PPL ELECTRIC UTILITIES CORP
Form 424B2
September 29, 2015
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Filed pursuant to Rule 424(b)(2). Based upon the registration of $350 million of First Mortgage Bonds to be offered by means of this prospectus supplement and the accompanying prospectus under the registration statement filed February 25, 2015, a filing fee of $40,670 has been calculated in accordance with Rule 457(r). This fee has been transmitted to the SEC. This paragraph shall be deemed to update the Calculation of Registration Fee table in the registration statement referred to in the second sentence above.

Filed pursuant to Rule 424(b)(2)
Registration No. 333-202290-01

PROSPECTUS SUPPLEMENT

(To Prospectus dated February 25, 2015)

$350,000,000

PPL Electric Utilities Corporation

4.150% First Mortgage Bonds due 2045

PPL Electric Utilities Corporation is offering its First Mortgage Bonds, 4.150% Series due 2045. Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing April 1, 2016, and at maturity, as further described in this prospectus supplement. The Bonds will mature on October 1, 2045, unless redeemed on an earlier date. We may, at our option, redeem the Bonds, in whole at any time or in part from time to time, at the applicable redemption price described herein. See Description of the Bonds Redemption.

The Bonds will be secured by a lien on substantially all of our electricity distribution properties and certain of our electricity transmission properties, subject to certain exceptions and exclusions, as described in this prospectus supplement and in the accompanying prospectus. See Description of the Bonds Security; Lien of the Mortgage.

Investing in the Bonds involves certain risks. See Risk Factors on page S-5 of this prospectus supplement, on page 4 of the accompanying prospectus and beginning on page 21 of our Annual Report on Form 10-K for the year ended December 31, 2014.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Underwriting Discount	Proceeds, Before Expenses, to Us(1)
Per Bond	99.388%	0.875%	98.513%
Total	$347,858,000	$3,062,500	$344,795,500

(1) Plus accrued interest, if any, from October 1, 2015.

The underwriters expect to deliver the Bonds to the purchasers in book-entry form through the facilities of The Depository Trust Company on or about October 1, 2015.

Joint Book-Running Managers

Barclays RBC Capital Markets Scotiabank Wells Fargo Securities

Co-Managers

Credit Suisse Mizuho Securities MUFG PNC Capital Markets LLC

The date of this prospectus supplement is September 28, 2015.

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This prospectus supplement, the accompanying prospectus and any free writing prospectus that we prepare or authorize contain and incorporate by reference information that you should consider when making your investment decision. Neither we nor the underwriters have authorized anyone to provide you with different information. Neither we nor the underwriters are making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of its respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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Prospectus Supplement

Prospectus

As used in this prospectus supplement and the accompanying prospectus, the terms we, our and us may, depending on the context, refer to PPL Electric Utilities Corporation (PPL Electric or the Company), or to PPL Electric together with its consolidated subsidiaries, taken as a whole.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is part of a registration statement that PPL Electric has filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under this shelf process, we are offering to sell the Bonds by means of this prospectus supplement and the accompanying prospectus. This prospectus supplement describes the specific terms of this offering. The accompanying prospectus and the information incorporated by reference therein describe our business and give more general information, some of which may not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined. You should read this prospectus supplement together with the accompanying prospectus before making a decision to invest in the Bonds. If the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement is inconsistent with the accompanying prospectus, the information in this prospectus supplement or the information incorporated by reference in this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

Certain affiliates of PPL Electric, including PPL Corporation and certain of its other subsidiaries, have also registered their securities on the shelf registration statement referred to above. However, the Bonds are solely obligations of PPL Electric, and not of PPL Corporation or any of PPL Corporation s other subsidiaries. None of PPL Corporation, or its other subsidiaries, or any of PPL Electric s subsidiaries or other affiliates will guarantee or provide any credit support for the Bonds.

WHERE YOU CAN FIND MORE INFORMATION

Available Information

PPL Electric files reports and other information with the SEC. You may obtain copies of this information by mail from the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Further information on the operation of the SEC s Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330.

PPL Electric s Internet Web site is www.pplelectric.com. Our parent, PPL Corporation, maintains an Internet Web site at www.pplweb.com. On the Investor page of that Web site, PPL Corporation provides access to SEC filings of PPL Electric free of charge, as soon as reasonably practicable after filing with the SEC. Neither the information at PPL Electric s Web site nor the information at PPL Corporation s Web site is incorporated in this prospectus supplement by reference, and you should not consider it a part of this prospectus supplement. PPL Electric s filings are also available at the SEC s Web site (www.sec.gov).

In addition, reports and other information concerning PPL Electric can be inspected at its offices at Two North Ninth Street, Allentown, Pennsylvania 18101-1179.

Incorporation by Reference

PPL Electric will incorporate by reference information into this prospectus supplement by disclosing important information to you by referring you to other documents that it files separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, and later information that we file with the SEC will automatically update and supersede that information. This prospectus supplement incorporates by reference the documents set forth below that have been previously filed with the SEC. These documents contain important information about PPL Electric.

SEC Filings	**Period/Date**
Annual Report on Form 10-K	Year ended December 31, 2014
Quarterly Reports on Form 10-Q	Quarters ended March 31, 2015 and June 30, 2015
Current Reports on Form 8-K	Filed on July 30, 2015, September 3, 2015 and September 4, 2015

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Additional documents that PPL Electric files with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, between the date of this prospectus supplement and the termination of the offering of the Bonds are also incorporated herein by reference.

PPL Electric will provide without charge to each person, including any beneficial owner, to whom a copy of this prospectus supplement has been delivered, a copy of any and all of its filings with the SEC. You may request a copy of these filings by writing or telephoning PPL Electric at:

Two North Ninth Street

Allentown, Pennsylvania 18101-1179

Attention: Treasury Department

Telephone: 1-800-345-3085

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SUMMARY

The following summary contains information about the offering by PPL Electric of its Bonds. It does not contain all of the information that may be important to you in making a decision to purchase the Bonds. For a more complete understanding of PPL Electric and the offering of the Bonds, we urge you to read carefully this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein, including the Risk Factors sections and our financial statements and the notes to those statements.

PPL Electric Utilities Corporation

PPL Electric, headquartered in Allentown, Pennsylvania, is a direct wholly owned subsidiary of PPL Corporation and a regulated public utility that is an electricity transmission and distribution service provider in eastern and central Pennsylvania. PPL Electric is subject to regulation as a public utility by the Public Utility Commission, and certain of its transmission activities are subject to the jurisdiction of the Federal Energy Regulatory Commission under the Federal Power Act. PPL Electric delivers electricity in its Pennsylvania service area and provides electricity supply to retail customers in that area as a Provider of Last Resort under the Customer Choice Act.

The Offering

Issuer	PPL Electric Utilities Corporation
Securities Offered	$350,000,000 aggregate principal amount of PPL Electric s First Mortgage Bonds, 4.150% Series due 2045 (Bonds)
Stated Maturity Date	October 1, 2045
Interest Payment Dates	Interest on the Bonds will be payable semi-annually in arrears on April 1 and October 1 of each year, commencing on April 1, 2016.
Interest Rate	4.150% per annum
Redemption	The Bonds may be redeemed at our option, in whole at any time or in part from time to time, at the applicable redemption prices set forth in this prospectus supplement. The Bonds will not be entitled to the benefit of any sinking fund or other mandatory redemption and will not be repayable at the option of the Holder of a Bond prior to the Stated Maturity Date. See Description of the Bonds Redemption.

Ranking; Security	The Bonds will be secured by a lien on substantially all of our electricity distribution properties and certain of our electricity transmission properties, subject to certain exceptions and exclusions, as described in this prospectus supplement. See Description of the Bonds General and Description of the Bonds Security; Lien of the Mortgage.
Listing	We do not intend to apply to list the Bonds on any securities exchange.

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Form and Denomination	The Bonds will initially be issued in the form of one or more global securities, without coupons, in denominations of $1,000 and integral multiples in excess thereof, and deposited with the Trustee (as hereinafter defined) on behalf of The Depository Trust Company (DTC), as depositary, and registered in the name of DTC or its nominee. See Description of the Bonds General and Description of the Bonds-Book-Entry Only Issuance The Depository Trust Company.
Use of Proceeds	We intend to use the net proceeds of this offering to repay short-term debt and for other general corporate purposes. See Use of Proceeds.
Reopening of the Series	We may, without the consent of the Holders of the Bonds, increase the principal amount of the series and issue additional bonds of such series having the same ranking, interest rate, maturity and other terms as the Bonds, other than the date of initial issuance, the price to public, and, in some circumstances, the initial interest accrual date and the initial interest payment date. Any such additional bonds may, together with the Bonds, constitute a single series of securities under the Mortgage (as hereinafter defined). See Description of the Bonds General.
Governing Law	The Bonds and the Mortgage are governed by the laws of the State of New York, except to the extent the Trust Indenture Act of 1939, as amended (the Trust Indenture Act), is applicable and except where otherwise required by law. The effectiveness of the lien of the Mortgage, and the perfection and priority thereof, will be governed by Pennsylvania law.

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RISK FACTORS

Before making a decision to invest in the Bonds, you should carefully consider the risk factors described below, the risk factors described on page 4 of the accompanying prospectus, and the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2014, beginning on page 21, as well as the other information included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Risks Relating to the Bonds

Our credit ratings and ratings on the Bonds may not reflect all risks of your investment in the Bonds

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Bonds. These credit ratings may not reflect the potential impact of risks relating to the terms or market for the Bonds. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency s rating should be evaluated independently of any other agency s rating.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities with no established trading market and we do not intend to apply for listing of the Bonds on any securities exchange. We cannot assure that an active trading market for the Bonds will develop. There can be no assurances as to the liquidity of any market that may develop for the Bonds, the ability of Holders to sell their Bonds or the price at which the Holders will be able to sell their Bonds. Future trading prices of the Bonds will depend on many factors including, among other things, prevailing interest rates, our operating results and the market for similar securities.

USE OF PROCEEDS

We intend to use the net proceeds of this offering to repay short-term debt and for other general corporate purposes. At June 30, 2015, we had $168 million of outstanding short-term debt, including commercial paper borrowings, bearing interest at a weighted average interest rate of 0.42%.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2015 on an actual basis, and on an as adjusted basis to give effect to the issuance of the Bonds in this offering. This table should be read in conjunction with our consolidated financial statements, the notes related thereto and the financial and operating data incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of June 30, 2015	
	Actual	As Adjusted
	(In millions)	
Long-term debt, including current portion	$ 2,603	$ 2,603
Bonds offered hereby		350
Total long-term debt	2,603	2,953
Total equity	2,953	2,953
Total capitalization	$ 5,556	$ 5,906

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DESCRIPTION OF THE BONDS

The following summary description sets forth certain terms and provisions of the Bonds that we are offering by this prospectus supplement. Because this description is a summary, it does not describe every aspect of the Bonds or the Mortgage under which the Bonds will be issued, as described below. The Mortgage is filed as an exhibit to the registration statement of which the accompanying prospectus is a part. The Mortgage and its associated documents contain the full legal text of the matters described in this section. This summary is subject to and qualified in its entirety by reference to all of the provisions of the Bonds and the Mortgage, including definitions of certain terms used in the Mortgage. We also include references in parentheses to certain sections of the Mortgage. Whenever we refer to particular sections or defined terms of the Mortgage in this prospectus supplement, such sections or defined terms are incorporated by reference herein. The Mortgage has been qualified under the Trust Indenture Act, and you should refer to the Trust Indenture Act for provisions that apply to the Bonds.

General

We will issue the Bonds as a series of debt securities under our Indenture, dated as of August 1, 2001 (as such indenture has been and may be amended and supplemented from time to time, the Mortgage), with The Bank of New York Mellon, as successor trustee (the Trustee). The Mortgage does not limit the aggregate principal amount of bonds or other debt securities that may be issued thereunder, subject to meeting certain conditions to issuance, including those described below under Issuance of Additional Mortgage Securities. The Bonds and all other debt securities issued previously or hereafter under the Mortgage are collectively referred to herein as Mortgage Securities. The Mortgage constitutes a first mortgage lien, subject to Permitted Liens and exceptions and exclusions as described below and in the accompanying prospectus, on substantially all of our tangible electricity distribution properties and certain of our electricity transmission properties located in Pennsylvania. (See Security; Lien of the Mortgage Class A Bonds below.) As of the date of this prospectus supplement, approximately $2.6 billion of bonds are issued and outstanding under the Mortgage.

The Bonds will be issued in fully registered form only, without coupons. The Bonds initially will be represented by one or more fully registered global securities (the Global Securities) deposited with the Trustee, as custodian for DTC, as depositary, and registered in the name of DTC or DTC s nominee. A beneficial interest in a Global Security will be shown on, and transfers or exchanges thereof will be effected only through, records maintained by DTC and its participants, as described below under Book-Entry Only Issuance The Depository Trust Company. The authorized denominations of the Bonds will be $1,000 and any larger amount that is an integral multiple of $1,000. Except in limited circumstances described below, the Bonds will not be exchangeable for Bonds in definitive certificated form.

The Bonds are initially being offered in one series in the principal amount of $350,000,000. We may, without the consent of the Holders of the Bonds, increase the principal amount of the series and issue additional bonds of such series having the same ranking, interest rate, maturity and other terms (other than the date of initial issuance, the price to public and, in some circumstances, the initial interest accrual date and initial interest payment date) as the Bonds, but we will not reopen a series unless the additional bonds are fungible with previously issued bonds for U.S. federal income tax purposes or such additional bonds are issued with a separate CUSIP number. Any such additional bonds may, together with the Bonds, constitute a single series of securities under the Mortgage and may be treated as a single class for all purposes under the Mortgage, including, without limitation, voting waivers and amendments.

Maturity; Interest

The Bonds will mature on October 1, 2045 (the Stated Maturity Date) and will bear interest from October 1, 2015 at a rate of 4.150% per annum. Interest on the Bonds will be payable semi-annually in arrears on April 1 and October 1 of each year (each, an Interest Payment Date),

commencing on April 1, 2016, and at maturity (whether at the Stated Maturity Date, upon redemption, or otherwise, Maturity). Subject to certain

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exceptions, the Mortgage provides for the payment of interest on an Interest Payment Date only to persons in whose names the Bonds are registered at the close of business on the Regular Record Date, which will be the March 15 or September 15 (whether or not a Business Day), as the case may be, immediately preceding the applicable Interest Payment Date; except that interest payable at Maturity will be paid to the person to whom principal is paid.

Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and with respect to any period less than a full calendar month, on the basis of the actual number of days elapsed during the period.

Payment

So long as the Bonds are registered in the name of DTC, as depository for the Bonds as described herein under Book-Entry Only Issuance The Depository Trust Company or DTC s nominee, payments on the Bonds will be made as described therein.

If we default in paying interest on a Bond, we will pay such defaulted interest either:

to Holders as of a special record date between 10 and 15 days before the proposed payment; or

in any other lawful manner of payment that is consistent with the requirements of any securities exchange on which the Bonds may be listed for trading. (See Section 307.)

We will pay principal of and interest and premium, if any, on the Bonds at Maturity upon presentation of the Bonds at the corporate trust office of The Bank of New York Mellon in New York, New York, as our Paying Agent.

In our discretion, we may change the place of payment on the Bonds, and we may remove any Paying Agent and may appoint one or more additional Paying Agents (including us or any of our affiliates). (See Section 702.) If any Interest Payment Date, Redemption Date or Maturity of a Bond falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on such payment for the period from and after such Interest Payment Date, Redemption Date or Maturity, as the case may be, to the date of such payment on the next succeeding Business Day.

Business Day means any day, other than a Saturday or Sunday, that is not a day on which banking institutions or trust companies in The City of New York, New York, or other city in which a paying agent for such Bond is located, are generally authorized or required by law, regulation or executive order to remain closed. (See Section 116.)

Form; Transfers; Exchanges

You may have your Bonds divided into Bonds of smaller denominations (of at least $1,000) or combined into Bonds of larger denominations, as long as the total principal amount is not changed. This is called an exchange. (See Section 305.)

So long as the Bonds are registered in the name of DTC, as depository for the Bonds as described herein under Book-Entry Only Issuance The Depository Trust Company, or DTC s nominee, transfers and exchanges of beneficial interest in the Bonds will be made as described therein. In the event that the book-entry only system is discontinued and the Bonds are issued in certificated form, you may exchange or transfer Bonds at the corporate trust office of the Trustee. The Trustee acts as our agent for registering Bonds in the names of Holders and transferring debt securities. We may appoint another agent (including one of our affiliates) or act as our own agent for this purpose. The entity performing the role of maintaining the list of registered Holders is

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called the Security Registrar. It will also perform transfers. In our discretion, we may change the place for registration of transfer of the Bonds and may designate a different entity as the Security Registrar, including us or one of our affiliates. (See Sections 305 and 702.)

There will be no service charge for any transfer or exchange of the Bonds, but you may be required to pay a sum sufficient to cover any tax or other governmental charge payable in connection therewith. We may block the transfer or exchange of (1) Bonds during a period of 15 days prior to giving any notice of redemption or (2) any Bond selected for redemption in whole or in part, except the unredeemed portion of any Bond being redeemed in part. (See Section 305.)

Redemption

We may, at our option, redeem the Bonds, in whole at any time or in part from time to time. If we redeem the Bonds before the Par Call Date defined below, the Bonds will be redeemed by us at a redemption price equal to the greater of:

100% of the principal amount of the Bonds to be so redeemed; and

as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be so redeemed that would be due if the Stated Maturity Date of such Bonds were the Par Call Date (not including any portion of such payments of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 20 basis points;

plus, in either case, accrued and unpaid interest to the Redemption Date.

If we redeem the Bonds on or after the Par Call Date, the Bonds will be redeemed by us at a redemption price equal to 100% of the principal amount of the Bonds to be so redeemed, plus accrued and unpaid interest to the Redemption Date.

Adjusted Treasury Rate means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Bonds to be redeemed (assuming for this purpose, that the Stated Maturity Date of the Bonds were the Par Call Date) that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds.

Comparable Treasury Price means, with respect to any Redemption Date:

the average of four Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations; or

if the Quotation Agent obtains fewer than four Reference Treasury Dealer Quotations, the average of all of those quotations received.

Par Call Date means April 1, 2045 (the date that is six months prior to the Stated Maturity Date).

Quotation Agent means one of the Reference Treasury Dealers appointed by us.

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Reference Treasury Dealer means:

each of Barclays Capital Inc., RBC Capital Markets, LLC, Scotia Capital (USA) Inc. and Wells Fargo Securities, LLC (or their respective affiliates that are Primary Treasury Dealers), or their respective successors, unless any of them is not or ceases to be a primary U.S. Government securities dealer in the United States (a Primary Treasury Dealer), in which case we will substitute another Primary Treasury Dealer; and

any other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount), as provided to the Quotation Agent by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that Redemption Date.

The Bonds will not be subject to a sinking fund or other mandatory redemption provisions and will not be repayable at the option of the Holder prior to the Stated Maturity Date.

The Bonds will be redeemable upon notice by mail between 30 days and 60 days prior to the Redemption Date.

