long-term incentive program seek to balance executive focus on PPL s business goals, 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 2007 and are provided below:

TABLE 7

Long-term Incentive Award Targets

	Restricted Stock Units (Targets as % of Salary)		**Stock Options**	
Position	**Sustained Financial and Operational Results**	**Strategic Objective Results**	**Stock Price Performance**	**Total**
President	47.125%	47.125%	50.75%	145%
Former President*	81.250%	81.250%	87.50%	250%
Former Senior Vice President-Financial*	71.500%	71.500%	77.00%	220%
Treasurer and Vice President & Controller*	34.125%	34.125%	36.75%	105%

* Based on positions served at PPL Corporation.

A restricted stock unit award is made by the Committee after the end of each year, based on the most recent three-year average results of the annual cash incentive program:

target award %	X	salary	X	3-year average result	¸	market price of PPL Corporation stock as of award date	=	number of units granted

This award is designed to reward sustained financial and operational performance.

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A second restricted stock unit award is made after the end of each year based on the achievement level of annually determined, objective strategic goals developed by PPL and approved by the Committee:

target award %	X	salary	X	strategic objective goal result	¸	market price of PPL Corporation stock as of award date	=	number of units granted

This award is designed to reward actions that drive achievement of PPL s strategic objectives.

The strategic goals for 2007 included the following:

Proactively influence federal and state policies regarding continued transition to competitive markets and responsible environmental regulation:

Promote PPL s position on the benefits of competitive markets in the regulatory arenas by active involvement in the federal and state regulatory process.

Effectively respond to any state-level efforts to re-regulate generation or wholesale markets or otherwise impede the transition to competitive markets, through our legislative and regulatory relations efforts and in cooperation with industry associations and other groups.

Effectively promote PPL s principles for climate change legislation or regulations, with specific focus on achieving cap-and-trade programs or other mechanisms that provide cost-effective options for compliance.

Establish and begin implementation of a comprehensive energy supply hedge strategy.

Complete a strategic review of PPL with input from the Board, senior management and outside advisors.

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

target award %	X	salary	¸	option value as of award date	=	number of options granted

The value of the long-term incentive awards as of the grant date, based on the targets, delivers a level of 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 Corporation 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 deteriorate, executive compensation levels for these awards could fall below the grant values, possibly to zero.

Awards for 2007

At its meeting in January 2008, the Committee reviewed and certified the performance results for the 2007 cash incentive compensation award. These results led to the following restricted stock unit award:

> Restricted stock unit award for sustained financial and operational results: the 2007 annual cash incentive results for executives were averaged with similar results for 2006 and 2005 and formed the basis for the award made in 2008 for performance over the preceding three years. The average results were 126.9%, which represent the average of 2007-(139.6%), 2006-(131.3%) and 2005-(109.9%).

In addition, the Committee reviewed and certified the performance results for the 2007 strategic goal; the results led to the following restricted stock unit award:

> The restricted stock unit award for strategic goal attainment: goal attained at 100%.

At its January 2007 meeting, the Committee approved stock option awards for 2007. Mr. DeCampli s 2007 stock option award was approved by the CLC because he was not yet deemed an executive officer of PPL Corporation.

These awards are set forth in the table below. The cost of the stock option awards expensed in 2007 is included in the Summary Compensation Table. However, because the restricted stock unit awards for 2007 performance were not expensed until beginning after they were granted in January 2008, any expenses for these awards will not be included until next year s Summary Compensation Table 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 25 for further details on how equity awards are expensed.

TABLE 8

Long-Term Incentive Awards for 2007

Name	Restricted Stock Units (Awards in Dollars) Sustained Financial and Operational Results	Strategic Objective Results	Stock Options Stock Price Performance
D. G. DeCampli	$ 182,443	$ 143,732	$ 139,100
W. H. Spence*	618,801	487,501	630,000
P. A. Farr*	408,410	321,751	312,000
J. E. Abel*	119,163	93,878	139,531
J. M. Simmons, Jr.*	108,291	85,313	118,125

* Awards based on and paid by an affiliate of the company for positions served at PPL Corporation.

Changes to the Long-term Incentive Program for 2008

At its January 2008 meeting, the Committee amended the long-term incentive program for 2008 by (1) eliminating the strategic goal-based restricted stock unit award, (2) introducing a performance unit award based on relative total shareowner return, and (3) rebalancing the value of each form of equity award.

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 decided to rebalance 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 pertains to the new total PPL Corporation shareowner return-based performance unit award, executives will receive a target number of performance units and the actual amount earned at the end of the performance period will depend on the three-year total shareowner return results of PPL Corporation versus a peer group. Total PPL Corporation shareowner return reflects the combined impact of changes in stock price plus re-invested dividends over the performance period.

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The revised equity award weighting is reflected below:

TABLE 9

Long-term Incentive Award Targets for 2008

Position	Restricted Stock Units	Performance Units (Targets as % of Salary)	Stock Options	Total
	Sustained Financial and Operational Results	Relative Total Shareowner Return	Stock Price Performance	
President	58%	29%	58%	145%
Former President*	100%	50%	100%	250%
Former Senior Vice President-Financial*	88%	44%	88%	220%
Treasurer and Vice President & Controller*	42%	21%	42%	105%

* Based on positions served at PPL Corporation.

<u>Perquisites and Other Benefits</u>

Officers of PPL, including the named executive officers, are eligible for PPL 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 is summarized for 2007 in Note 8 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 Supplemental Executive Retirement Plan, or SERP, a nonqualified defined benefit pension plan available for officers of the company.

PPL has 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 Pension Benefits in 2007.

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 2007, 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, including the Stable Value Fund managed by Fidelity Investments during 2007, and lifestyle funds available from a mutual fund provider (for 2007, 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, except for any brokerage account options. For additional details on the PPL Officers Deferred Compensation Plan, see the Nonqualified Deferred Compensation in 2007 table on page 36. 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 the 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 PPL Officers Deferred Compensation Plan are not affected by any long-term incentive or equity awards.

PPL Corporation has a tax-qualified employee stock ownership plan, the PPL 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. Contributions are then allocated among the ESOP participants based on the following two measures: (1) the amount of total dividends paid on the participant s account, and (2) a pro rata amount based on salary up to a median salary amount. The total allocation cannot exceed 5% of a participant s compensation. The ESOP trustee invests exclusively in PPL Corporation s common stock. All named executive officers participate in the ESOP, as well as employees of PPL s major business lines. Shares held for a minimum of 36 months are available for withdrawal, and participants may request distribution of their account at any time following termination of employment. There is no vesting period for contributions made under the ESOP. The participant has the option of receiving the actual shares of common stock or the cash equivalent of such shares.

Special Compensation

In addition to the annual direct and indirect compensation described above, the company provides special compensation with respect to specific situations.

<u>Hiring and Retention.</u> As part of the executive recruiting process, the company makes offers of employment to new executive candidates that will attract talent to the company and compensate these candidates for compensation they may lose when terminating employment with their prior employer.

Generally, annual compensation for new executive officers is consistent with that of current executives in similar positions. Incentive awards for the year of hire are generally prorated for the period of service during the executive s initial year of employment and made after the close of the year, when awards are made for other executives. Annual, long-term incentive awards have not typically been granted upon hire; however, one-time awards may be made in restricted stock or restricted stock units to replace awards a new executive may be losing from a former employer or as part of a sign-on award to encourage an executive to join the company. Effective in 2008, forward-looking incentive awards, including performance unit and stock option awards, will be made to new hires for the year of hire on a pro rata basis.

In limited circumstances, generally involving mid-career hirings, the company enters into retention agreements with key executives to encourage their long-term employment with the company. These agreements typically involve the grant of restricted stock on which the restrictions lapse upon the attainment of age 60, but may vary on a case-by-case basis. During the term of the restrictions, the executive receives dividends. The intention is to retain key executives for the long-term and to focus the executive s attention on stock price growth during the retention period.

Individual awards vary based on an executive s level, company service and the need for retention and/or the market demand for an executive s talent. The amount of an award is typically a multiple of salary converted to restricted stock as of the grant date. For specific details on retention agreements that are outstanding for named executive officers, see Retention Agreement on page 38.

Severance. The company has not entered into traditional employment agreements with executives, including the named executive officers. There are no specific agreements pertaining to length of employment that would commit PPL to pay an executive for a specific period. All executives are employees-at-will whose employment is conditioned on performance and subject to termination by PPL at any time.

We do not maintain a general severance policy for executives. Separation benefits are determined, as needed, on a case-by-case basis. However, as discussed below, there is a structured approach to separation benefits for involuntary (and select voluntary or good reason as defined in Change-in-Control Arrangements below at page 37) terminations of employment in connection with a change in control of PPL Corporation.

