

PPL Corp
Form 424B5
April 11, 2011

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus do not constitute an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)

File No. 333-158200 and 333-158200-03

SUBJECT TO COMPLETION, DATED APRIL 11, 2011

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated March 25, 2009)

15,000,000 Equity Units

**(Initially Consisting of 15,000,000 Corporate Units)
PPL Corporation**

This is an offering of Equity Units by PPL Corporation. Each Equity Unit will have a stated amount of \$50 and will initially be in the form of Corporate Units, each of which consists of a purchase contract issued by us and, initially, a 1/20, or 5.0%, undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding, Inc.'s 5% junior subordinated notes due 2019, which we refer to as the notes. The notes will be fully and unconditionally guaranteed by PPL Corporation pursuant to subordinated guarantees of PPL Corporation.

The purchase contract will obligate you to purchase from us, no later than May 1, 2014, for a price of \$50 in cash, the following number of shares of our common stock, subject to anti-dilution adjustments:

if the applicable market value, which is the average volume weighted average price, or VWAP, of our common stock over the 20-trading day period ending on the third scheduled trading day prior to May 1, 2014, equals or exceeds \$, shares of our common stock;

if the applicable market value is less than \$ but greater than \$, a number of shares of our common stock having a value, based on the applicable market value, equal to \$50; and

if the applicable market value is less than or equal to \$, shares of our common stock.

The notes will initially bear interest at a rate of % per year, payable quarterly on February 1, May 1, August 1 and November 1 of each year (except where such date is not a business day, in which case interest will be payable as of the next subsequent business day, without adjustment), commencing on August 1, 2011. The notes will be subordinated to all of PPL Capital Funding Inc.'s existing and future Senior Indebtedness (as defined under Description of the Notes Subordination). In addition, the notes will be effectively subordinated to all liabilities of our subsidiaries (other than those of PPL Capital Funding, Inc.). Prior to May 1, 2016, PPL Capital Funding, Inc. will have the right to defer interest payments on the notes one or more times for one or more consecutive interest periods without giving rise to an event of default. The notes will be remarketed in two tranches and will be the subordinated, unsecured obligations of PPL Capital Funding as described in this prospectus supplement. We may elect to remarket the notes as fixed-rate notes and/or as floating-rate notes and to modify certain other terms of the notes in connection with the remarketing. If the remarketing is successful, the interest rate on the notes will be reset and thereafter, if any of the remarketed notes are fixed-rate notes, interest on such notes will be payable

semi-annually.

We will also pay you quarterly contract adjustment payments at a rate of % per year of the stated amount of \$50 per Equity Unit, or \$ per year, subject to our right to defer contract adjustment payments, as described in this prospectus supplement.

Other than during a blackout period (as defined herein) or after a successful remarketing, you can create Treasury Units from Corporate Units by substituting Treasury securities for your undivided beneficial ownership interest in the notes comprising a part of the Corporate Units, and you can recreate Corporate Units by substituting your undivided beneficial ownership interest in the notes for the Treasury securities comprising a part of the Treasury Units.

Your ownership interest in the notes (or after a successful optional remarketing, the applicable ownership interest in the Treasury portfolio) or the Treasury securities, as the case may be, will be pledged to us to secure your obligation under the related purchase contract.

If there is a successful optional remarketing of the notes as described in this prospectus supplement, and you hold Corporate Units, your applicable ownership interest in the Treasury portfolio purchased with the proceeds from the remarketing will be used to satisfy your payment obligations under the purchase contract.

If there is a successful final remarketing of the notes as described in this prospectus supplement, and you hold Corporate Units, the proceeds from the remarketing will be used to satisfy your payment obligations under the purchase contract, unless you have elected to settle with separate cash.

Concurrently with this offering of Equity Units, we are offering, by means of a separate prospectus supplement, 80,000,000 shares of our common stock (or 92,000,000 shares of our common stock if the underwriters of that offering exercise in full their over-allotment option). This offering of Equity Units is not contingent on the offering of common stock and the offering of common stock is not contingent upon this offering of Equity Units. See Concurrent Common Stock Offering in this prospectus supplement.

We expect trading of the Corporate Units on the New York Stock Exchange to commence within 30 days of the date of initial issuance of the Corporate Units under the symbol PPL PR W . Prior to this offering, there has been no public market for the Corporate Units.