If less than all of the Bonds are to be redeemed, the Trustee will select the Bonds, or portions thereof, to be redeemed. In the absence of a provision for selection, the Trustee will choose a method of random selection that it deems fair and appropriate. (See Sections 503 and 504.)

Bonds called for redemption will cease to bear interest on the Redemption Date. We will pay the redemption price and any accrued interest once you surrender the Bond for redemption. (See Section 505.) If only part of a Bond is redeemed, the Trustee will deliver to you a new Bond of the same series for the remaining portion without charge. (See Section 506.)

We may make any redemption at our option conditional upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of money sufficient to pay the redemption price. If the Paying Agent has not received such money by the date fixed for redemption, we will not be required to redeem such Bonds. (See Section 504.)

Security; Lien of the Mortgage

Except as described below under this heading and under Issuance of Additional Mortgage Securities, and subject to the exceptions described under Satisfaction and Discharge, all Mortgage Securities, including the Bonds, will be secured, equally and ratably, by:

the lien of the Mortgage, which constitutes, subject to Permitted Liens and certain exceptions and exclusions, a first mortgage lien on substantially all of our tangible electricity distribution properties and certain of our electricity transmission properties located in Pennsylvania. We sometimes refer to our property that is subject to the lien of the Mortgage as Mortgaged Property; and

any Class A Bonds, as described below, delivered to the Trustee.

The Mortgage creates a lien on substantially all tangible properties of PPL Electric in Pennsylvania used in the distribution and transmission of electricity, other than property duly released from the lien thereof in accordance with the provisions of the Mortgage and certain other excepted property, and subject to certain Permitted Liens and excepted encumbrances, as described below. We sometimes refer to PPL Electric s distribution and transmission properties of the type subject to the lien of the Mortgage, exclusive of the Excepted Property described below, as Electric Utility Property.

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We may obtain the release of property from the lien of the Mortgage from time to time, upon the bases provided for such release in the Mortgage. See Release of Property.

Federal regulatory initiatives have encouraged separate ownership of transmission assets and provided economic incentives for divestiture of transmission assets. As a result, we may release certain portions of our transmission properties from such lien from time to time upon the deposit of cash, the certification of property additions or retired bonds, or other permitted bases as provided in the Mortgage. Since 2003, we have obtained the release from the lien of the Mortgage of transmission property having an aggregate fair value (at or near the time of release) of approximately $530 million.

Permitted Liens. The lien of the Mortgage is subject to Permitted Liens described in the Mortgage. Such Permitted Liens include liens existing at the execution date of the Mortgage, liens on property at the time we acquire such property, tax liens and other governmental charges which are not delinquent or which are being contested in good faith, mechanics , construction and materialmen s liens, certain judgment liens, easements, reservations and rights of others (including governmental entities) in our property, and defects, irregularities, exceptions and limitations of title in our property, certain leases and leasehold interests, liens to secure public obligations, rights of others to take minerals, timber, electric energy or capacity, gas, water, steam or other products produced by us or by others on our property, rights and interests of Persons other than us arising out of agreements relating to the common ownership or joint use of property, and liens on the interests of such Persons in such property, liens which have been bonded or for which other security arrangements have been made, liens created in connection with the issuance of tax-exempt debt securities, purchase money liens and liens related to the construction or acquisition of property, or the development or expansion of property, liens which secure specified Mortgage Securities equally and ratably with other obligations, and additional liens on any of our property (other than Excepted Property, as described below) to secure debt for borrowed money in an aggregate principal amount not exceeding 10% of the total assets of PPL Electric and its consolidated subsidiaries, as shown on the latest audited balance sheet of PPL Electric and such subsidiaries. (See Granting Clauses and Sections 101 and 707.)

The Mortgage also provides that the Trustee will have a lien, prior to the lien on behalf of the Holders of the Mortgage Securities, upon the Mortgaged Property as security for our payment of its reasonable compensation and expenses and for indemnity against certain liabilities. (See Section 1007.) Any such lien would be a Permitted Lien under the Mortgage.

Excepted Property. The lien of the Mortgage does not cover, among other things, the following types of property: property located outside of Pennsylvania; property not used by us in our electricity transmission and distribution business; cash and securities not paid, deposited or held under the Mortgage; contracts, leases and other agreements of all kinds, contract rights, bills, notes and other instruments, revenues, accounts receivable, claims, demands and judgments; governmental and other licenses, permits, franchises, consents and allowances; intellectual property rights and other general intangibles; vehicles, movable equipment, aircraft and vessels; all goods, stock in trade, wares, merchandise and inventory held for the purpose of sale or lease in the ordinary course of business; materials, supplies, inventory and other personal property consumable in the operation of our business; fuel; tools and equipment; furniture and furnishings; computers and data processing, telecommunications and other facilities used primarily for administrative or clerical purposes or otherwise not used in connection with the operation or maintenance of electric transmission and distribution facilities; coal, ore, gas, oil and other minerals and timber rights; electric energy and capacity, gas, steam, water and other products generated, produced, manufactured, purchased or otherwise acquired; real property and facilities used primarily for the production or gathering of natural gas; property which has been released from the lien of the Mortgage; and leasehold interests. We sometimes refer to property of PPL Electric not covered by the lien of the Mortgage as Excepted Property. (See Granting Clauses.) Properties held by any of our subsidiaries, as well as properties leased from others, are not subject to the lien of the Mortgage.

We may enter into supplemental indentures with the Trustee, without the consent of the Holders, in order to subject additional property (including property that would otherwise be excepted from such lien) to the lien of

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the Mortgage. (See Section 1301.) This property would constitute Property Additions and would be available as a basis for the issuance of Mortgage Securities. See Issuance of Additional Mortgage Securities.

The Mortgage provides that after-acquired Electric Utility Property (other than Excepted Property) will be subject to the lien of the Mortgage. (See Granting Clause Second.) However, in the case of consolidation or merger (whether or not we are the surviving company) or transfer of the Mortgaged Property as or substantially as an entirety, the Mortgage will not be required to be a lien upon any of the properties either owned or subsequently acquired by the successor company except properties acquired from us in or as a result of such transfer, as well as improvements, extensions and additions (as defined in the Mortgage) to such properties and renewals, replacements and substitutions of or for any part or parts thereof. See Section 1203 and Consolidation, Merger and Conveyance of Assets as an Entirety.

Class A Bonds

As discussed below under Consolidation, Merger and Conveyance of Assets as an Entirety, we will be permitted to merge or consolidate with another company upon meeting specified requirements. Following merger or consolidation of another company into us, we could deliver to the Trustee bonds issued under an existing mortgage on the properties of such other company as the basis for issuing new Mortgage Securities. The term Class A Mortgage means a mortgage or deed of trust or similar indenture entered into by another corporation with which we are so merged or consolidated and, in connection with such merger or consolidation, is assumed by us and designated a Class A Mortgage in accordance with the Mortgage. The term Class A Bonds means bonds or other obligations now or hereafter issued and outstanding under and secured by any Class A Mortgage. In such event, the Mortgage Securities would be secured, additionally, by such Class A Bonds and by the lien of the Mortgage on the properties of such other company, which would be junior to the liens of such existing Class A Mortgages. (See Section 1706.)

Class A Bonds to be made the basis for the authentication and delivery of Mortgage Securities (a) will be delivered to, and registered in the name of, the Trustee or its nominee and will be owned and held by such trustee, subject to the provisions of the Mortgage, for the benefit of the Holders of all Mortgage Securities outstanding from time to time; (b) will mature or be subject to mandatory redemption on the same dates and in the same principal amounts, as such Mortgage Securities; and (c)(i) may, but need not, bear interest and (ii) may, but need not, contain provisions for redemption at our option, any such redemption to be made at a redemption price or prices not less than the principal amount of such Class A Bonds. (See Sections 1602 and 1701.) To the extent that Class A Bonds do not bear interest, Holders of Mortgage Securities will not have the benefit of the lien of a Class A Mortgage in respect of an amount equal to accrued interest, if any, on the Mortgage Securities; however, such Holders will nevertheless have the benefit of the lien of the Mortgage in respect of the amount of accrued interest.

Any payment by us of principal of or premium or interest on the Class A Bonds delivered to and held by the Trustee will be applied by the Trustee to the payment of any principal, premium or interest, as the case may be, in respect of the Mortgage Securities which is then due, and our obligation under the Mortgage to make such payment in respect of the Mortgage Securities will be deemed satisfied and discharged to the extent of such payment. If, at the time of any such payment of principal of Class A Bonds, there is no principal then due in respect of the Mortgage Securities, the proceeds of the payment will constitute Funded Cash and will be held by the Trustee as part of the Mortgaged Property, to be withdrawn, used or applied as provided in the Mortgage. If, at the time of any such payment of premium or interest on Class A Bonds, there is no premium or interest then due on the Mortgage Securities, the payment will be remitted to us at our request; provided, however, that if any Event of Default, as described below, has occurred and is continuing, the payment will be held as part of the Mortgaged Property until the Event of Default has been cured or waived. See Section 1702 and Withdrawal of Cash below.

Any payment by us of principal of or interest or premium, if any, on Mortgage Securities authenticated and delivered on the basis of the delivery to the Trustee of Class A Bonds (other than by application of the proceeds

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of a payment in respect of such Class A Bonds) will, to the extent thereof, be deemed to satisfy and discharge our obligations, if any, to make a corresponding payment, in respect of such Class A Bonds which is then due. (See Section 1702.)

The Trustee may not sell, assign or otherwise transfer any Class A Bonds except to a successor trustee under the Mortgage. (See Section 1704.) At the time any Mortgage Securities which have been authenticated and delivered upon the basis of Class A Bonds, cease to be outstanding (other than as a result of the application of the proceeds of the payment or redemption of such Class A Bonds), the Trustee will surrender to us, or upon our order, an equal principal amount of such Class A Bonds. (See Section 1703.)

When no Class A Bonds are outstanding under a Class A Mortgage except for Class A Bonds delivered to and held by the Trustee, then, at our request and subject to satisfaction of certain conditions, the Trustee will surrender such Class A Bonds for cancellation, the related Class A Mortgage will be satisfied and discharged, the lien of such Class A Mortgage on our property subject thereto will cease to exist and the priority of the lien of the Mortgage, as to such property, will be increased accordingly. (See Sections 1703 and 1707.) If no Class A Mortgages are in effect, the Mortgage will constitute a direct, first mortgage lien on the Company s electric utility property, subject to certain Permitted Liens and certain other exclusions and exceptions as described above.

At the date of this prospectus supplement, there is no Class A Mortgage on any of our property and no Class A Bonds are held by the Trustee to secure Mortgage Securities.

Issuance of Additional Mortgage Securities

Subject to the issuance restrictions described below, the maximum principal amount of Mortgage Securities that may be authenticated and delivered under the Mortgage is unlimited. (See Section 301.) Mortgage Securities of any series may be issued from time to time on the basis of, and in an aggregate principal amount not exceeding:

- the aggregate principal amount of Class A Bonds delivered to the Trustee;
- 66 2/3% of the Cost or Fair Value to PPL Electric (whichever is less) of Property Additions (as described below) which do not constitute Funded Property (generally, Property Additions which have been made the basis of the authentication and delivery of Mortgage Securities, the release of Mortgaged Property or the withdrawal of cash, which have been substituted for retired Funded Property or which have been used for other specified purposes) after certain deductions and additions, primarily including adjustments to offset property retirements;
- the aggregate principal amount of Retired Securities (as described below), but if Class A Bonds had been made the basis for the authentication and delivery of such Retired Securities, only after the discharge of the related Class A Mortgage; or
- an amount of cash deposited with the Trustee. (See Article Sixteen.)

Property Additions generally include any property which is owned by PPL Electric and is subject to the lien of the Mortgage. (See Section 104.)

Retired Securities means, generally, Mortgage Securities which are no longer Outstanding under the Mortgage, have not been retired by the application of Funded Cash and have not been used as the basis for the authentication and delivery of Mortgage Securities, the release of property or the withdrawal of cash.

Bonds Issuable. We intend to issue the Bonds on the basis of Property Additions. At July 31, 2015, approximately $190 million in Retired Securities were available to be used as the basis for the authentication and delivery of Mortgage Securities; and, at that date, approximately $2.3 billion of Property Additions were available to be so used. (See Article Sixteen.)

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Release of Property

Unless an Event of Default has occurred and is continuing, we may obtain the release from the lien of the Mortgage of any Mortgaged Property, except for cash held by the Trustee, upon delivery to the Trustee of an amount in cash equal to the amount, if any, by which 66 2/3% of the Cost of the property to be released (or, if less, the Fair Value to us of such property at the time it became Funded Property) exceeds the aggregate of:

- an amount equal to 66 2/3% of the aggregate principal amount of obligations secured by Purchase Money Liens upon the property to be released and delivered to the Trustee;
- an amount equal to 66 2/3% of the Cost or Fair Value to us (whichever is less) of certified Property Additions not constituting Funded Property after certain deductions and additions, primarily including adjustments to offset property retirements (except that such adjustments need not be made if such Property Additions were acquired or made within the 90-day period preceding the release);
- the aggregate principal amount of Mortgage Securities we would be entitled to issue on the basis of Retired Securities (with such entitlement being waived by operation of such release);
- the aggregate principal amount of Mortgage Securities delivered to the Trustee (with such Mortgage Securities to be canceled by the Trustee);
- any amount of cash and/or an amount equal to 66 2/3% of the aggregate principal amount of obligations secured by Purchase Money Liens upon the property released that is delivered to the trustee or other Holder of a lien prior to the lien of the Mortgage, subject to certain limitations described in the Mortgage; and
- any taxes and expenses incidental to any sale, exchange, dedication or other disposition of the property to be released.

(See Section 1803.)

Property which is not Funded Property may generally be released from the lien of the Mortgage without depositing any cash or property with the Trustee as long as (a) the aggregate amount of Cost or Fair Value to us (whichever is less) of all Property Additions which do not constitute Funded Property (excluding the property to be released) after certain deductions and additions, primarily including adjustments to offset property retirements, is not less than zero or (b) the Cost or Fair Value (whichever is less) of property to be released does not exceed the aggregate amount of the Cost or Fair Value to us (whichever is less) of Property Additions acquired or made within the 90-day period preceding the release. (See Section 1804.)

The Mortgage provides simplified procedures for the release of property which has been released from the lien of a Class A Mortgage, minor properties and property taken by eminent domain, and provides for dispositions of certain obsolete property and grants or surrender of certain rights without any release or consent by the Trustee. (See Sections 1802, 1805, 1807 and 1808.)

If we retain any interest in any property released from the lien of the Mortgage, the Mortgage will not become a lien on such property or such interest therein or any improvements, extensions or additions to such property or renewals, replacements or substitutions of or for such property

or any part or parts thereof. (See Section 1810.)

Withdrawal of Cash

Unless an Event of Default has occurred and is continuing, and subject to certain limitations, cash held by the Trustee may, generally, (1) be withdrawn by us (a) to the extent of 66 2/3% of the Cost or Fair Value to us (whichever is less) of Property Additions not constituting Funded Property, after certain deductions and additions, primarily including adjustments to offset retirements (except that such adjustments need not be made if

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such Property Additions were acquired or made within the 90-day period preceding the withdrawal) or (b) in an amount equal to the aggregate principal amount of Mortgage Securities that we would be entitled to issue on the basis of Retired Securities (with the entitlement to such issuance being waived by operation of such withdrawal) or (c) in an amount equal to the aggregate principal amount of any outstanding Mortgage Securities delivered to the Trustee; or (2) upon our request, be applied to (a) the purchase of Mortgage Securities in a manner and at a price approved by us or (b) the payment (or provision for payment) at stated maturity of any Mortgage Securities or the redemption (or provision for payment) of any Mortgage Securities which are redeemable (see Section 1806); provided, however, that cash deposited with the Trustee as the basis for the authentication and delivery of Mortgage Securities, as well as cash representing a payment of principal of Class A Bonds, may, in addition, be withdrawn in an amount not exceeding the aggregate principal amount of cash or Class A Bonds delivered to the Trustee, as the case may be, for such purpose. (See Sections 1605 and 1702.)

Events of Default

An Event of Default occurs under the Mortgage if:

- we do not pay any interest on a Mortgage Security within 30 days of the due date;
- we do not pay principal or premium, if any, on a Mortgage Security on its due date;
- we remain in breach of any other covenant under the Mortgage (excluding covenants specifically dealt with elsewhere in this section) for 90 days after we receive a written notice of such default from the Trustee or Holders of at least 25% in aggregate principal amount of outstanding Mortgage Securities stating we are in breach and requiring remedy of the breach; provided that the Trustee or such Holders can agree to extend the 90-day period and such an agreement to extend will be deemed to occur if we are diligently pursuing action to correct the default;
- we file for bankruptcy or certain other events in bankruptcy, insolvency, receivership or reorganization occur; or
- for so long as the Trustee holds any outstanding Class A Bonds that were delivered as the basis for the authentication and delivery of outstanding Mortgage Securities, the occurrence of a matured event of default under the related Class A Mortgage (other than any such matured event of default which (i) is not a failure to make payments on Class A Bonds and is not of similar kind or character to the Event of Default described in the immediately preceding bullet point above and (ii) has not resulted in the acceleration of the outstanding Class A Bonds under such Class A Mortgage); provided, however, that the waiver or cure of such event of default under the Class A Mortgage will constitute a waiver and cure of the corresponding Event of Default under the Mortgage, and the rescission and annulment of the consequences thereof will also constitute a rescission and annulment of the corresponding consequences under the Mortgage.

(See Section 901.)

Remedies

Acceleration

If an Event of Default occurs and is continuing, then either the Trustee or the Holders of not less than 25% in principal amount of the outstanding Mortgage Securities may declare the principal amount of all of the Mortgage Securities to be immediately due and payable. (See Section 902.)

Rescission of Acceleration

After the declaration of acceleration has been made and before the Trustee has obtained a judgment or decree for payment of the money due, such declaration and its consequences will be rescinded and annulled, if:

we pay or deposit with the Trustee a sum sufficient to pay:

all overdue interest;

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the principal of and premium, if any, which have become due otherwise than by such declaration of acceleration and interest thereon;

interest on overdue interest to the extent lawful; and

all amounts due to the Trustee under the Mortgage; and

all Events of Default, other than the nonpayment of the principal which has become due solely by such declaration of acceleration, have been cured or waived as provided in the Mortgage.

(See Section 902.)

For more information as to waiver of defaults, see Waiver of Default and of Compliance below.

Appointment of Receiver and Other Remedies

Subject to the Mortgage, under certain circumstances and to the extent permitted by law, if an Event of Default occurs and is continuing, the Trustee has the power to appoint a receiver of the Mortgaged Property, and is entitled to all other remedies available to mortgagees and secured parties under the Uniform Commercial Code or any other applicable law. (See Section 917.)

In addition to every other right and remedy provided in the Mortgage, the Trustee may exercise any right or remedy available to the Trustee in its capacity as owner and Holder of Class A Bonds which arises as a result of a default or matured event of default under any Class A Mortgage, whether or not an Event of Default under the Mortgage has occurred and is continuing. (See Section 916.)

