

PPL CORP

FORM 8-K (Current report filing)

Filed 04/13/12 for the Period Ending 04/09/12

Address	TWO N NINTH ST ALLENTOWN, PA 181011179
Telephone	6107745151
CIK	0000922224
Symbol	PPL
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 9, 2012

**Commission
File Number**

**Registrant; State of Incorporation;
Address and Telephone Number**

**IRS Employer
Identification No.**

1-11459

PPL Corporation

(Exact name of Registrant as specified in its charter)

(Pennsylvania)

Two North Ninth Street

Allentown, PA 18101-1179

(610) 774-5151

23-2758192

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Section 1 – Registrant’s Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

Underwriting Agreement

On April 9, 2012, PPL Corporation (“PPL” or the “Company”), Morgan Stanley & Co. LLC (“Morgan Stanley”) and Merrill Lynch International (“MLI”), in their capacities as forward sellers (each of Morgan Stanley and MLI in such capacity, a “Forward Counterparty” and collectively the “Forward Counterparties”) entered into an underwriting agreement (the “Underwriting Agreement”) with Morgan Stanley and Merrill Lynch, Pierce, Fenner & Smith Incorporated individually and acting as representatives of each of the several underwriters named in Schedule A thereto (collectively, the “Underwriters”) relating to (a) the sale by the Forward Counterparties and purchase by the Underwriters, acting severally and not jointly, of 9,900,000 shares of the Company’s common stock, par value \$.01 per share (“Common Stock”), and (b) the grant by the Forward Counterparties to the Underwriters, acting severally and not jointly, to purchase up to an additional 1,485,000 shares of the Company’s Common Stock to cover over-allotments. The Underwriters are offering the shares of Common Stock sold to them pursuant to the Underwriting Agreement from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices (the “Offering”).

A copy of the Underwriting Agreement is attached hereto as Exhibit 1.1 and is expressly incorporated by reference herein and into the Registration Statement on Form S-3 (Registration No. 333-180410), and any related amendments thereto, filed by PPL on March 28, 2012. The foregoing description of the terms of the Underwriting Agreement is qualified in its entirety by reference to Exhibit 1.1.

Forward Agreements

In connection with the Offering, the Company also entered into forward sale agreements dated April 9, 2012 with each Forward Counterparty (the “Forward Agreements”) relating to an aggregate of 9,900,000 shares of the Company’s Common Stock. As contemplated by the execution of the Forward Agreements, the Forward Counterparties (or affiliates thereof) are borrowing from third parties and selling in the Offering 9,900,000 shares of the Company’s Common Stock.

Under each Forward Agreement, if the Forward Counterparty determines, in its commercially reasonable judgment, that it is unable to borrow and deliver for sale, on the anticipated closing date, the number of shares of the Company’s Common Stock sold by the Underwriters in the Offering, or if the Forward Counterparty determines, in good faith and in a commercially reasonable manner, either that it is impracticable to do so or that it would incur a stock loan cost of more than a specified amount to do so, then the number of shares of the Company’s Common Stock to which the Forward Agreements relate will be reduced to the number that the Forward Counterparty can so borrow and deliver or can so borrow and deliver at or below that specified cost (which could be no shares, in which case the Forward Agreements will not become effective).

Upon physical settlement of the Forward Agreements, the Company will issue shares of its Common Stock to each Forward Counterparty in exchange for cash proceeds equal to then-applicable forward sale price, which initially will be \$27.02 per share and will be subject to adjustment in accordance with the terms of the relevant Forward Agreement. The Company will receive these proceeds only if it elects to physically settle the Forward Agreements.

The Forward Agreements generally provide for settlement on one or more settlement dates to be specified by the Company within 12 months after the date of the Forward Agreements (and, with respect to any additional forward sale agreement that the Company may enter into in connection with the exercise of the underwriters’ over-allotment option, settlement will occur 15 months after the date of the Forward Agreements). The Forward Agreements provide that the forward sale price will be adjusted on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread and will be decreased by certain amounts on specified dates set forth in the relevant Forward Agreement. The interest rate factor adjustment will reduce the forward sale price on each day on which the federal funds rate for that day is less than the spread.

Except under the circumstances described below, the Company has the right to elect physical, cash or net share settlement under the Forward Agreements. Although the Company currently expects to settle the Forward Agreements entirely by physical settlement, the Company may elect cash settlement or net share settlement for all or a portion of its obligations under the Forward Agreements, except as described below. If the Company elects cash settlement or net share settlement, if the price at which the Forward Counterparty or its affiliate purchases shares of the Company’s Common Stock in the open market exceeds the applicable forward sale price, then the Company would have to:

- in the case of cash settlement, pay to the relevant Forward Counterparty a cash amount equal to the difference; or

-
- in the case of net share settlement, deliver to the relevant Forward Counterparty a number of shares of the Company's Common Stock having a market value equal to the difference.

Conversely, in connection with cash or net share settlement, if the price at which the Forward Counterparty or its affiliate purchases shares of the Company's Common Stock in the open market is less than the applicable forward sale price, then the relevant Forward Counterparty would have to:

- in the case of cash settlement, pay to the Company a cash amount equal to the difference; or
- in the case of net share settlement, deliver to the Company a number of shares of the Company's Common Stock having a market value equal to the difference.

Purchases of the Company's Common Stock in open market transactions by a Forward Counterparty or its affiliate in connection with cash settlement or net share settlement could increase the trading price of the Company's Common Stock. This, in turn, could increase the amount of cash, in the case of cash settlement, or the number of shares, in the case of net share settlement, the Company would owe, if any, to such Forward Counterparty upon settlement of the relevant Forward Agreement.

Each Forward Counterparty may accelerate settlement of the relevant Forward Agreement and require the Company to physically settle such Forward Agreement on a date of its choosing if:

- in its commercially reasonable judgment, it or its affiliate either:
 - is unable to hedge its exposure under the Forward Agreement because of the lack of sufficient shares of the Company's Common Stock being made available for borrowing by lenders; or
 - would incur a cost to borrow shares of the Company's Common Stock to hedge its exposure under the Forward Agreement that exceeds a specified threshold;
- the Company declares any distribution, issue or dividend to existing holders of the Company's Common Stock with a record date occurring during the term of the Forward Agreement and payable in either:
 - cash in excess of a specified amount (other than extraordinary dividends);
 - securities of another company acquired or owned by us as a result of a spin-off or other similar transaction; or
 - any other type of securities (other than the Company's Common Stock), rights, warrants or other assets for payment at less than the prevailing market price, as determined by the relevant Forward Counterparty;
- certain ownership thresholds applicable to the Forward Counterparty are exceeded;
- certain "events of default" or "termination events" (as defined in documentation published by the International Swaps and Derivatives Association, Inc.) occur, including, among other things, any material misrepresentation by us under the Forward Agreements or certain bankruptcy or insolvency events relating to the Company; or
- an event is announced that, if consummated, would result in an "extraordinary event" (as defined in the Forward Agreement), including, among other things, certain mergers and tender offers, a change in law and certain events involving the Company's nationalization or the delisting of the Company's Common Stock.

A decision by either Forward Counterparty to accelerate settlement of any applicable Forward Agreement would be made regardless of the Company's interests, including its need for capital, and could result in dilution to the Company's earnings per share and return on equity.