Our common stock is listed on the New York Stock Exchange under the symbol PPL . The closing price of our common stock on April 8, 2011 was \$25.87 per share.

Investing in the Equity Units involves certain risks. See Risk Factors beginning on page S-24 of this prospectus supplement, page 3 of the accompanying prospectus and in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2010.

Total

	Per Corporate Unit	
Public offering price	\$ 50.00	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

We have granted the underwriters an option to purchase from us on a pro rata basis up to 2,250,000 additional Corporate Units within 13 days of the closing date of this offering solely to cover over-allotments, if any.

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.

The underwriters expect to deliver the Corporate Units to purchasers in book-entry form only through The Depository Trust Company on or about , 2011.

Joint Book-Running Managers

Credit Suisse

BofA Merrill Lynch

Citi

J.P. Morgan

UBS Investment Bank

The date of this prospectus supplement is , 2011.

We have authorized only the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus and you should not assume we have verified any such information and we take no responsibility for it to be delivered to you. Neither we nor the underwriters have authorized anyone to provide you with different or additional information and you should not assume we have verified any such information and we take no responsibility for it. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date after the date of this prospectus supplement.

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As used in this prospectus supplement, the terms we, our, us, the Company and PPL refer to PPL Corporation and its subsidiaries. The term PPL Capital Funding refers to PPL Capital Funding, Inc.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is part of a registration statement that PPL Corporation and PPL Capital Funding have filed with the Securities and Exchange Commission (SEC) utilizing a shelf registration process. Under this shelf process, we are offering to sell the Equity Units, using 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 Equity Units. 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 Corporation, specifically PPL Capital Funding Inc., PPL Energy Supply, LLC and PPL Electric Utilities Corporation, have also registered their securities on the shelf registration statement referred to above. However, the notes are solely obligations of PPL Capital Funding, Inc. and, to the extent of the guarantees, PPL Corporation, and not of any of PPL Corporation's other subsidiaries. Similarly, the purchase contracts are obligations solely of PPL Corporation, and not any of its subsidiaries. None of PPL Energy Supply, LLC or PPL Electric Utilities Corporation or any of PPL Corporation's other subsidiaries will guarantee or provide any credit support for the notes or the purchase contracts.

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WHERE YOU CAN FIND MORE INFORMATION

Available Information

PPL Corporation 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 Corporation maintains an Internet Web site at www.pplweb.com. On the Investor Center page of that Web site, PPL Corporation provides access to its SEC filings free of charge, as soon as reasonably practicable after filing with the SEC. The information on PPL Corporation's Web site is not incorporated in this prospectus supplement by reference, and you should not consider it a part of this prospectus supplement. PPL Corporation's filings are also available at the SEC's Web site (www.sec.gov).

We have filed with the SEC a registration statement on Form S-3 with respect to the securities offered hereby. This prospectus supplement does not contain all the information set forth in the registration statement, parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the securities offered hereby, reference is made to the registration statement.

PPL Corporation Common Stock is listed on the New York Stock Exchange (NYSE) (symbol: PPL), and reports, proxy statements and other information concerning PPL Corporation can also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005. In addition, proxy statements, reports and other information concerning PPL Corporation can be inspected at its offices at Two North Ninth Street, Allentown, Pennsylvania 18101-1179.

Incorporation by Reference

PPL Corporation will incorporate by reference information into this prospectus supplement by disclosing important information to you by referring you to another document 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 Corporation.

SEC Filings

Period/Date

Annual Report on Form 10-K (including information specifically incorporated by reference into the Annual Report on Form 10-K from our Definitive Proxy Statement on Schedule 14A, filed with the SEC on April 6, 2011)
Current Reports on Form 8-K

Year ended December 31, 2010 filed with the SEC on February 28, 2011

Filed with the SEC on June 21, 2010; November 5, 2010 (Form 8-K/A); January 6, 2011; January 14, 2011 (Form 8-K/A); January 31, 2011; February 28, 2011; March 2, 2011 (second filing, SEC film no. 11657315), March 10, 2011; March 29, 2011; April 1, 2011; April 8,

2011 and April 11, 2011.

Additional documents that PPL Corporation files with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), between the date of this prospectus supplement and the termination of this offering of Equity Units are also incorporated herein by reference. Unless specifically stated to the contrary, none of the information that we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we have furnished or may from time to time furnish with the SEC is or will be incorporated by reference into, or otherwise included in, this prospectus supplement.