The company has entered into agreements with certain executives, typically in connection with a mid-career hiring situation and as part of our offer of employment, in which we have promised a year s salary in severance pay in the event the executive is terminated by PPL for reasons other than cause. Severance benefits payable under these arrangements are conditioned on the executive agreeing to release PPL from any liability arising from the employment relationship. Additional details on current arrangements for named executive officers are discussed under Termination Benefits below at page 39.

Change-in-Control Protections. PPL believes executive officers who are terminated or who resign for good reason (as defined in Change-In-Control Arrangements below at page 37) in connection with a change in control of PPL Corporation should be provided separation benefits. These benefits are intended to ensure that executives focus on serving the company and shareowner interests without the distraction of possible job and income loss.

The major components of the company s change in control protections are:

- accelerated vesting of outstanding equity awards in order to protect executives equity-based award value from an unfriendly acquirer;
- severance benefits; and
- trusts to fund promised obligations in order to protect executive compensation from an unfriendly acquirer.

The company s change-in-control benefits are consistent with the practices of companies with whom PPL competes for talent and assist in retaining executives and recruiting new executives to the company.

Accelerated Vesting of Equity Awards. As of the close of a transaction that results in a change in control of PPL Corporation, all outstanding equity grants awarded as part of the company s compensation program (excluding restricted stock and restricted stock units issued pursuant to retention agreements) become available to executives. As a result, the vesting and exercisability of stock awards and option awards granted as part of the long-term incentive program accelerate in other words, restrictions on all outstanding restricted stock units lapse, and all unexercisable stock options become exercisable. Stock options granted prior to 2007 are exercisable for 36 months following a qualifying termination of employment in connection with a change in control; options granted in 2007 and after are, after a change in control, exercisable for the remaining term of the stock option.

Severance Benefits. PPL has entered into severance agreements with each of the named executive officers that provide benefits to the executives upon specified terminations of employment in connection with a change in control of PPL Corporation. The benefits provided under these agreements replace any other severance benefits provided to these officers by PPL Corporation or any prior severance agreement. Additional details on the terms of these severance agreements are described in Change-in-Control Arrangements at page 37.

Rabbi Trust. PPL has entered into trust arrangements that currently cover the SERP, the PPL Officers Deferred Compensation Plan, the severance agreements and the Directors Deferred Compensation Plan, and provide that specified trusts are to be funded when a change in control of PPL Corporation occurs. See Change-in-Control Arrangements at page 37 for a description of change-in-control events.

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The trusts are currently unfunded but would become funded upon the occurrence of a potential change in control of PPL Corporation. The trust arrangements provide for immediate funding of benefits upon the occurrence of potential change in control, and further provide that the trusts can be revoked and the contributions returned if a change in control in fact does not occur. There are no current plans to fund any of the trusts.

Timing of Awards

The Committee determines the timing of incentive awards for those officers who are deemed to be executive officers of PPL Corporation.

Incentive awards for executive officers, including annual cash incentive awards and long-term incentive awards, are made as soon as practical following the performance period. It has been PPL s long-time practice to make annual cash incentive awards and stock-based grants at the January Committee meeting, which occurs the day before the January PPL Corporation Board of Directors meeting on the fourth Friday of January.

PPL does not have, nor does PPL plan to have, any program, plan or practice to time equity grants with the release of material non-public information other than the practice of making such awards annually and regularly at the January Committee meeting.

For awards made for 2007, the market price for determining the number of restricted stock unit award grants was the closing price of PPL Corporation common stock on the date of grant. The exercise prices for stock option awards are determined as the closing price on the day of the grant.

Off-cycle restricted stock, restricted stock unit, performance unit or stock option grants, if provided to newly hired executives as part of the hiring package, are made from time to time, normally as of the new executive s hiring date. Prices for such stock awards are determined as of the day of hire or, if later, the day the Committee approves the grant, based on the closing price as of the date of grant.

Restricted stock and stock option grants to eligible employees other than executive officers are made in conjunction with the annual salary review process, which is usually conducted in January and February each year. Employee salary adjustments and annual cash incentive award payments are made in the first paycheck in March. Restricted stock units grants are made effective March 1. The number of stock units granted to eligible employees is determined as the employee s target percentage times salary divided by the PPL Corporation stock market price determined the same as for executive officer awards. Stock options granted to employees other than executive officers are granted at the same time and same exercise price as determined for executive officers.

Ownership Guidelines

Meaningful ownership of PPL Corporation common stock by executives has always been an important part of PPL s compensation philosophy. In 2003, the Committee adopted specific ownership requirements under the Executive Equity Ownership Program (Equity Guidelines). The Equity Guidelines provide that executive officers should maintain levels of ownership of PPL Corporation common stock ranging in value from one times to five times base salary, as follows:

Executive Officer	Multiple of Base Salary

Chairman, President and CEO of PPL Corporation	5x
Executive Vice Presidents of PPL Corporation (including Messrs. Spence and Farr)	3x
Senior Vice Presidents of PPL Corporation	2x
Presidents of major operating subsidiaries (including Mr. DeCampli)	2x
Vice Presidents of PPL companies (including Messrs. Abel and Simmons)	1x

Executive officers at a particular guideline level must attain their minimum Equity Guidelines level by the end of their fifth anniversary at that level. Until the minimum ownership amount is achieved, executive officers are required to retain in PPL Corporation common stock (or common stock units) 100% of the gain realized from the vesting of restricted stock and restricted stock units and the exercise of stock options (net of taxes and, in the case of options, the exercise price). If an executive does not attain the guideline level within the applicable period, annual cash incentives awarded after that date may be in restricted stock or restricted stock unit grants (without a premium) until actual ownership meets or exceeds the guideline level.

To assist executive officers in achieving or surpassing their minimum ownership amount, the Committee adopted the Cash Incentive Premium Exchange Program (Premium Exchange Program). Under this program, executives may elect to defer all or a portion of the annual cash incentive award to which they would be otherwise entitled and to receive instead restricted stock units equal to 140% of the amount so deferred (an Exchange). The restricted stock units are subject to a three-year vesting period, with only the 40% premium portion subject to forfeiture during the restriction period. Executive officers forfeit the premium amount if they terminate employment during the restriction period. A pro rata portion of the premium is payable for executive officers who retire after attaining age 60. The full premium is payable if employment is terminated during the restriction period due to the death or disability of the executive officer. The full premium is also payable in connection with a change in control of PPL Corporation. The Premium Exchange Program will expire after Exchanges for the 2008 annual cash incentive performance period.

The Equity Guidelines and the Premium Exchange Program encourage increased stock ownership on the part of the executive officers, which further aligns the interests of management and shareowners. All named executive officers were in compliance with the Equity Guidelines as of the end of 2007.

Tax and Accounting Considerations

Section 162(m). Section 162(m) of the Internal Revenue Code of 1986 generally provides that publicly held corporations may not deduct in any taxable year specified compensation in excess of $1,000,000 paid to the chief executive officer and the next three most highly compensated executive officers (excluding the chief executive officer and chief financial officer). Performance-based compensation in excess of $1,000,000 is deductible if specified criteria are met, including shareowner approval of applicable plans. In this regard, the PPL Corporation Short-term Incentive Plan is designed to enable PPL to make cash awards to officers that are deductible under Section 162(m). Similarly, the PPL Corporation Incentive Compensation Plan enables PPL to make stock option awards that are deductible under Section 162(m). Restricted stock awards granted based on sustained financial and operational results may also qualify as performance-based compensation under the terms of Section 162(m). The Committee generally seeks ways to limit the impact of Section 162(m). However, the Committee believes that the tax deduction limitation should not compromise PPL s ability to establish and implement incentive programs that support the compensation objectives discussed above. Accordingly, achieving these objectives and maintaining required flexibility in this regard may result in compensation that is not deductible for federal income tax purposes.

Sections 280G and 4999. PPL has entered into separation agreements with each of the named executive officers that provide benefits to the executives upon specified terminations of employment in connection with a change in control of PPL Corporation. The agreements with Messrs. DeCampli, Spence and Farr provide for tax protection in the form of a gross-up payment to reimburse the executive for any excise tax under Internal Revenue Code Section 4999 as well as any additional income and employment taxes resulting from such reimbursement. Code Section 4999 imposes a 20% non-deductible excise tax on the recipient of an excess parachute payment, and Code Section 280G disallows the tax deduction to the payor of any amount of an excess parachute payment. Payments as a result of a change in control must exceed three times the executive s base amount in order to be considered excess parachute payments, and then the excise tax is imposed on the parachute payments that exceed the executive s base amount. The intent of the tax gross-up is to provide a benefit without a tax penalty to PPL executives who are displaced in the event of a change in control. PPL believes the provision of tax protection for the adverse tax consequences imposed on the executive under these rules is consistent with market practice, is an important executive retention component of PPL s program and is consistent with PPL s compensation objectives. The separation agreements for Messrs. Abel and Simmons do not provide for any gross-up payments, but they do permit PPL Corporation to adjust any payments to be made to them so that the severance payments will be reduced, to the extent necessary, so that the severance payments, together with all other potential parachute payments to the executive, will not trigger an excise tax, unless paying the full severance benefits would result in a greater net after-tax benefit to the executive.