Copies of the Forward Agreements are attached hereto as Exhibit 10.1 and 10.2, respectively, and are expressly incorporated by reference herein and into the Registration Statement on Form S-3 (Registration No. 333-180410), and any related amendments thereto, filed by PPL on March 28, 2012. The foregoing descriptions of the terms of the Forward Agreements are qualified in their entirety by reference to these exhibits.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are furnished herewith:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
1.1	Underwriting Agreement, dated April 9, 2012, among PPL Corporation, Morgan Stanley & Co. LLC and Merrill Lynch International, in their capacity as forward sellers, and Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, individually and acting as representatives of each of the other underwriters named in Schedule A thereto.
5.1	Opinion of Frederick C. Paine, Esq.
10.1	Confirmation of Forward Sale Transaction dated April 9, 2012 between PPL Corporation and Morgan Stanley & Co. LLC.
10.2	Confirmation of Forward Sale Transaction dated April 9, 2012 between PPL Corporation and Merrill Lynch International.
23.1	Consent of Frederick C. Paine, Esq. (included in Exhibit 5.1).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PPL CORPORATION

By: /s/ Vincent Sorgi

Vincent Sorgi

Vice President and Controller

Date: April 13, 2012

PPL CORPORATION
9,900,000 Shares of Common Stock
UNDERWRITING AGREEMENT

New York, New York
April 9, 2012

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Merrill Lynch International
BofA Merrill Lynch Financial Centre
2 King Edward Street
London, EC1A 1HQ
United Kingdom

Acting in their Capacity as Forward Counterparties

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
One Bryant Park
New York, New York 10036

As Representatives of the Several Underwriters

Ladies and Gentlemen:

1. Introductory.

PPL Corporation, a Pennsylvania corporation (the “Company”), and Morgan Stanley & Co. LLC (“Morgan Stanley”) and Merrill Lynch International (“MLI”), in their capacity as forward sellers (each a “Forward Counterparty” and collectively the “Forward Counterparties”), confirm their respective agreements with Morgan Stanley and Merrill Lynch, Pierce, Fenner & Smith Incorporated (“BAML”) and each of the other Underwriters named in Schedule A hereto (collectively, the “Underwriters”, which term shall also include any underwriter substituted as hereinafter provided in Section 9 hereof), for whom Morgan Stanley and BAML are acting as representatives (in such capacity, the “Representatives”), with respect to (i) the sale by the Forward Counterparties and the purchase by the Underwriters, acting severally and not jointly, of

the respective numbers of shares of Common Stock, par value \$0.01 per share, of the Company (the “Common Stock”) set forth in Schedule A (the “Initial Securities”), (ii) the grant by the Forward Counterparties to the Underwriters, in each case acting severally and not jointly, of the option described in Section 3(b) hereof to purchase all or any part of the additional shares of Common Stock set forth in Schedule A hereto to cover over-allotments, if any (the “Option Securities”). The Initial Securities and the Option Securities are referred to herein collectively as the “Securities.”

As used herein, the term “Forward Agreements” refers to (i) the letter agreement dated the date hereof between the Company and Morgan Stanley, and (ii) the letter agreement dated the date hereof between the Company and MLI, in their capacity as forward purchasers, relating to the forward sale by the Company, subject to the Company’s right to elect Cash Settlement or Net Share Settlement (as such terms are defined in the Forward Agreements), of a number of shares of Common Stock equal to the number of Initial Securities sold by the Forward Counterparties pursuant to this underwriting agreement (this “Agreement”).

The Company has filed with the Securities and Exchange Commission (the “Commission”) an automatic shelf registration statement on Form S-3 (No. 333-180410), including the related preliminary prospectus or prospectuses, which registration statement became effective upon filing under Rule 462(e) (“Rule 462(e)”) of the rules and regulations of the Commission (the “Securities Act Regulations”) under the Securities Act of 1933, as amended (the “Securities Act”). Such registration statement covers the registration of the Securities under the Securities Act. Promptly after the date of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430B (“Rule 430B”) of the Securities Act Regulations and paragraph (b) of Rule 424 (“Rule 424(b)”) of the Securities Act Regulations. Any information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of and included in such registration statement pursuant to Rule 430B is referred to as “Rule 430B Information.” Each prospectus used in connection with the offering of the Securities that omitted Rule 430B Information (other than a “free writing prospectus” as defined in Rule 405 of the Securities Act Regulations that has not been approved in writing by the Company and the Representatives) and includes the documents incorporated by reference therein pursuant to Item 12 of Form S-3 is herein called a “preliminary prospectus.” Such registration statement, at any given time, including the amendments thereto to such time, the exhibits and any schedules thereto at such time, the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act at such time and the documents otherwise deemed to be a part thereof or included therein by the Securities Act Regulations, is herein called the “Registration Statement.” The Registration Statement at the time it originally became effective is herein called the “Original Registration Statement.” The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Securities, including the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act as of the date hereof and any preliminary prospectuses that form a part thereof, is herein called the “Prospectus.” For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system (“EDGAR”).

All references in this Agreement to financial statements and schedules and other information which is “contained,” “included” or “stated” in the Registration Statement, any preliminary prospectus or the Prospectus (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in or otherwise deemed by the Securities Act Regulations to be a part of or included in the Registration Statement, any preliminary prospectus or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which is incorporated by reference in or otherwise deemed by the Securities Act Regulations to be a part of or included in the Registration Statement, such preliminary prospectus or the Prospectus, as the case may be.

2. Representations and Warranties .

The Company represents and warrants to each Underwriter and each Forward Counterparty, as of the date hereof, the Applicable Time referred to in Section 2(b) hereof and as of the Closing Date and any Option Closing Date referred to in Section 3 hereof, and agree with each Underwriter and each Forward Counterparty as follows:

(a) (1) At the time of filing the Original Registration Statement, (2) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Securities Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), (3) at the time the Company or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c) of the Securities Act Regulations) made any offer relating to the Securities in reliance on the exemption of Rule 163 of the Securities Act Regulations or made a bona fide offer (within the meaning of Rule 164(h)(2) of the Securities Act Regulations) and (4) at the date hereof, each of the Company was and is eligible to register and issue the Securities, as a “well-known seasoned issuer” as defined in Rule 405 of the Securities Act Regulations (“Rule 405”), including not having been and not being an “ineligible issuer” as defined in Rule 405. The Registration Statement is an “automatic shelf registration statement,” as defined in Rule 405, and the Securities, since their registration on the Registration Statement, have been and remain eligible for registration by the Company on a Rule 405 “automatic shelf registration statement.” The Company has not received from the Commission any notice pursuant to Rule 401(g)(2) of the Securities Act Regulations objecting to the use of the automatic shelf registration statement form.

(b) The Original Registration Statement became effective upon filing under Rule 462(e) of the Securities Act Regulations on March 28, 2012, and any post-effective amendment thereto also became effective upon filing under Rule 462(e). No stop order suspending the effectiveness of the Registration Statement and/or any notice objecting to its use has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

Any offer that is a written communication relating to the Securities made prior to the filing of the Original Registration Statement by the Company, or any person acting on its behalf (within the meaning, for this paragraph only, of Rule 163(c) of the Securities Act Regulations), has been filed with the Commission in accordance with the exemption provided by Rule 163 of the Securities Act Regulations (“Rule 163”) and otherwise complied with the requirements of Rule 163, including without limitation the legending requirement, to qualify such offer for the exemption from Section 5(c) of the Securities Act provided by Rule 163.

At the respective times the Original Registration Statement and each amendment thereto became effective, at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the Securities Act Regulations and at the Closing Date and any Option Closing Date, as applicable, the Registration Statement complied and will comply in all material respects with the requirements of the Securities Act and the Securities Act Regulations and the rules and regulations thereunder, and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

Neither the Prospectus nor any amendments or supplements thereto, at the time the Prospectus or any such amendment or supplement was issued and at the Closing Date and any Option Closing Date, as applicable, included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Each preliminary prospectus (including the prospectus or prospectuses filed as part of the Original Registration Statement or any amendment thereto) complied when so filed in all material respects with the Securities Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters and the Forward Counterparties for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

As of the Applicable Time, neither (x) the Issuer General Use Free Writing Prospectus(es) issued at or prior to the Applicable Time, the Statutory Prospectus and the Issuer Free Writing Prospectus, all considered together (collectively, the “General Disclosure Package”), nor (y) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

As of the Applicable Time, the General Disclosure Package will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

As used in this subsection and elsewhere in this Agreement:

“ Applicable Time ” means 8:30 AM (New York City time) on April 10, 2012 or such other time as agreed by the Company, the Forward Counterparties and the Representatives.

