



Standards of Conduct and Integrity for Suppliers

Introduction

The purpose of this booklet is to set forth standards of conduct and integrity for suppliers who bid or provide materials or services to PPL Corporation and its subsidiaries (PPL) (hereinafter referred to as "Standards").

PPL is committed to adhering to the highest professional, ethical and safety standards in all its business transactions, and these Standards establish guidelines to be followed by suppliers and their employees and subcontractors. For the purpose of these Standards, the term "Suppliers" shall mean individuals or firms bidding or providing materials or services to PPL.

If you have any questions about these Standards, or would like additional copies of this booklet, please contact:

Director-Purchasing

PPL

Two North Ninth Street, GENTW12

Allentown, PA 18101-1179

Statement of Policy

Suppliers must observe the highest standards of business, professional and personal ethics when bidding or providing materials or services to PPL.

In judging the propriety of acts or behavior, the standard to be applied is whether such acts or behavior even appear to be improper, not simply whether an actual impropriety is or could be involved.

Conflicts of Interest

Suppliers must avoid conflicts of interest (and the appearance of conflicts) between their personal interests and PPL's business. No past, present or currently planned interest or activity

(financial, contractual, personal, organizational or otherwise) shall create a conflict of interest with respect to the Supplier's work or PPL. A "conflict of interest" shall be considered to be the existence of any circumstance which (1) affects the Supplier's ability to render impartial, technically sound and objective assistance or advice, or (2) gives the Supplier an improper business advantage or personal benefit. Refer to sections titled "Involvement in Purchasing Activities" and "Gifts and Entertainment" of this booklet for examples of potential conflicts of interest.

All potential conflict of interest situations must be disclosed promptly to the Director-Purchasing. Provide notification in writing of all relevant facts and circumstances related thereto in a sealed envelope marked "Confidential and Personal" and addressed to the Director-Purchasing.

Communications

Communications between PPL and Suppliers regarding planned or pending procurements normally are coordinated by the primary contact (PPL's Company Authorized Representative).

Any Supplier's request for information on a planned or pending procurement must be coordinated by the primary contact. The primary contact may decide to refer the Supplier to the PPL work group if necessary. Suppliers should not discuss any commercial aspect of a planned or pending procurement with PPL employees other than the primary contact.

Contacts made with PPL employees other than the primary contact will be referred to the primary contact. If attempts to establish unauthorized contacts persist, or if a Supplier's request is, or may appear to be, improper or unethical, the PPL employee contacted will provide the details of the incident(s) in writing to either the primary contact

or the Director-Purchasing. The Supplier then will be notified that such violations may adversely affect current and future business relationships with PPL.

After award of a contract, communications between the Supplier and the PPL work group are not restricted except as otherwise covered in these Standards, in the contract, by policy or procedure, etc. However, any questions of a commercial nature related to the Supplier's contract should be referred to the primary contact.

Confidential Purchasing Information

Confidential purchasing information will be disclosed only to those who have a business need to know. Following are examples of confidential purchasing information that ordinarily will not be disclosed to Suppliers:

- Information prepared by PPL to support a procurement, including such items as purchasing strategy, bidders lists, evaluation criteria, etc.;
- Information obtained by means of reference checks;
- Information submitted by bidders in response to a solicitation, including technical and schedule information, commercial terms and conditions, or information obtained during negotiations;
- Evaluations, preliminary conclusions or decisions including documents involving (1) negotiating positions, strategies and procedures, (2) the number and identity of bidders, and (3) any similar information; and
- Information related to the negotiation of any change, claim, dispute, waiver, release or information of a similar nature developed in the

course of contract administration.

Exceptions to the disclosure of confidential purchasing information to Suppliers must be specifically authorized in writing by the Director- Purchasing and the Vice President of the responsible organization. In these cases, Suppliers may be given access to such information only if they have executed an appropriate confidentiality agreement with PPL. Refer to sections titled "Involvement in Purchasing Activities," "Work Practices," "Insider Trading" and "Competition and Codes of Conduct" for other restrictions on the use and disclosure of certain information.