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PPL Corporation 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 Corporation at:

Two North Ninth Street
Allentown, Pennsylvania 18101-1179
Attention: Investor Services Department
Telephone: 1-800-345-3085

We have not included or incorporated by reference any separate financial statements of PPL Capital Funding herein. We do not consider those financial statements to be material to holders of the notes because (1) PPL Capital Funding is a wholly-owned subsidiary that was formed for the primary purpose of providing financing for PPL Corporation and its subsidiaries, (2) PPL Capital Funding does not currently engage in any independent operations and (3) PPL Capital Funding does not currently plan to engage, in the future, in more than minimal independent operations. See

PPL Capital Funding in the accompanying prospectus. PPL Capital Funding has received a no action letter from the Staff of the SEC stating that the Staff would not raise any objection if PPL Capital Funding does not file periodic reports under Section 13 and 15(d) of the Exchange Act. Accordingly, we do not expect PPL Capital Funding to file those reports.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

In this prospectus supplement: (i) £, sterling, or pound sterling refer to the lawful currency of the United Kingdom and (ii) \$ or U.S. dollar refer to the lawful currency of the United States. In this prospectus supplement certain pound sterling amounts have been converted into U.S. dollar amounts at a rate of \$1.6030 per £1, which was the rate as of 4 p.m. Greenwich Mean Time on March 31, 2011. Our inclusion of the exchange rate is not meant to suggest that the pound sterling amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollars at any particular rate, if at all.

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FORWARD-LOOKING INFORMATION

Statements contained in or incorporated by reference into this prospectus supplement concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical fact are forward-looking statements within the meaning of the federal securities laws. Although we believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in Risk Factors set forth below and in the accompanying prospectus, in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010, the following are among the important factors that could cause actual results to differ materially from the forward-looking statements.

fuel supply cost and availability;

continuing ability to recover fuel and natural gas supply costs in a timely manner at Louisville Gas and Electric Company and Kentucky Utilities Company;

weather conditions affecting generation, customer energy use and operating costs;

operation, availability and operating costs of existing generation facilities;

transmission and distribution system conditions and operating costs;

potential expansion of alternative sources of electricity generation;

potential laws or regulations to reduce emissions of greenhouse gases or the physical effects of climate change;

collective labor bargaining negotiations;

the outcome of litigation against PPL and its subsidiaries;

potential effects of threatened or actual terrorism, war or other hostilities, or natural disasters;

the commitments and liabilities of PPL and its subsidiaries;

market demand and prices for energy, capacity, emission allowances and delivered fuel;

competition in retail and wholesale power markets;

liquidity of wholesale power markets;

defaults by counterparties under energy, fuel or other power product contracts;

market prices of commodity inputs for ongoing capital expenditures;

capital market conditions, including the availability of capital or credit, changes in interest rates, and decisions regarding capital structure;

stock price performance of PPL;

the fair value of debt and equity securities and the impact on defined benefit costs and resultant cash funding requirements for defined benefit plans;

interest rates and their effect on pension, retiree medical and nuclear decommissioning liabilities;

volatility in or the impact of other changes in financial or commodity markets and economic conditions;

the profitability and liquidity, including access to capital markets and credit facilities, of PPL and its subsidiaries;

new accounting requirements or new interpretations or applications of existing requirements;

changes in securities and credit ratings;

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foreign currency exchange rates;

current and future environmental conditions, laws, regulations and other requirements and the related costs or liabilities, including environmental capital expenditures, emission allowance costs and other expenses;

political, regulatory or economic conditions in states, regions or countries where PPL or its subsidiaries conduct business;

receipt of necessary governmental permits, approvals and rate relief;

new state, federal or foreign legislation, including new tax, environmental, healthcare or pension-related legislation;

state, federal and foreign regulatory developments;

the outcome of any rate cases by PPL Electric Utilities Corporation at the Pennsylvania Public Utility Commission, by Louisville Gas and Electric Company or Kentucky Utilities Company at the Kentucky Public Service Commission, Virginia State Corporation Commission or the Tennessee Regulatory Authority, or by Western Power Distribution (South West) plc, Western Power Distribution (South Wales) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc at the Office of Gas and Electricity Markets in the United Kingdom;

the impact of any state, federal or foreign investigations applicable to PPL and its subsidiaries and the energy industry;

the effect of any business or industry restructuring;

development of new projects, markets and technologies;

performance of new ventures; and

business or asset acquisitions and dispositions, including PPL's acquisition of Central Networks East plc and Central Networks Limited and its subsidiary, Central Networks West plc, from E.ON AG and our ability to successfully operate such acquired businesses and realize expected synergies and benefits.