Control by Holders; Limitations

Subject to the Mortgage, if an Event of Default occurs and is continuing, the Holders of a majority in principal amount of the outstanding Mortgage Securities will have the right to:

direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or

exercise any trust or power conferred on the Trustee with respect to the Mortgage Securities.

The rights of Holders to make direction are subject to the following limitations:

the Holders directions may not conflict with any law or the Mortgage; and

the Holders directions may not involve the Trustee in personal liability where the Trustee believes indemnity is not adequate.

The Trustee may also take any other action it deems proper which is not inconsistent with the Holders direction. (See Sections 912 and 1003.)

In addition, the Mortgage provides that no Holder of any Mortgage Security will have any right to institute any proceeding, judicial or otherwise, with respect to the Mortgage for the appointment of a receiver or for any other remedy thereunder unless:

that Holder has previously given the Trustee written notice of a continuing Event of Default;

the Holders of 25% in aggregate principal amount of the outstanding Mortgage Securities have made written request to the Trustee to institute proceedings in respect of that Event of Default and have offered the Trustee reasonable indemnity against costs, expenses and liabilities incurred in complying with such request; and

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for 60 days after receipt of such notice, request and offer of indemnity, the Trustee has failed to institute any such proceeding and no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of outstanding Mortgage Securities.

Furthermore, no Holder will be entitled to institute any such action if and to the extent that such action would disturb or prejudice the rights of other Holders. (See Sections 907 and 1003.)

However, each Holder has an absolute and unconditional right to receive payment when due and to bring a suit to enforce that right. (See Section 908.)

Notice of Default

The Trustee is required to give the Holders of the Mortgage Securities notice of any default under the Mortgage to the extent required by the Trust Indenture Act, unless such default has been cured or waived; except that in the case of an Event of Default of the character specified in the third bullet point under Events of Default (regarding a breach of certain covenants continuing for 90 days after the receipt of a written notice of default), no such notice shall be given to such Holders until at least 60 days after the occurrence thereof. (See Section 1002.) The Trust Indenture Act currently permits the Trustee to withhold notices of default (except for certain payment defaults) if the Trustee in good faith determines the withholding of such notice is in the interests of the Holders.

We will furnish the Trustee with an annual statement as to our compliance with the conditions and covenants in the Mortgage. (See Section 705.)

Waiver of Default and of Compliance

The Holders of a majority in aggregate principal amount of the outstanding Mortgage Securities may waive, on behalf of the Holders of all outstanding Mortgage Securities, any past default under the Mortgage, except a default in the payment of principal, premium or interest, or with respect to compliance with certain provisions of the Mortgage that cannot be amended without the consent of the Holder of each outstanding Mortgage Security affected. (See Section 913.)

Compliance with certain covenants in the Mortgage or otherwise provided with respect to Mortgage Securities may be waived by the Holders of a majority in aggregate principal amount of the affected Mortgage Securities, considered as one class. (See Section 706.)

Consolidation, Merger and Conveyance of Assets as an Entirety

Subject to the provisions described below, we have agreed to preserve our corporate existence. (See Section 704.)

We have agreed not to consolidate with or merge with or into any other entity or convey, transfer or lease our Electric Utility Property as or substantially as an entirety to any entity unless:

- the entity formed by such consolidation or into which we merge, or the entity which acquires or leases our Electric Utility Property substantially as an entirety, is an entity organized and existing under the laws of the United States of America or any State thereof or the District of Columbia, and
- expressly assumes, by supplemental indenture, the due and punctual payment of the principal of, and premium and interest on, all the outstanding Mortgage Securities and the performance of all of our covenants under the Mortgage, and
- such entity confirms the lien of the Mortgage on the Mortgaged Property;

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in the case of a lease, such lease is made expressly subject to termination by (i) us or by the Trustee, and (ii) the purchaser of the property so leased at any sale thereof, at any time during the continuance of an Event of Default; and

immediately after giving effect to such transaction, no Event of Default, and no event which after notice or lapse of time or both would become an Event of Default, will have occurred and be continuing.

(See Section 1201.)

In the case of the conveyance or other transfer of the Electric Utility Property as or substantially as an entirety to any other person, upon the satisfaction of all the conditions described above we would be released and discharged from all obligations under the Mortgage and on the Mortgage Securities then outstanding unless we elect to waive such release and discharge. (See Section 1204.)

The Mortgage does not prevent or restrict:

any consolidation or merger after the consummation of which we would be the surviving or resulting entity;

any conveyance or other transfer, or lease, of any part of our Electric Utility Property which does not constitute the entirety or substantially the entirety thereof; or

any conveyance or transfer where we retain Electric Utility Property with a fair value in excess of the aggregate principal amount of all outstanding Mortgage Securities. This fair value will be determined within 90 days of the conveyance or transfer by an independent expert that we select and that is approved by the Trustee.

(See Sections 1205 and 1206.)

Modification of Mortgage

Without Holder Consent. Without the consent of any Holders of Mortgage Securities, we and the Trustee may enter into one or more supplemental indentures for any of the following purposes:

to evidence the succession of another entity to us;

to add one or more covenants or other provisions for the benefit of the Holders of all or any series or tranche of Mortgage Securities, or to surrender any right or power conferred upon us;

to add any additional Events of Default with respect to all or any series of Mortgage Securities;

to change or eliminate any provision of the Mortgage or to add any new provision to the Mortgage that does not adversely affect the interests of the Holders in any material respect;

to provide additional security for any Mortgage Securities;

to establish the form or terms of any series or tranche of Mortgage Securities;

to provide for the issuance of bearer securities;

to evidence and provide for the acceptance of appointment of a separate or successor Trustee;

to provide for the procedures required to permit the utilization of a noncertificated system of registration for any series or tranche of Mortgage Securities;

to change any place or places where

we may pay principal, premium and interest on Mortgage Securities of any or all series,

Mortgage Securities may be surrendered for transfer or exchange, and

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notices and demands to or upon us may be served;

to amend and restate the Mortgage as originally executed, and as amended from time to time, with such additions, deletions and other changes that do not adversely affect the interest of the Holders in any material respect; or

to cure any ambiguity, defect or inconsistency or to make any other changes that do not materially adversely affect the interests of the Holders in any material respect.

In addition, if the Trust Indenture Act is amended after the date of the Mortgage so as to require changes to the Mortgage or so as to permit changes to, or the elimination of, provisions which, at the date of the Mortgage or at any time thereafter, were required by the Trust Indenture Act to be contained in the Mortgage, the Mortgage will be deemed to have been amended so as to conform to such amendment or to effect such changes or elimination, and we and the Trustee may, without the consent of any Holders, enter into one or more supplemental indentures to effect or evidence such amendment.

(See Section 1301.)

With Holder Consent. Except as provided above, the consent of the Holders of at least a majority in aggregate principal amount of the Mortgage Securities of all outstanding series, considered as one class, is generally required to add to, change or eliminate any of the provisions of, the Mortgage pursuant to a supplemental indenture.

However, if less than all of the series of outstanding Mortgage Securities are directly affected by a proposed supplemental indenture, then such proposal only requires the consent of the Holders of a majority in aggregate principal amount of the outstanding Mortgage Securities of all directly affected series, considered as one class.

Moreover, if the Mortgage Securities of any series have been issued in more than one tranche and if the proposed supplemental indenture directly affects the rights of the Holders of Mortgage Securities of one or more, but less than all, of such tranches, then such proposal requires the consent of only the Holders of a majority in aggregate principal amount of the outstanding Mortgage Securities of all directly affected tranches, considered as one class.

However, no amendment or modification may, without the consent of the Holder of each outstanding Mortgage Security directly affected thereby,

change the stated maturity of the principal or interest on any Mortgage Security (other than pursuant to the terms thereof), or reduce the principal amount, interest or premium payable or change the currency in which any Mortgage Security is payable, or impair the right to bring suit to enforce any payment;

create any lien ranking prior to the lien of the Mortgage with respect to all or substantially all of the Mortgaged Property, or terminate the lien of the Mortgage on all or substantially all of the Mortgaged Property (other than in accordance with the terms of the Mortgage), or deprive any Holder of the benefits of the security of the lien of the Mortgage; or

reduce the percentages of Holders whose consent is required for any supplemental indenture or waiver of compliance with any provision of the Mortgage or of any default thereunder and its consequences, or reduce the requirements for quorum and voting under the Mortgage.

A supplemental indenture which changes, modifies or eliminates any provision of the Mortgage expressly included solely for the benefit of Holders of Mortgage Securities of one or more particular series or tranches will be deemed not to affect the rights under the Mortgage of the Holders of Mortgage Securities of any other series or tranche.

(See Section 1302.)

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Miscellaneous Provisions

The Mortgage provides that certain Mortgage Securities, including those for which payment or redemption money has been deposited or set aside in trust as described under Satisfaction and Discharge below, will not be deemed to be outstanding in determining whether the Holders of the requisite principal amount of the outstanding Mortgage Securities have given or taken any demand, direction, consent or other action under the Mortgage as of any date, or are present at a meeting of Holders for quorum purposes. (See Section 101.)

We will be entitled to set any day as a record date for the purpose of determining the Holders of outstanding Mortgage Securities of any series entitled to give or take any demand, direction, consent or other action under the Mortgage, in the manner and subject to the limitations provided in the Mortgage. In certain circumstances, the Trustee also will be entitled to set a record date for action by Holders. If such a record date is set for any action to be taken by Holders of particular Mortgage Securities, such action may be taken only by persons who are Holders of such Mortgage Securities on the record date. (See Section 107.)

Satisfaction and Discharge

Any Mortgage Securities or any portion thereof will be deemed to have been paid and no longer outstanding for purposes of the Mortgage and, at our election, our entire indebtedness with respect to those securities will be satisfied and discharged, if there shall have been irrevocably deposited with the Trustee or any Paying Agent (other than PPL Electric), in trust:

- money sufficient, or
- in the case of a deposit made prior to the maturity of such Mortgage Securities, non-redeemable Eligible Obligations (as defined in the Mortgage) sufficient, or
- a combination of the items listed in the preceding two bullet points, which in total are sufficient,

to pay when due the principal of, and any premium, and interest due and to become due on such Mortgage Securities or portions of such Mortgage Securities on and prior to their maturity.

(See Section 801.)

The Mortgage will be deemed satisfied and discharged when no Mortgage Securities remain outstanding and when we have paid all other sums payable by us under the Mortgage. (See Section 802.)

All moneys we pay to the Trustee or any Paying Agent on Bonds that remain unclaimed at the end of two years after payments have become due may be paid to or upon our order. Thereafter, the Holder of any such Bond may look only to us for payment. (See Section 703.)

Voting of Class A Bonds

The Mortgage provides that the Trustee will, as holder of Class A Bonds delivered as the basis for the issuance of Mortgage Securities, attend such meetings of bondholders under the related Class A Mortgages, or deliver its proxy in connection therewith, as related to matters with respect to which it, as such holder, is entitled to vote or consent. The Mortgage provides that, so long as no Event of Default has occurred and is continuing at the time of such meeting or required consent, the Trustee will, as holder of such Class A Bonds,

vote or consent (without any consent or other action by the holders of the Mortgage Securities, except as described in the proviso of the last bullet below) in favor of amendments or modifications to the Class A Mortgage of substantially the same tenor and effect as follows:

to delete any provisions in any Class A Mortgage limiting the payment of dividends or distributions on our common stock or purchases of common stock;

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to delete any provisions in any Class A Mortgage that require a sale, exchange or other disposition, or an agreement to sell, exchange or dispose of property to be released from the lien of a Class A Mortgage;

to modify any provisions in any Class A Mortgage that require insurance proceeds or other payments to be paid to the trustee under such Class A Mortgage in case of any loss so that such proceeds or payments need not be paid to such trustee with respect to any loss less than the greater of (A) $10,000,000 and (B) 3% of the sum of (1) the principal amount of Mortgage Securities outstanding on the date of such particular loss and (2) the principal amount of the Class A Bonds outstanding on the date of such particular loss, other than Class A Bonds delivered to and held by the Trustee under the Mortgage;

to modify certain net earnings test requirements of any Class A Mortgage to facilitate issuances of variable rate debt by providing for calculations of annual interest requirements to be based on average annual rates or the initial interest rate;

to delete any requirement in any Class A Mortgage of a net earnings test or net earnings certificate as a condition precedent to the issuance or authentication of Class A Bonds under such Class A Mortgage;

to modify any Class A Mortgage to provide that the term corporation as used in such Class A Mortgage shall mean corporation, limited liability company, partnership, or trust or other legal entity and to provide that any provision requiring us to maintain our corporate existence shall not be interpreted to prevent us from changing from a corporation, limited liability company, partnership, trust or other legal entity to a corporation, limited liability company, a partnership, a trust or any other legal entity; and

to conform any provision of a Class A Mortgage to the correlative provision of the Mortgage, to add to a Class A Mortgage any provision not otherwise contained therein which conforms in all material respects to a provision contained in the Mortgage, to delete from a Class A Mortgage any provision to which the Mortgage contains no correlative provision, and any combination of the foregoing; and

with respect to any amendments or modifications to any Class A Mortgage other than those amendments or modifications referred to in each of the bullet points above, vote all such Class A Bonds delivered under such Class A Mortgage, or consent with respect thereto, proportionately with the vote or consent of the holders of all other Class A Bonds outstanding under such Class A Mortgage the holders of which are eligible to vote or consent, as evidenced by a certificate delivered by the trustee under such Class A Mortgage; provided, however, that the Trustee will not vote in favor of, or consent to, any amendment or modification of a Class A Mortgage which, if it were an amendment to or modification of the Mortgage, would require the consent of Holders of Mortgage Securities as described under Modification of Mortgage With Holder Consent above, without the prior consent of Holders of Mortgage Securities which would be required for such an amendment or modification of the Mortgage. (See Section 1705.)

Resignation and Removal of the Trustee; Deemed Resignation

The Trustee may resign at any time by giving written notice to us.

The Trustee may also be removed by act of the Holders of a majority in principal amount of the then outstanding Mortgage Securities of any series.

No resignation or removal of the Trustee and no appointment of a successor trustee will become effective until the acceptance of appointment by a successor trustee in accordance with the requirements of the Mortgage.

Under certain circumstances, we may appoint a successor trustee and if the successor accepts, the Trustee will be deemed to have resigned.

(See Section 1010.)

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Regarding the Trustee

In addition to acting as Trustee under the Mortgage, The Bank of New York Mellon and certain of its affiliates maintain banking and trust relationships with us and some of our affiliates. The Trust Indenture Act contains limitations on the rights of trustees under indentures and could require the Trustee, if it acquires any conflicting interests within the meaning of that Act, either to eliminate such conflicts upon the occurrence of an event of default under the Mortgage or resign.

Governing Law

The Mortgage and the Mortgage Securities provide that they are to be governed by and construed in accordance with the laws of the State of New York except where the Trust Indenture Act is applicable or where otherwise required by law. (See Section 115.) The effectiveness of the lien of the Mortgage, and the perfection and priority thereof, will be governed by Pennsylvania law.

Book-Entry Only Issuance The Depository Trust Company

DTC will act as the initial securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC s partnership nominee) or such other name as may be requested by an authorized representative of DTC. The global bonds will be deposited with the Trustee as custodian for DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities for its participants (Direct Participants) and also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The rules that apply to DTC and those using its system are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC s records. The ownership interest of each actual purchaser (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners should receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which they purchased Bonds. Transfers of ownership interests on the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or

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such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC s records reflect only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Notices will be sent to DTC.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC s procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns the voting or consenting rights of Cede & Co. to those Direct Participants to whose accounts the Bonds are credited on the record date. We believe that these arrangements will enable the beneficial owners to exercise rights equivalent in substance to the rights that can be directly exercised by a registered Holder of the Bonds.

Payments of principal and interest on the Bonds will be made to Cede & Co. (or such other nominee of DTC). DTC s practice is to credit Direct Participants accounts upon DTC s receipt of funds and corresponding detail information from us or the Trustee, on the payable date in accordance with their respective holdings shown on DTC s records. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the Purchase Price, principal and interest to Cede & Co. (or such other nominee of DTC) is the responsibility of us or the Trustee.

Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

A beneficial owner will not be entitled to receive physical delivery of the Bonds. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the Bonds.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving us or the Trustee reasonable notice. In the event no successor securities depository is obtained, certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC s book-entry system has been obtained from sources that we believe to be reliable, but neither we nor the underwriters take any responsibility for the accuracy of this information.

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CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following section discusses certain U.S. federal income tax considerations of the purchase, ownership and disposition of a Bond to Non-U.S. Holders (as defined below). This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations promulgated thereunder, administrative positions of the Internal Revenue Service (IRS) and judicial decisions now in effect, all of which are subject to change (possibly with retroactive effect) or to different interpretations.

We have not sought a ruling from the IRS with respect to the U.S. federal income tax consequences of the purchase, ownership or disposition of a Bond. There can be no assurance that the IRS will not challenge one or more of the conclusions described in this prospectus supplement.

This discussion does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of the holder s circumstances (for example, a person subject to the alternative minimum tax provisions of the Code or eligible for the benefits of a particular income tax treaty). This discussion does not address the U.S. federal income tax consequences to investors subject to special treatment under the federal income tax laws, such as dealers in securities or foreign currency, traders who elect to mark the Bonds to market, partnerships or other pass-through entities, tax-exempt entities, banks and other financial institutions, insurance companies, brokers, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, persons subject to the Medicare contribution tax, persons holding a Bond as part of a straddle, hedge, conversion transaction or other risk reduction transaction, persons subject to special rules applicable to former citizens and residents of the United States, or beneficial owners of Bonds that are U.S. Holders (as defined below).

For purposes of this discussion: a Non-U.S. Holder is a beneficial owner of a Bond that is neither a partnership nor a U.S. Holder; and, a U.S. Holder is a beneficial owner of a Bond that, for U.S. federal income tax purposes, is (i) a citizen or resident (as defined in Section 7701(b) of the Code) of the United States, (ii) a corporation (or an entity treated as a corporation) created or organized in the United States or a political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of source or (iv) a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more United States persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust, or certain trusts which have a valid election in effect under applicable Treasury regulations to be treated as a United States person.

This discussion does not address any aspect of state, local or foreign law, or U.S. federal estate, generation-skipping and gift tax law. In addition, this discussion is limited to a purchaser of a Bond who purchases a Bond on original issuance at its issue price (the first price at which a substantial portion of the Bonds is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). It is expected, and therefore this discussion assumes, that the Bonds will be issued with less than the statutorily defined *de minimis* amount of original issue discount (OID) for U.S. federal income tax purposes. In addition, this discussion is limited to a purchaser of a Bond that will hold the Bond as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment).

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our Bonds, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership holding our Bonds (or a partner in such a partnership), you should consult your tax advisors regarding the U.S. federal income tax considerations applicable to the purchase, ownership and disposition of the Bonds.

This discussion of certain U.S. federal income tax considerations is not tax advice. Prospective purchasers of the Bonds should consult their tax advisors regarding the federal, state, local and foreign tax consequences of the purchase, ownership and disposition of the Bonds.

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Non-U.S. Holders

The following is a general discussion of certain U.S. federal income tax consequences of the purchase, ownership and disposition of a Bond by a Non-U.S. Holder.