Section 409A. The Committee also considers the impact of Section 409A of the Internal Revenue Code on PPL s compensation programs. Section 409A was enacted as part of the American Jobs Creation Act of 2004 and substantially impacts the federal income tax rules applicable to nonqualified deferred compensation arrangements, as defined in the Section. In general, Section 409A governs when elections for deferrals of

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compensation may be made, the form and timing permitted for payment of such deferred amounts, and the ability to change the form and timing of payments initially established. Section 409A imposes sanctions for failure to comply, including inclusion in current income, a 20% penalty tax and interest on the recipient employee. PPL operates its covered arrangements in a manner intended to avoid the adverse tax treatment under Section 409A. Amendments have already been made to the covered arrangements in this regard, and it is likely that PPL will make additional amendments to its covered arrangements as future guidance is issued.

SFAS 123(R). In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, which is known as SFAS 123(R) and prescribes the accounting for all stock-based awards. PPL adopted SFAS 123(R) effective January 1, 2006. SFAS 123(R) requires PPL to recognize compensation cost for stock-based awards over the applicable service period using a fair value method. PPL uses the market price of its common stock at the date of grant to value its restricted stock and restricted stock unit awards and uses the Black-Scholes stock option pricing model to determine the fair value of its stock option awards. The adoption of SFAS 123(R) did not have a significant impact on the accounting for PPL s stock-based awards, as PPL began expensing stock options on January 1, 2003 under the fair value method and the expense recognition for restricted stock and restricted stock units was not significantly changed.

For additional information on PPL s accounting methods and assumptions for stock-based awards, refer to Notes 1 and 12 of the company s financial statements in the Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC.

PPL s stock-based compensation plans allow for accelerated vesting upon an employee s retirement. As a result, PPL recognizes the expense immediately for employees who are retirement eligible when stock-based awards are granted. For employees who are not retirement eligible when stock-based awards are granted, PPL amortizes the awards on a straight-line basis over the shorter of the vesting period or the period up to the employee s attainment of retirement age. PPL considers retirement eligible as the early retirement age of 55.

Because the SEC requires that the value of stock-based awards that are included in the Summary Compensation Table in this Information Statement be based on SFAS 123(R) expense recognition, and because of the accelerated vesting that is based on an employee s age as described above, amounts disclosed in these tables will differ from amounts calculated for compensation purposes and described in this CD&A.

In addition, because the restricted stock unit awards granted for 2007 performance were not granted until January 2008, any expense for these awards will be reflected beginning in next year s and not this year s Summary Compensation Table and next year s and not this year s Grants of Plan-Based Awards table, and will not tie directly to the values determined by PPL s compensation grant methodology. For example, the restrictions on an annual grant of restricted stock units lapse after three years. The grant value is determined using the methodology described as of the award date. Under SFAS 123(R), the grant is accounted for as an expense over the period of time the restrictions are in place. Therefore, unless the executive officer is considered retirement eligible, only a portion of the annual grant value is expensed in the grant year. Even though the grant is for 2007 performance, because it was granted in January 2008, no expense related to the awards will appear in the Summary Compensation Table until next year. Also expensed in the grant year is a portion of prior grants on which restrictions had not lapsed. If the executive officer who receives the award is age 55 or older, 100% of the award is expensed in the year of the grant because the officer is eligible for retirement.

Executive Compensation Tables

The following table summarizes all compensation for the company s current and former presidents, our principal financial officer and our next two (there is not a third executive officer) most highly compensated executive officers for the last fiscal year or named executive officers. Messrs. Spence, Farr, Abel and Simmons were not paid separately as officers of the company, but are employees of, and are paid by, PPL Services Corporation. Mr. DeCampli joined the company on December 4, 2006 as Senior Vice President-Transmission and Distribution Engineering and Operations. Mr. Spence was named president of the company on January 2, 2007 after the former president, John F. Sipics, retired effective the end of 2006. Mr. Spence resigned as president on March 31, 2007 and Mr. DeCampli was named president of the company on April 1, 2007. Mr. Farr resigned as Senior Vice President-Financial on March 31, 2007 and was named Executive Vice President and Chief Financial Officer of PPL Corporation on April 1, 2007. Mr. Simmons joined PPL on January 30, 2006, at which time Mr. Farr resigned as Controller. Restricted stock awards and stock options are for shares of PPL Corporation common stock.

SUMMARY COMPENSATION TABLE

rincipal	Year	Salary[2]	Bonus[3]	Stock Awards[4]	Option Awards[5]	Non-Equity Incentive Plan Compensation[6]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[7]	All Other Compensation[8]	
Campli	2007	$ 293,462		$ 79,571	$ 54,321	$ 188,200	$ 48,283	$ 196,436	$
	2006	10,192	$ 225,000	5,546		117,000		24,699	
pence ident	2007	597,116		127,877	246,014	712,000	287,172	39,877	
	2007	437,669		266,182	289,422	471,200	124,790	16,562	
or Vice nancial	2006	388,462		265,027	209,167	256,000	76,291	10,063	
el	2007	274,742		153,826	178,345	146,400	238,601	10,158	
	2006	263,466		152,819	141,426	135,100	206,408	8,465	
ons, Jr.	2007	249,040		78,281	88,420	135,000	29,333	14,949	
nt and	2006	199,040	100,000	38,402	38,773	107,500	24,886	171,434	

(1) Salary includes cash compensation deferred to the PPL Officers Deferred Compensation Plan. The following officers deferred salary in the amounts and years indicated: Mr. DeCampli ($28,327 in 2007); Mr. Spence ($17,914 in 2007); Mr. Farr ($43,767 in 2007 and $30,831 in 2006); and Mr. Abel ($8,242 in 2007).

(2) Reflects one-time cash sign-on bonuses for Mr. DeCampli when he joined the company on December 4, 2006 and Mr. Simmons when he joined PPL Corporation as Vice President and Controller on January 30, 2006.

(3) This column represents the compensation expense recognized for financial statement reporting purposes on shares of restricted stock and restricted stock units in accordance with SFAS 123(R), other than restricted stock unit awards granted in lieu of the annual cash incentive award foregone by the named executive officer. See Note 6 below. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. No forfeitures of restricted stock or restricted stock units actually occurred during 2007 or 2006. Because Mr. Abel was eligible for retirement, the fair value of his awards has been fully expensed. This column also includes the value of the premium restricted stock units granted in January 2007 and January 2006 and the restricted stock units granted as part of the exchanges made by Messrs. DeCampli, Spence and Farr of their cash incentive compensation awarded in January 2008 for 2007 performance under the Premium Exchange Program and by Mr. Farr of his cash incentive compensation awarded in January 2007 for 2006 performance under the Premium Exchange Program. See description of the Premium Exchange Program in CD&A Ownership Guidelines. For shares of restricted stock and restricted stock units granted in 2006 and earlier years, fair value is calculated using the average of the high and low sale prices of PPL Corporation s common stock on the date of grant. Beginning in 2007, fair value is calculated using the closing sale price on the date of grant. For additional information, refer to Note 12 to the company s financial statements in the Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC. See the Grants of Plan-Based Awards During 2007 table below for information on awards made in 2007. These amounts reflect PPL s accounting expense for these restricted stock and restricted stock unit awards and do not correspond to the actual value that will be recognized by the named executive officers.

(4) This column represents the dollar amount recognized for financial statement reporting purposes for stock options granted to each of the named executive officers in the indicated year as well as, in most cases, prior fiscal years,

in accordance with SFAS 123(R). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. No forfeitures of any stock options actually occurred during 2007 or 2006. As Mr. Abel was eligible for retirement, the fair value of his stock option awards has been fully expensed. For additional information on the valuation assumptions with respect to the 2007 stock option grants, refer to Note 12 to the company s financial statements in the Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC. For information on the valuation assumptions with respect to option grants made prior to 2007, refer to the Note entitled Stock-Based Compensation in the company s financial statements in the Annual Report on Form 10-K for the respective year-end. See the Grants of Plan-Based Awards During 2007 table for information on options granted in 2007. These amounts reflect the accounting expense for these stock option awards and do not correspond to the actual value that will be recognized by the named executive officers.