“ Issuer Free Writing Prospectus ” means any “issuer free writing prospectus,” as defined in Rule 433 of the Securities Act Regulations (“ Rule 433 ”), relating to the Securities that (i) is required to be filed with the Commission by the Company, (ii) is a “road show that is a written communication” within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission or (iii) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Securities or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433(g).

“ Issuer General Use Free Writing Prospectus ” means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors.

“ Issuer Limited Use Free Writing Prospectus ” means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

“ Permitted Free Writing Prospectus ” means any free writing prospectus consented to in writing by the Company, the Representatives and the Forward Counterparties. For the avoidance of doubt, any free writing prospectus that is not consented to in writing by the Company does not constitute a Permitted Free Writing Prospectus and will not be an Issuer Free Writing Prospectus.

“ Statutory Prospectus ” as of any time means the prospectus relating to the Securities that is included in the Registration Statement immediately prior to that time, including any document incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof.

Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Securities or until any earlier date that the Company notified or notifies the Representatives and the Forward Counterparties as described in Section 5(g), did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, including any document incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified.

The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use therein (the only such information being that set forth on Schedule B hereto);

(c) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of incorporation with corporate power and authority to conduct its business as described in the General Disclosure Package and the Prospectus and to enter and to perform its obligations under this Agreement;

(d) The authorized capital stock of the Company conforms as to legal matters to the description thereof in the General Disclosure Package and the Prospectus;

(e) The shares of Common Stock outstanding prior to the date of this Agreement have been duly authorized and are validly issued, fully paid and non-assessable, and are not subject to any preemptive or similar rights;

(f) The maximum number of shares of Common Stock to be delivered to the Forward Counterparties, whether pursuant to Physical Settlement or Net Share Settlement (each as defined in the Forward Agreements or the Additional Forward Agreements (as defined below) (if any), as applicable), as a result of an Acceleration Event (as defined in such agreement) or otherwise, have been duly authorized and reserved for issuance and, when issued and delivered by the Company to the Forward Counterparties pursuant to the Forward Agreements or Additional Forward Agreements, as applicable, against payment of any consideration required to be paid by the Forward Counterparties pursuant to such agreement, will be duly authorized, validly issued and fully paid and nonassessable and the issuance thereof will not be subject to any preemptive or similar rights;

(g) No consent, approval, authorization, order, registration or qualification of or with any federal, state or local governmental agency or body or any federal, state or local court is required to be obtained by the Company in connection with its execution and delivery of this Agreement, the Forward Agreements or Additional Forward Agreements (if any) or the performance by the Company of its obligations hereunder or thereunder, except such as have been obtained and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Underwriters in the manner contemplated herein and in the General Disclosure Package and the Prospectus;

(h) Neither the execution and delivery of this Agreement, the Forward Agreements or Additional Forward Agreements (if any) nor the issue and sale of the Securities, nor the consummation of any of the transactions herein or therein contemplated, will (i) violate any law or any regulation, order, writ, injunction or decree of any court or governmental instrumentality applicable to the Company, (ii) result in a breach or violation of any of the terms and provisions of, or constitute a default under, the Articles of Incorporation or by-laws of the Company or (iii) any material agreement or instrument to which the Company or any of its subsidiaries is a party or by which it is bound, except in the case of clauses (i) and (iii) above, for such violations, breaches or defaults that would not in the aggregate have a material adverse effect on the ability of the Company to perform its obligations hereunder;

(i) The consolidated financial statements of the Company and its subsidiaries, together with the related notes and schedules, each set forth or incorporated by reference in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the related published rules and regulations thereunder; such audited financial statements have been prepared in all material respects in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and no material modifications are required to be made to the unaudited interim financial statements for them to be in conformity with generally accepted accounting principles;

(j) This Agreement and the Forward Agreements has been duly and validly authorized, executed and delivered by the Company, and the Additional Forward Agreements, if any, will be duly and validly authorized, executed and delivered by the Company;

(k) Since the respective dates as of which information is given in the General Disclosure Package and the Prospectus, except as otherwise stated therein or contemplated thereby, there has been no material adverse change, or event or occurrence that would result in a material adverse change, in the financial position or results of operations of the Company and its subsidiaries taken as a whole;

(l) The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Prospectus, will not be, an “investment company” as such term is defined in the Investment Company Act of 1940, as amended;

(m) No “nationally recognized statistical rating organization” as such term is defined for purposes of Section 3(a)(62) under the Exchange Act (i) has imposed (or has informed the Company or its subsidiaries that it is considering imposing) any condition (financial or otherwise) on the Company’s or its applicable subsidiaries retaining any rating assigned to the Company or its applicable subsidiaries or any securities of the Company or its applicable subsidiaries or (ii) has indicated to the Company or its subsidiaries that it is considering any of the actions described in Section 6(e)(v) hereof.

(n) Ernst & Young LLP, who have audited certain financial statements of the Company and its consolidated subsidiaries and issued their report with respect to the audited consolidated financial statements and schedules included and incorporated by reference in the Prospectus, is an independent registered public accounting firm with respect to the Company during the periods covered by their reports within the meaning of the Securities Act and the Securities Act Regulations and the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”);

(o) PricewaterhouseCoopers LLP, who have audited certain financial statements of Central Networks East plc, Central Networks Group and issued their report with respect to such audited financial statements and schedules included and incorporated by reference in the Prospectus, is an independent accountant with respect to Central Networks East plc, Central Networks Group during the periods covered by their reports under Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants (“AICPA”) and its rulings and interpretations;

(p) The Company maintains systems of internal accounting controls sufficient to provide reasonable assurance that transactions are executed in accordance with management’s authorizations and transactions are recorded as necessary to permit preparation of financial statements. The Company maintains “disclosure controls and procedures” as such term is defined in Rule 13a-15(e) under the Exchange Act;

(q) The interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement fairly presents the information called

for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto.

(r) None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (collectively, the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA, and the Company, its subsidiaries and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith;

(s) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened; and

(t) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds, to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

The Forward Counterparties represent and warrant to, and agree with, each Underwriter and the Company, on the date of this Agreement, at the Closing Date and as of each Option Closing Date (in the case of a sale of Securities pursuant to Section 3(b)(i) hereof) that:

(u) This Agreement has been duly authorized, executed and delivered by the Forward Counterparties and, at the relevant Closing Date or Option Closing Date, the Forward Counterparties shall have the full right, power and authority to sell, transfer and deliver the Securities, as the case may be, to the extent that it is required to transfer such Securities hereunder;

(v) The Forward Agreements and the Additional Forward Agreements (if any), as applicable, have been duly authorized, executed and delivered by the Forward Counterparties and constitute valid and binding agreements of the Forward Counterparties, enforceable against the Forward Counterparties in accordance with their terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability; and

(w) The Forward Counterparties will, at the relevant Closing Date or Option Closing Date, have the free and unqualified right to transfer any Securities, as the case may be, to the extent that it is required to transfer such Securities hereunder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind; and upon delivery of such Securities and payment of the purchase price therefor as herein contemplated, assuming each of the Underwriters has no notice of any adverse claim, each of the Underwriters will have the free and unqualified right to transfer any such Securities purchased by it from the Forward Counterparties, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind.

Each of the Representatives, as one of the several Underwriters, represents and warrants to, and agrees with, the Company, its directors and such of its officers as shall have signed the Registration Statement, and to each other Underwriter, that the information set forth in Schedule B hereto furnished to the Company by or through the Representatives expressly for use in the Registration Statement or the Prospectus does not contain an untrue statement of a material fact and does not omit to state a material fact in connection with such information required to be stated therein or necessary to make such information not misleading.