Interest

Subject to the discussion below under FATCA Withholding and Information Reporting and Backup Withholding, payments of interest (including OID, if any) on the Bonds to a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax under the portfolio interest exemption, provided that:

- such interest is not effectively connected with such Non-U.S. Holder s conduct of a trade or business within the United States;
- the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- the Non-U.S. Holder is not a controlled foreign corporation with respect to which we are a related person within the meaning of the Code;
- the Non-U.S. Holder is not a bank for U.S. federal income tax purposes whose receipt of interest is described in Section 881(c)(3)(A) of the Code; and
- the beneficial owner of the Bonds provides a properly completed and executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, (or in either case appropriate successor form) certifying, under penalties of perjury, that it is not a United States person (within the meaning of Section 7701(a)(30) of the Code) and providing its name and address

U.S. Treasury regulations provide additional rules to satisfy the certification requirement described in the last bullet point above for Bonds held through one or more intermediaries or pass-through entities.

For purposes of the discussion below, interest and gain on the sale, exchange or other disposition of the Bonds will be considered to be U.S. trade or business income if such income or gain is effectively connected with the conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a permanent establishment within the United States).

The gross amount of payments of interest that do not qualify for the portfolio interest exemption and that are not U.S. trade or business income will be subject to U.S. withholding tax at a rate of 30% unless an income tax treaty applies to reduce or eliminate withholding. In general, to claim the benefits of a reduced rate of withholding or exemption from withholding under an income tax treaty, a Non-U.S. Holder must provide a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, (or in either case appropriate successor form) to the applicable withholding agent.

Interest that is U.S. trade or business income will not be subject to the 30% withholding rate provided that the Non-U.S. Holder provides IRS Form W-8ECI (or appropriate successor form) to the applicable withholding agent. Instead, such interest generally will be subject to U.S. federal income tax on a net income basis at regular graduated U.S. rates. In the case of a Non-U.S. Holder that is a corporation, such U.S. trade or business income also may be subject to a branch profits tax of 30% (subject to reduction or elimination under an applicable income tax treaty).

Non-U.S. Holders may be required periodically to update their IRS Forms W-8.

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Sale, Exchange, Retirement or Other Taxable Disposition of the Bonds

Subject to the discussion below under FATCA Withholding and Information Reporting and Backup Withholding, a Non-U.S. Holder generally will not be subject to U.S. federal income tax in respect of gain recognized on a sale, exchange, retirement or other taxable disposition of the Bonds unless:

- the gain is U.S. trade or business income (in which case the branch profits tax may also apply to a corporate Non-U.S. Holder); or
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements (unless an applicable income tax treaty provides otherwise).

FATCA Withholding

Under the Foreign Account Tax Compliance Act provisions of the Code and related U.S. Treasury guidance (FATCA), a withholding tax of 30% will be imposed in certain circumstances on payments of (i) interest on the Bonds and (ii) on or after January 1, 2019, gross proceeds from the sale or other disposition of the Bonds. In the case of payments made to a foreign financial institution (such as a bank, a broker, an investment fund or, in certain cases, a holding company), as a beneficial owner or as an intermediary, this tax generally will be imposed, subject to certain exceptions, unless such institution (i) has agreed to (and does) comply with the requirements of an agreement with the United States (an FFI Agreement) or (ii) is required by (and does comply with) applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an IGA) to, among other things, collect and provide to the U.S. tax authorities or other relevant tax authorities certain information regarding U.S. account holders of such institution and, in either case, such institution provides the withholding agent with a certification as to its FATCA status. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the tax generally will be imposed, subject to certain exceptions, unless such entity provides the withholding agent with a certification as to its FATCA status and, in certain cases, identifies any substantial U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity). If a Bond is held through a foreign financial institution that has agreed to comply with the requirements of an FFI Agreement or is subject to similar requirements under applicable foreign law enacted in connection with an IGA, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold tax on payments made to (i) a person (including an individual) that fails to provide any required information or documentation or (ii) a foreign financial institution that has not agreed to comply with the requirements of an FFI Agreement and is not subject to similar requirements under applicable foreign law enacted in connection with an IGA. Each Non-U.S. Holder should consult its own tax advisor regarding the application of FATCA to the purchase, ownership and disposition of the Bonds.

Information Reporting and Backup Withholding

We must report annually to the IRS and to each Non-U.S. Holder any interest that is paid to the Non-U.S. Holder. Copies of these information returns also may be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which the Non-U.S. Holder resides.

The backup withholding tax and certain information reporting will not apply to such payments of interest with respect to which either the requisite certification (i.e., a Form W-8BEN, W-8BEN-E or W-8ECI as described above) has been received or an exemption otherwise has been established, provided that neither we nor our paying agent have actual knowledge that the holder is a United States person or that the conditions of any other exemption are not, in fact, satisfied.

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Under Treasury regulations, the payment of proceeds from the disposition of a Bond by a Non-U.S. Holder effected at a U.S. office of a broker generally will be subject to information reporting and backup withholding, unless the non-U.S. holder provides a properly completed and executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or other applicable IRS Form W-8), certifying such Non-U.S. Holder s non-U.S. status or by otherwise establishing an exemption. The payment of the proceeds from the disposition of the Bonds to or through a non-U.S. office of a U.S. broker or a non-U.S. broker with certain specified U.S. connections generally will be subject to information reporting (but not backup withholding) unless the non-U.S. holder provides a properly completed and executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or other applicable IRS Form W-8), certifying such Non-U.S. Holder s non-U.S. status or by otherwise establishing an exemption. Backup withholding will apply if the disposition is subject to information reporting and the broker has actual knowledge that the Non-U.S. Holder is a U.S. person.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be refunded or credited against the holder s U.S. federal income tax liability, if any, if the holder timely provides the required information to the IRS.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE MAY NOT BE APPLICABLE DEPENDING UPON YOUR PARTICULAR SITUATION. YOU SHOULD CONSULT YOUR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO YOU OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

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UNDERWRITING

The Company and the underwriters for the offering named below have entered into an underwriting agreement with respect to the Bonds. Subject to certain conditions, each underwriter has severally, but not jointly, agreed to purchase the principal amount of Bonds indicated in the following table:

Underwriters	Principal Amount of Bonds
Barclays Capital Inc.	$ 70,000,000
RBC Capital Markets, LLC	70,000,000
Scotia Capital (USA) Inc.	70,000,000
Wells Fargo Securities, LLC	70,000,000
Credit Suisse Securities (USA) LLC	17,500,000
Mitsubishi UFJ Securities (USA), Inc.	17,500,000
Mizuho Securities USA Inc.	17,500,000
PNC Capital Markets LLC	17,500,000
Total	$ 350,000,000

The underwriters are committed to take and pay for all of the Bonds being offered, if any are taken.

Bonds sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any Bonds sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to 0.50% of the principal amount of the Bonds. Any such securities dealers may resell any Bonds purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to 0.25% of the principal amount of the Bonds. If all the Bonds are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

The Bonds are a new issue of securities with no established trading market. The Company has been advised by the underwriters that the underwriters intend to make a market in the Bonds as permitted by applicable laws and regulations. The underwriters are not obligated, however, to do so and any such market making may be discontinued at any time without notice at the sole discretion of the underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Bonds.

In connection with the offering, the underwriters may purchase and sell Bonds in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of Bonds than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Bonds while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased Bonds sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters, as well as other purchases by the underwriters for their own accounts, may stabilize, maintain or otherwise affect the market price of the Bonds. As a result, the price of the Bonds may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Company estimates that its share of the total expenses of the offering, excluding the underwriting discount, will be approximately $1 million.

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The Company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses. In particular, certain of the underwriters or their affiliates are agents or lenders under the credit or other borrowing facilities of the Company and its affiliates.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Company. Certain of the underwriters and their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The offering of the Bonds by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

Notice to Prospective Investors in Canada

The Bonds may be sold only in Alberta, British Columbia, Ontario or Quebec to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

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VALIDITY OF THE BONDS

Pillsbury Winthrop Shaw Pittman LLP, New York, New York, and Frederick C. Paine, Esq., Senior Counsel of PPL Services Corporation, will pass upon the validity of the Bonds for PPL Electric. Sullivan & Cromwell LLP, New York, New York, will pass upon the validity of the Bonds for the underwriters. However, all matters pertaining to the organization of PPL Electric and PPL Electric s title to its property and the liens of the Mortgage upon PPL Electric s properties will be passed upon only by Mr. Paine. As to matters involving the law of the Commonwealth of Pennsylvania, Pillsbury Winthrop Shaw Pittman LLP and Sullivan & Cromwell LLP will rely on the opinion of Mr. Paine.

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PROSPECTUS

PPL Corporation

PPL Capital Funding, Inc.

PPL Electric Utilities Corporation

Two North Ninth Street

Allentown, Pennsylvania 18101-1179

(610) 774-5151

LG&E and KU Energy LLC

Louisville Gas and Electric Company

220 West Main Street

Louisville, Kentucky 40202

(502) 627-2000

Kentucky Utilities Company

One Quality Street

Lexington, Kentucky 40507

(502) 627-2000

PPL Corporation

Common Stock, Preferred Stock,

Stock Purchase Contracts, Stock Purchase Units and Depositary Shares

PPL Capital Funding, Inc.

Debt Securities and Subordinated Debt Securities

Guaranteed by PPL Corporation as described in a supplement to this prospectus

PPL Electric Utilities Corporation

Debt Securities

LG&E and KU Energy LLC

Debt Securities

Louisville Gas and Electric Company

Debt Securities

Kentucky Utilities Company

Debt Securities

We will provide the specific terms of these securities in supplements to this prospectus. You should read this prospectus and the supplements carefully before you invest.

We may offer the securities directly or through underwriters or agents. The applicable prospectus supplement will describe the terms of any particular plan of distribution.

Investing in the securities involves certain risks. See Risk Factors on page 4.

PPL Corporation s common stock is listed on the New York Stock Exchange and trades under the symbol PPL.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 25, 2015.

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(2) Represents the number of securities underlying unexercised options and warrants that were exercisable at 2010 Fiscal Year End.

(3) Calculated as the difference between the closing price of the Company's Common Stock on June 30, 2010, and the exercise price for those options exercisable on June 30, 2010, with an exercise price less than the closing price, multiplied by the number of applicable options.

Options Grants Subsequent to Fiscal Year End

No directors received stock option grants subsequent to year end. The only named executive officer to receive stock option grants subsequent to year end was Kevin Dahill who received stock option grants for a total of 100,000 shares at an average exercise price of $2.15 per share. In addition, subsequent to year end, there were stock options for 62,500 shares granted to other employee at an average option price range of $1.90.

Options Repriced Subsequent to Fiscal Year End

The following table sets forth information regarding employee stock options repriced on September 16, 2010.

Name	Number of Underlying Securities Options Repriced	Option Price Range Before Repricing	New Option Price
Robert R. Kauffman	166,750	$4.00-$9.60	$1.50
John A. Carlson	90,625	$4.00-$9.60	$1.50
Donald E. Anderson	43,075	$4.00-$8.00	$1.50
Harold S. Carpenter	42,550	$4.00-$9.60	$1.50
James T. Hecker	38,550	$4.00-$9.60	$1.50
Thomas C. LaVoy	38,550	$4.00-$9.60	$1.50
Timothy P. Slifkin	58,750	$4.00-$8.00	$1.50
Thomas A. Robinson	58,750	$4.00-$8.00	$1.50
Other Employees	328,473	$4.00-$8.00	$1.50
Total	866,073		

Employment Agreements and Executive Compensation

The Executive Officers are at-will employees without employment agreements except for Kevin Dahill who has an employment contract through September 30, 2011, subject to one-year extensions upon mutual consent thereto, as President/CEO of StarTrak at a salary of $190,000 per year plus an incentive bonus based upon the operating results of StarTrak.

Compensation of Directors

During fiscal year 2010, non-employee Directors were compensated for their services in cash ($750 per meeting per day up to a maximum of $1,500 per meeting) and through the grant of options to acquire shares of Class A Common Stock as provided by the 1996, 1998, 1999, 2000, 2002, 2004, 2005, and 2006 Directors and Officers Stock Option Plans (the “D&O Plans”) which are described below. All Directors are entitled to receive reimbursement for all

out-of-pocket expenses incurred for attendance at Board of Directors meetings.

The 1996 Directors and Officers Stock Option Plan was approved by the Board of Directors on September 9, 1996. Shareholders approved the 1998, 1999, 2000, 2002, 2004, 2005, and 2006 Directors and Officers Stock Option Plans on November 6, 1998, November 5, 1999, November 10, 2000, November 22, 2002, November 19, 2004, January 20, 2006, and January 30, 2007, respectively. The purpose of the 1996, 1998, 1999, 2000, 2002, 2004, 2005, and 2006 D&O Plans is to advance the business and development of the Company and its shareholders by affording to the Directors and Officers of the Company the opportunity to acquire a proprietary interest in the Company by the grant of Options to acquire shares of the Company's common stock. All Directors and Executive Officers of the Company are eligible to participate in the 1996, 1998, 1999, 2000, 2002, 2004, 2005, and 2006 Plans. Newly appointed Directors receive options to purchase shares of common stock at fair market value. Upon each subsequent anniversary of the election to the Board of Directors, each non-employee Director may receive an additional option to purchase shares of common stock at fair market value.

Transactions with Management

Entities and a trust controlled by Mr. Donald Anderson, a past member of the Board of Directors, a more than 5% owner of the Company and trustee and beneficiary of the Anderson Family Trust, were paid interest during fiscal year 2010 in the amount of $457,900 under the Line of Credit Agreement and a Note payable that had a maximum outstanding balance of $5.7 million.

See Note 7, 10 and 16 to the consolidated financials in our Form 10-K for fiscal year ended June 30, 2010, for additional related party transactions and discussion.

AUDIT/CORPORATE GOVERNANCE COMMITTEE REPORT (1)

The Audit/Corporate Governance Committee of the Board of Directors is currently comprised of three independent directors, and operates under a written charter adopted by the Board. The Audit/Corporate Governance Committee Charter was included as Exhibit A in the Company's Definitive Proxy Statement filed with the SEC on October 18, 2004. The members of the Audit/Corporate Governance Committee are Harold S. Carpenter, a CEO with over 30 years senior management experience, James T. Hecker, an attorney and CPA, and Thomas C. LaVoy, a CPA. All three individuals are experienced in reading and understanding financial statements, and, in fact, are deemed to be financial experts as defined by audit committee requirements.

The Audit/Corporate Governance Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor engaged for the purpose of preparing an audit report or performing other audit, review or attest services for the Company. The independent auditor reports directly to the Audit/Corporate Governance Committee. The Audit/Corporate Governance Committee has established "whistleblower" procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Authority to engage independent counsel and other advisors has been given to the Audit/Corporate Governance Committee as it determines is necessary to carry out its duties. The Company provides appropriate funding for the Audit/Corporate Governance Committee to compensate the independent auditors and any lawyers and advisors it employs and to fund ordinary administrative expenses of the Audit/Corporate Governance Committee that are necessary in carrying out its duties.

The Audit/Corporate Governance Committee provides general oversight of the Company's financial reporting and disclosure practices, system of internal controls, and the Company's processes for monitoring compliance by the Company with Company policies. The Audit/Corporate Governance Committee reviews with the Company's registered public accountants the scope of the audit for the year, the results of the audit when completed, and the registered independent public accountant's fee for services performed. The Audit/Corporate Governance Committee also recommends independent registered public accountants to the Board of Directors and reviews with management various matters related to its internal accounting controls. During the last fiscal year, there were four meetings of the Audit/Corporate Governance Committee.

Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing a report thereon. The Audit/Corporate Governance Committee is responsible for overseeing and monitoring the quality of the Company's accounting and auditing practices.

The members of the Audit/Corporate Governance Committee are not professionally engaged in the practice of auditing or accounting and may not be experts in the fields of accounting or auditing, or in determining auditor independence. Members of the Audit/Corporate Governance Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent registered public accounting firm. Accordingly, the Audit/Corporate Governance Committee's oversight does not provide an independent basis to determine that management has maintained procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit/Corporate Governance Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board (United States), that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America or that the Company's independent registered public accounting firm is in fact "independent."

Review of Audited Financial Statements

In this context, the Audit/Corporate Governance Committee reviewed and discussed the Company’s audited financial statements with management and with the Company’s independent auditors. Management represented to the Audit/Corporate Governance Committee that the Company’s consolidated financial statements were prepared in accordance with

accounting principles generally accepted in the United States of America. Discussions about the Company's audited financial statements included the auditor's judgments about the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in its financial statements. The Audit/Corporate Governance Committee also discussed with the auditors the matters required by Statement on Auditing Standards, ("SAS") No. 61 "Communication with Audit Committees," as amended and as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Company's auditors provided to the Committee written disclosures required by the Independence Standards Board Standard No. 1 "Independence Discussion with Audit Committee." The Audit/Corporate Governance Committee discussed with the independent auditors their independence from the Company, and considered the compatibility of non-audit services with the auditor's independence.

Audit Committee Pre-Approval Policies and Procedures

The fiscal year 2009 and 2010 audit services provided by Semple, Marchal & Cooper, LLP were approved by our Audit/Corporate Governance Committee. The Audit/Corporate Governance Committee implemented pre-approval policies and procedures related to the provision of audit and non-audit services. Under these procedures, the Audit/Corporate Governance Committee pre-approves both the type of services to be provided by our independent auditors and the estimated fees related to these services. During the approval process, the Audit/Corporate Governance Committee considers the impact of the types of services and related fees on the independence of the auditor. These services and fees must be deemed compatible with the maintenance of the auditor's independence, in compliance with the SEC rules and regulations. Throughout the year, the Audit/Corporate Governance Committee and, if necessary, the Board of Directors, reviews revisions to the estimates of audit and non-audit fees initially approved.

Recommendation

Based on the Audit/Corporate Governance Committee's discussion with management and the independent auditors, and the Audit/Corporate Governance Committee's review of the representations of management and the report of the independent auditors to the Audit/Corporate Governance Committee, the Audit/Corporate Governance Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended June 30, 2010, filed with the Securities and Exchange Commission.

AUDIT/CORPORATE GOVERNANCE COMMITTEE
James T. Hecker
Harold S. Carpenter
Thomas C. LaVoy

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(1) The material in this report is not "soliciting material," is not deemed filed with the commission and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Proposal No. 1 ELECTION OF DIRECTORS

The Articles of Incorporation presently provide for a Board of Directors of not more than nine members. The number of Directors of the Company has been fixed at five by the Company's Board of Directors. The Company's Board of Directors recommends the election of the five nominees listed below to hold office until the next Annual Meeting of Shareholders or until their successors are elected and qualified or until their earlier death, resignation or removal. The persons named as "proxies" in the enclosed form of Proxy, who have been designated by Management, intend to vote

for the five nominees for election as Directors unless otherwise instructed in such proxy. If at the time of the Meeting, any of the nominees named below should be unable to serve, which event is not expected to occur, the discretionary authority provided in the Proxy will be exercised to cumulatively vote for the remaining nominees, or for a substitute nominee or nominees, if any, as shall be designated by the Board of Directors.