Any such forward-looking statements should be considered in light of such important factors and in conjunction with other documents of PPL on file with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for PPL to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and PPL undertakes no obligation to update the information contained in such statement to reflect subsequent developments or information.

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SUMMARY

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

PPL Corporation

PPL Corporation, headquartered in Allentown, PA, is an energy and utility holding company that was incorporated in 1994. Through its subsidiaries, PPL owns or controls nearly 19,000 megawatts (MW) of generating capacity in the United States, sells energy in key U.S. markets and delivers electricity and natural gas to approximately 10 million customers in the United States and the United Kingdom.

PPL Capital Funding

PPL Capital Funding is a Delaware corporation and a wholly-owned subsidiary of PPL Corporation. PPL Capital Funding's primary business is to provide PPL Corporation with financing for its operations.

Acquisition of Central Networks

On April 1, 2011, we, through our indirect wholly owned subsidiary, acquired from E.ON AG, a German corporation, all of the issued and outstanding ordinary share capital of Central Networks East plc and Central Networks Limited, together with certain other assets transferred by or on behalf of E.ON AG, collectively representing the electricity distribution businesses of Central Networks East plc and Central Networks West plc (collectively, Central Networks), located in the Midlands region of England (the Acquisition). The approximately £4.1 billion (\$6.6 billion) purchase price was paid at closing by the assumption of approximately £500 million of indebtedness and the payment in cash of approximately £3.6 billion, comprised of approximately £2.6 billion representing the equity purchase price, and approximately £1.0 billion representing repayment of certain intercompany indebtedness owed by Central Networks to E.ON AG and its affiliates. Upon the completion of the Acquisition, the name of Central Networks East was changed to Western Power Distribution (East Midlands) plc (East Midlands) and the name of Central Networks West was changed to Western Power Distribution (West Midlands) plc (West Midlands) and together with East Midlands, WPD Midlands).

WPD Midlands is the second largest provider of regulated electricity distribution services in the United Kingdom, serving approximately 5.1 million customers and operating approximately 84,000 miles of lines in an area comprising central England, including the cities of Birmingham and Nottingham. We also provide regulated distribution services to 2.6 million customers in England and Wales through Western Power Distribution (South West) plc (WPD South West) and Western Power Distribution (South Wales) plc (WPD South Wales) and together with WPD South West, WPD). WPD operates about 52,000 miles of lines in South West England and South Wales, including the cities of Bristol and Cardiff. The WPD and WPD Midlands service territories are contiguous and, upon completion of the Acquisition, PPL became the owner and operator of the largest network of electricity delivery companies in the United Kingdom in terms of regulated asset value, at a combined value of approximately £4.9 billion (\$7.8 billion).

Concurrently with the Acquisition, we borrowed £3.6 billion under a 364-day unsecured bridge facility (the Bridge Facility) to fund the Acquisition and pay certain fees and expenses incurred in connection with the Acquisition. We expect that borrowings under the Bridge Facility will be repaid with the proceeds of certain alternative forms of financing, including proceeds from this offering, the concurrent common stock offering described below and subsequent issuances of debt by one or more of the WPD Midlands companies and their affiliates.

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Acquisition Rationale

We believe the Acquisition will provide us with significant benefits:

Acquiring an attractive business

We believe the regulatory framework under which U.K. electricity network utilities operate is attractive. Under the U.K. regulatory framework, revenues are based on a regulator-approved five-year forward looking operating and capital plan. In our view, the U.K. regulatory framework (which permits higher revenue for greater efficiency) compares favorably in certain respects to the ratemaking framework that is common for U.S. electricity distribution utilities, which requires periodic rate cases that are based on the recovery of historical costs. Additionally, under the U.K. regulatory framework, returns are not subject to volumetric risk or inflation risk, as revenues are adjusted annually for both changes in load and inflation. The U.K. regulator also provides additional incentives for operational efficiency and high quality service, which we believe have the potential to be significant.