Involvement in Purchasing Activities

Suppliers have no purchasing authority on behalf of PPL, and therefore should not be involved in the following PPL purchasing activities:

- Preparing bidders lists
- Securing bids
- Evaluating bid responses
- Discussing terms and conditions
- Obtaining reference checks
- Negotiating
- Awarding orders/contracts
- Authorizing changes to orders/contracts
- Accepting work of other contractors
- Authorizing payments
- Signing correspondence (to an outside firm) or purchasing documents on behalf of PPL
- Participating in PPL purchasing activities that involve or could involve their employer or its subsidiaries or affiliates;
- Preparing or reviewing any technical specification which involves any firm or affiliated firm in which the Supplier or a relative has any direct or indirect interest;

Exceptions to the above must be authorized specifically in writing by the Director-Purchasing and the Vice President of the responsible organization. In such cases, Suppliers may be given access to such information only if they have executed an appropriate confidentiality agreement with PPL.

Work Practices

PPL is committed to conducting its operations in compliance with laws, regulations and policies, and in a manner that assures a safe working environment. Suppliers are accountable for knowing, understanding and complying with applicable laws, regulations, these Standards and policies made known to Suppliers. PPL expects all Suppliers to conduct themselves in a professional, cost-effective, safe and ethical manner.

The following actions by Suppliers are prohibited:

- Using PPL time, equipment, supplies or facilities for other than PPL business or PPL-sponsored activities;
- Discussing compensation or other commercial terms of a bid or existing contract with other Suppliers, with PPL employees other than the primary contact, or with any third party;
- Disclosing non-public PPL information to others;
- Failing to properly secure PPL information or assets;
- Changing firms during the specified period of assignment and continuing to work at PPL;
- Supervising PPL employees;
- Being under the influence of alcohol or illegal drugs or using, possessing, selling, manufacturing or distributing illegal drugs or controlled substances on PPL property or PPL time; and
- Harassment (including sexual harassment).

Suppliers shall in no way be considered employees of PPL and, accordingly, are not entitled or eligible to participate in any privileges or benefit plans provided by PPL to its employees.

Gifts and Entertainment

Suppliers and members of their immediate families should not accept or provide gifts and entertainment that create, or appear to create, improper influence in their dealings with PPL. Promotional items are generally permitted to be given or accepted and are excluded from these restrictions provided they are not part of a stream of gifts from the same source. An item is promotional in nature if it is imprinted with organizational or institutional advertising and is typically distributed widely to others. Gifts and entertainment must be unsolicited, modest in value, appropriate under the circumstances and must not influence or attempt to influence a business decision or create the appearance of a conflict of interest.

Inappropriate gifts and entertainment that are provided by or given to a Supplier shall be returned to the donor and be accompanied by a copy of this policy. Perishable gifts shall be donated to a charitable organization and the donor notified of the action taken. Under no circumstances should Suppliers solicit, give or accept, directly or indirectly, payments, loans, kickbacks, money, special privileges, personal favors, services or unusual hospitality.

It is not the intent of this policy to preclude the acceptance or provision by Suppliers of an occasional meal or refreshment that is provided in the normal course of business or work relationships with other persons. Discretion must be used, however, in the limited acceptance or provision of normal and customary meals, refreshments or incidental hospitality to avoid situations that could create a conflict of interest or appear to do so.

Laws Concerning Bribery of Foreign Officials

PPL policy, the Foreign Corrupt Practices Act (FCPA) and the laws of many countries in which PPL does business prohibit employees, agents, Suppliers or any company in the PPL family of companies from giving or offering to give money or anything of value to a foreign government official, a foreign political party, party official, candidate for political office or an official of certain international organizations, such as the United Nations, for the purpose of influencing any act or decision of that official, obtaining, retaining or directing business to any person, or securing any improper advantage. Payments made indirectly through an intermediary, under circumstances indicating that such payments might be passed along for prohibited purposes, also are illegal.

Insider Trading

Suppliers shall comply with all securities laws of the United States and shall not misuse any “inside” information about PPL that is “material” in nature. “Inside” information includes any information that is not available to the general public. Information that is considered “material” (and hence, potentially subject to the prohibition on insider trading) may vary somewhat from jurisdiction to jurisdiction, but generally information is material if (a) there is a substantial likelihood that a reasonable investor would consider the information important in determining whether to trade in a security; or (b) the information, if made public, likely would affect the market price of a company’s securities. Whether information is material depends on the facts and circumstances, but information likely to be material

includes unannounced dividends, earnings, financial results, new or lost contracts or products, sales results, important personnel changes, business plans, possible mergers, acquisitions, divestitures or joint venture, and important regulatory, judicial or legislative actions. Suppliers must not misuse such information in any way, whether for personal benefit or the benefit of others.