3. Purchase and Sale of Securities.

(a) *Initial Securities*. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, each Forward Counterparty agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from each Forward Counterparty, at the price per share of \$27.02, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 9 hereof, subject to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases of fractional shares.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, each Underwriter shall have the right, severally and not jointly, to purchase up to the number of additional shares of Common Stock set forth in Schedule A opposite the name of such Underwriter at the price per share set forth in subsection (a) of this Section; provided, however, that the purchase price per share for any Option Securities shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities (the "Option Purchase Price"). The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part

from time to time only for the purpose of covering over allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company and the Forward Counterparties setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (an “Option Closing Date”) shall be determined by the Representatives, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Date, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase from the Forward Counterparties that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, plus any additional number of Option Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 9 hereof, subject in each case to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases of fractional shares. Following delivery of a notice of exercise of the overallotment option by the Representatives to the Company and the Forward Counterparties, the Company may, in its sole discretion, within one business day after such notice is given, execute and deliver to the Forward Counterparties additional forward agreements, between the Company and the Forward Counterparties (“Additional Forward Agreements”), providing for the forward sale by the Company of a number of shares of Common Stock equal to the aggregate number of Option Securities being purchased pursuant to the exercise of the overallotment option. Upon the Company’s execution and delivery to the Forward Counterparties of the Additional Forward Agreements, the Forward Counterparties shall promptly execute and deliver to the Company, the Additional Forward Agreements, and, upon such execution and delivery, on the basis of the representations and warranties contained herein and subject to the conditions stated herein, each Forward Counterparty, severally and not jointly, hereby agrees to sell to the several Underwriters its one-half of such Option Securities at the Option Purchase Price.

(c) *Failure to Borrow* . In the event that, in the commercially reasonable judgment of a Forward Counterparty, such Forward Counterparty is unable to borrow and deliver for sale under this Agreement its one-half of the Initial Securities or the Calculation Agent (as such term is defined in the respective Forward Agreement) determines that it is either impracticable for such Forward Counterparty to do so or such Forward Counterparty would incur a stock loan cost in excess of a rate equal to 200 basis points per annum to do so, then such Forward Counterparty shall only be required to deliver for sale to the Underwriters at the Closing Date the aggregate number of shares of Common Stock that such Forward Counterparty is able to so borrow at or below such cost.

(d) *Failure to Borrow Option Securities* . In the event that, in the commercially reasonable judgment of a Forward Counterparty, such Forward Counterparty is unable to borrow and deliver for sale under this Agreement its one-half of the Option Securities or the Calculation Agent (as such term is defined in the respective Additional Forward Agreement) determines that it is impracticable for such Forward Counterparty to do so or such Forward Counterparty would incur a stock loan cost of more than a rate equal to 200 basis points per annum to do so, then such Forward Counterparty shall only be required to deliver for sale to

the Underwriters on the relevant Option Closing Date the aggregate number of shares of Common Stock that such Forward Counterparty is able to so borrow at or below such cost.

(e) *Notification* . If (i) pursuant to Section 3(c), the Forward Counterparties do not borrow and deliver for sale to the Underwriters at the Closing Date the total number of Initial Securities, or (ii) pursuant to Section 3(d), the Forward Counterparties do not borrow and deliver for sale to the Underwriters on the relevant Option Closing Date the total number of Option Securities, the Forward Counterparties will use their commercially reasonable efforts to notify the Company no later than 5:00 p.m., New York City time, on the first business day prior to the Closing Date or relevant Option Closing Date, as the case may be.

(f) *Payment* . Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Simpson Thacher & Bartlett LLP, at 425 Lexington Avenue, New York, New York 10017, or at such other place as shall be agreed upon by the Representatives, the Forward Counterparties and the Company, at 9:00 A.M. (Eastern time) on the third business day after the date hereof (unless postponed in accordance with the provisions of Section 11), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives, the Forward Counterparties and the Company (such time and date of payment and delivery being herein called “ Closing Date ”).

In addition, in the event that any or all of the Option Securities are to be purchased by the Underwriters, payment of the Option Purchase Price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives, the Forward Counterparties and the Company, on each Option Closing Date as specified in the notice from the Representatives to the Company.

Payment shall be made by wire transfer of immediately available funds to a bank account designated by Morgan Stanley, against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized Morgan Stanley, for its account, to accept delivery of, receipt for, and to make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Any or all of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Date or the relevant Option Closing Date, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(g) *Denominations; Registration* . Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Date or the relevant Option Closing Date, as the case may be. Subject to the provisions of subsection (h) below, the certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in New York City not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Date or relevant Option Closing Date, as the case may be.

(h) *Delivery of Global Securities.* In lieu of the delivery to the Underwriters of certificates representing the Securities at the Closing Date and on each Option Closing Date, as contemplated above, the Forward Counterparties, with the approval of the Representatives, may deliver one or more global Securities to a custodian for The Depository Trust Company (“DTC”), to be held by DTC initially for the accounts of the several Underwriters.

(i) *Use of Free Writing Prospectuses.* Each Underwriter represents and agrees that, unless it obtains the prior written consent of the Company and the Representatives, it has not and will not make any offer relating to the Securities that would constitute or would use an “issuer free writing prospectus” as defined in Rule 433 or that would otherwise constitute a “free writing prospectus” as defined in Rule 405 of the Securities Act Regulations that would be required to be filed with the Commission.

4. Public Offering.

The several Underwriters agree that as soon as practicable, in their judgment, they will make a public offering of their respective portions of the Securities in accordance with the terms set forth in the General Disclosure Package and the Prospectus.

5. Certain Covenants of the Company.

The Company covenants and agrees with the several Underwriters and the Forward Counterparties as follows:

(a) Subject to Section 5(b), to comply with the requirements of Rule 430B and to notify the Representatives and the Forward Counterparties immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement or new registration statement relating to the Securities shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or the filing of a new registration statement or any amendment or supplement to the Prospectus or any document incorporated by reference therein or otherwise deemed to be a part thereof or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or such new registration statement and/or any notice objecting to its use or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(e) of the Securities Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the offering of the Securities. The Company will effect the filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)). The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment. The Company shall pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1)(i) of the

Securities Act Regulations without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) of the Securities Act Regulations (including, if applicable, by updating the “Calculation of Registration Fee” table in accordance with Rule 456(b)(1)(ii) either in a post-effective amendment to the Registration Statement or on the cover page of a prospectus filed pursuant to Rule 424(b));

(b) To give the Representatives and the Forward Counterparties notice of its intention to file or prepare any amendment to the Registration Statement or new registration statement relating to the Securities or any amendment, supplement or revision to either any preliminary prospectus (including any prospectus included in the Original Registration Statement or amendment thereto at the time it became effective) or to the Prospectus, whether pursuant to the Securities Act, the Exchange Act or otherwise, and the Company will furnish the Representatives and the Forward Counterparties with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representatives or the Forward Counterparties shall reasonably object in writing. The Company will give the Representatives and the Forward Counterparties notice of its intention to make any such filing pursuant to the Exchange Act or the Exchange Act Regulations from the Applicable Time to the Closing Date and will furnish the Representatives and the Forward Counterparties with copies of any such documents a reasonable amount of time prior to such proposed filing and will not file any such document to which the Representatives or the Forward Counterparties shall reasonably object in writing.

(c) To furnish to each Underwriter and each Forward Counterparty, without charge, during the period when the Prospectus is required to be delivered under the Securities Act, as many copies of the Prospectus and any amendments and supplements thereto as such party may reasonably request.

(d) That before amending and supplementing the preliminary prospectus or the Prospectus, it will furnish to the Representatives and the Forward Counterparties a copy of each such proposed amendment or supplement and that it will not use any such proposed amendment or supplement to which the Representatives or the Forward Counterparties reasonably object in writing.