Leveraging PPL's existing U.K. management team and providing potential for increased returns

WPD's best-in-class management team has consistently performed at a high level relative to its peers, both in capital cost efficiency and customer service. Under the U.K. regulatory framework, outperformance in each of these categories has the potential to earn incentive rewards. WPD has an established track record of outperformance and, as a result, earning significant bonus revenue. During the 2005–2009 rate cycle, WPD earned more bonus revenue, as a percentage of price controlled revenue, than any other network operator in the United Kingdom. The lower historical performance of WPD Midlands as compared to WPD creates a significant opportunity for our management team to improve the performance of WPD Midlands and potentially earn additional bonus revenue. As evidenced by WPD's integration of WPD South Wales, which was acquired in 2000, the WPD management team has demonstrated its ability to rapidly and successfully integrate a significant U.K. electric distribution network. The WPD and WPD Midlands service territories are contiguous, providing the opportunity for significant synergies from the combined operations. We expect to realize immediate synergy benefits resulting from the combined operations in the form of operating and capital expenditure savings, which we aim to grow to approximately \$100 million per year by 2013 and be approximately evenly split between operating and capital expenditures. As permitted under the U.K. regulatory framework, we believe we can retain substantially all of these synergies through the current price control review period ending in March 2015 and approximately 47% in the next review period, which is expected to end in March 2023. Pro forma for the Acquisition, PPL will have the largest electric delivery business in the United Kingdom with an expected regulated asset value of approximately £4.9 billion as of March 31, 2011.

Accretive to earnings

We expect the Acquisition to be accretive to earnings in part due to the expected retention of synergies described above. In addition, the WPD management team has an opportunity to earn incentive rewards during the U.K. regulator's fifth distribution price control review.

Achieves a more regulated business mix in attractive regulatory environments

The Acquisition further increases our regulated business mix by adding a regulatory asset base in an attractive regulatory environment. Pro forma for the Acquisition, we expect that approximately two-thirds of our consolidated regulated capital expenditures will be subject to minimal or no regulatory review periods, which we believe will help enable us to earn attractive returns at our regulated businesses.

With the addition of WPD Midlands, we expect to nearly triple our regulatory asset base in the United Kingdom, growing from \$2.8 billion in 2010 to \$8.1 billion in 2011, creating a more diversified enterprise while providing additional opportunities for regulated business growth and an opportunity to leverage WPD's management capabilities.

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Combined Business

The Acquisition creates a diversified utility holding company with pro forma 2010 revenues of over \$11.8 billion. PPL now serves approximately 10 million electricity customers across its service areas in the United States and the United Kingdom, and owns a competitive generation business with a total capacity of over 11,000 MW. We believe we will benefit from a more highly regulated business mix with significant scale, positioned in attractive regulated and competitive markets, with visible growth opportunities while preserving the value of our well-positioned competitive generation fleet. Our principal subsidiaries (giving effect to the Acquisition) are shown below:

Regulated Operations

PPL Electric Utilities

PPL Electric Utilities Corporation, or PPL Electric, serves approximately 1.4 million customers in Pennsylvania and enjoys attractive rate base investment opportunities to support its infrastructure and maintain reliability. PPL Electric's rate base is expected to grow by approximately \$1.7 billion between 2011 and 2015, with an estimated compound annual growth rate of approximately 7% in its distribution rate base and approximately 22% in its transmission rate base. PPL Electric's transmission development projects include the construction of the 150-mile, 500 kV Susquehanna-Roseland transmission line that is part of Pennsylvania-New Jersey-Maryland's (PJM) Regional Transmission Expansion Program. PPL Electric's portion of the line is expected to cost \$500 million. The FERC tariff for this project includes an approved 12.93% return on equity (ROE).

LG&E and KU

Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) are vertically integrated utility companies. LG&E delivers electricity and gas to approximately 715,000 customers in Kentucky and KU delivers electricity to approximately 544,000 customers in Kentucky and Virginia. We believe the companies operate in a constructive and fair regulatory environment that is generally viewed as balancing the interests of consumers and investors, generally providing timely recovery of approved environmental investments, as well as timely recovery for fuel costs and gas supply. These regulatory mechanisms, together with periodic rate case filings, provide the utilities the opportunity to earn their allowed ROEs. LG&E and KU also have strong customer service records as demonstrated by their first place J.D. Power regional awards for customer service in seven of the last ten years. The utilities have among the lowest operating costs in the United States and overall rates that are among the lowest rates in the nation, with 2010 electric retail rates 31% below the Midwest average and 31% below the overall U.S. average, according to the Edison Electric Institute. LG&E and KU's rate base is expected to grow by approximately \$3.3 billion between 2011 and 2015, with an estimated compound annual growth rate of approximately 10.5%.