(5) This column represents annual cash incentive awards granted in January 2008 and 2007 under PPL s Short-term Incentive Plan for performance in 2007 and 2006, respectively. The following named executive officers elected to exchange a portion of their cash awarded in January 2008, for 2007 performance, for restricted stock units under the Premium Exchange Program: DeCampli ($188,200); Spence ($712,000); and Farr ($424,080). Mr. Farr elected to exchange $166,400 of his cash awarded in January 2007, for 2006 performance, for restricted stock units under the Premium Exchange Program. See description of the Premium Exchange Program in CD&A Ownership Guidelines. The values of these awards are included in this column and not in the Stock Awards column. The grants of restricted stock units under the Premium Exchange Program for the cash award foregone by these executive officers in 2008 will be reflected in next year s Grants of Plan-Based Awards table and the value of such grants will be reflected in the Stock Awards column beginning in next year s Summary Compensation Table.

(6) This column represents the sum of the changes in value in the Retirement Plan and Supplemental Executive Retirement Plan during 2007 and 2006, as applicable, for each of the named executive officers. No change in value is shown for Mr. DeCampli in 2006 because he was not eligible to participate in these plans until January 1, 2007. See the Pension Benefits in 2007 table on page 32 for additional information. No above-market earnings under the PPL Officers Deferred Compensation Plan are reportable for 2007 or 2006. See the Nonqualified Deferred Compensation in 2007 table on page 36 for additional information.

(7) The table below reflects the components of this column for 2007, which include PPL s matching contribution for each individual s 401(k) plan contributions under the PPL Deferred Savings Plan, annual allocations under the Employee Stock Ownership Plan, and perquisites, including financial planning and tax preparation services and relocation reimbursements.

Name	401(k) Match	ODCP Employer Contributions	ESOP Allocation	Financial Planning	Relocation	PGG Gift(b)	Benefits Paid	Total
D. G. DeCampli	$ 6,750	$ 1,748	$ 328	$ 9,600	$ 177,904(a)	$ 57	$ 50(c)	$ 196,436
W. H. Spence	6,750	10,697	334	10,500		57	11,538(d)	39,877
P. A. Farr	6,750	6,403	352	3,000		57		16,562
J. E. Abel	6,750	1,426	1,926			57		10,158
J. M. Simmons, Jr.	6,750		334	3,000		57	4,808(d)	14,949

(a) The relocation expenses listed for Mr. DeCampli include tax gross-up payments of $546. The relocation expenses are computed on the basis of the amounts of reimbursements to him for costs of movement and storage of household goods; house hunting costs; temporary living costs; costs associated with the purchase of a home in the new location; costs associated with the sale of his former residence; relocation company administrative costs; home sale incentives; and other miscellaneous fees.

(b) Reflects cost of thank-you gift received from People for Good Government, PPL Corporation s Political Action Committee.

(c) One-time safety team award.

(d) Payments for vacation earned but not taken.

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GRANTS OF PLAN-BASED AWARDS DURING 2007

The following table provides information about equity and non-equity awards granted to the named executive officers in 2007, specifically: (1) the grant date; (2) estimated possible payouts under the 2007 annual cash incentive award program; (3) the number of shares of PPL Corporation common stock underlying all stock awards, which consist of restricted stock units awarded to the named executive officers in 2007 for 2006 performance under PPL s Incentive Compensation Plan, as well as restricted stock units granted pursuant to the Premium Exchange Program described under CD&A Ownership Guidelines ; (4) the number of shares underlying stock options awarded to the named executive officers; (5) the exercise price of the stock option awards, which was calculated using the closing sale price of PPL Corporation stock on the date of grant; and (6) the grant date fair value of each equity award computed under SFAS 123(R).

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[(1)] Threshold	Target	Maximum	All Other Stock Awards: Number of Shares of Stock or Units[(2)]	All Other Option Awards: Number of Securities Underlying Options[(3)]	Exercise or Base Price of Option Awards[(4)] ($/Sh)	Grant Da Fair Value o Stock and Optio Awards
G. DeCampli	3/23/2007	$ 76,250	$ 152,500	$ 228,750				
	1/25/2007					25,110	$ 35.12	$ 177,77
	3/01/2007				4,370			167.93
H. Spence	3/23/2007	255,000	510,000	765,000				
	1/25/2007				40,390			1,418,49
	1/25/2007					113,720	35.12	805,13
A. Farr	3/23/2007	168,750	337,500	506,250				
	1/25/2007				16,430			577,02
	1/25/2007					56,320	35.12	398,74
. Abel	3/23/2007	55,020	110,040	165,060				
	1/25/2007				4,380			153,82
	1/25/2007					25,190	35.12	178,34
I. Simmons, Jr.	3/23/2007	50,000	100,000	150,000				
	1/25/2007				3,390			119,05
	1/25/2007					21,320	35.12	150,94

(1) This column shows the potential payout range under the 2007 annual cash incentive award program. For additional information, see CD&A Compensation Elements Direct Compensation Annual Cash Incentive Awards at page 11. The cash incentive payout range is from 50% to 150%, however, if the performance falls

below the 50% level, the payout would be zero. The actual payout for 2007 is found in the Summary Compensation Table on page 26 in the column entitled Non-Equity Incentive Plan Compensation.

(2) This column shows the total number of restricted stock units granted in 2007 to the named executive officers. In general, restrictions will lapse three years from the date of grant (on January 24, 2010 for the awards granted on January 25, 2007; and on February 28, 2010 for the awards granted on March 1, 2007 to Mr. DeCampli). During the restricted period, each restricted stock unit entitles the individual to receive quarterly payments from PPL Corporation equal to the quarterly dividends on one share of PPL Corporation stock.

This column also shows the number of restricted stock units granted to the following named executive officers who exchanged a portion of their cash incentive compensation awarded in January 2007 for 2006 performance under the Premium Exchange Program (called Exchanged Units) and the number of premium restricted stock units granted in January 2007 as result of the Exchanges made (called Premium Units): Spence (14,720 Exchanged Units and 5,890 Premium Units) and Farr (4,740 Exchanged Units and 1,900 Premium Units). The Exchanged Units are not included in the Stock Awards column of the Summary Compensation Table because they would have been required to be reported as cash incentive awards for 2006. The Premium Units are included in this year s Summary Compensation Table to the extent they were expensed during 2007.

(3) This column shows the number of stock options granted in 2007 to the named executive officers. These options vest and become exercisable in three equal annual installments, beginning on January 25, 2008, which is one year after the grant date.

(4) This column shows the exercise price for the stock options granted in 2007, which was the closing sale price of PPL Corporation common stock on the date that the options were granted.

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(5) This column shows the full grant date fair value of restricted stock units and stock options granted to the named executive officers in 2007 under SFAS 123(R). Generally, the full grant date fair value is the amount that PPL would expense in its financial statements over the award s vesting schedule. Because Mr. Abel was eligible for retirement, the full grant date fair value of his stock awards was expensed in 2007. For restricted stock units, fair value was calculated using the closing sale price of PPL Corporation stock on the grant date, as follows: $35.12 for the grants made on January 25, 2007 and $38.43 for the grant made on March 1, 2007 to Mr. DeCampli. For stock options, fair value was calculated using the Black-Scholes value on the grant date of $7.08. For additional information on the valuation assumptions for stock options, see Note 12 to the company s financial statements in the Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC. These amounts reflect the accounting expense, and do not correspond to the actual value that will be recognized by the named executive officers when restrictions lapse on the restricted stock units or when the options are exercised.

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OUTSTANDING EQUITY AWARDS AT FISCAL-YEAR END 2007

The following table provides information on all unexercised stock option awards, as well as all unvested restricted stock and restricted stock unit awards, for each named executive officer as of December 31, 2007. Each stock option grant is shown separately for each named executive and the restricted stock or restricted stock units that have not vested are shown in the aggregate. The vesting schedule for each grant is shown following this table, based on the option or stock award grant date. The market value of the stock awards is based on the closing market price of PPL Corporation stock as of December 31, 2007, which was $52.09. For additional information about the stock option and stock awards, see CD&A Compensation Elements Direct Compensation Long-term Incentive Awards (Equity Awards) at page 16.

		Option Awards					Stock Awards	
Name	Grant Date(1)	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(3)	Market Value of Shares or Units of Stock That Have Not Vested
D. G. DeCampli	1/25/07		25,110		$ 35.12	1/24/2017		
							10,430	$ 543,299
W. H. Spence	1/25/07		113,720		35.12	1/24/2017		
							49,920	2,600,333
P. A. Farr	1/27/05	16,987	16,993		26.66	1/26/2015		
	1/26/06	20,630	41,260		30.14	1/25/2016		
	1/25/07		56,320		35.12	1/24/2017		
							83,360	4,342,222
J. E. Abel	1/27/05		10,060		26.66	1/26/2015		
	1/26/06		19,400		30.14	1/25/2016		
	1/25/07		25,190		35.12	1/24/2017		
							14,970	779,787
J. M. Simmons, Jr.	1/26/06	8,704	17,406		30.14	1/25/2016		
	1/25/07		21,320		35.12	1/24/2017		
							7,510	391,196

(1)

For a better understanding of this table, we have included an additional column showing the grant date of the stock options.