(e) To use its best efforts to qualify the Securities and to assist in the qualification of the Securities by the Underwriters or on the Underwriters’ behalf for offer and sale under the securities or “blue sky” laws of such jurisdictions as the Representatives may designate in the United States and Canada, to continue such qualification in effect so long as required for the distribution of the Securities and to reimburse the Underwriters for any expenses (including filing fees and fees and disbursements of counsel) paid by the Underwriters or on the Underwriters’ behalf to qualify the Securities for offer and sale, to continue such qualification, to determine its eligibility for investment and to print any preliminary or supplemental “blue sky” survey or legal investment memorandum relating thereto; *provided* that Company shall not be required to qualify as a foreign corporation in any State, to consent to service of process in any State other than with respect to claims arising out of the offering or sale of the

Securities, or to meet any other requirement in connection with this paragraph (e) deemed by the Company to be unduly burdensome;

(f) To promptly deliver to the Representatives and the Forward Counterparties a true and correct copy of the Registration Statement as originally filed and of all amendments thereto heretofore or hereafter filed, including conformed copies of all exhibits except those incorporated by reference, and such number of conformed copies of the Registration Statement (but excluding the exhibits), each related preliminary prospectus, the Prospectus, and any amendments and supplements thereto, as the Representatives and the Forward Counterparties may reasonably request;

(g) If at any time prior to the completion of the sale of the Securities by the Underwriters (as determined by the Representatives), any event occurs as a result of which the Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with the Securities Act, the Company promptly (i) will notify the Representatives and the Forward Counterparties of any such event; (ii) subject to the requirements of paragraph (b) of this Section 5, will prepare an amendment or supplement that will correct such statement or omission or effect such compliance; and (iii) will supply any supplemented or amended Prospectus to the several Underwriters and the Forward Counterparties without charge in such quantities as they may reasonably request; provided that the expense of preparing and filing any such amendment or supplement (i) that is necessary in connection with such a delivery of a prospectus more than nine months after the date of this Agreement or (ii) that relates solely to the activities of any Underwriter or Forward Counterparty shall be borne by the Underwriter or the Forward Counterparty or the dealer or dealers requiring the same; and provided further that the Representatives shall, upon inquiry by the Company, advise the Company whether or not any Underwriter or dealer which shall have been selected by the Representatives retains any unsold Securities and, for the purposes of this subsection (g), the Company shall be entitled to assume that the distribution of the Securities has been completed when they are advised by the Representatives that no Underwriter or such dealer retains any Securities. If at any time following issuance of an Issuer Free Writing Prospectus, there occurs an event or development as a result of which such Issuer Free Writing Prospectus would conflict with the information contained in the Registration Statement (or any other registration statement related to the Securities) or the Statutory Prospectus or any preliminary prospectus would include an untrue statement of a material fact or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, the Company will promptly notify the Representatives and the Forward Counterparties and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission;

(h) The Company will, as soon as practicable, make generally available to its security holders an earnings statement covering a period of at least twelve months beginning after the "effective date of the registration statement" within the meaning of

Rule 158 under the Securities Act which will satisfy the provisions of Section 11(a) of the Act;

(i) The Company will pay or bear (i) all expenses in connection with the matters herein required to be performed by the Company, including all expenses (except as provided in Section 5(g) above) in connection with the preparation and filing of the Registration Statement, the General Disclosure Package and the Prospectus, and any amendment or supplement thereto, and the furnishing of copies thereof to the Underwriters and the Forward Counterparties, and all audits, statements or reports in connection therewith, and all expenses in connection with the issue and delivery of the Securities to the Underwriters at the place designated in Section 3 hereof, any fees and expenses relating to the eligibility and issuance of the Securities in book-entry form and the cost of obtaining CUSIP or other identification numbers for the Securities, all federal and state taxes (if any) payable (not including any transfer taxes) upon the original issue of the Securities; (ii) all expenses in connection with the printing, reproduction and delivery of this Agreement and the printing, reproduction and delivery of any preliminary prospectus and each Prospectus, and (except as provided in Section 5(g) above) any amendment or supplement thereto, to the Underwriters and the Forward Counterparties; (iii) the Company's costs and expenses relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Securities, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the Company's portion of the costs of any aircraft chartered in connection with the road show; and (iv) all fees and expenses in connection with listing the Securities on the New York Stock Exchange;

(j) The Company hereby agrees that, without the prior written consent of the Representatives, on behalf of the Underwriters, and the Forward Counterparties, it will not, during the period ending 90 days after the date of the final prospectus supplement included in the Prospectus (the "Lock-Up Period"), directly or indirectly, (i) register, offer, issue, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of any shares of Common Stock (the "Lock-Up Securities") or any securities convertible into or exercisable or exchangeable for Lock-Up Securities, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Lock-Up Securities, (iii) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (iv) file with the Commission a registration statement under the Act relating to Lock-Up Securities, or publicly disclose the intention to take any such action, whether any such transaction described in clause (i), (ii) or (iii) above is to be settled by delivery of Lock-Up Securities or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder and Common Stock issued pursuant to the Forward Agreement and Additional Forward Agreements (if any), (B) the issuance by the Company of shares of Common Stock pursuant to, or the grant of options under

the Company's existing stock option, employee benefit or dividend reinvestment plans (as described in the General Disclosure Package and the Prospectus), or the filing of a registration statement with the Commission relating to the offering of any shares of common stock issued or reserved for issuance under such plans, or (C) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act, for the repurchase of shares of Common Stock, provided that such plan does not provide for the repurchase of Common Stock during the Lock-Up Period. If, however, (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or material news or a material event relating to the Company occurs or (2) prior to the expiration of the initial Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the occurrence of the materials news or material event, as applicable, unless the Representatives and the Forward Counterparties waive, in writing, such extension; and

(k) The Company represents and agrees that, unless it obtains the prior consent of the Representatives and the Forward Counterparties (such consent not to be unreasonably withheld), it has not made and will not make any offer relating to the Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," as defined in Rule 405 of the Securities Act Regulations, required to be filed with the Commission. The Company represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping in accordance with the Securities Act Regulations.

6. Conditions of Underwriters' and Forward Counterparties' Obligations.

The obligations of the several Underwriters hereunder and the obligations of the Forward Counterparties hereunder, as applicable, shall be subject to the accuracy of the representations and warranties on the part of the Company contained herein at the date of this Agreement and the Closing Date or any Option Closing Date, as applicable, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) The Representatives shall have received, on each of the date hereof, the Closing Date and any Option Closing Date, as applicable, a letter dated the date hereof, the Closing Date or any Option Closing Date, as the case may be, in form and substance satisfactory to the Representatives, from Ernst & Young LLP, independent registered public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters". The procedures described in such letters were prescribed by the Underwriters and are sufficient to satisfy the condition in this Section 6(a).

(b) The Representatives shall have received, on each of the date hereof, the Closing Date and any Option Closing Date, as applicable, a letter dated the date hereof, the Closing Date or any Option Closing Date, as the case may be, in form and substance satisfactory to the Representatives, from PricewaterhouseCoopers LLP, independent registered public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters", with respect to LG&E and KU Energy LLC.

(c) The Representatives shall have received, on each of the date hereof, the Closing Date and any Option Closing Date, as applicable, a letter dated the date hereof, the Closing Date or any Option Closing Date, as the case may be, in form and substance satisfactory to the Representatives, from PricewaterhouseCoopers LLP, independent accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters", with respect to Central Networks East plc, Central Networks Group.