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PPL Global, LLC

PPL Global, LLC, an indirect wholly owned subsidiary of PPL, engages in the operation of international electricity distribution businesses in the United Kingdom principally through its four operating subsidiaries, WPD South West, WPD South Wales, East Midlands and West Midlands (each a Distribution Network Operator, or DNO).

Each DNO is licensed by the U.K. government to provide electricity distribution services within its concession areas and service territories, subject to certain conditions and obligations. For instance, each DNO is subject to governmental regulation of the prices it can charge and the quality of service it must provide, and each DNO can be fined or have its licenses revoked if it does not meet the mandated standard of service.

Each DNO operates under distribution licenses and price controls regulated by the U.K. regulator, the Office of Gas and Electricity Markets (Ofgem). The price control formula that governs each DNO s allowed revenue is normally determined every five years. Ofgem completed its most recent distribution price control review in December 2009 for the five-year period from April 1, 2010 through March 31, 2015.

WPD

WPD South West and WPD South Wales are each indirect subsidiaries of PPL Global, LCC, and together deliver electricity to approximately 2.6 million end users in the United Kingdom. Each of WPD South West and WPD South Wales is regulated by Ofgem. WPD s regulatory asset base is expected to increase from \$2.8 billion to \$3.5 billion between 2011 and 2015. WPD is allowed an average annual increase in total revenues, before inflationary adjustments, of 6.9% for the five year period from April 1, 2010 through March 31, 2015 based on the outcome of the most recent five-year review of WPD s cost structure by Ofgem. The utility has earned the U.K. government s Customer Service Excellence Standard for 19 consecutive years.

East Midlands

East Midlands (formerly known as Central Networks East), an indirect wholly owned subsidiary of PPL Global, LLC, is the regulated distributor of electricity in the East Midlands area of England. East Midlands was incorporated as a public limited company on April 1, 1989. East Midlands principal activity is the distribution of electricity to industrial, commercial and domestic customers within its regulated area. East Midlands is regulated by Ofgem.

East Midlands distribution license authorizes it to distribute electricity in Great Britain with additional obligations in the East Midlands over an area covering approximately 6,293 square miles, extending from the Lincolnshire coast to the outskirts of Coventry, and from Milton Keynes in the south to the Derbyshire Peak District in the north. As a result, it serves a diverse customer base including rural communities and the large metropolitan areas on the M1 motorway corridor such as Nottingham, Derby, Northampton and Rugby. East Midlands network, which consists of approximately 30,634 miles of underground cables and 13,857 miles of overhead lines (as of March 31, 2010), distributed 28,300 gigawatt hours of electricity in the year ended March 31, 2010 to approximately 2.6 million end customers.

West Midlands

West Midlands (formerly known as Central Networks West), an indirect wholly owned subsidiary of PPL Global, LLC, is the regulated distributor of electricity in the West Midlands area of England. West Midlands was incorporated as a public limited company on July 20, 1998. West Midlands principal activity is the distribution of electricity to industrial, commercial and domestic customers. West Midlands is regulated by Ofgem.

West Midlands distribution license authorizes it to distribute electricity in Great Britain with additional obligations in the West Midlands over an area covering approximately 5,174 square miles, extending from the outskirts of Bristol in the South to Staffordshire in the North and from approximately the M6 motorway to the Welsh boundary. As a result, it serves a diverse customer base including rural communities and England's second largest city, Birmingham. West Midlands network, which consists of approximately 24,296 miles of underground cables and 15,037 miles of overhead lines (as of March 31, 2010), distributed 24,700 gigawatt hours of electricity in the year ended March 31, 2010 to approximately 2.5 million end customers.