(2) All stock options for the named executive officers vest, or become exercisable, over three years one-third at the end of each year following grant.

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As of December 31, 2006, the vesting dates of unvested stock option awards for the named executive officers were as follows:

		Vesting Dates					
		2008			2009		2010
Officer	**Grant Date**	**1/25**	**1/26**	**1/27**	**1/25**	**1/26**	**1/25**
D. G. DeCampli	1/25/07	8,370			8,370		8,370
W. H. Spence	1/25/07	37,907			37,906		37,907
P. A. Farr	1/27/05			16,993			
	1/26/06		20,630			20,630	
	1/25/07	18,774			18,773		18,773
J. E. Abel	1/27/05			10,060			
	1/26/06		9,700			9,700	
	1/25/07	8,397			8,396		8,397
J. M. Simmons, Jr.	1/26/06		8,703			8,703	
	1/25/07	7,107			7,106		7,107

(3) The dates that restrictions lapse for each restricted stock or unit award granted to the named executive officers are as follows:

		2008		2009				2010		2027
ficer	**Grant Date**	**1/27**	**3/1**	**1/26**	**3/1**	**6/26**	**12/4**	**1/25**	**3/1**	**4/27**
G. Campli	12/4/06						6,060			
	3/01/07								4,370	
H. ence	6/26/06					9,530				
	1/25/07							40,390		
A. Farr	4/22/02									24,60
	1/27/05	8,420								
	3/01/05		4,280							
	1/26/06			14,230						
	1/27/06									15,40
	1/25/07							16,430		
E. Abel	1/27/05	4,980								

	1/26/06	4,590		
	3/01/06		1,020	
	1/25/07			4,380
M.				
mmons,				
	1/26/06	4,120		
	1/25/07			3,390

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OPTION EXERCISES AND STOCK VESTED IN 2007

The following table provides information, for each of the named executive officers, on (1) stock option exercises during 2007, including the number of shares acquired upon exercise and the value realized, and (2) the number of shares acquired upon the vesting during 2007 of stock awards in the form of restricted stock units and the value realized, each before payment of any applicable withholding tax and broker commissions.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise[1]	Number of Shares Acquired on Vesting	Value Realized on Vesting[2]
D. G. DeCampli				
W. H. Spence				
P. A. Farr	24,427	$ 598,156	5,200	$ 199,836
J. E. Abel	50,860	953,696	5,860	213,718
J. M. Simmons, Jr.				

(1) Amounts reflect the difference between the exercise price of the stock option and the market price at the time of exercise.

(2) Amounts reflect the market value of the restricted stock units on the day the restrictions lapsed.

PENSION BENEFITS IN 2007

The following table sets forth information on the pension benefits for the named executive officers under each of the following pension plans:

PPL Retirement Plan. The PPL Retirement Plan is a funded and tax-qualified defined benefit retirement plan that covers approximately 5,822 active employees as of December 31, 2007. As applicable to the named executive officers, the plan provides benefits based primarily on a formula that takes into account the executive s earnings for each fiscal year. Benefits under the PPL Retirement Plan for eligible employees are determined as the greater of the following two formulas:

The first is a career average pay formula of 2.25% of annual earnings for each year of credited service under the plan.

The second is a final average pay formula as follows:

1.3% of final average earnings up to the average Social Security Wage Base ($51,348 for 2007)

plus
1.7% of final average earnings in excess of the average Social Security Wage Base

multiplied by
the sum of years of credited service (up to a maximum of 40 years).

Under the final average pay formula, final average earnings equal the average of the highest 60 months of pay during the last 120 months of credited service. The Social Security Wage Base is the average of the taxable social security wage base for the 35 consecutive years preceding an employee s retirement date or, for employees retiring at the end of 2007, $51,348. The executive s annual earnings taken into account under each formula include base salary, plus cash incentive awards, less amounts deferred under the PPL Officers Deferred Compensation Plan, but may not exceed an IRS-prescribed limit applicable to tax-qualified plans ($225,000 for 2007).

The benefit an employee earns is payable starting at retirement on a monthly basis for life. Benefits are computed on the basis of the life annuity form of pension, with a normal retirement age of 65. Benefits are reduced for retirement prior to age 60 for employees with 20 years of credited service and reduced prior to age 65 for other employees. Employees vest in the PPL Retirement Plan after five years of credited service. In addition, the plan provides for joint and survivor annuity choices and does not require employee contributions.

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Benefits under the PPL Retirement Plan are subject to the limitations imposed under Section 415 of the Internal Revenue Code. The Section 415 limit for 2007 is $180,000 per year for a single life annuity payable at an IRS-prescribed retirement age.

PPL Supplemental Executive Retirement Plan. PPL Corporation offers the PPL Supplemental Executive Retirement Plan, or SERP, to approximately 24 active officers as of December 31, 2007 in order to provide for retirement benefits above amounts available under the PPL Retirement Plan described above. The SERP is unfunded and is not qualified for tax purposes. Accrued benefits under the SERP are subject to claims of PPL Corporation s creditors in the event of bankruptcy.

The SERP formula is 2.0% of final average earnings for the first 20 years of credited service plus 1.5% of final average earnings for the next 10 years. Earnings include base salary and annual cash incentive awards. Final average earnings is the average of the highest 60 months of earnings during the last 120 months of credited service.

Benefits are computed on the basis of the life annuity form of pension, with a normal retirement age of 65. Generally, absent a specifically authorized exception, such as upon a qualifying termination in connection with a change in control, no benefit is payable under the SERP if the executive officer has less than 10 years of service. Benefits under the SERP are paid, in accordance with a participant s advance election, as a single sum or as an annuity, including choices of a joint and survivor or years-certain annuity. At age 60, or at age 50 with 10 years of service, accrued benefits are vested and may not be reduced by an amendment to the SERP or termination by PPL. After the completion of 10 years of service, participants are eligible for death benefit protection.

PPL does not have a policy for granting additional years of service but has done so under the SERP in individual situations. A grant of additional years of service to any executive officer must be approved by PPL Corporation s Compensation, Governance and Nominating Committee. Mr. Spence has been credited an additional year of service for each year of employment under the SERP. The total SERP benefit cannot increase beyond 30 years of service for any participant. The following table reflects a pro rata portion of the additional service amounts based on service as of December 31, 2007.

PPL Subsidiary Retirement Plan. The PPL Subsidiary Retirement Plan, under which Mr. Farr became a participant before he became an officer of PPL Corporation, is a defined benefit plan that utilizes a hypothetical account balance to determine a monthly retirement annuity when an individual retires (known as a cash balance plan). Age 65 is the normal retirement age, but an individual may receive a reduced benefit as early as age 50 if the participant has at least five years of service.

The benefit formula for yearly increases to the hypothetical account balance is an increasing scale, based on age plus years of service. A participant whose age, plus years of service, is 32 or lower receives the minimum yearly credit of 5% of compensation plus 1.5% of compensation that is in excess of 50% of the Social Security Wage Base (defined above under PPL Retirement Plan). Compensation generally means base pay. The amount credited increases as age plus years of service increases, up to a maximum credit, at age plus years of service of 75 or above, of 14% of compensation plus 6% of compensation that is in excess of 50% of the Social Security Wage Base.

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A participant has a vested right to a benefit under this plan after five years of service. Benefits are paid as a monthly annuity amount for life, or as a joint and survivor annuity. The amount of the annuity is determined by converting the hypothetical account balance, plus an assumed rate of interest, into a monthly annuity for life or joint lives. The amount payable is actuarially reduced if the participant elects to commence payment at an age younger than 65.

Name	Plan Name	Number of Years Credited Service(1)	Present Value of Accumulated Benefit(2)(3)	Payments During Last Fiscal Year
D. G. DeCampli	PPL Retirement Plan	1.1	$ 22,272	
	SERP	1.1	29,186	
W. H. Spence	PPL Retirement Plan	1.5	32,131	
	SERP	2.5(4)	387,736	
P. A. Farr	PPL Retirement Plan	3.3	56,368	
	PPL Subsidiary Plan	4.8	18,971	
	SERP	9.6	298,086	
J. E. Abel	PPL Retirement Plan	33.3	1,070,850	
	SERP	26.9	790,409	
J. M. Simmons, Jr.	PPL Retirement Plan	1.9	35,876	
	SERP	1.9	18,343	

(1) See PPL Supplemental Executive Retirement Plan above for a description of the years of service that have been granted under the SERP.