(d) The Registration Statement shall have become effective and on the Closing Date and any Option Closing Date, as applicable, no stop order suspending the effectiveness of the Registration Statement and/or any notice objecting to its use shall have been issued under the Securities Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430B Information shall have been filed with the Commission in the manner and within the time period required by Rule 424(b) without reliance on Rule 424(b)(8) (or a post-effective amendment providing such information shall have been filed and become effective in accordance with the requirements of Rule 430B). The Company shall have paid the required Commission filing fees relating to the Securities within the time period required by Rule 456(1)(i) of the Securities Act Regulations without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) of the Securities Act Regulations and, if applicable, shall have updated the "Calculation of Registration Fee" table in accordance with Rule 456(b)(1)(ii) either in a post-effective amendment to the Registration Statement or the cover page of a prospectus filed pursuant to Rule 424(b).

(e) Subsequent to the execution of this Agreement, there shall not have occurred (i) any material adverse change not contemplated by the Prospectus (as it exists on the date hereof), or any development that could reasonably be expected to result in a material adverse change, in or affecting particularly, the business or properties of the Company which, in the judgment of the Representatives or the Forward Counterparties, makes it impractical and inadvisable to proceed with completion of the sale of and payment for the Securities; (ii) any suspension or limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (iii) a general banking moratorium declared by federal or New York authorities or a material disruption in securities settlement, payment or clearance services in the United States; (iv) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by

Congress or any other substantial national or international calamity or emergency if, in the Representatives' or the Forward Counterparties' reasonable judgment, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical and inadvisable to proceed with completion of the sale of and payment for the Securities; or (v) any decrease in the ratings of the debt securities of the Company or PPL Capital Funding, Inc. by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. or Fitch, Inc. or any such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the debt securities of the Company or PPL Capital Funding, Inc.

(f) The Representatives and the Forward Counterparties shall have received from Frederick C. Paine, Esq., Senior Counsel, or such other counsel for the Company as may be acceptable to the Representatives and the Forward Counterparties, an opinion in form and substance satisfactory to the Representatives and the Forward Counterparties, dated the Closing Date and any Option Closing Date, as applicable, and addressed to the Representatives, as Representatives of the Underwriters, and the Forward Counterparties, to the effect that:

(i) The Company is validly existing as a corporation in good standing under the laws of the Commonwealth of Pennsylvania, with corporate power and authority to own its properties and conduct its business as described in the General Disclosure Package and the Prospectus;

(ii) The descriptions in the Registration Statement, the General Disclosure Package and the Prospectus of statutes, legal and governmental proceedings and contracts and other documents are accurate and fairly present the information required to be shown; and (1) such counsel does not know of any legal or governmental proceedings required to be described in the Registration Statement, any Statutory Prospectus or the Prospectus which are not described, or of any contracts or documents of a character required to be described in the Registration Statement, any Statutory Prospectus or the Prospectus or to be filed as exhibits to the Registration Statement which are not described and filed as required and (2) nothing has come to the attention of such counsel that would lead such counsel to believe either that the Registration Statement, as of its applicable effective date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or that the General Disclosure Package, as of the Applicable Time, or the Prospectus, as supplemented, as of the date of this Agreement, and as it shall have been amended or supplemented, as of the Closing Date or any Option Closing Date, as applicable, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no opinion as to the financial statements and other financial data contained in the Registration Statement, the General Disclosure Package or the Prospectus;

(iii) This Agreement and the Forward Agreements or the Additional Forward Agreements, as applicable, have been duly authorized, executed and delivered by the Company;

(iv) No consent, approval, authorization or other order of any public board or body of the United States or the Commonwealth of Pennsylvania (except for the registration of the Securities under the Act and other than in connection or compliance with the provisions of the securities or “blue sky” laws of any jurisdiction, as to which such counsel need express no opinion) is legally required for the sale of the Securities by the Forward Counterparties to the Underwriters pursuant to this Agreement or for the compliance by the Company with all of the provisions of this Agreement, the Forward Agreements and the Additional Forward Agreements, including the authorization of the issuance and sale of the shares of Common Stock to be issued and sold to the Forward Counterparties upon physical settlement or net share settlement of the Forward Agreements or the Additional Forward Agreements, as applicable, by the Company, if any;

(v) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement and the Forward Agreements or the Additional Forward Agreements, as applicable, will not contravene (i) the Articles of Incorporation or by-laws of the Company, (ii) to the best of such counsel’s knowledge, any indenture, bank loan or credit agreement or other evidence of indebtedness binding upon the Company or any agreement or other instrument binding upon the Company that, in the case of any such agreement specified in this clause (ii) is material to the Company, or (iii) to the best of such counsel’s knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company;

(vi) There are no preemptive or other rights to subscribe for or purchase, nor any restriction upon the voting or transfer of, any shares of the Common Stock pursuant to the Company’s Articles of Incorporation or By-laws;

(vii) The authorized capital stock of the Company conforms as to legal matters to the description thereof contained in the Registration Statement, the General Disclosure Package or the Prospectus;

(viii) All of the issued and outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and non-assessable and are not subject to any preemptive or similar rights; and

(ix) The shares of Common Stock to be issued and sold to the Forward Counterparties upon physical settlement or net share settlement of the Forward Agreements or the Additional Forward Agreements, as applicable, by the Company, if any, have been duly authorized and conform to the description thereof contained in the Registration Statement, the General Disclosure Package or the Prospectus, and, when issued and delivered in accordance with the terms of

this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Securities will not be subject to any preemptive or similar rights.

In rendering such opinion, such counsel may rely as to matters governed by New York law upon the opinion of Simpson Thacher & Bartlett LLP referred to in Section 6(g) of this Agreement.

(g) The Representatives and the Forward Counterparties shall have received from Simpson Thacher & Bartlett LLP, counsel to the Company, an opinion in form and substance satisfactory to the Representatives and the Forward Counterparties, dated the Closing Date and any Option Closing Date, as applicable, and addressed to the Representatives, as Representatives of the Underwriters, and the Forward Counterparties, substantially to the effect that:

(i) The shares of Common Stock to be issued and sold by the Company to the Forward Counterparties pursuant to the Forward Agreements or the Additional Forward Agreements, as applicable, if any, have been duly authorized by the Company and, upon physical settlement or net share settlement in accordance with the applicable Forward Agreement or the applicable Additional Forward Agreement, will be validly issued, fully paid and non-assessable;

(ii) There are no preemptive rights under federal or New York State law to subscribe for or purchase shares of the Common Stock. There are no preemptive or other rights to subscribe for or purchase, nor any restriction upon the voting or transfer of, any shares of the Common Stock pursuant to the Company's Articles of Incorporation or By-laws;

(iii) The Registration Statement has become effective under the Securities Act and the Prospectus was filed within two business days of the date of this Agreement pursuant to Rule 424(b) of the rules and regulations of the Commission under the Securities Act and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued or proceeding for that purpose has been instituted or threatened by the Commission;

(iv) This Agreement and the Forward Agreements or the Additional Forward Agreements, as applicable, have been duly authorized, executed and delivered by the Company;

(v) None of the execution, delivery and performance by the Company of this Agreement and the Forward Agreements or the Additional Forward Agreements, as applicable, will violate any federal or New York State statute or any rule or regulation that has been issued pursuant to any federal or New York State statute or any order known to us issued pursuant to any federal or New York State statute by any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties;

(vi) Subject to the qualifications and limitations stated therein, the statements set forth in the Prospectus under the caption “United States Federal Income and Estate Tax Consequences to Non-U.S. Holder,” insofar as they purport to constitute summaries of matters of United States federal tax law and regulations or legal conclusions with respect thereto, constitute accurate summaries of the matters described therein in all material respects;

(vii) No consent, approval, authorization order, registration or other qualification of or with any federal, New York governmental agency or body or, to our knowledge, any federal or New York court is required for the sale of the Securities by the Forward Counterparties to the Underwriters pursuant to this Agreement, or for the compliance by the Company with all of the provisions of this Agreement, the Forward Agreements and the Additional Forward Agreements, including the authorization of the issuance and sale of the shares of Common Stock to be issued and sold to the Forward Counterparties upon physical settlement or net share settlement of the Forward Agreements or the Additional Forward Agreements, as applicable, by the Company, if any, except for the registration under the Securities Act and the Exchange Act of the Securities, and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters; and

(viii) The Company is not an “investment company” within the meaning of and subject to regulation under the Investment Company Act of 1940, as amended.