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Competitive Electricity Generation Operations

PPL Energy Supply

PPL Energy Supply owns a highly attractive baseload-oriented competitive generation portfolio, with competitively positioned gas, nuclear, hydro and efficient coal assets. Our coal and nuclear fleet accounted for a total of 55% of 2010 installed capacity and 79% of 2010 generation, and we expect our coal and nuclear fleet to account for a greater proportion of our competitive generation portfolio following the March 2011 sale of 969 MW of non-core hydro and gas assets. Our nuclear and hydro uprate / expansion projects are expected to add an additional 214 MW by 2013. Approximately 40% of our current generation output emits low or no carbon dioxide and, as a result, PPL Energy Supply could be a potential net beneficiary of certain potential carbon emission regulation. The underlying value of PPL Energy Supply is strongly and positively correlated to a recovery in natural gas prices because gas-fired generation generally establishes the marginal clearing price for electricity in the PJM Regional Transmission Interconnection Area where PPL Energy Supply has significant generation capacity. PPL Energy Supply's disciplined multi-year hedging program is designed to mitigate against further weakness in energy prices in the near term. As of December 31, 2010, expected baseload volumes are hedged 99% for 2011, 68% for 2012 and 15% for 2013.

Concurrent Common Stock Offering

Concurrently with this offering of Equity Units, we are offering, by means of a separate prospectus supplement, 80,000,000 shares of our common stock (or 92,000,000 shares of our common stock if the underwriters of that offering exercise in full their over-allotment option). This offering of Equity Units is not contingent on the offering of common stock and the offering of common stock is not contingent upon this offering of Equity Units. See Concurrent Common Stock Offering .

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THE OFFERING

What are Equity Units?

Equity Units may be either Corporate Units or Treasury Units, as described below. The Equity Units will initially consist of 15,000,000 Corporate Units (or 17,250,000 Corporate Units if the underwriters exercise their over-allotment option in full), each with a stated amount of \$50. You can create Treasury Units from Corporate Units in the manner described below under [How can I create Treasury Units from Corporate Units?](#)

What are the components of a Corporate Unit?

Each Corporate Unit initially consists of a purchase contract and a 1/20, or 5.0%, undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding's 5% junior subordinated notes due 2019. The undivided beneficial ownership interest in the notes corresponds to \$50 principal amount of PPL Capital Funding's notes. The notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000, except in certain limited circumstances. Your undivided beneficial ownership interest in the notes comprising part of each Corporate Unit is owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract. Upon a successful optional remarketing (as defined under [What is an optional remarketing?](#)), the notes comprising part of the Corporate Units will be replaced by the Treasury portfolio described below under [What is the Treasury Portfolio?](#) and the applicable ownership interest in the Treasury portfolio will then be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

What is a purchase contract?

Each purchase contract that is a component of an Equity Unit obligates you to purchase, and obligates us to sell, on May 1, 2014 (which we refer to as the [purchase contract settlement date](#)), for \$50 in cash, a number of shares of our common stock equal to the [settlement rate](#). The settlement rate will be calculated, subject to adjustment under the circumstances set forth in [Description of the Purchase Contracts](#) [Anti-dilution Adjustments](#) and [Description of the Purchase Contracts](#) [Early Settlement Upon a Fundamental Change](#), as follows:

if the applicable market value (as defined below) of our common stock is equal to or greater than the [threshold appreciation price](#) of \$ [_____](#), the settlement rate will be [_____](#) shares of our common stock (we refer to such settlement rate as the [minimum settlement rate](#));

if the applicable market value of our common stock is less than the threshold appreciation price but greater than the [reference price](#) of \$ [_____](#), the settlement rate will be a number of shares of our common stock equal to \$50 divided by the applicable market value, rounded to the nearest ten thousandth of a share; and

if the applicable market value of our common stock is less than or equal to the reference price of \$ [_____](#), the settlement rate will be [_____](#) shares of our common stock (we refer to such settlement rate as the [maximum settlement rate](#)).

We will not issue any fractional shares of our common stock upon settlement of a purchase contract. Instead of a fractional share, you will receive an amount of cash equal to this fraction multiplied by the closing price of our common stock on the trading day immediately preceding the purchase contract settlement date.

[Applicable market value](#) means the average VWAP of our common stock on each of the 20 consecutive trading days ending on the third scheduled trading day immediately preceding the purchase contract settlement date. The terms [trading day](#) and [VWAP](#) and [closing price](#) of our common stock are defined under [Description of the Purchase](#)

Contracts Purchase of Common Stock. The reference price is the public offering price of our common stock in the concurrent common stock offering. The threshold appreciation price represents appreciation of approximately % over the reference price.