The Board recommends that the shareholders vote “FOR” Proposal 1 to elect Harold S. Carpenter, James T. Hecker, Robert R. Kauffman, Thomas C. LaVoy and John A. Carlson as directors for a one-year term expiring at the Fiscal 2011 Annual Meeting of Shareholders and until their successors have been duly elected and qualified.

Nominees

All nominees for Director have been approved by the Company's Nominating/Independent Directors Committee. The following table sets forth the name and age of each nominee for Director, indicating all positions and offices with the Company presently held by him, and the period during which he has served as such:

Name	Age	Position	Year First Director
Harold S. Carpenter	76	Director	1995
James T. Hecker	53	Director	1997
Robert R. Kauffman	70	Director/C.O.B./C.E.O.	1998
Thomas C. LaVoy	50	Director	1998
John A. Carlson	64	Director/E.V.P./C.F.O.	1999

Business Experience of Nominees

Robert R. Kauffman: Mr. Kauffman was appointed as Chief Executive Officer and Chairman of the Board effective July 1, 1998. Mr. Kauffman was formerly President and Chief Executive Officer of Nasdaq-listed Photocomm, Inc., from 1988 until 1997 (since renamed Kyocera Solar, Inc.). Photocomm was the nation's largest publicly owned manufacturer and marketer of wireless solar electric power systems with annual revenues in excess of $35 million. Prior to Photocomm, Mr. Kauffman was a senior executive of the Atlantic Richfield Company (ARCO) whose varied responsibilities included Senior Vice President of ARCO Solar, Inc., President of ARCO Plastics Company and Vice President of ARCO Chemical Company. Mr. Kauffman earned an M.B.A. in Finance at the Wharton School of the University of Pennsylvania, and holds a B.S. in Chemical Engineering from Lafayette College, Easton, Pennsylvania.

John A. Carlson: Mr. Carlson, Executive Vice President and Chief Financial Officer of Alanco Technologies, Inc., joined the Company in September 1998 as Senior Vice President/Chief Financial Officer. Mr. Carlson started his career with Price Waterhouse & Co. in Chicago, Illinois. He has over twenty-five years of public and private financial and operational management experience, including over twelve years as Chief Financial Officer of a Fortune 1000 printing and publishing company. Mr. Carlson earned his Bachelor of Science degree in Business Administration at the University of South Dakota, and is a Certified Public Accountant.

Harold S. Carpenter: Mr. Carpenter is the former President of Superiorgas Co., Des Moines, Iowa, which is engaged in the business of trading and brokering bulk refined petroleum products with gross sales of approximately $500 million per year. He is also the General Partner of Superiorgas L.P., an investment company affiliated with Superiorgas Co. Mr. Carpenter founded these companies in 1984 and 1980, respectively. Mr. Carpenter is also the President of Carpenter Investment Company, Des Moines, Iowa, which is a real estate investment company holding properties primarily in central Iowa. From 1970 until 1994, Mr. Carpenter was the Chairman of the George A. Rolfes Company of Boone, Iowa, which manufactured air pollution control equipment. Mr. Carpenter graduated from the University of Iowa in 1958 with a Bachelor of Science and Commerce degree.

James T. Hecker: Mr. Hecker is both an Attorney and a Certified Public Accountant. Since 1987 Mr. Hecker has been Vice President, Treasurer and General Counsel of Rhino Capital Incorporated, Evergreen, Colorado, a private capital management company. From 1984 to 1987, Mr. Hecker was the Controller of Northern Pump Company, Minneapolis, Minnesota, a multi-state operating oil and gas company with more than 300 properties, with responsibility of all accounting and reporting functions. Mr. Hecker received a J.D. degree from the University of Denver in 1992, and a B.B.A. degree in Accounting and International Finance from the University of Wisconsin in 1979.

Thomas C. LaVoy: Thomas C. LaVoy has served as Chief Financial Officer of SuperShuttle International, Inc., since July 1997 and as Secretary since March 1998. From September 1987 to February 1997, Mr. LaVoy served as Chief Financial Officer of Nasdaq-listed Photocomm, Inc. Mr. LaVoy was a Certified Public Accountant with the firm of KPMG Peat Marwick from 1980 to 1983. Mr. LaVoy has a Bachelor of Science degree in Accounting from St. Cloud University, Minnesota, and is a Certified Public Accountant.

Proposal No. 2 RATIFICATION OF RE-APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has re-appointed the firm of Semple, Marchal & Cooper LLP to serve as our independent registered public accounting firm for the fiscal year ending June 30, 2011, and has directed that such re-appointment be submitted to our shareholders for ratification at the Annual Meeting. Our organizational documents do not require that our shareholders ratify the selection of our independent registered public accounting firm. If our shareholders do not ratify the selection, the Audit Committee will reconsider whether to retain Semple, Marchal & Cooper LLP, but still may retain it nonetheless. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in our best interests.

Representatives of Semple, Marchal & Cooper LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they desire to do so. They also will be available to respond to appropriate questions from shareholders.

Audit and Non-Audit Fees

Audit Fees

The aggregate fees billed by Semple, Marchal & Cooper, LLP for professional services rendered for the audit of the Company’s annual financial statements and review of the Company’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, for the fiscal years ended June 30, 2010 and 2009 were approximately $153,700 and $200,000, respectively.

Audit Related Fees

In each of the last two fiscal years, there were no fees billed for assurance related services rendered by the principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under the “Audit Fees” paragraph above.

Tax Fees

Semple, Marchal & Cooper, LLP prepared the Company’s tax returns for state and federal purposes. Tax return preparation fees for the fiscal years ended June 30, 2010 and 2009, were approximately $15,500 and $15,000 respectively.

All Other Fees

Other than the services described above under “Audit Fees”, during the fiscal year ended June 30, 2010, Semple, Marchal & Cooper, LLP also provided services related to filing a Form S-3 and related amendments with the Securities and Exchange Commission and billed related fees of approximately $1,600. No such services were provided during the fiscal year ended June 30, 2009.

As part of its responsibility for oversight of the independent registered public accountants, the Audit Committee has established a pre-approval policy for engaging audit and permitted non-audit services provided by our independent registered public accountants. In accordance with this policy, each type of audit, audit-related, tax and other permitted service to be provided by the independent auditors is specifically described and each such service, together with a fee level or budgeted amount for such service, is pre-approved by the Audit Committee. The Audit Committee has delegated authority to its Chairman to pre-approve additional non-audit services (provided such services are not prohibited by applicable law) up to a pre-established aggregate dollar limit. All services pre-approved by the Chairman of the Audit Committee must be presented at the next Audit Committee meeting for review and ratification. All of the services provided by Semple, Marchal & Cooper LLP described above were approved by our Audit Committee.

The Company's principal accountant, Semple, Marchal & Cooper LLP, did not engage any other persons or firms other than the principal accountant's full-time, permanent employees, except for physical inventory observations performed by employees of qualified Independent Certified Public Account firms, conducted at locations in New Jersey as part of the annual audit. Semple, Marchal & Cooper LLP, Phoenix, Arizona, was appointed as the Company's Independent Auditor for the fiscal years ended June 30, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010.

The Board unanimously recommends that the shareholders vote "FOR" Proposal 2 to ratify the re-appointment of Semple, Marchal & Cooper LLP as the independent registered public accounting firm of the Company.

Proposal No. 3 APPROVAL OF THE ALANCO 2011 STOCK INCENTIVE PLAN

The Company's Board of Directors approved submitting the Alanco Technologies, Inc. 2011 Stock Incentive Plan (the "2011 Plan") to the shareholders for approval. The Board of Directors recommends approval of the 2011 Plan. On the effective date of the 2011 Plan, 750,000 new shares of common stock will be reserved for issuance under the 2011 Plan. Shares issued under the 2011 Plan shall be drawn from authorized and unissued shares or shares now held or subsequently acquired by the Company as treasury shares.

The following description of the 2011 Plan is a summary and is not intended to be a complete description of the 2011 Plan. Please read the 2011 Plan attached to this proxy statement as Exhibit 99.4 for more detailed information.

Description of 2011 Plan

Purpose

The purpose of the 2011 Plan is to attract, retain and motivate employees, officers, directors, consultants, agents, advisors and independent contractors of the Company and Related Companies by providing them with the opportunity to acquire a proprietary interest in the Company and to align their interests and efforts to the long-term interests of the Company's stockholders.

Administration

The 2011 Plan will be administered by our Board of Directors or the Compensation Committee of our Board of Directors, or any other committee appointed by the Board to administer the 2011 Plan. The Compensation Committee has the full and exclusive discretionary authority to construe and interpret the 2011 Plan and the rights granted under it and to establish rules and regulations for the administration of the 2011 Plan. The Compensation Committee may delegate to one or more of our officers, within limits prescribed by the Board of Directors or the Compensation Committee, the right to grant awards with respect to participants who are not officers or directors.

Eligibility
Awards may be granted under the 2011 Plan to employees, officers, directors, consultants, agents, advisors and independent contractors of the Company or any Related Company.

Certain Executive Officers of the Company and its wholly owned subsidiary, StarTrak Systems, LLC, have agreed to defer a portion of their salaries, with the deferred amounts to be paid in common stock of the Company upon shareholder approval of the Plan. The common stock will be valued at the average five day closing price prior to approval date. The monthly deferred salary starting in July 2010 are: $7,500 for Robert Kauffman, Chief Executive Officer; $6,500 for John Carlson, Chief Financial Officer; $5,000 for Timothy Slifkin, StarTrak Chief Technology Officer; $5,000 for Thomas Robinson, StarTrak Executive Vice President; and $1,575 for Steven Talis, StarTrak Chief Operating Officer..

Types of Awards

The 2011 Plan permits the granting of any or all of the following types of awards: (1) incentive and nonqualified stock options; (2) stock awards, restricted stock and stock units; (3) performance shares and performance units conditioned on meeting performance criteria; and (4) other stock or cash-based awards.

Stock Options. Stock options entitle the holder to purchase a specified number of shares of our common stock at a specified price, which is called the exercise price, subject to the terms and conditions of the option grant. The exercise price of stock options under the 2011 Plan must be at least 100% of the fair market value of our common stock on the grant date. Alternatively, if the Compensation Committee so determines in its sole discretion, the Compensation Committee may establish an exercise price equal to the average of the fair market value of our common stock over a period of up to 30 trading days. The Compensation Committee will fix the term of each option. Each option will be exercisable at such time or times as determined by the Compensation Committee. Options may be exercised, in whole or in part, by payment in full of the purchase price either in cash, delivery of shares of common stock (including shares covered by the option being exercised) or delivery of other consideration, or by any combination of cash, stock and other consideration as may be determined by the Compensation Committee. Options may also be exercised by means of a broker-assisted cashless exercise.

After termination of service, a participant will be able to exercise the vested portion of his or her option for the period of time stated in the option agreement.

Stock Awards, Restricted Stock and Stock Units. Awards of shares of stock, or awards designated in units of stock, may be granted under the 2011 Plan. These awards may be made subject to forfeiture restrictions at the Compensation Committee's discretion, and the Compensation Committee may waive any such restrictions at any time in its sole discretion. Until the lapse of any such restrictions, recipients may not dispose of their restricted stock.

Performance Awards. Performance awards may be in the form of performance shares, which are units valued by reference to shares of stock, or performance units, which are units valued by reference to property other than stock. Performance shares or performance units may be payable upon the attainment of performance criteria and other terms and conditions as established by the Compensation Committee, and the amount of any payment may be adjusted on the basis of such further consideration as the Compensation Committee determines. Performance awards may be paid entirely in cash, stock or other property, or in any combination of those, at the discretion of the Compensation Committee.

Other Stock- or Cash-Based Awards. The Compensation Committee is also authorized to grant to participants under the 2011 Plan, either alone or in addition to other awards granted under the 2011 Plan, incentives payable in cash or in shares of common stock subject to terms and conditions determined by the Compensation Committee.

Shares subject to the 2011 Plan

Number of Shares Reserved for Issuance. The 2011 Plan authorizes the issuance of up to 750,000 shares of common stock. Shares of common stock covered by an award granted under the 2011 Plan will not be counted as used unless and until they are actually issued and delivered to a participant. Shares relating to awards granted under the 2011 Plan that are forfeited, settled for cash or otherwise terminated, and shares withheld by or tendered in connection with the exercise of an option or other award granted under the 2011 Plan or in connection with the satisfaction of tax withholding obligations relating to awards or exercises of options or other awards, will become available for issuance under the 2011 Plan. Awards made or adjusted to assume or convert awards in connection with acquisition transactions will not reduce the number of shares authorized for issuance under the 2011 Plan. The shares of stock deliverable under the 2011 Plan will consist of authorized and unissued shares. The Compensation Committee may adjust the aggregate number of shares or the number of shares subject to awards under the plan in the event of a change affecting shares of our common stock, such as stock dividends, recapitalization, reorganization or mergers.

Nonassignability of Awards

Unless the Compensation Committee determines otherwise, no award granted under the 2011 Plan may be sold, assigned, transferred, pledged or otherwise encumbered by a participant, other than by will, by designation of a beneficiary in a manner established by the Compensation Committee or by the laws of descent and distribution. Each award may be exercisable only by the participant.

Amendment and Termination

Unless earlier terminated by the Board of Directors or the Compensation Committee, the 2011 Plan will terminate ten years from its effective date. The Board of Directors or the Compensation Committee may generally amend, suspend or terminate all or a portion of the 2011 Plan at any time, as long as the rights of a participant are not materially impaired, without the participant's consent, subject to stockholder approval to the extent necessary to comply with applicable law, stock exchange rule or regulatory requirements or, as determined by the Compensation Committee, to qualify with tax requirements. The Compensation Committee may amend the terms of any award granted, prospectively or retroactively, but cannot materially impair the rights of any participant without the participant's consent. The Compensation Committee may reprice options without stockholder approval. Also, generally, no change or adjustment may be made to an outstanding incentive stock option, without the consent of the participant, that would cause the incentive stock option to fail to continue to qualify as an incentive stock option under the Code.

Performance-Based Compensation Under Section 162(m)

Under Section 162(m) of the Code, we are generally prohibited from deducting compensation paid to our Chief Executive Officer and our four other most highly compensated executive officers in excess of $1,000,000 per person in any year. However, compensation that qualifies as performance-based is excluded for purposes of calculating the amount of compensation subject to the $1,000,000 limit. As the applicable Company salaries are substantially below the effective level, we do not expect the Section 162(m) limit to be applicable. In general, the Compensation Committee determines the terms and conditions of awards. If the Compensation Committee intends to qualify an award as "qualified performance-based compensation" under Section 162(m) of the Code, the performance goals it may choose include any or all of the following or any combination: cash flows (including, but not limited to, operating cash flow, free cash flow or cash flow return on capital); working capital; earnings per share; book value per share; operating income (including or excluding depreciation, amortization, extraordinary items, restructuring charges or

other expenses); revenues; operating margins; return on assets; return on equity; debt; debt plus equity; market or economic value added; stock price appreciation; total stockholder return; cost control; strategic initiatives; market share; net income; return on invested capital; improvements in capital structure; customer satisfaction, employee satisfaction, services performance; or cash management or asset management metrics. Performance goals may be stated in absolute terms or relative to the performance of comparison companies. Performance goals may relate to the performance of the Company as a whole or any business unit of the Company, as determined by the Compensation Committee. The Compensation Committee shall have absolute discretion to reduce the amount of the award payable to any participant for any period below the maximum award determined based on the attainment of performance goals. The Compensation Committee may waive the achievement of applicable performance goals except in the case of death or disability of a participant.

The Compensation Committee may also provide in any award that any evaluation of performance may include or exclude any of the following events that occurs during a performance period: asset write-downs; litigation or claim judgments or settlements; the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;

any reorganization and restructuring programs; extraordinary nonrecurring items as presented in accordance with the provisons of the Accounting Standards Codification ("ASC") and/or in Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Company's annual report to stockholders for the applicable year; acquisitions or divestitures; foreign exchange gains and losses; and gains and losses on asset sales. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of the exemption under Section 162(m) of the Code.

Company Transaction and Change in Control

Restrictions on awards granted under the 2011 Plan will terminate in certain circumstances that constitute a change in control or a merger, stock or asset sale or similar company transaction that does not involve a related party.

Change in Control. Under the 2011 Plan, a change in control of the Company means the occurrence of any of the following events:

- An acquisition of beneficial ownership of 40% or more of either (a) the then outstanding shares of common stock or (b) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (excluding any acquisition directly from the Company, any acquisition by the Company, any acquisition by any employee benefit plan of the Company or a related party transaction).

- A change in the composition of our Board of Directors during any two-year period such that the incumbent Board members cease to constitute at least a majority (not including directors whose election was approved by more than half of the incumbent Board).

Under the 2011 Plan, to maintain all of the participants' rights in the event of a change in control of the Company (as described below), unless the Compensation Committee determines otherwise with respect to a particular award:

- Any options become fully exercisable and vested to the full extent of the original grant.

- Any restrictions and deferral limitations applicable to any restricted stock or stock units lapse.

- All performance shares and performance units will be earned and payable in full at target levels, and any deferral or other restrictions lapse and such performance shares and performance units will be immediately settled or distributed.

- Any restrictions and deferral limitations and other conditions applicable to any other awards lapse, and such other awards become free of all restrictions, limitations or conditions and become fully vested and transferable to the full extent of the original grant.

The Compensation Committee can provide a cash-out right for awards in connection with a change in control.

Company Transaction. Under the 2011 Plan, a company transaction means the consummation of any of the following:

- a merger or consolidation of the Company with or into any other company or other entity;

- a sale in one transaction or a series of transactions undertaken with a common purpose of acquiring at least 50% of the Company's outstanding voting securities; or

-

a sale, lease, exchange or other transfer in one transaction or a series of related transactions undertaken with a common purpose of all or substantially all of the Company' assets.

Under the 2011 Plan, a related party transaction means a company transaction pursuant to which:

- the beneficial ownership of the Company or the resulting company remains the same with respect to at least 50% of the voting power of the outstanding voting securities in substantially the same proportions as immediately prior to such company transaction;
- no entity (other than the Company or an affiliate) will beneficially own 40% or more of the outstanding shares of common stock of the resulting company or the voting power of the outstanding voting securities; and
- our incumbent board will, after the company transaction, constitute at least a majority of the board of the company resulting from such company transaction.

Under the 2011 Plan, to maintain all of the participants' rights in the event of a company transaction that is not a change in control or a related party transaction, unless the Compensation Committee determines otherwise at the time of grant with respect to a particular award or elects to cash out awards:

- All outstanding awards (other than performance awards) become fully and immediately exercisable, and any restrictions or forfeiture provisions lapse, immediately prior to the company transaction, unless such awards are converted, assumed or replaced by the successor company.

- Performance awards earned and outstanding become payable in full at target levels, and deferrals or other restrictions not waived by the Compensation Committee shall remain in effect.

U.S. Federal Income Tax Consequences

The following briefly describes the U.S. federal income tax consequences of the 2011 Plan generally applicable to the Company and to participants who are U.S. citizens.