In rendering such opinion, Simpson Thacher & Bartlett LLP may rely as to matters governed by Pennsylvania law upon the opinion of Frederick C. Paine, Esq. or such other counsel referred to in subsection (f).

(h) The Representatives shall have received from Simpson Thacher & Bartlett LLP, counsel to the Company, a letter in form and substance satisfactory to the Representatives, dated the Closing Date and any Option Closing Date, as applicable, and addressed to the Representatives, as Representatives of the Underwriters, to the effect that:

(i) Such counsel advises the Representatives that each of the Registration Statement, as of the date it first became effective under the Securities Act, and the Prospectus, as of its date, appeared, on its face, to be appropriately responsive, in all material respects, to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder, except that in each case such counsel expresses no view with respect to the financial statements or other financial or accounting data contained in, incorporated or deemed incorporated by reference in, or omitted from the Registration Statement the Prospectus or the Exchange Act Documents (as defined therein); and

(ii) Nothing has come to such counsel's attention that causes such counsel to believe that (a) the Registration Statement (including the Exchange Act Documents and the Prospectus deemed to be a part thereof), as of the date of this Agreement, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading, (b) the Preliminary Prospectus (as defined therein) (including the Exchange Act documents incorporated or deemed incorporated by reference therein), as of the time of the pricing of the offering of the Securities, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (c) the Prospectus (including the Exchange Act documents incorporated or deemed incorporated by reference therein), as of the date of the pricing of the offering of the Securities and as of the date of such letter, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that we express no belief in any of clauses (a), (b) or (c) above with respect to the financial statements or other financial or accounting data contained in, incorporated or deemed incorporated by reference in, or omitted from the Registration Statement, General Disclosure Package or the Exchange Act documents.

(i) The Representatives shall have received from Sullivan & Cromwell LLP, counsel for the Underwriters, such opinion or opinions in form and substance satisfactory to the Representatives, dated the Closing Date and any Option Closing Date, as applicable, with respect to matters as the Representatives may require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In rendering such opinion or opinions, Sullivan & Cromwell LLP may rely as to matters governed by Pennsylvania law upon the opinion of Frederick C. Paine, Esq. or such other counsel referred to above.

(j) The Representatives and the Forward Counterparties shall have received a certificate, dated the Closing Date and any Option Closing Date, as applicable, of the Controller and the Treasurer or Assistant Treasurer of the Company, in which such officers, to the best of their knowledge after reasonable investigation, shall state that (i) the representations and warranties of the Company, as the case may be, in this Agreement are true and correct in all material respects as of the Closing Date or any Option Closing Date, as applicable, (ii) the Company has complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date or any Option Closing Date, as applicable, (iii) no stop order suspending the effectiveness of the Registration Statement and/or any notice objecting to its use has been issued, and no proceedings for that purpose have been instituted or are pending by the Commission, and (iv) subsequent to the date of the latest financial statements in the Prospectus, there has been no material adverse change, or any development that could reasonably be expected to result in a material adverse change, in the financial position or results of operations of the Company and its subsidiaries taken as

a whole except as set forth or contemplated in the Prospectus or as described in such certificate.

(k) The “lock-up” agreements, each substantially in the form of Exhibit A hereto, between the Representatives and each of the directors and executive officers of the Company listed on Schedule C hereto, relating to sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to the Representatives on or before the date hereof, shall be in full force and effect on the Closing Date and any Option Closing Date, as applicable.

The Company will furnish the Representatives and the Forward Counterparties as promptly as practicable after the Closing Date with such conformed copies of such opinions, certificates, letters and documents as the Representatives or the Forward Counterparties may reasonably request.

In case any such condition shall not have been satisfied, this Agreement may be terminated by the Representatives upon notice in writing or by telegram to the Company without liability or obligation on the part of the Company, any Forward Counterparty or any Underwriter, except as provided in Sections 5(e), 5(i), 8, 10 and 12 hereof.

7. Conditions of the Obligations of the Company.

The obligations of the Company hereunder on the Closing Date are subject to the condition that at the Closing Date no stop order suspending the effectiveness of the Registration Statement and/or any notice objecting to its use shall be in effect or proceeding therefor shall have been instituted or, to the knowledge of the Company, shall be contemplated.

If such condition shall not have been satisfied, then the Company shall be entitled, by notice in writing or by telegram to the Representatives and the Forward Counterparties, to terminate this Agreement without any liability on the part of the Company, any Forward Counterparty or any Underwriter, except as provided in Sections 5(e), 5(j), 8, 10 and 12 hereof.

8. Indemnification and Contribution.

(a) The Company agrees that it will indemnify and hold harmless each Underwriter and each Forward Counterparty and the officers, directors, partners, members, employees, agents and affiliates of each Underwriter and each Forward Counterparty and each person, if any, who controls any Underwriter or any Forward Counterparty within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each “an indemnified party”), against any loss, expense, claim, damage or liability to which, jointly or severally, such Underwriter, such Forward Counterparty or such controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, expense, claim, damage or liability (or actions in respect thereof) arises out of or is based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Statutory Prospectus, any Issuer Free Writing Prospectus or the Prospectus, or any amendment or supplement to any thereof, or arises out of or is based upon the omission or alleged omission to state therein any material fact required to be stated therein or necessary to make the statements therein not misleading and, except as hereinafter in this Section provided, the Company agrees to reimburse

each indemnified party for any reasonable legal or other expenses as incurred by such indemnified party in connection with investigating or defending any such loss, expense, claim, damage or liability; *provided*, however, that the Company shall not be liable in any such case to the extent that any such loss, expense, claim, damage or liability arises out of or is based on an untrue statement or alleged untrue statement or omission or alleged omission made in any such document in reliance upon, and in conformity with, written information furnished to the Company by the Representatives on behalf of any Underwriter expressly for use in any such document (provided that the only such information is that set forth on Schedule B hereto).

(b) Each Underwriter, severally and not jointly, agrees that it will indemnify and hold harmless the Company and the Forward Counterparties and their respective officers and directors, and each of them, and each person, if any, who controls the Company or the Forward Counterparties within the meaning of Section 15 of the Securities Act, against any loss, expense, claim, damage or liability to which it or they may become subject, under the Securities Act or otherwise, insofar as such loss, expense, claim, damage or liability (or actions in respect thereof) arises out of or is based on any untrue statement or alleged untrue statement of any material fact contained in the Statutory Prospectus, any Issuer Free Writing Prospectus or the Prospectus, or any amendment or supplement to any thereof, or arises out of or is based upon the omission or alleged omission to state therein any material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, and only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any such documents in reliance upon, and in conformity with, written information furnished to the Company by or through the Representatives on behalf of such Underwriter expressly for use in any such document (provided that the only such information is that set forth on Schedule B hereto); and, except as hereinafter in this Section provided, each Underwriter, severally and not jointly, agrees to reimburse the Company and the Forward Counterparties and their respective officers and directors, and each of them, and each person, if any, who controls the Company or the Forward Counterparties within the meaning of Section 15 of the Securities Act, for any reasonable legal or other expenses incurred by it or them in connection with investigating or defending any such loss, expense, claim, damage or liability.