You may satisfy your obligation to purchase our common stock pursuant to the purchase contracts as described under How can I satisfy my obligation under the purchase contracts? below.

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Can I settle the purchase contract early?

You can settle a purchase contract at any time prior to 5:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, other than, in the case of the Corporate Units, (i) from 5:00 p.m., New York City time, on the second business day immediately following the date on which we give our notice of an optional remarketing until the settlement date of such remarketing or the date we announce that such remarketing was unsuccessful and (ii) after 5:00 p.m., New York City time, on the second business day immediately preceding the first day of the final remarketing period (as defined under [What is a final remarketing?](#)) (we refer to each such period as a [blackout period](#)), by paying \$50 in cash, in which case [_____](#) shares of our common stock will be issued to you pursuant to the purchase contract (subject to adjustment as described below under [Description of the Purchase Contracts](#) [Anti-Dilution Adjustments](#) and [Description of the Purchase Contracts](#) [Early Settlement Upon a Fundamental Change](#)). You may only elect early settlement in integral multiples of 20 Corporate Units and 20 Treasury Units; *provided* that if the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of [_____](#) Corporate Units. See [Description of the Purchase Contracts](#) [Early Settlement](#).

Your early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933, as amended, which we refer to as the [Securities Act](#), in effect and an available prospectus covering the shares of common stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if required by U.S. federal securities laws, we will use our commercially reasonable efforts to have a registration statement in effect and to provide a prospectus covering those shares of common stock or other securities to be delivered in respect of the purchase contracts being settled, subject to certain exceptions.

What is a Treasury Unit?

A Treasury Unit is a unit created from a Corporate Unit and consists of a purchase contract and a 1/20, or 5.0%, undivided beneficial ownership interest in a zero-coupon U.S. Treasury security with a principal amount at maturity of \$1,000 that matures on or prior to April 30, 2014 (CUSIP No. 912820TM9), which we refer to as a [Treasury security](#). The ownership interest in the Treasury security that is a component of a Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

How can I create Treasury Units from Corporate Units?

Each holder of Corporate Units will have the right, at any time other than during a blackout period or after a successful remarketing, to substitute for the related undivided beneficial ownership interest in notes held by the collateral agent, Treasury securities with a total principal amount at maturity equal to the aggregate principal amount of the notes underlying the undivided beneficial ownership interests in notes for which substitution is being made. Because Treasury securities and the notes are issued in minimum denominations of \$1,000, holders of Corporate Units may make this substitution only in integral multiples of 20 Corporate Units. Each of these substitutions will create Treasury Units, and the notes underlying the undivided beneficial ownership interest in notes will be released to the holder and such notes will be separately tradable from the Treasury Units. After a successful remarketing, holders of Corporate Units may not create Treasury Units.

How can I recreate Corporate Units from Treasury Units?

Each holder of Treasury Units will have the right, at any time other than during a blackout period or after a successful remarketing, to substitute for the related Treasury securities held by the collateral agent, notes having a principal amount equal to the aggregate principal amount at stated maturity of the Treasury securities for which substitution is

being made. Because Treasury securities and the notes are issued in minimum denominations of \$1,000, holders of Treasury Units may make these substitutions only in integral multiples of 20 Treasury Units. Each of these substitutions will recreate Corporate Units and the applicable Treasury securities will be released to the holder and will be separately tradable from the Corporate Units. If the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Treasury Units

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may not recreate Corporate Units by substituting the applicable ownership interests in the Treasury portfolio for Treasury securities.

What payments am I entitled to as a holder of Corporate Units?

Subject to any deferral as described in Do we or does PPL Capital Funding have the option to defer current payments? below, holders of Corporate Units will be entitled to receive quarterly cash distributions consisting of their pro rata share of interest payments on the notes, equivalent to the rate of % per year, on the undivided beneficial ownership interest in notes (or distributions on the applicable ownership interests in the Treasury portfolio if the notes have been replaced by the Treasury portfolio) and quarterly contract adjustment payments payable by us at the rate of % per year on the stated amount of \$50 per Corporate Unit until the earliest of the purchase contract settlement date, the early settlement date (in the case of early settlement upon a fundamental change) and the most recent quarterly payment date on or before any early