(2) The accumulated benefit is based on service and earnings (base salary and annual cash incentive award) considered by the plans for the period through December 31, 2007. The present value has been calculated assuming that the named executive officers will remain in service until age 60, the age at which retirement may occur without any reduction in benefits, provided that, for the PPL Retirement Plan, the employee has at least 20 years of service, and the benefit is payable under the available forms of annuity consistent with the assumptions as described in Note 13 to the financial statements in the company s Annual Report on Form 10-K for the year ended December 31, 2007. As described in such Note, the interest assumption is 6.39%. The post-retirement mortality assumption is based on the most recently available retirement plan table published by the Society of Actuaries, known as RP 2000, which is a widely used table for determining accounting obligations of pension plans. Only Mr. Abel is vested in the SERP as of December 31, 2007.

(3) The present values in the table are theoretical figures prescribed by the SEC for disclosure and comparison. The table below illustrates the actual benefits payable under the SERP for the listed events assuming termination of employment occurred as of December 31, 2007.

SERP Payments upon Termination as of December 31, 2007[a]

Named Executive Officer	Retirement	Death	Disability
D. G. DeCampli[b]			
W. H. Spence[b]			
P. A. Farr[b]			
J. E. Abel	$ 1,064,932	$ 425,235	$ 1,064,932
J. M. Simmons, Jr.[b]			

[a] Each named executive officer has elected to receive benefits payable under the SERP as a lump-sum payment, subject to applicable law. The amounts shown in this table represent the values that would have become payable based on a December 31, 2007 termination of employment. Actual payment would be made following December 31, subject to plan rules and in compliance with Section 409A of the Internal Revenue Code.

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(b) Messrs. DeCampli, Spence, Farr and Simmons are not eligible to retire and are not vested under the SERP. Messrs. DeCampli, Spence and Simmons are also not vested in the PPL Retirement Plan, meaning that, if they left the company on December 31, 2007 under any circumstance, they would not be eligible for any benefit. If Mr. Farr had left the company on December 31, 2007, voluntarily or as a result of a disability or death, he or his spouse would have been vested in a deferred benefit under the PPL Retirement Plan and PPL Subsidiary Retirement Plan. The PPL Retirement Plan benefit is first payable at age 55 on a reduced basis. The PPL Subsidiary Retirement Plan is first payable at age 50 on a reduced basis, but the death benefit is payable at the surviving spouse s chosen date of commencement.

(4) Includes one additional year of service provided to Mr. Spence. The years of credited service in excess of actual years of service provided to PPL resulted in an increase to the present value of accumulated benefits under the SERP for Mr. Spence as of December 31, 2007 of $176,931.

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NONQUALIFIED DEFERRED COMPENSATION IN 2007

The PPL Officers Deferred Compensation Plan allows participants to defer all but $75,000 of their base salary and up to all of their annual cash incentive awards. In addition, PPL made matching contributions to this plan during 2007 of up to 3% of an executive s cash compensation (salary plus annual cash incentive award) to match executive contributions that would have been made to PPL s tax-qualified deferred savings plan, which is a 401(k) plan, also known as the PPL Deferred Savings Plan, except for Internal Revenue Service imposed limitations on those contributions. A hypothetical account is established for each participant who elects to defer, and the participant selects one or more deemed investment choices that generally mirror those that are available generally to employees under the PPL Deferred Savings Plan at Fidelity Investments. Earnings and losses on each account are determined based on the performance of the investment funds selected by the participant. PPL maintains each account as a bookkeeping entry.

In general, the named executive officers cannot withdraw any amounts from their deferred accounts under this plan until they either leave or retire from a PPL company. PPL s Corporate Leadership Council, which consists of PPL s chief executive officer, chief financial officer, chief operating officer and general counsel, has the discretion to make a hardship distribution if there is an unforeseeable emergency that causes a severe financial hardship to the participant. Participants may elect one or more annual installments for a period up to 15 years, provided that the participant complies with the election and timing rules of Section 409A of the Internal Revenue Code. No withdrawals or distributions were made by the named executive officers in 2007.

Name	Executive Contributions in Last FY[(1)]	Registrant Contributions in Last FY[(2)]	Aggregate Earnings in Last FY[(3)]	Aggregate Withdrawals/ Distribution	Aggregate Balance at Last FYE[(4)]
D. G. DeCampli	$ 28,327	$ 1,748	$ 152		$ 30,227
W. H. Spence	17,914	10,697	1,251		29,861
P. A. Farr	43,767	6,403	20,508		260,012
J. E. Abel	8,242	1,503	2,071		38,929
J. M. Simmons, Jr.					

(1) All amounts deferred by Messrs. DeCampli, Spence, Farr and Abel during 2007 are included in the Salary column of the Summary Compensation Table.

(2) Amounts in this column are PPL matching contributions during 2007 and are included in the Summary Compensation Table under the heading All Other Compensation.

(3) Aggregate earnings for 2007 are not reflected in the Summary Compensation Table because such earnings are not deemed to be above-market earnings.

(4)

Represents the total balance of each named executive officer s account as of December 31, 2007. Of the totals in this column, the following amounts have been reported in the Summary Compensation Table for this year and for 2006, if applicable.

Name	**Fiscal Year**	**Executive Contributions**	**Registrant Contributions**	**Total**
D. G. DeCampli	2007	$ 28,327	$ 1,748	$ 30,075
	2006	0		0
W. H. Spence	2007	17,914	10,697	28,611
P. A. Farr	2007	43,767	6,403	50,170
	2006	30,831		30,831
J. E. Abel	2007	8,242	1,503	9,745
	2006	0		0
J. M. Simmons, Jr.	2007	0		0
	2006	0		0

Change-in-Control Arrangements

PPL Corporation has entered into severance agreements with each of the named executive officers, which provide benefits to these officers upon qualifying terminations of employment in connection with a change in control of PPL Corporation. A change in control is defined as the occurrence of any five specific events. These events are summarized as follows:

a change in the majority of the members of the PPL Corporation Board of Directors occurs through contested elections;

an investor or group acquires 20% or more of PPL Corporation s common stock;

a merger occurs that results in less than 60% control of PPL Corporation or surviving entity by the current shareowners;

shareowner approval of the liquidation or dissolution of PPL Corporation; or

the Board of Directors of PPL Corporation declares that a change in control is anticipated to occur or has occurred.

A voluntary termination of employment by the named executive officer would only result in the payment of benefits if there was good reason for leaving. Good reason includes a number of circumstances where the named executive officer has a substantial adverse change in the employment relationship or the duties assigned. For example, a reduction in salary, a relocation of the place of work more than 30 miles away, or a cutback or exclusion from a compensation plan, pension plan or welfare plan would be good reason. The benefits provided under these agreements replace any other severance benefits that PPL Corporation or any prior severance agreement would provide to these named executive officers.

There is no benefit payable before or after a change in control if the officer is discharged for cause. Cause generally means willful conduct that can be shown to cause material injury to PPL Corporation or the willful refusal to perform duties after written demand by the PPL Corporation Board of Directors.

Each of the severance agreements continues in effect until December 31, 2009, and the agreements generally are automatically extended for additional one-year periods. If a change in control occurs, the agreements will expire no earlier than 36 months after the month in which the change in control occurs. Each agreement provides that the named executive officer will be entitled to the severance benefits described below if, in connection with a change in control, the company terminates the named executive officer s employment for any reason other than death, disability, retirement or cause, or the officer terminates employment for good reason.

These benefits include:

a lump-sum payment equal to three times (for Messrs. DeCampli, Spence, Farr and Abel) or two times (Mr. Simmons) the sum of (1) the named executive officer s base salary in effect immediately prior to the date of termination, or if higher, immediately prior to the first occurrence of an event or circumstance constituting good reason, and (2) the highest annual bonus in respect of the last three fiscal years ending immediately prior to the fiscal year in which the change in control occurs, or if higher, the fiscal year immediately prior to the fiscal year in which first occurs an event or circumstance constituting good reason ;

a lump-sum payment having an actuarial present value equal to the additional pension benefits the officer would have received had the officer continued to be employed by the company for an additional 36 months (for Messrs. DeCampli, Spence, Farr and Abel) or 24 months (for Mr. Simmons);

the continuation of welfare benefits for the officer and his or her dependents for the 36-month or 24-month period following separation (reduced to the extent the officer receives comparable benefits from another employer);

unpaid incentive compensation that has been allocated or awarded for a previous performance period;

all contingent incentive compensation awards for all then uncompleted periods, calculated on a prorated basis of months of completed service, assuming performance achievement at 100% of the target level;

outplacement services for up to three years;

- for Messrs. DeCampli, Spence and Farr only, a gross-up payment for any excise tax imposed under the golden parachute provisions of the Internal Revenue Code; and
- post-retirement health care and life insurance benefits to officers who would have become eligible for such benefits within the applicable 36-month or 24-month period following the change in control.