Stock Options
Nonqualified Stock Options. A participant will not recognize taxable income upon the grant of a nonqualified stock option. Upon the exercise of a nonqualified stock option, a participant will recognize taxable ordinary income equal to the difference between the fair market value of the shares on the date of exercise and the option exercise price. When a participant sells the shares, the participant will have short-term or long-term capital gain or loss, as the case may be, equal to the difference between the amount the participant received from the sale and the tax basis of the shares sold. The tax basis of the shares generally will be equal to the greater of the fair market value of the shares on the exercise date or the option exercise price.

Incentive Stock Options. A participant will not recognize taxable income upon the grant of an incentive stock option. If a participant exercises an incentive stock option during employment or within three months after his or her employment ends other than as a result of death (12 months in the case of disability), the participant will not recognize taxable income at the time of exercise (although the participant generally will have taxable income for alternative minimum tax purposes at that time as if the option were a nonqualified stock option). If a participant sells or exchanges the shares after the later of (a) one year from the date the participant exercised the option and (b) two years from the grant date of the option, the participant will recognize long-term capital gain or loss equal to the difference between the amount the participant received in the sale or exchange and the option exercise price. If a participant disposes of the shares before these holding period requirements are satisfied, the disposition will constitute a disqualifying disposition, and the participant generally will recognize taxable ordinary income in the year of disposition equal to the excess, as of the date of exercise of the option, of the fair market value of the shares received over the option exercise price (or, if less, the excess of the amount realized on the sale of the shares over the option exercise price). Additionally, the participant will have long-term or short-term capital gain or loss, as the case may be, equal to the difference between the amount the participant received upon disposition of the shares and the option exercise price, increased by the amount of ordinary income, if any, the participant recognized.

With respect to both nonqualified stock options and incentive stock options, special rules apply if a participant uses shares already held by the participant to pay the exercise price or if the shares received upon exercise of the option are subject to a substantial risk of forfeiture by the participant.

Restricted Stock Awards. Upon receipt of a restricted stock award, a participant generally will recognize taxable ordinary income when the shares cease to be subject to restrictions in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid to us by the participant for the shares. However, no later than 30 days after a participant receives a restricted stock award, the participant may elect to recognize taxable ordinary income in an amount equal to the fair market value of the shares at the time of receipt. Provided that the election is made in a timely manner, when the restrictions on the shares lapse, the participant will not recognize any additional income. When a participant sells the shares, the participant will have short-term or long-term capital gain or loss, as the case may be, equal to the difference between the amount the participant received from the sale and the tax basis of the shares sold. The tax basis of the shares generally will be equal to the amount, if any, paid to us by the participant for the shares plus the amount of taxable ordinary income recognized by the participant either at the time the restrictions lapsed or at the time of election, if an election was made by the participant. If the participant forfeits the shares to us (e.g., upon the participant's termination prior to expiration of the restriction period), the participant may not claim a deduction with respect to the income recognized as a result of the election. Any dividends paid with respect to shares of restricted stock generally will be taxable as ordinary income to the participant at the time the dividends are received.

Performance Awards and Other Stock Unit Awards. A participant generally will not recognize taxable income upon the grant of a performance award. Upon the distribution of cash, shares or other property to a participant pursuant to the terms of a performance award, the participant generally will recognize taxable ordinary income equal to the excess of the amount of cash or the fair market value of any property transferred to the participant over any amount paid to us by the participant with respect to the award. The tax consequences of other stock unit awards will depend upon the specific terms of each award.

Tax Consequences to the Company. In the foregoing cases, we generally will be entitled to a deduction at the same time and in the same amount as a participant recognizes ordinary income, subject to the limitations imposed under Section 162(m) of the Code.

Tax Withholding. We are authorized to withhold from any award granted or payment due under the 2011 Plan the amount of any withholding taxes due in respect of the award or payment and to take such other action as may be necessary to satisfy all obligations for the payment of applicable withholding taxes. The Compensation Committee is authorized to establish procedures for election by participants to satisfy their obligations for the payment of withholding taxes by delivery of shares of our stock or by directing us to retain stock otherwise deliverable in connection with the award.

New Plan Benefits

A new plan benefits table, as described in the federal proxy rules, is not provided because all awards made under the 2011 Plan are discretionary. The closing price of our common stock, as reported on the Nasdaq Capital Market on March 1, 2011, was $1.43 per share.

Vote Required

The affirmative vote of the holders of a majority of the shares represented in person or by proxy at the Annual Meeting and entitled to vote on the resolution is required for approval of the 2011 Plan. The Board of Directors has unanimously approved the 2011 Plan and believes it to be in the best interests of the Company and our stockholders.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE ALANCO

TECHNOLOGIES, INC. 2011 INCENTIVE STOCK PLAN.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EXISTING EQUITY COMPENSATION PLANS

The following table gives information with respect to our existing equity compensation plans as of June 30, 2010:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options (a)	Weighted Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	934,300	$ 2.63	123,600 (1)
Equity compensation plans not approved by security holders	21,500 (2)	$19.91	0
Total	955,800	$ 6.27	123,600

(1) Consists of shares of common stock remaining available for issuance under the 2000 Employee Incentive Stock Option Plan (11,700 shares remaining to be issued), the 2000 Directors and Officers Stock Option Plan (3,400 remaining shares to be issued), the 2002 Employee Incentive Stock Option Plan (21,800 shares remaining to be issued), the 2002 Directors and Officers Stock Option Plan (5,400 remaining shares to be issued), the 2004 Employee Incentive Stock Option Plan (23,600 shares remaining to be issued), the 2004 Directors and Officers Stock Option Plan (10,000 remaining shares to be issued), the 2005 Employee Incentive Stock Option Plan (10700 shares remaining to be issued), the 2005 Directors and Officers Stock Option Plan (10,000 remaining shares to be issued), the 2006 Employee Incentive Stock Option Plan (4,800 shares remaining to be issued), the 2006 Directors and Officers Stock Option Plan (31,900 remaining shares to be issued).

(2) Consists of options issued to officers outside of any plan as an inducement at time of employment.

Proposal No. 4 APPROVAL TO SELL SUBSTANTIALLY ALL OF THE ASSETS OF THE COMPANY BY SELLING SUBSTANTIALLY ALL OF THE ASSETS OF STARTRAK SYSTEMS, LLC, A WHOLLY OWNED SUBSIDIARY OF THE COMPANY, TO ORBCOMM INC. PURSUANT TO TERMS AND CONDITIONS OF THE ASSET PURCHASE AGREEMENT BETWEEN AND AMONG THE COMPANY, STARTRAK AND ORBCOMM.

Effective March 4, 2011, the Board of Directors, believing it to be in the best interest of the Company and its shareholders, approved the sale of substantially all of the assets of its wholly-owned subsidiary, StarTrak Systems, LLC, a Delaware Limited Liability Company, ("StarTrak") to ORBCOMM Inc., a Delaware corporation, ("ORBCOMM") pursuant to terms of the Asset Purchase Agreement ("Agreement") dated February 23, 2011 ("Asset Sale"). (The transaction is also considered to be the sale of substantially all of the assets of the Company.) ORBCOMM has also entered into agreements with certain shareholders of the Company, including Donald E. Anderson and certain of his affiliates, Tim P. Slifkin and Tom Robinson ("Insider Group"), to purchase their Class A Common shares, totaling approximately 1.2 million shares. The Insider Group and Robert Kauffman, Company CEO, have agreed to vote their shares in support of the proposed transaction. The common shares to be acquired from the Insider Group, as well

as both Class A Common Stock and Series E Convertible Preferred Stock currently owned by ORBCOMM, will be contributed as part of the consideration to be paid by ORBCOMM in the transaction.

Under terms of the Agreement, the Company, and not the stockholders of the Company, will receive all of the proceeds of the Asset Sale.

TERMS OF THE ASSET PURCHASE AGREEMENT

Contact Information

The Company's principal executive offices are located at 15575 N. 83rd Way, Ste 3, Scottsdale, Arizona 85260. Alanco's website is www.alanco.com and our phone number is (480) 505-4869. Alanco's filings, including annual reports filed on Form 10-K and quarterly reports filed on Form 10-Q can be obtained directly from the Company or from the Securities and Exchange Commission at www.sec.gov.

StarTrak Systems, LLC, a wholly owned subsidiary of the Company, is located at 408 The American Road, Morris Plains, New Jersey 07950. StarTrak's website address is www.startrak.com and its phone number is (973) 993-1760. Available financial information for StarTrak Systems, LLC may be found in Alanco Securities and Exchange Commission filings under the business segment "Wireless Asset Management."

ORBCOMM's principal executive offices are located at 2115 Linwood Avenue, Fort Lee, New Jersey 07024, and its telephone number is (201) 363-4900. ORBCOMM's website is www.orbcomm.com. ORBCOMM's annual, quarterly, and other reports and amendments to those reports can be obtained through the Investor Relations section of its website or from the Securities and Exchange Commission at www.sec.gov.

Description of the Businesses of the Parties

Alanco Technologies, Inc.

Alanco Technologies, Inc. provides wireless monitoring and asset management solutions through its StarTrak Systems subsidiary. StarTrak is the dominant provider of tracking, monitoring and control services to the refrigerated or "Reefer" segment of the transportation marketplace, enabling customers to increase efficiency and reduce costs of the refrigerated supply chain.

StarTrak Systems, LLC

StarTrak Systems, LLC located in Morris Plains, NJ is the leading provider of wireless tracking, monitoring and control services to the refrigerated or "Reefer" segment of the transportation marketplace, enabling customers to increase efficiency and reduce costs of the refrigerated supply chain. StarTrak has been a leader in providing wireless asset management services since its formation in 1998. StarTrak's current solutions are improving the efficiency and operations of refrigerated trailers, trucks, containers and railcars. StarTrak's network operations center in northern New Jersey manages wireless equipment deployed world-wide, including North America, Australia, Europe, the Middle East and Africa.

StarTrak is focused on delivering asset management solutions that improve customers' operations, leading to benefits in efficiency, predictability and quality. The company provides vertically integrated technical solutions, including project management, engineering development, software, firmware and hardware engineering and applications delivery.

StarTrak accounts for a dominant share of the refrigerated rail, intermodal and container monitoring services utilized in North America, providing information data services to its customers through a monthly subscription plan which generates significant monthly recurring revenues.

ORBCOMM Inc.

ORBCOMM Inc. ("ORBCOMM"), a Delaware corporation, is a satellite-based data communications company that operates a two-way global wireless data messaging system optimized for narrowband data communication. ORBCOMM also provides terrestrial-based cellular communication services through reseller agreements with major cellular wireless providers. ORBCOMM provides services through a constellation of 27 owned and operated low-Earth orbit satellites and accompanying ground infrastructure through which small, low power, fixed or mobile satellite subscriber communicators and cellular wireless subscriber identity modules, or SIMS, connected to the cellular wireless provider's network, that can be connected to other public or private networks, including the Internet (collectively, the "ORBCOMM System").

ORBCOMM products and services enable their customers and end-users to enhance productivity, reduce costs and improve security through a variety of commercial, government, and emerging homeland security applications. ORBCOMM enables its customers and end-users to achieve these benefits using a single global satellite technology standard for machine-to-machine and telematic, or M2M, data communications. Examples of assets that are connected through ORBCOMM's M2M data communications system include trucks, trailers, railcars, containers, heavy equipment, fluid tanks, utility meters, pipeline monitoring equipment, marine vessels, and oil wells. ORBCOMM's customers include original equipment manufacturers, or OEMs, such as Caterpillar Inc., ("Caterpillar"), Doosan Infracore America, Hitachi Construction Machinery Co., Ltd., ("Hitachi"), Hyundai Heavy Industries, Komatsu Ltd., ("Komatsu"), The Manitowoc Company and Volvo Construction Equipment, international value added resellers, such as AI (a subsidiary of I.D. Systems), value added resellers, such as XATA Corporation and American Innovations, Ltd., and U.S. government agencies.

ORBCOMM is currently authorized, either directly or indirectly, to provide its satellite communications services in over 90 countries and territories in North America, Europe, South America, Asia, Africa and Australia.

Past Contacts and Negotiations

ORBCOMM is a leading satellite data communications company, also providing cellular data messaging services through third party cellular networks.

StarTrak commenced utilization of ORBCOMM's cellular network services in 2007. In 2008, StarTrak acquired the assets of MicroLogic which brought approximately 1,000 assets utilizing ORBCOMM's satellite data services into StarTrak's operations.

StarTrak Cofounder, Mr. Tim Slifkin and ORBCOMM CEO, Mr. Marc Eisenberg had developed a business relationship over the past ten years based upon their common wireless communication industry experience and respective company's strategic interests.

During late 2009 Messrs. Slifkin and Eisenberg began discussions relating to a possible ORBCOMM investment in Alanco/StarTrak. Shortly thereafter, Mr. Slifkin discussed the possibility of an ORBCOMM investment with Alanco corporate management, Mr. Robert Kauffman and Mr. John Carlson, Alanco CEO and CFO, respectively, which Alanco management determined to pursue.

On December 16, 2009, a meeting was held at ORBCOMM corporate headquarters in Fort Lee, N.J. attended by ORBCOMM's CEO, Marc Eisenberg; CFO, Robert Costantini; and VP of Business Development, Lucas Binder; StarTrak's Mr. Slifkin and Alanco's Mr. Kauffman to discuss a possible ORBCOMM investment in Alanco/StarTrak.

On January 8, 2010 ORBCOMM submitted a non-binding proposal to Alanco for a $2 million purchase of Alanco common stock. Subsequent discussions between the parties resulted in preliminary agreement in late January, subject to due diligence, for an ORBCOMM purchase of $2.25 million of Alanco's Series E Convertible Preferred Stock and further agreement for joint strategic activities. Following a period of ORBCOMM due diligence activity, the final agreement between ORBCOMM and Alanco was executed and publicly announced on April 6, 2010 which included ORBCOMM's $2.25 million purchase of Alanco Preferred Stock and certain strategic partnership initiatives.

In early November 2009, Imperial Capital, a Los Angeles based investment bank, initiated due diligence with certain directors of a privately-held StarTrak competitor ("Competitor"), concerning their interest in considering a merger or acquisition transaction with Alanco/StarTrak. An initial meeting was held at Imperial Capital's New York City offices on April 15, 2010, attended by two Competitor directors and Alanco's Messrs. Kauffman and Carlson. On May 4, 2010 a meeting was hosted by ORBCOMM at their operations center in Dulles, VA for Competitor and Alanco/StarTrak executives to discuss a possible combination of StarTrak and Competitor. ORBCOMM's stated intent was to explore enhancement of the value of their recently (4/6/10) acquired equity investment in Alanco. Attendees were: Competitor's CEO and Senior VP; Alanco/StarTrak's Messrs. Kauffman and Slifkin; and ORBCOMM's Messrs. Einsenberg, Costantini, and Binder. Several subsequent discussions, including exchange of summary financial statements, led to the Competitor's non-binding preliminary proposal to Alanco to acquire substantially all of the assets of StarTrak. This preliminary Competitor offer was reviewed by the Alanco Board of Directors at its regular quarterly meeting on September 16, 2010 in Scottsdale, Arizona and was determined to be insufficient, which response was verbally communicated to Competitor's CEO. Alanco management declined an opportunity to counter offer, and, in the absence of a revised offer from the Competitor, activity ceased on this potential transaction.

In late September 2010, Alanco initiated discussions with ORBCOMM regarding its their rights under terms of its initial investment agreement to participate in an additional Alanco equity financing. ORBCOMM declined this offer, but indicated their possible interest in acquiring the StarTrak business. Alanco responded affirmatively, and, on October 4, 2010, engaged the services of investment banker, Oberon Securities, LLC to advise the Company relative to the possible sale of StarTrak to ORBCOMM.

Negotiations between the parties formally commenced with a preliminary meeting on October 8, 2010 at StarTrak's New Jersey offices attended by ORBCOMM, representation of ORBCOMM's investment bank, Raymond James; Alanco, StarTrak, and representative's of Alanco's investment bank Oberon Securities, following which ORBCOMM initiated an in-depth due diligence process.

On November 11, 2010, at a meeting held at ORBCOMM's operations headquarters in Dulles, VA attended by all parties and their respective investment advisors, ORBCOMM presented their initial non-binding proposal to acquire Alanco's StarTrak business. During the remainder of the month of November, 2010, primary negotiations were conducted between Alanco's Mr. Kauffman and ORBCOMM's Mr. Eisenberg to reach agreement, which resulted in the execution by both parties of a non-binding proposal for ORBCOMM to acquire substantially all of the assets of Alanco's StarTrak Systems, LLC. Following execution of the December 2010 Letter of Intent, ORBCOMM commenced further due diligence activities, primarily involving StarTrak personnel, focusing on historical and projected StarTrak financial data. ORBCOMM, with Alanco's consent, also engaged in separate discussions with Mr. Donald Anderson, representing the Anderson Family Trust, provider of Alanco's line of credit agreement, with the objective of reaching agreement in regard to ORBCOMM's assumption of certain Alanco obligations under the line of credit. In addition, ORBCOMM, again with Alanco's consent, engaged in discussions with Mr. Donald Anderson and his affiliates, and Mr. Slifkin and Mr. Robinson, founders of StarTrak, to reach agreement relative to ORBCOMM directly purchasing their respective Alanco stock holdings in a simultaneous transaction to the proposed asset purchase agreement. The definitive Asset Purchase Agreement (APA) between the parties was executed on February 23, 2011.

Reason for Sale

Through December 31, 2010, Alanco has reported recurring losses from our corporate operations, including our StarTrak Systems subsidiary. Since its acquisition by Alanco in June of 2006, StarTrak has reported cumulative operating losses of approximately $8.5 million, including operating losses in excess of $1 million for the initial six months of the current fiscal year ending June 30, 2011. During this current fiscal year, we have had difficulty meeting our working capital requirements with current cash reserves, cash generated from operations, or borrowing under our credit line. Due to our extended financial condition, along with other factors, including our inability to raise additional debt or equity capital on terms we feel commercially acceptable, management and our Board of Directors deemed it advisable and in the best interests of our stockholders to accept an offer from ORBCOMM to sell substantially all of StarTrak assets in accordance with the terms of the Asset Purchase Agreement and to consummate the Asset Sale. The Asset Sale is projected to result in a significant amount of retained current assets, projected to be approximately $7 million, which would permit us to maintain our corporate public existence for a period of time allowing management and the Board of Directors to seek an attractive operating company for a possible acquisition or merger transaction or to distribute all or a substantial portion of the remaining assets to our shareholders, as the Board of Directors deems advisable. Accordingly, management and the Board of Directors have determined that the Asset Sale is prudent at this time and in the best interests of the Company's shareholders.

Terms of the Transaction

Assets to be Sold. Substantially all of the assets of StarTrak will be sold to ORBCOMM, or its wholly owned subsidiary formed specifically to receive the assets, STK Acquisition, LLC. The assets include all property leases, receivables, inventories, cash in accounts, machinery, equipment and other tangible personal property, contracts and

related contract rights, advances, prepaid expenses, and deposits, intellectual property including patents issued and pending, copywrites, trademarks and trade names, including the name “StarTrak Systems,” data and records of StarTrak, the goodwill and going concern value of the business of StarTrak, and all other assets, properties and rights, other than specific retained assets. The retained assets include certain company organizational records, any equity in StarTrak owned by Alanco and the rights of Alanco and StarTrak under the Asset Purchase Agreement.