Competition and Codes of Conduct

With the enactment of deregulation laws allowing wholesale and retail competition in the electric and gas industry, there are requirements with which PPL must comply. Some of these requirements direct PPL to adopt certain “codes of conduct” for dealing with customers and competitors. The sections below are intended to give Suppliers a broad overview of the general principles contained in these “codes of conduct.” If your position requires you to work with customers, customer information, competitors, competitive information, marketing information or information about electric or gas marketing, you should learn the requirements of these “codes of conduct.” They are available through the PPL person to whom you report who can access these “codes of conduct” on PPLWeb under “Info Source” or can contact the Company’s Office of Business & Compliance.

1. Customer Information

Suppliers must treat information provided by PPL or developed as a part of our business activities as confidential and safeguard it against inappropriate disclosure or access. Suppliers who have access to PPL information such as customer lists, customer use data, supplier name or billing rates are responsible for ensuring that the information is not disclosed to others outside PPL without PPL’s

written approval or as required by law.

2. Nondiscriminatory Practices

In order to ensure a fair competitive environment, if you provide materials or services to the regulated (delivery) side of the business, you must treat all similarly situated customers in a nondiscriminatory manner, regardless of which company is their energy supplier or service supplier. In addition, when performing your job duties, Suppliers may not “point” or “channel” customers to PPL’s energy supply group, and you must treat all generation suppliers and natural gas suppliers equally.

3. Gathering of Competitive Information

Suppliers engaged in gathering competitive information for PPL must conduct inquiries in accordance with applicable law. Competitive information should never be obtained, directly or indirectly, by improper means such as bribery, misappropriating confidential information or misrepresenting your status as a Supplier.

4. Disclosure of Information within PPL

Suppliers must be aware that the regulatory “codes of conduct” restrict the transfer of certain information from PPL’s regulated (delivery) side of the business to PPL’s unregulated business. Examples of competitive or market information that may be restricted include information about sales, purchases, customers, competitors, prices, costs and operations. This type of information cannot be disclosed to certain PPL officials or employees, unless that information is also made available to the general public at the same time. If Suppliers develop, use or distribute this type of information, Suppliers should carefully review the “codes of conduct” or seek advice before disclosing competitive or market information or

advice or conclusions based on competitive or market information to others within PPL.

5. Information Security

It is vitally important that Suppliers protect PPL's confidential and proprietary information. Confidential and proprietary information may be in a physical or electronic form (on paper, in an e-mail, on a diskette, videotape, etc.) or may be knowledge acquired through conversations to which you are a party or that you overhear. Proprietary information consists of any system, information or process that gives PPL an opportunity to obtain an advantage over its competitors. Confidential information includes non-public information that you are expected to safeguard from disclosure to the public. Information classified as "public" may be disclosed outside of PPL. Public information is information that has been made public through authorized PPL channels, such as news releases, public filings and the annual report.

Confidential and proprietary information may be communicated to employees of PPL only if the recipient of the information has a legitimate need to know it in connection with his or her employment responsibilities. Suppliers may be given access to such information only if they have executed confidentiality agreements. Suppliers should never use PPL confidential, proprietary or internal use information for personal gain and must not disclose any such information to others for their personal gain.

Any information that is not considered "public" or "confidential" is considered information for internal use. This means that information is not to be disclosed outside PPL unless authorized by the supervisor or as required by law. Examples of internal use information include internal correspondence, PPL policies and procedures,

internal PPL publications (such as department newsletters, PPL employee phone listings and the annual retiree directory) and information on PPLWeb.

Improper Conduct

Ethical behavior is largely a matter of discretion and common sense. Suppliers should promptly report any questionable or improper conduct or any violation of these Standards to:

**Director-Business Ethics & Compliance
PPL
Two North Ninth Street, GENTW15
Allentown, PA 18101-1179**

Ethics Helpline: 800-550-9418

Suppliers who violate these Standards may be subject to sanctions, including termination of their services or personnel, depending upon the nature of the violation.