See the Potential Payments upon Termination or Change in Control of PPL Corporation table on page 42 for the estimated value of benefits to be paid if a named executive officer was terminated on December 31, 2007, after a change in control of PPL Corporation for qualifying reasons.

In addition to the benefits that the severance agreements provide, the following events would occur in the event of a change in control under PPL Corporation s compensation arrangements:

- the restriction period applicable to any outstanding restricted stock or restricted stock unit awards lapses for those awards granted as part of PPL s compensation program (excluding restricted stock granted under any retention agreements);
- all restrictions on the exercise of any outstanding stock options lapse;
- all participants in the SERP immediately vest in their accrued benefit, even if not yet vested due to age and service; and
- upon a qualifying termination, the SERP benefit improves by a pro rata portion of the additional years of service granted to the officer, if any, that otherwise would not be earned until a specified period of years had elapsed or the officer had reached a specified age.

The values of the equity award accelerations and SERP enhancements are included under the Change in Control Termination column of the Potential Payments upon Termination or Change in Control of PPL Corporation table provided below at page 42.

PPL has trust arrangements in place to facilitate the funding of benefits under the SERP, the PPL Officers Deferred Compensation Plan and the severance agreements if a change in control were to occur. Currently, the trusts are not funded. The trusts provide for PPL Corporation to fund the trusts at the time a potential change in control occurs. The funds are refundable to PPL Corporation if the change in control does not actually take place.

A potential change in control is triggered when:

- PPL Corporation enters into an agreement that would result in a change in control;
- PPL Corporation or any investor announces an intention to enter into a change in control;
- the Board of Directors of PPL Corporation declares that a potential change in control has occurred; or
- an investor obtains 5% or more of PPL Corporation s common stock and intends to control or influence management (requiring a Schedule 13D to be filed by the investor with the SEC).

Within 60 days of the end of each year after the change in control occurs, PPL Corporation is required to irrevocably deposit additional cash or property into the trusts in an amount sufficient to pay participants or beneficiaries the benefits that are payable under terms of the plans that are being funded by the trusts as of the close of each year. Any income on the trust assets would be taxed to PPL Corporation and not to the beneficiaries of the trusts, and such assets would be subject to the claims of general creditors in the event of PPL Corporation s insolvency or bankruptcy.

Retention Agreement

PPL Corporation signed a retention agreement with Mr. Farr that grants 40,000 shares of restricted stock to him. The restriction period will lapse on April 27, 2027. In the event of death or disability, the restriction period on a prorated portion of these shares will lapse immediately. In the event of a change in control of PPL Corporation, the restriction period on all of these shares will lapse immediately if there is an involuntary termination of employment that is not for cause. In the event Mr. Farr is terminated for cause or he terminates his employment with all PPL-affiliated companies prior to April 27, 2027, all shares of this restricted stock will be forfeited.

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Termination Benefits

The named executive officers are entitled to various benefits in the event of a termination of employment, but the value of that benefit and its components varies depending upon the circumstances. A qualifying termination in connection with a change in control of PPL Corporation triggers contractual benefits under the severance, equity, and retention agreements described above. A retirement provides benefits and payments in cash or stock that are set forth in various executive plans referred to above. A termination resulting from death or disability also has a number of benefit consequences under various benefit plans.

The table below, Potential Payments upon Termination or Change in Control of PPL Corporation, sets forth best estimates of the probable incremental value of benefits that are payable assuming a termination of employment as of December 31, 2007, for reasons of voluntary termination, retirement, death, disability or qualifying termination in connection with a change in control. However, as permitted by SEC disclosure rules, the table does not reflect any amounts provided to a named executive officer that are generally available to all non-union employees. Also, the table below does not repeat information disclosed in the Pension Benefits in 2007 table, the Nonqualified Deferred Compensation in 2007 table or, except to the extent that vesting or payment may be accelerated, the Outstanding Equity Awards at Fiscal-Year End 2007 table. If a named executive officer does not yet qualify for full retirement benefits or other benefits requiring longer service, that additional benefit is not reflected below. If a named executive officer has the ability to elect retirement and thereby avoid a forfeiture or decreased benefits, the tables assume that retirement was elected and is noted as such in the footnotes to the table.

In the event that an executive is terminated for cause by PPL, no additional benefits are due under the applicable plans and agreements.

Severance.
See CD&A Compensation Elements Special Compensation Severance for a discussion of PPL s practice on severance benefits. PPL has entered into agreements with certain executives, typically in connection with a mid-career hire situation and as part of an offer of employment, in which the executive has been promised a year s salary in severance pay in the event the executive is terminated by PPL for reasons other than cause. Severance benefits payable under these arrangements are conditioned on the executive agreeing to release the employer from any liability arising from the employment relationship.

Specifically, with regard to the named executive officers, the company (as to Mr. DeCampli) and PPL Services Corporation (as to Mr. Simmons) agreed at the time of their hiring to provide up to 52 weeks of salary should the respective executive be terminated after one year of employment. Payment during the 52-week timeframe would stop if such executive became re-employed during the 52-week period. In addition, for a period equal to the severance payment period (up to 52 weeks), the company further agreed to continue active employee health, dental and basic life insurance benefits for Mr. DeCampli. PPL agreed at the time of hiring Mr. Spence to provide up to 24 months of salary should he be terminated after one year of employment. Furthermore, payment during the 24-month timeframe would stop if Mr. Spence became re-employed during the 24-month period.

As discussed above in Change-In-Control Arrangements, there is a structured approach to separation benefits for involuntary and select good reason terminations of employment in connection with a change in control of PPL Corporation. PPL Corporation has entered into agreements with each of the named executive officers that provide benefits to the officers upon qualifying terminations of employment in connection with a change in control of PPL Corporation. The benefits provided under these agreements replace any other severance benefits provided to these officers by PPL Corporation or any prior severance agreement.

The table below includes the severance payments, the value of continued welfare benefits and outplacement benefits as Other separation benefits , and as to Messrs. DeCampli, Spence and Farr, the value of gross-up payments for required Federal excise taxes on excess parachute payments as Tax gross-up amount payable. The value of additional pension benefits provided under the severance agreements is discussed above in Change-in-Control Arrangements and is included as SERP in the table below.

SERP and Officers Deferred Compensation Plan.

See Pension Benefits in 2007 above for a discussion of the SERP and Change-in-Control Arrangements for a discussion of enhanced benefits that are triggered if the named executive officer is terminated in connection with a change in control of PPL Corporation. The Potential Payments upon Termination or Change in Control of PPL Corporation table below only includes enhancements to benefits previously disclosed in the Pension Benefits in 2007 table available as a result of the circumstances of termination of employment.

Account balances under the PPL Officers Deferred Compensation Plan become payable as of termination of employment for any reason. Current balances are included in the Nonqualified Deferred Compensation in 2007 table on page 36 above and are not included in the table below.

Annual Cash Incentive Awards.

It is PPL s practice to pay a pro rata portion of the accrued but unpaid annual cash incentive award to executives who retire or who are eligible to retire and (1) die while employed or (2) terminate employment due to a disability during the performance year. Of the named executive officers, only Mr. Abel is eligible to retire. If the officers who are not eligible to retire were to die or terminate employment due to a disability, PPL Corporation s Compensation, Governance and Nominating Committee has the power to consider an award; if they were to leave voluntarily, they would not be entitled to an annual cash incentive award.

In the event of a qualifying termination in connection with a change in control, annual cash incentive awards that have been determined, but not yet paid, are payable under the terms of the severance agreements. Also in the case of a change in control, if a termination under the severance agreement occurs during the performance year, accrued incentive cash awards are payable on a pro rata basis for the period worked during the year using the assumption that performance goals were attained at target.

Except as noted above for the officers who are not eligible to retire, the annual cash incentive awards discussed in the CD&A and detailed for the 2007 year would be payable, without enhancement, in the event of retirement, death, disability, involuntary termination for reasons other than cause or in the event of a qualifying termination in connection with a change in control and are not included in the table below.

Long-term Incentive Awards.

Restrictions on restricted stock units generally lapse upon retirement, death or termination of employment due to disability or in the event of a change in control. Restricted stock units are generally forfeited in the event of voluntary termination; however, for executives eligible to retire, which includes Mr. Abel of the named executive officers, we have assumed for the table below that the executive retires and restrictions lapse. Likewise, in the table below we have assumed that, in the event of involuntary termination for reasons other than cause for executives eligible to retire, the restrictions lapse. Premium units granted under the Premium Exchange Program are forfeited in the event of voluntary termination or retirement prior to age 60, are prorated in the event of retirement or termination of employment without cause on or after age 60, and in the event of death or disability all restrictions lapse. Premium units are included in the table below based on these assumptions.