Purchase Consideration. The total consideration payable by ORBCOMM for substantially all of the net assets of StarTrak aggregates to approximately $18,200,000 and is composed of cash, stock of ORBCOMM, stock of Alanco and discharge of certain debt. The consideration may also include up to approximately $1.2 million in additional payments of cash or ORBCOMM stock, at ORBCOMM’s option, contingent on StarTrak’s achieving certain calendar year 2011 revenue milestones. The Agreement also provides for a working capital adjustment based upon the change in working capital, as defined, for the period from November 30, 2010 through the Effective Date of the transaction that is not considered in the $18.2 million of total consideration. The consideration to be paid at closing of the transaction consists of the following:

1. Cash consideration in an amount equal to $2,000,000, less any amount due under the secured loan referred to in paragraph 3 below;
2. ORBCOMM's acquisition and discharge of the secured debt of Alanco and StarTrak owed to the Anderson Family Trust in the principal amount of $3,900,000;
3. Cancellation and termination of all outstanding obligations of Alanco and StarTrak to ORBCOMM under the Secured Promissory Note (as defined below), including the then outstanding principal amount anticipated to be $300,000, plus interest and fees, if any, due thereunder as of the closing date;
4. Delivery to Alanco of 500,000 shares of Series E Convertible Preferred Stock of Alanco having a face amount of $2,250,000;
5. Delivery of approximately 1,212,500 shares of Alanco Class A Common Stock;
6. Issuance and delivery to Mellon Investor Services LLC, as escrow agent ("Mellon") of 249,917 shares of ORBCOMM common stock registered in the name of Alanco, which escrowed shares will be available to pay for half of the expenses and liabilities incurred as a result of certain litigation currently pending against StarTrak. The other half of such litigation expenses and liabilities will be paid by ORBCOMM.
7. The issuance and delivery to Mellon, as escrow agent, of 166,611 shares of ORBCOMM Stock registered in the name of Alanco, less certain reductions as described in the next sentence, which escrowed shares will be available to pay for a portion of certain product warranty costs, under certain conditions, relating to a fuel sensor sold by StarTrak. The value, and therefore the number of shares required to be placed in escrow, shall be reduced by one half of such warranty expenses incurred by StarTrak before the closing.
8. The issuance and delivery to Alanco of 1,987,194 shares of ORBCOMM common stock, less the number of escrowed shares of such stock described under paragraph 7 above;
9. The issuance and delivery to Alanco of 183,550 shares of Series A Perpetual Convertible Preferred Stock of ORBCOMM having a face value of $10 per share, or $1,835,500 aggregately, which shares are entitled to a 4% annual paid-in-kind dividend and each such share shall be convertible into 1.666 shares of ORBCOMM common stock;
10. Assumption by ORBCOMM of certain specified liabilities of StarTrak arising out of the normal course of business;
11. The parties have agreed to adjust the Closing Consideration for changes in working capital of the StarTrak business between November 30, 2010 and the Effective Date, which is the month end closest to the closing date. If working capital, which is defined as current assets munus current liabilities minus long-term deferred revenue, changes between November 30, 2010 and the last day of the month immediately preceding the closing, there will be a preliminary adjustment to the cash amount paid under paragraph 1 above. Following the closing, ORBCOMM will prepare a final closing statement setting forth the working capital as of the Effective Date. If there are additional working capital adjustments to be made as of the Effective Date, ORBCOMM will pay to Alanco the value of any working capital adjustment in cash or additional ORBCOMM common stock, at ORBCOMM's option, or if amounts are due to ORBCOMM, Alanco will return to ORBCOMm shares of ORBCOMM common stock issued under paragraph 8 above having a value equal to the working capital adjustment.
12. In addition to the consideration to be paid at closing discussed above, up to an additional gross amount of approximately $1,170,000 in contingent payments (the "Earn Out Amount") is payable to Alanco by ORBCOMM if certain revenue milestones of the StarTrak business are achieved for the 2011 calendar year (the "Earn-Out Period"), ranging from approximately $194,000 for total revenue of at least $20,000,000 in the Earn-Out Period to approximately $1,170,000 for total revenue of at least $24,000,000 in the Earn-Out Period.

As part of the Agreement, ORBCOMM has lent $300,000 to Alanco and StarTrak pursuant to a Secured Promissory Note of Alanco and StarTrak. The principal accrues interest at the rate of 6% per annum, and all principal and accrued interest is due in full upon the closing of the Asset Sale, or within ten days following termination of the Agreement if the Asset Sale does not close. The Secured Promissory Note is secured by a second lien upon all of the assets of the Company and StarTrak.

The Series A Perpetual Convertible Preferred Stock of ORBCOMM to be issued to Alanco in accordance with paragraph 9 above shall have the following powers, rights, privileges, preferences and limitations. Without the affirmative vote of two-thirds of the aggregate number of shares of the Series A Perpetual Convertible Preferred Stock outstanding, ORBCOMM may not authorize any reclassification of the Series A Perpetual Convertible Preferred Stock that would adversely affect the preferences, special rights, privileges or voting power of the Series A Perpetual Convertible Preferred Stock, nor create or issue any class of stock ranking prior to the Series A Perpetual Convertible Preferred Stock as to dividends or distribution of assets on liquidation. The Series A Perpetual Convertible Preferred Stock shall be convertible into 1.666 shares of ORBCOMM common stock at any time before redemption by the holder, or by ORBCOMM after six months from its issue date, provided the market price of ORBCOMM common stock is at least $11.20 per share. The Series A Perpetual Convertible Preferred Stock shall have voting rights as if converted into ORBCOMM common stock, and shall be paid dividends quarterly when declared by ORBCOMM's Board of Directors in-kind at the annual rate of 4%. The Series A Perpetual Convertible Preferred Stock can be redeemed after two years by ORBCOMM for its face value of $10.00 per share. (See Exhibit 99.1 to this Proxy Statement for the complete Description of the powers, rights, privileges, preferences and limitations of the Series A Perpetual Convertible Preferred Stock.)

The shares of ORBCOMM common stock to be held in escrow pursuant to paragraphs 6 and 7 above, shall be held in accordance with an Escrow Agreement among Alanco, ORBCOMM and Mellon Investor Services LLC, as escrow agent, ("Mellon"). The Escrow Agreement provides that ORBCOMM may cause Mellon to deliver shares of ORBCOMM common stock from the escrow account to compensate ORBCOMM with respect to one-half of expenses and liabilities it incurs with respect to certain litigation, or to certain product warranty matters in excess of the threshold of $600,000. One escrow account in the amount of $750,000 for the litigation matters and another escrow account in the amount of $500,000 (subject to possible reduction) for the warranty matters are to be established, with each escrow account containing sufficient shares of ORBCOMM common stock valued at $3.001 per share to

fully fund the escrow accounts. One-half of the liabilities incurred by StarTrak with respect to the warranty matter prior to closing shall reduce the number of ORBCOMM shares to be placed into the escrow. The other half of such pre-closing warranty liabilities incurred shall be absorbed by ORBCOMM without impact on the consideration to be paid by ORBCOMM for StarTrak assets. The litigation escrow shall exist until depleted or final resolution of the litigation. The warranty escrow shall terminate upon depletion or March 1, 2012. Any remaining shares held in the escrows after termination of the escrows shall be delivered by Mellon to Alanco. (See Exhibit 99.2 to this Proxy Statement for a copy of the Escrow Agreement to more fully understand the rights and privileges of Alanco thereunder.)

ORBCOMM has agreed to file a Registration Statement with the Securities Exchange Commission to register the shares of ORBCOMM common stock to be issued to Alanco under the Asset Purchase Agreement, as well as the shares of ORBCOMM common stock issuable upon conversion of the Series A Perpetual Convertible Preferred Stock of ORBCOMM to be issued to Alanco under the Asset Purchase Agreement. (See Exhibit 99.3 to this Proxy Statement for a copy of the Registration Rights Agreement to more fully understand the rights and privileges of Alanco thereunder.)

Assumption of Liabilities. The Asset Purchase Agreement requires ORBCOMM to assume certain liabilities of StarTrak in connection with ORBCOMM's purchase of the StarTrak assets. In particular, the liabilities to be assumed include (a) post closing liabilities under assumed contracts, (b) certain liabilities to employees of StarTrak hired by ORBCOMM at the closing, and (c) liabilities reflected on the final closing statement generally to include StarTrak's current liabilities and long-term deferred revenue. ORBCOMM will also assume liabilities associated with StarTrak's leased facilities and furniture and equipment leases.

Representation and Warranties. Each of the parties to the Asset Purchase Agreement makes customary representations and warranties in the agreement consistent with similar transactions. In particular, Alanco and StarTrak make representations concerning their due organization and authority to enter into the agreement, that StarTrak is the owner of the assets including StarTrak's intellectual property, financial information concerning StarTrak given to ORBCOMM having been prepared in accordance with accounting principles generally accepted in the United States consistently applied, taxes due applicable to StarTrak have been paid, as well as representations with respect to contracts with StarTrak, litigation, environmental matters, employee matters, absence of certain material events, product warranties, insurance and certain customers and suppliers. Alanco makes additional representations customary in connection with the private placement of ORBCOMM stock as an investment and without a plan to distribute same. ORBCOMM makes similar representation concerning its due organization and authority, the valid issuance of the ORBCOMM stock to be issued to Alanco, its financial reports, title to its properties, litigation and its compliance with Nasdaq continued listing requirements.

Covenants of Alanco and StarTrak. StarTrak covenants to conduct its business only in the ordinary course consistent with past practices, to allow ORBCOMM representatives access to information concerning the StarTrak business and assets pending closing, and to pursue necessary consents required to close. Alanco and StarTrak agree not to engage in a competing business for the three-year period following closing. StarTrak has agreed to pay any past due amounts owing to ORBCOMM at or prior to closing. Upon closing, the name of StarTrak will be changed to a name other than "StarTrak Systems."

Alanco and StarTrak have agreed to take necessary actions to obtain approval for the transaction from Alanco's shareholders, and in that regard, Alanco has agreed not to entertain competing offers for StarTrak or the StarTrak assets except as may be required by law. The Alanco Board of Directors has retained the right, consistent with its fiduciary duties, to change its recommendations to the Alanco shareholders if circumstances require.

Closing Conditions. The closing of the transaction is conditioned upon normal occurrence for similar transactions, such as the accuracy of the parties' representations and warranties at closing, obtaining necessary third-party consents,

and lack of injunctions or similar restraints, as well as the simultaneous closing of related third-party agreements including (i) an agreement whereby ORBCOMM acquires the lender's interest in the $3,900,000 Loan Agreement between Alanco and StarTrak as borrower, and the Anderson Family Trust, as lender, (ii) an agreement pursuant to which ORBCOMM acquires all of the Alanco common stock owned by the Anderson Family Trust and affiliates, and (iii) an agreement pursuant to which ORBCOMM acquires all of the Alanco common stock owned by Timothy Slifkin and Thomas Robinson.

Termination of Agreement. The Agreement may be terminated prior to closing upon mutual consent of the parties, upon material default of a party, if Alanco shareholder approval is not obtained, or if the transaction does not close on or before June 30, 2011 without default of the party terminating the Agreement.

In the event the Agreement is terminated without default of any party, no party shall have liability for same and the parties shall bear their own costs and expenses. In the event the Agreement is terminated due to the default of a party, the non-defaulting party shall have the right to pursue its contract remedies. In the event Alanco shareholder approval is not obtained due to the existence of a competing proposal recommended by Alanco's Board of Directors, the Agreement is terminated accordingly by Alanco or StarTrak, and another contract to sell StarTrak or its assets is entered into before February 23, 2012, then ORBCOMM shall be paid the sum of $500,000 plus its costs and expenses related to this Agreement up to a maximum of $250,000.

Indemnification. The Agreement contains customary indemnity provisions for transactions of this type requiring the parties to indemnify each other and their respective affiliates and representatives against a breach of the Agreement, requiring Alanco and StarTrak to indemnify ORBCOMM against liabilities arising from retained assets or liabilities, and requiring ORBCOMM to indemnify Alanco and StarTrak against liabilities arising from the liabilities assumed by ORBCOMM. No party's indemnity obligation arises until the total of indemnified liabilities exceed $75,000 and then only for the excess. Additionally, Alanco's and StarTrak's indemnity liability shall not exceed one-half of the consideration received for the assets if they had no knowledge of the facts creating the breach of agreement, or the full amount of the consideration received if they had such knowledge.

Fees and Expenses. Alanco will pay all fees and expenses (including all fees of Alanco's investment banker, counsel and accountants) incurred by the Company and StarTrak in connection with the negotiation and execution of the Asset Purchase Agreement.

Federal Income Tax Consequences. The Asset Sale will be treated as a taxable transaction for federal and state tax purposes. The Company believes that due to the Company's significant tax loss carryforward, the tax impact of the transaction will not be material.

Accounting Treatment. Upon the completion of the Asset Sale, the assets and liabilities associated with the transaction will be eliminated from our consolidated balance sheet.

Use of Proceeds; Our business after the Sale

The Company, and not our stockholders, will receive all of the net proceeds from the Asset Sale. We anticipate using the net proceeds from the Asset Sale in one or more of the following ways:

- Repayment of any remaining unpaid interest bearing debt;
- Explore potential opportunities for an acquisition or merger transaction with an operating company, or;
- A potential distribution of all or a portion of our net assets to shareholders.

After completion of the Asset Sale, we will continue to operate as a public company, but we will have no on-going operations. We are unable to assure our stockholders that we will continue to trade on the Nasdaq market because without acquiring or merging with an operating company, we cannot maintain our Nasdaq listing. We have not made any definitive determination about our future business plans once the Asset Sale is consummated. The Company's directors will evaluate all possible options, including an acquisition and/or merger with an operating business whereby our shareholders would retain an ownership interest in a new "public" corporation with opportunity for future enhanced value. We anticipate that certain general and administrative expense will be incurred until a transaction occurs or the Company is liquidated. It is expected that these expenses will be directly related to a potential transaction, as well as maintenance of the public corporate structure, including audits, quarterly reviews and tax filings.

RISK FACTORS.

Investing in our securities involves significant risks. Please see the risk factors under the heading "Risk Factors" in our most recent Annual Report on Form 10-K as revised or supplemented by our Quarterly Reports on Form 10-Q filed with the SEC since the filing of our most recent Annual Report on Form 10-K, each of which is on file with the SEC and is incorporated by reference in this Proxy Statement. Before casting your vote with respect to this Proxy Statement, you should carefully consider these risks as well as other information we include or incorporate by reference in this Proxy Statement. The risks and uncertainties we have described are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations. In addition, because we will receive a substantial number of ORBCOMM shares in exchange for the assets of StarTrak, you should also consider the Risk Factors in ORBCOMM's most recent Annual

Report on Form 10-K , as revised or supplemented by ORBCOMM's Quarterly Reports on Form 10-Q filed with the SEC since the filing of its most recent Annual Report on Form 10-K, each of which is on file with the SEC and is incorporated by reference in this Proxy Statement.

In addition to the ongoing risks associated with investing in our stock or ORBCOMM's stock, you should also consider the following risks associated with the Asset Sale.

- We will incur substantial fees and costs in completing the transaction. We will incur fees to our investment banker, Oberon Securities LLC, as well as to our legal counsel and independent auditors in concluding the transaction. See "Fees and Expenses" under "Terms of the Transaction" above.

- Closing of the Transaction may be delayed resulting in additional costs. If the transaction is approved by our shareholders, we still must obtain various consents from third parties, such as other contracting parties where the contract requires such consent. If obtaining such consents is delayed, the closing of the transaction may be delayed resulting in our incurring additional expenses relating to operational costs and interest accruals.

- We may lose our Nasdaq listing. The Nasdaq rules require that listed companies have an operating business. Upon consummation of the sale of the StarTrak assets to ORBCOMM, we will not have an operating business unless and until we acquire one through an acquisition, merger or otherwise. Nasdaq may not allow us sufficient time to conclude an acquisition. Further, if an acquisition transaction results in a change of control under Nasdaq rules, then we may have to re-qualify for a Nasdaq listing and must meet all of the initial listing requirements of Nasdaq to do so. There is no assurance that we will be able to meet such requirements, or that Nasdaq will grant our continued or initial listing application.

- ORBCOMM may not be able to successfully integrate the StarTrak business. Each company's culture and management and operational approaches are different and StarTrak must be successfully integrated into those of ORBCOMM. There is no assurance that ORBCOMM will successfully integrate the StarTrak business into its operations as necessary to achieve anticipated revenue and profit gains.

- ORBCOMM may not be able to retain needed StarTrak employees. Although ORBCOMM anticipates offering employment to StarTrak employees, there is no assurance that the StarTrak employees will accept such employment on the terms offered. Disruptions may result in the StarTrak business if experienced staff is not retained.

- If the Asset Sale is not completed, we may have to revise our business strategy. During the past several months, management of the Company has been focused on, and has devoted significant resources to, the Asset Sale. If the Asset Sale is not completed, the Company will have to revisit its business strategy in an effort to determine what changes may be required in order for the Company to continue its operations. We may need to consider raising additional capital or financing in order to continue as a going concern if the Asset Sale is not completed. No assurance can be given whether we would be able to successfully raise capital or financing in such circumstances or, if so, under what terms.

- Termination of the Purchase Agreement could negatively impact the Company. If the Purchase Agreement is terminated, there may be various consequences. For example, the Company's business may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Asset Sale, without realizing any of the anticipated benefits of completing the Asset Sale, or the market price of the Company's common stock could decline to the extent that the current market price reflects a market assumption that the Asset Sale will be completed. If the Purchase Agreement is terminated and the Alanco's Board of Directors seeks another transaction or business combination, the Company's stockholders cannot be certain that the Company will be able to find a party willing to pay an equivalent or more attractive price than the price ORBCOMM has agreed to pay in the Asset Sale. Furthermore, under certain specified circumstances, the Company will be required to pay a termination fee of $500,000 and up to $250,000 of ORBCOMM cost, if the Purchase Agreement is terminated and the Company contracts to sell StarTrak to another party

- If the Asset Sale is not consummated by June 30, 2011, either ORBCOMM or Alanco may choose not to proceed with the Asset Sale.

Regulatory Approval

There are no United States federal or state regulatory approvals that must be obtained to consummate the Asset Sale.

Vote required

Effective March 4, 2011, the Board of directors approved the Asset Sale in accordance with the terms of the Asset Purchase Agreement, and determined it to be advisable and in the best interests of the Company and its

stockholders. Pursuant to section 10-1202 of Arizona Revised Statutes (the Company's state of incorporation), the Asset Sale requires the approval of shareholders holding a majority of the outstanding shares of the Company eligible to vote. As of March 28, 2011 (the "Record Date"), there were a total of 7,586,014 potential votes outstanding considering the total voting rights of the Company's Class A Common Stock, Series B Convertible Preferred Stock, Series D Convertible Preferred Stock and Series E Convertible Preferred Stock. See "Shares Outstanding and Voting Rights" on page four of this proxy for additional discussion of the Company's outstanding voting securities.

