

## Chairman's message

In predictable and prosperous times, it's easy for companies to provide strong returns to shareowners, show environmental responsibility and take the lead in addressing community needs.

The true test is how companies perform when they face adversity.

PPL's business model and employees have been tested by the global economic recession, depressed energy prices and the lack of a clear direction in U.S. energy policy. Rising to the occasion, PPL and its 10,000 employees on two continents have delivered focused, consistent and sustainable performance.

Earnings from ongoing operations in 2009 exceeded our forecast despite the troubled economy. In 2010, PPL increased its common stock dividend for the eighth year in a row and stretched its record of paying dividends to shareowners to 260 consecutive quarters.

PPL continues to make major investments in the environment, renewable energy and energy efficiency. A \$1.5 billion program of environmental upgrades at PPL coal-fired power plants has significantly reduced the environmental impact of those facilities.

PPL is increasing non-carbon energy generation at its Susquehanna nuclear



power plant, at a pair of 100-year-old hydroelectric plants, and through solar, wind and landfill biogas projects that PPL has successfully developed and built.

PPL Electric Utilities provides a wide range of rebate, discount and incentive programs under its E-power initiative that are helping its 1.4 million customers in Pennsylvania use energy more wisely.

A strong emphasis on understanding and meeting customer expectations is reflected in consistently high rankings that PPL Electric Utilities and Western Power Distribution, our United Kingdom operations, receive for customer satisfaction. Over the next several years these companies will be investing billions of dollars in the

essential infrastructure that delivers electricity reliably to customers.

PPL also invests heavily in its most valuable asset: people. Public and employee safety factor into every operating decision we make. PPL believes that the only acceptable number of industrial accidents is zero. While we haven't achieved that goal, many of our work sites in the United States have been recognized by the Occupational Safety and Health Administration for their strong emphasis on safety.

PPL has been a successful company for 90 years because employees know that while it's important to learn from the past, it can be dangerous to live in it.

To generate and deliver reliable and sustainable energy for future generations — energy that is essential to economic prosperity and the quality of life — we must keep our eyes on tomorrow, and next year, and 20 years from now.

In November 2010, PPL completed the transformational acquisition of E.ON U.S., a company whose values of safety, customer focus and operational excellence provide a good fit with PPL.

As we look to the future, we continually assess the business impact of energy policy decisions and changing environmental regulations. We approach these important issues with a fundamental belief that there are no simple solutions that will provide unlimited, cheap and clean energy.

Well-reasoned laws and regulations with achievable targets, realistic transition periods and manageable cost impacts on consumers; companies with the financial strength and stability to invest in development of new, cleaner and more efficient technologies; consumers who take a more active role in managing and reducing their energy use; and policies that unleash the innovation of competitive markets will drive us to the sustainable future we all seek.

PPL, with a tradition of strong performance, dedicated employees and corporate responsibility, looks forward to the challenges.

Jim Miller

Chairman, President and  
Chief Executive Officer

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