For Mr. Farr s retention agreement, the restrictions on the retention shares lapse if his employment is terminated: (1) involuntarily for reasons other than for cause; (2) for qualifying reasons in connection with a change in control; or (3) in the event of death or disability. The value of these units is included in the appropriate column.

The table below represents the value, as of December 31, 2007 (based on a PPL Corporation stock price of $52.09), of accelerated restricted stock units under each termination event.

Stock options that are not yet exercisable, other than those granted 12 months before termination of employment under the PPL Corporation Incentive Compensation Plan, or ICP, become exercisable upon retirement. In the event of death or termination of employment due to disability, stock options not yet exercisable continue to become exercisable in accordance with the vesting schedule (in one-third increments on each anniversary of the grant). Options that are not yet exercisable are generally forfeited in the event of voluntary termination; however, for executives eligible to retire (only Mr. Abel), we have assumed the executive retires. Likewise, in the table below we have assumed that in the event of involuntary termination for reasons other than cause, options not yet exercisable for executives eligible to retire become exercisable. In the event of voluntary termination of employment for reasons other than noted above, all executives have a minimum of 60 days to exercise options that are exercisable but that have not yet been exercised before they are forfeited.

Stock options granted under the ICP within 12 months of termination of employment are normally forfeited. In the event of a change in control, all options, including those granted within the last 12 months, become exercisable upon close of the transaction that results in the change in control.

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The term of all PPL stock options is 10 years. In the event of retirement, the executive has the full term to exercise the options. In the event of termination of employment as a result of death or disability, the term is reduced to the earlier of the remaining term of the option or 36 months. In the event of a qualifying termination of employment in connection with a change in control, the term is reduced to 36 months for all outstanding options. Effective for grants of options made in 2007 and after, the exercise periods in the event of a change in control will be extended to the full term.

The table below represents the value (based on a PPL Corporation stock price of $52.09) of options that are not yet exercisable, assuming the options were exercised as of December 31, 2007 under each termination event. For the table below, options already exercisable as of the termination event are excluded. The value of these options is provided in the Outstanding Equity Awards at Fiscal-Year End 2007 table above.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL OF PPL CORPORATION

Executive Name	Retirement or Voluntary Termination	Death	Disability	Involuntary Termination Not for Cause	Change in Control Termination
D. G. DeCampli					
Severance payable in cash(1)	$ 0	$ 0	$ 0	$ 305,000	$ 1,479,600
Other separation benefits(2)	0	0	0	15,000(7)	123,347
Tax gross-up amount payable(3)	0	0	0	0	0
SERP(4)	0	0	0	0	309,000
Restricted stock/units(5)	0	543,299	543,299	(8)	543,299
Stock options(6)	0	0	0	(8)	426,117
W. H. Spence					
Severance payable in cash(1)	0	0	0	1,200,000	3,936,000
Other separation benefits(2)	0	0	0	(7)	146,078
Tax gross-up amount payable(3)	0	0	0	0	4,104,320
SERP(4)	0	0	0	0	930,000
Restricted stock/units(5)	0	2,600,333	2,600,333	496,418(9)	2,600,333
Stock options(6)	0	0	0	(8)	1,929,828
P. A. Farr					
Severance payable in cash(1)	0	0	0	(7)	2,763,605
Other separation benefits(2)	0	0	0	(7)	138,989
Tax gross-up amount payable(3)	0	0	0	0	4,686,942
SERP(4)	0	0	0	0	990,000
Restricted stock/units(5)	0	4,342,222	4,342,222	2,083,600(8)	4,342,222
Stock options(6)	0	0	0	(8)	2,292,014
J. E. Abel					
Severance payable in cash(1)	0	0	0	(7)	1,254,602
Other separation benefits(2)	0	0	0	(7)	126,464
Tax gross-up amount payable(3)	0	0	0	0	0
SERP(4)	0	0	0	0	1,010,000
Restricted stock/units(5)	774,057	779,787	779,787	774,057	779,787
Stock options(6)	681,656	0	0	681,656	1,109,130
J. M. Simmons, Jr.					
Severance payable in cash(1)	0	0	0	250,000	760,003
Other separation benefits(2)	0	0	0	(7)	118,818
Tax gross-up amount payable(3)	0	0	0	0	0
SERP(4)	0	0	0	0	190,000
Restricted stock/units(5)	0	391,196	391,196	(8)	391,196

Stock options(6)	0	0	0	(8)	743,884

(1) Messrs. DeCampli and Simmons have an agreement to provide up to 52 weeks of pay following involuntary termination for reasons other than cause. The full 52 weeks of pay are illustrated as Severance payable in cash under the Involuntary Termination Not for Cause column. Mr. Spence also has an agreement to provide up to 24 months of pay following involuntary termination for reasons other than cause. The full 24 months of pay are illustrated as Severance payable in cash under the Involuntary Termination Not for Cause column.

The named executive officers are eligible for severance benefits if termination occurs within 36 months of a change in control (a) due to termination by the company for reasons other than cause or (b) by the executive on the basis of good reason as that term is defined in the severance agreement.

For purposes of the illustration, we have assumed executives are eligible for benefits under the severance agreements. Amounts illustrated as Severance payable in cash under the Change in Control Termination column are three times (for Messrs. DeCampli, Spence, Farr and Abel) and two times (for Mr. Simmons) the sum of (a) the executive s annual salary as of the termination date plus (b) the highest annual cash incentive payment made in the last three years as provided under the agreements.

(2) Mr. DeCampli has an agreement to provide up to 52 weeks of continued health, dental and life insurance benefits following involuntary termination for reasons other than cause. The estimated cost of coverage for the full 52 weeks is illustrated under the Other separation benefits under the Involuntary Termination Not for Cause column.

Under the terms of each named executive officer s severance agreement, if termination occurs within 36 months of a change in control, the executive is eligible for continued medical and dental benefits, life insurance and disability protection for the period equal to the severance benefit, and outplacement benefits. The amounts illustrated as Other separation benefits are the estimated present values of these benefits.

(3) In the event excise taxes become payable under Section 280G and Section 4999 of the Internal Revenue Code as a result of any excess parachute payments, as that phrase is defined by the Internal Revenue Service, the severance agreements for Messrs. DeCampli, Spence and Farr provide that PPL will pay the excise tax as well as gross-up the executive for the impact of the excise tax payment. (The tax payment and gross-up does not extend to normal income taxes due on any separation payments.) The amounts illustrated as Tax gross-up amount payable include the company s best estimate of the excise tax and gross-up payments that would be made if each named executive officer had been terminated on December 31, 2007, under the terms of the severance agreement. Potential payments to Mr. DeCampli did not trigger any excise taxes under the current estimate.

(4) Amounts illustrated as SERP under the Change in Control Termination column include the value of the incremental benefits payable under the terms of the severance agreements each named executive officer is eligible for a severance payment equal to the value of the SERP benefit that would be determined by adding an additional three years of service (for Messrs. DeCampli, Spence, Farr and Abel) and two years (for Mr. Simmons). Under the SERP, upon a change in control, benefits vest immediately.

(5) Total outstanding restricted stock and restricted stock unit awards are illustrated in the Outstanding Equity Awards at Fiscal-Year End 2007 table above at page 30. The table above illustrates the value of the restricted stock and restricted stock units that would become payable as a result of each event as of December 31, 2007. In the table below, the number of units accelerated and payable as of the event, as well as the number forfeited, is illustrated. The gross value in the above table would be reduced by the amount of taxes required to be withheld; and the net shares, determined based on the stock price as of December 31, 2007, would be distributed based on a PPL Corporation stock price of $52.09. For purposes of the table below, the total number of shares is illustrated without regard for the tax impact.

For Mr. Farr, the totals shown below for death, disability, involuntary termination not for cause and change in control termination include the acceleration of outstanding retention shares.

Restricted Stock and Restricted Stock Units (#)

Named Executive Officer	Retirement or Voluntary Termination	Death	Disability	Involuntary Termination Not for Cause	Change in Control Termination
D. G. DeCampli					
accelerated	0	10,430	10,430	(8)	10,430
forfeited	10,430	0	0	(8)	0
W. H. Spence					
accelerated	0	49,920	49,920	9,530(9)	49,920
forfeited	49,920	0	0	40,390(8)	0
P. A. Farr					

accelerated	0	83,360	83,360	40,000(8)	83,360
forfeited	83,360	0	0	43,360(8)	0
J. E. Abel					
accelerated	14,860	14,970	14,970		