RECOMMENDATION OF THE BOARD

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE PROPOSAL TO SELL SUBSTANTIALLLY ALL OF THE ASSETS OF ITS WHOLLY-OWNED SUBSIDIARY, STARTRAK SYSTEMS, LLC, TO ORBCOMM INC.

UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL STATEMENTTS OF
ALANCO TECHNOLOGIES, INC. AND SUBSIDIARIES

Pages 30-33 of this Proxy Statement contain unaudited pro forma condensed consolidated financial information on Alanco and its subsidiaries. This financial information is designed to show how the sale of assets of StarTrak to ORBCOMM Inc. might have affected historical financial statements if such asset sale had been contemplated at an earlier time. The following unaudited pro forma condensed consolidated financial information was prepared based on the historical financial results of Alanco. The Alanco Form 10-K for the year ended June 30, 2010 and Forms 10-Q for the quarters ended September 30, 2010 and December 31, 2010 should also be read in connection with the financial information presented.

Basis of Presentation

Unaudited pro forma balance sheet as of December 31, 2010 and the unaudited pro forma condensed consolidated statements of operations for the six months ended December 31, 2010 and the year ended June 30, 2010, are based on the historical financial statements of the Company.

The unaudited pro forma condensed consolidated balance sheet date as of December 31, 2010 is presented as if the asset sale occurred in its entirety as of that date. The unaudited pro forma condensed consolidated statement of operations data for the six months ended December 31, 2010 is presented as if the asset sale occurred in its entirety on July 1, 2010. The unaudited pro forma consolidated statement of operations data for the year ended June 30, 2010 is presented as if the asset sale occurred in it entirety on July 1, 2009.

The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the financial condition or results of operations of future periods or the financial condition or results of operations that actually would have been realized had the asset sale occurred during the referenced period.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements and notes thereto appearing in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2010 and its quarterly reports on Form 10-Q for the interim periods ended September 30, 2010 and December 31, 2010.

Preparation of the pro forma information is provided for informational purposes only, and is based on assumptions considered appropriate by Alanco's management. The pro forma financial information is unaudited and is not necessarily indicative of the results that would have occurred if the transactions described above had been consummated as of the dates indicated, nor does it purport to represent the future financial position and the results of operations for the future periods. In management's opinion, all adjustments necessarily to reflect the effects of the transactions listed above have been made.

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Alanco Technologies, Inc. and Subsidiaries
Pro Forma Condensed Consolidated Balance Sheet (Unaudited)
December 31, 2010

Pro Forma Consolidated Unaudited Financial Information:

The following represents a pro forma condensed consolidated balance sheet as of December 31, 2010, assuming the Company's StarTrak System, LLC sale was consummated as of that date.

	(Dollars in Thousands)			
ASSETS	Alanco Consolidated (Historical)	Less: StarTrak (Historical)	Pro Forma Adjustments	Pro Forma Consolidated Amounts
Current Assets:				
Cash	$ 538	$ (189)	$ 2,000(1) (670)(2) (228)(3) (300)(6)	$ 1,151
Accounts Receivable, Net	1,984	(1,984)	-	-
Inventory	1,848	(1,848)	-	-
ORBCOMM common stock	-	-	5,464(1)	5,464
ORBCOMM common stock, held in Escrow	-	-	1,250(1)	1,250
ORBCOMM Preferred Stock	-	-	1,835(1) (1,835)(4)	-
Assets Related to Discontinued Operations	39	-	-	39
Other Current Assets	492	(379)	-	113
Total Current Assets	4,901	(4,400)	7,516	8,017
PROPERTY, PLANT AND EQUIPMENT, NET	328	(328)	-	-
OTHER ASSETS				
Goodwill	12,575	(12,575)	-	-

Intangible Assets, Net	555	(555)	-	-
Other Assets, Net	32	(32)	-	-
TOTAL ASSETS	$ 18,391	$ (17,890)	$ 7,516	$ 8,017
LIABILITIES AND STOCKHOLDERS' EQUITY				
Accounts Payable & Accrued Expenses	$ 2,388	$ (1,814)	$ -	$ 574
Dividends Payable	52	-	(52)(5)	-
Notes payable - current portion	4,428	-	(3,900)(1) (300)(6) (228)(3)	-
Capital Leases	14	(14)	-	-
Customer Advances	177	(177)	-	-
Liabilities related to discontinued operations	1,433	-	-	1,433
Deferred Revenue	325	(325)	-	-
Total Current Liabilities	8,817	(2,330)	(4,480)	2,007
LONG-TERM LIABILITIES				
Deferred Revenue, Long-term	330	(330)	-	-
TOTAL LIABILITIES	9,147	(2,660)	(4,480)	2,007
PREFERRED STOCK - SERIES B CONVERTIBLE	1,154	-	-	1,154
SHAREHOLDERS' EQUITY				
Series D Convertible Preferred Stock	815	-	(815)(4)	-

Series E Convertible Preferred Stock	3,165	-	(2,250)(1)	-
Class A Common Stock	109,336	-	(915)(4) (1,588)(1)	107,748
Accumulated Deficit	(105,226)	(15,230)	18,287(1)	(102,892)
			52(5)	
			(670)(2)	
		(105)	(4)	
Total Shareholders' Equity	8,090	(15,230)	11,996(7)	4,856
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 18,391	$ (17,890)	$ 7,516	$ 8,017

(1) Pro forma adjustments to reflect the sale of StarTrak Systems, LLC for consideration totaling $18.287 million, including $2 million cash, $6.714 million in ORBCOMM Common Stock, $1.835 million in ORBCOMM Preferred Stock, the assumption of $3.9 million in Notes Payable, the surrender of $1.588 million in Alanco Common Stock valued at $1.31 per share and $2.25 million of Series E Preferred Stock held by ORBCOMM.

(2) To record estimated costs related to the transaction including investment banking costs, legal and bonus incentives.

(3) To reflect the payoff of an additional $228,000 in notes payable, eliminating the interest bearing debt.

(4) The entry reflects the retirement of Alanco's remaining preferred stock with similar value of ORBCOMM preferred stock. The Company believes the transaction will facilitate the retirement of the remaining $815,000 of Series D and $915,000 of Series E Preferred Stock with a combined stated value of $1,835,000 through an exchange with the equal face value of the ORBCOMM preferred stock received in the transaction.

(5) To eliminate preferred stock dividends at December 31, 2010 consistent with the retirement of the Series D and Series E Preferred Stock discussed in 4 above.

(6) To record repayment of final $300,000 balance under the Anderson Family Trust line of credit agreement.

(7) Pro forma book value per share at 12-31-10 of $1.13 is determined by dividing the pro forma shareholder equity by the net common shares outstanding after adjusting for the 1,212,500 treasury shares to be acquired in the transaction, resulting in a pro forma common shares outstanding at December 31, 2010 of 4,295,100.

Alanco Technologies, Inc. and Subsidiaries
Pro Forma Condensed Consolidated Statement of Operations (Unaudited)
For the Six Months Ended December 31, 2010

The following represents an unaudited pro forma condensed consolidated statement of operations for the six months ended December 31, 2010, assuming the sale of StarTrak Systems, LLC was consumated on July 1, 2010.

	(Dollars in Thousands)			
	Alanco Consolidated (Historical)	Less: StarTrak (Historical)	Pro Forma Adjustments	Pro Forma Consolidated Amounts
Sales	$ 7,653	$ (7,653)	$ -	$ -
Cost of Sales	4,967	(4,967)	-	-
Selling, General and Administrative Expense	3,722	(3,136)	-	586
Amortization of Stock Based Compensation	397	(204)	-	193
Depreciation and Amortization	256	(256)	-	-
	9,342	(8,563)	-	779
Operating Loss	(1,689)	(910)	-	(779)
Interest Expense, net	(254)	-	254 (1)	-
Other Income (Expense)	(9)	-	-	(9)
LOSS FROM CONTINUING OPERATIONS	(1,952)	(910)	254	(788)
Loss from Discontinued Operations	(100)	-	-	(100)
NET LOSS	(2,052)	(910)	254	(888)
	(160)	-	99 (2)	(61)

Preferred Stock Dividend				
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (2,212)	$ (910)	$ 353	$ (949)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED				
Continuing Operations	$ (0.37)			$ (0.19)
Discontinued Operation	$ (0.02)			$ (0.02)
Preferred Stock Dividends	$ (0.03)			$ (0.02)
Net Loss Per Share Attributiable to Common Shareholders	$ (0.42)			$ (0.23)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic and Diluted	5,265,800		(1,212,500) (3)	4,053,300

(1) To reverse interest expense for the period based upon assumption that all interest bearing debt was paid.
(2) Elimination of dividends for the Series E and Series D preferred shares to be retired with ORBCOMM preferred shares received in the transaction. Balance of dividends related to Series B Preferred Stock.
(3) To adjust for Alanco Common Shares received from ORBCOMM in transaction.

Alanco Technologies, Inc. and Subsidiaries
Pro Forma Condensed Consolidated Statement of Operations (Unaudited)
For the Twelve Months Ended June 30, 2010

The following represents an unaudited pro forma condensed consolidated statement of operations for the twelve months ended June 30, 2010, assuming the sale of StarTrak Systems, LLC was consumated on July 1, 2009.

	(Dollars in Thousands)			
	Alanco Consolidated (Historical)	Less: StarTrak (Historical)	Pro Forma Adjustments	Pro Forma Consolidated Amounts
Sales	$ 14,632	$ (14,632)	$ -	$ -
Cost of Sales	8,664	(8,664)	-	-
Selling, General and Administrative Expense	6,726	(5,780)	-	946
Amortization of Stock Based Compensation	400	(292)	-	108
Depreciation and Amortization	535	(535)	-	-
	16,325	(15,271)	-	1,054
Operating Loss	(1,693)	(639)	-	(1,054)
Interest Expense, net	(862)	-	862 (1)	-
Other Income (Expense)	(4)	-	-	(4)
LOSS FROM CONTINUING OPERATIONS	(2,559)	(639)	862	(1,058)
Loss from Discontinued Operations	(6,569)	-	-	(6,569)
NET LOSS	(9,128)	(639)	862	(7,627)
Preferred Stock Dividend	(385)	-	281 (2)	(104)

NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (9,513)	$ (639)	$ 1,143	$ (7,731)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED				
Continuing Operations	$ (0.60)			$ (0.34)
Discontinued Operation	$ (1.53)			$ (2.13)
Preferred Stock Dividends	$ (0.09)			$ (0.03)
Net Loss Per Share Attributiable to Common Shareholders	$ (2.22)			$ (2.50)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic and Diluted	4,295,100		(1,212,500) (3)	3,082,600

(1) To reverse interest expense for the period based upon assumption that all interest bearing debt was paid.
(2) Elimination of dividends for the Series E and Series D preferred shares to be retired with ORBCOMM preferred shares received in the transaction. Balance of dividends related to Series B Preferred Stock.
(3) To adjust for Alanco Common Shares received from ORBCOMM in transaction.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information into this Proxy Statement, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. This Proxy Statement incorporates by reference documents which are not presented in this Proxy Statement or delivered to you with it. The information incorporated by reference is an important part of this Proxy Statement and subsequent information that we and ORBCOMM file with the SEC will automatically update and supersede this information. Any information modified or superseded will not constitute part of this Proxy Statement, except as modified or superseded. We incorporate by reference the documents listed below and any future filings we and ORBCOMM make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing date of this Proxy Statement and before the Annual Meeting.

The following documents filed by us with the SEC are incorporated by reference in this Proxy Statement:

1. Our Form 10-K filed with the SEC on October 7, 2010
2. Our Form 8-K filed with the SEC on October 15, 2010
3. Our Form 8-K filed with the SEC on October 20, 2010
4. Our Form 8-K filed with the SEC on November 9, 2010
5. Our Form 10-Q filed with the SEC on November 22, 2010
6. Our Form 8-K filed with the SEC on December 21, 2010
7. Our Form 8-K filed with the SEC on December 30, 2010
8. Our Form 10-Q filed with the SEC on February 18, 2011
9. Our Form 8-K filed with the SEC on February 28, 2011
10. Our Form 8-K filed with the SEC on March 1, 2011

The following documents filed by ORBCOMM with the SEC are incorporated by reference in this Proxy Statement:

1. ORBCOMM's 10-K filed with the SEC on March 16, 2010
2. ORBCOMM's 8-K filed with the SEC on May 4, 2010
3. ORBCOMM's 8-K filed with the SEC on May 10, 2010
4. ORBCOMM's 10-Q/A filed with the SEC on July 7, 2010
5. ORBCOMM's 10-Q filed with the SEC on August 9, 2010
6. ORBCOMM's 10-Q/A filed with the SEC on August 12, 2010
7. ORBCOMM's 8-K filed with the SEC on September 28, 2010
8. ORBCOMM's 10-Q filed with the SEC on November 9, 2010
9. ORBCOMM's 8-K filed with the SEC on February 1, 2011
10. ORBCOMM's 8-K filed with the SEC on February 24, 2011
11. ORBCOMM's SC 13D/A filed with the SEC on February 28, 2011

REQUEST FOR COPY OF FORM 10-K

Shareholders may receive a copy of the Form 10-K without charge via e-mail request to alanco@alanco.com, by calling the Company at 480-607-1010, or by writing to the Company to the attention of the Company's Corporate Secretary at 15575 North 83rd Way, Suite 3, Scottsdale, Arizona 85260.

SHAREHOLDER PROPOSALS TO BE PRESENTED AT THE NEXT ANNUAL MEETING; DISCRETIONARY AUTHORITY; OTHER BUSINESS

Any shareholder who intends to present a proposal at the annual meeting of shareholders for the year ending June 30, 2011, and have it included in the Company's proxy materials for that meeting generally must deliver the proposal to us for our consideration not less than 120 calendar days in advance of the date of the Company's proxy statement released to security holders in connection with the previous year's annual meeting of security holders and must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended. In accordance with the above rule, the applicable proposal submission deadline for the 2011 annual meeting of shareholders would be December 11, 2010, however, since Alanco's 2011 annual meeting would normally be scheduled in January 2011, we are requesting notification of a proposal by August 15, 2011.

Pursuant to Rule 14a-4 under the Securities Exchange Act of 1934, as amended, the Company intends to retain discretionary authority to vote proxies with respect to shareholder proposals properly presented at the Meeting, except in circumstances where (i) the Company receives notice of the proposed matter a reasonable time before the Company begins to mail its proxy materials (including this proxy statement), and (ii) the proponent complies with the other requirements set forth in Rule 14a-4.

The Board of Directors is not aware of any other business to be considered or acted upon at the Meeting other than that for which notice is provided, but in the event other business is properly presented at the Meeting, requiring a vote of shareholders, the proxy will be voted in accordance with the judgment on such matters of the person or persons acting as proxy (except as described in the preceding paragraph). If any matter not appropriate for action at the Meeting should be presented, the holders of the proxies shall vote against the consideration thereof or action thereon.

ROBERT R. KAUFFMAN
CHIEF EXECUTIVE OFFICER

JOHN A. CARLSON
CHIEF FINANCIAL OFFICER
Scottsdale, Arizona
March 28, 2011

Proxy Solicited by the Board of Directors of Alanco Technologies, Inc.

The undersigned hereby appoints Robert R. Kauffman and John A. Carlson, or any one of them, with full power of substitution, as attorneys-in-fact and proxies to represent the undersigned at the Annual Meeting of Shareholders of Alanco Technologies, Inc. to be held at 15575 N. 83rd Way, Suite 3, Scottsdale, Arizona, at 10:00 a.m. Mountain Standard Time, on May 10, 2010, and at any and all adjournments thereof, to vote in the name and place of the undersigned with all the power which the undersigned would possess if personally present, all of the stock of Alanco Technologies, Inc. standing in the name of the undersigned, upon such business as may properly come before the meeting, including the following as set forth hereon.

A SHAREHOLDER MAY USE CUMULATIVE VOTING FOR THE NOMINEES OF THAT PROPOSAL BY VOTING THE NUMBER OF THE SHARES HELD TIMES THE NUMBER OF DIRECTORS BEING ELECTED ON A SINGLE OR GROUP OF CANDIDATES. SHAREHOLDERS MAY ALSO WITHHOLD AUTHORITY TO VOTE FOR A NOMINEE(S) BY DRAWING A LINE THROUGH THE NOMINEE'S NAME(S). FOR EXAMPLE, A SHAREHOLDER WITH 1,000 SHARES MAY CAST A TOTAL OF 5,000 VOTES (# OF SHARES X 5 DIRECTORS) FOR ALL, ONE, OR A SELECT NUMBER OF CANDIDATES.

PROPOSAL NO. 1 ELECTION TO THE BOARD OF DIRECTORS

FOR Management nominees listed below equally among all the nominees OR VOTED AS FOLLOWS:

Harold S. Carpenter	_____ Shares	James T. Hecker	_____ Shares
Robert R. Kauffman	_____ Shares	Thomas C. LaVoy	_____ Shares
John A. Carlson	_____ Shares		

WITHHOLD AUTHORITY to vote for all nominees listed above.

PROPOSAL NO. 2 RATIFICATION OF RE-APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FOR AGAINST ABSTAIN

PROPOSAL NO. 3 APROVAL OF THE ALANCO 2011 STOCK INCENTIVE PLAN

FOR AGAINST ABSTAIN

PROPOSAL NO. 4 APPROVAL TO SELL SUBSTANTIALLY ALL OF THE ASSETS OF THE COMPANY BY SELLING SUBSTANTIALLY ALL THE ASSETS OF STARTRAK SYSTEMS, LLC, A WHOLLY OWNED SUBSIDIARY OF THE COMPANY, TO ORBCOMM INC. PURSUANT TO TERMS AND CONDITIONS OF THE ASSET PURCHASE AGREEMENT AMONG THE COMPANY, STARTRAK AND ORBCOMM.

FOR AGAINST ABSTAIN

SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AT THE MEETING IN ACCORDANCE WITH THE SHAREHOLDER'S SPECIFICATION ABOVE. IF THE SHAREHOLDER DOES NOT INDICATE A PREFERENCE, MANAGEMENT INTENDS TO VOTE FOR ALL PROPOSALS LISTED. THIS PROXY CONFERS DISCRETIONARY AUTHORITY IN RESPECT TO MATTERS FOR WHICH THE SHAREHOLDER

HAS NOT INDICATED A PREFERENCE OR IN RESPECT TO MATTERS NOT KNOWN OR DETERMINED AT THE TIME OF THE MAILING OF THE NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO THE UNDERSIGNED.

The undersigned revokes any proxies heretofore given by the undersigned and acknowledges receipt of the Notice of Annual Meeting of Shareholders and Proxy Statement furnished herewith.

Dated_____, 200_

_____ _____

Signature(s) should agree with the name(s) hereon. Executors, administrators, trustees, guardians and attorneys should indicate when signing. Attorneys should submit powers of attorney.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF ALANCO. PLEASE SIGN AND RETURN THIS PROXY TO ALANCO TECHNOLOGIES, INC., C/O _____. THE GIVING OF A PROXY WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE MEETING.