(c) Upon receipt of notice of the commencement of any action against an indemnified party, the indemnified party shall, with reasonable promptness, if a claim in respect thereof is to be made against an indemnifying party under its agreement contained in this Section 8, notify such indemnifying party in writing of the commencement thereof; but the omission so to notify an indemnifying party shall not relieve it from any liability which it may have to the indemnified party otherwise than under its agreement contained in this Section 8. In the case of any such notice to an indemnifying party, the indemnifying party shall be entitled to participate at its own expense in the defense, or if it so elects, to assume the defense, of any such action, but, if it elects to assume the defense, such defense shall be conducted by counsel chosen by it and satisfactory to the indemnified party and to any other indemnifying party that is a defendant in the suit. In the event that any indemnifying party elects to assume the defense of any such action and retain such counsel, the indemnified party shall bear the fees and expenses of any additional counsel retained by it unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the contrary; (ii) the indemnifying party has failed within a reasonable time to retain counsel reasonably satisfactory to the indemnified party; (iii) the indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from

or in addition to those available to the indemnifying party; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and the representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. No indemnifying party shall be liable in the event of any settlement of any such action effected without its consent. Each indemnified party agrees promptly to notify each indemnifying party of the commencement of any litigation or proceedings against it in connection with the issue and sale of the Notes.

(d) If any Underwriter, any Forward Counterparty or person entitled to indemnification by the terms of subsection (a) of this Section 8 shall have given notice to the Company of a claim in respect thereof pursuant to subsection (c) of this Section 8, and if such claim for indemnification is thereafter held by a court to be unavailable for any reason other than by reason of the terms of this Section 8 or if such claim is unavailable under controlling precedent, such Underwriter, Forward Counterparty or person shall be entitled to contribution from the Company for liabilities and expenses, except to the extent that contribution is not permitted under Section 11(f) of the Securities Act. In determining the amount of contribution to which such Underwriter, Forward Counterparty or person is entitled, there shall be considered the relative benefits received by such Underwriter, Forward Counterparty or person and the Company from the offering of the Securities that were the subject of the claim for indemnification (taking into account the portion of the proceeds of the offering realized by each), the Underwriter's, Forward Counterparty's or person's relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and any other equitable considerations appropriate under the circumstances. The Company, the Forward Counterparties and the Underwriters agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Underwriters were treated as one entity for such purpose).

(e) No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 8 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party and all liability arising out of such litigation, investigation, proceeding or claim, and (ii) does not include a statement as to or an admission of fault, culpability or the failure to act by or on behalf of any indemnified party.

(f) The indemnity and contribution provided for in this Section 8 and the representations and warranties of the Company, the Forward Counterparties and the several Underwriters set forth in this Agreement shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter, any Forward Counterparty or any person controlling any Underwriter, any Forward Counterparty or the Company or their respective directors or officers, (ii) the acceptance of any Securities and payment therefor under this Agreement, and (iii) any termination of this Agreement.

9. Default of Underwriters.

If any Underwriter or Underwriters default in their obligations to purchase Securities hereunder on either the Closing Date or any Option Closing Date and the aggregate number of Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of Securities offered that the Underwriters are obligated to purchase on the Closing Date or any Option Closing Date, as applicable, the non-defaulting Underwriters may make arrangements satisfactory to the Company and the Forward Counterparties for the purchase of such Securities by other persons, including any of the non-defaulting Underwriters, but if no such arrangements are made by the Closing Date or any Option Closing Date, as applicable, the other Underwriters shall be obligated, severally in the proportion which their respective commitments hereunder bear to the total commitment of the non-defaulting Underwriters, to purchase the Securities which such defaulting Underwriter or Underwriters agreed but failed to purchase. In the event that any Underwriter or Underwriters default in their obligations to purchase Securities hereunder, the Company and the Forward Counterparties may by prompt written notice to non-defaulting Underwriters postpone the Closing Date or the relevant Option Closing Date for a period of not more than seven full business days in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus or in any other documents, and the Company and the Forward Counterparties will promptly file any amendments to the Registration Statement or supplements to the Prospectus which may thereby be made necessary. If, on the Closing Date or the relevant Option Closing Date, any one or more of the Underwriters shall fail or refuse to purchase such Securities and the aggregate principal amount of such Securities with respect to which such default occurs exceeds 10% of the aggregate principal amount of Securities to be purchased on such date, and arrangements satisfactory to the Representatives, the Forward Counterparties and the Company for the purchase of such Securities are not made within 48 hours after such default, this Agreement shall terminate without liability of any party to any other party except that the provisions of Sections 5(e), 8, 10 and 12 shall at all times be effective and shall survive such termination. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve an Underwriter from liability for its default.

10. Survival of Certain Representations and Obligations.

The respective indemnities, agreements, representations and warranties of the Company and the Forward Counterparties and of or on behalf of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, or any Forward Counterparty or the Company or any of their respective officers or directors or any controlling person, and will survive delivery of and payment for the Securities. If for any reason the purchase of the Securities by the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 5, and the respective obligations of the Company, the Forward Counterparties and the Underwriters pursuant to Section 8 hereof shall remain in effect.

If the purchase of the Securities by the Underwriters is not consummated for any reason other than solely because of the termination of this Agreement pursuant to Section 9 or

the occurrence of any event specified in clause (ii) (other than for any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market), (iii), (iv) or (v) of Section 6(e), the Company will reimburse the Forward Counterparties and the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Securities.

11. Notices.

The Company shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of each of the Underwriters if the same shall have been made or given by the Representatives jointly. All statements, requests, notices, consents and agreements hereunder shall be in writing, or by telegraph subsequently confirmed in writing, and, if to the Company, shall be sufficient in all respects if delivered or mailed to the Company at Two North Ninth Street, Allentown, Pennsylvania 18101 (facsimile: 610-774-5235), attention of Treasurer; if to the Forward Counterparties, shall be sufficient in all respects if delivered or mailed to Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, attention of Equity Syndicate and Merrill Lynch International, BofA Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, with a copy to Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, New York 10036, attention of John Servidio, Assistant General Counsel (facsimile: 704-208-2869); and if to the Representatives, shall be sufficient in all respects if delivered or mailed to both Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, attention of ECMS Desk (facsimile: 212-507-4189) and Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, New York 10036, attention of Syndicate Department (facsimile: 646-855-3073); *provided, however*, that any notice to an Underwriter or a Forward Counterparty pursuant to Section 8 hereof will also be delivered or mailed to such Underwriter or such Forward Counterparty at the address, if any, of such Underwriter or such Forward Counterparty furnished to the Company in writing for the purpose of communications hereunder.

12. No Advisory or Fiduciary Relationship.

The Company acknowledges and agrees that (a) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the public offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters and the Forward Counterparties, on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction, each of the Underwriters and the Forward Counterparties is and has been acting solely as a principal and is not the agent or fiduciary of the Company, or their respective stockholders, creditors, employees or any other party, (c) none of the Underwriters nor the Forward Counterparties has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter or such Forward Counterparty has advised or is currently advising the Company on other matters) and none of the Underwriters nor the Forward Counterparties has any obligation to Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (d) the Underwriters, the Forward Counterparties and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, (e) the

Underwriters and the Forward Counterparties have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate and (f) the Company waives, to the fullest extent permitted by law, any claims it may have against the Underwriters and the Forward Counterparties for breach of fiduciary duty or alleged breach of fiduciary duty and agree that the Underwriters and the Forward Counterparties shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, creditors or employees.

13. Parties in Interest.

This Agreement shall inure solely to the benefit of the Company, the Underwriters and the Forward Counterparties and, to the extent provided in Section 8 hereof, to any person who controls any Underwriter or any Forward Counterparty, to the officers and directors of the Company, and to any person who controls the Company, and their respective successors. No other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement. The term “successor” shall not include any assignee of an Underwriter or a Forward Counterparty (other than one who shall acquire all or substantially all of such Underwriter’s or such Forward Counterparty’s business and properties respectively), nor shall it include any purchaser of Notes from any Underwriter or any Forward Counterparty merely because of such purchase.

14. Representation of Underwriters.

Any action under this Agreement taken by the Representatives will be binding upon all the Underwriters.

15. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

16. Effectiveness.

This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

17. Applicable Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

18. Headings.

The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

Please confirm that the foregoing correctly sets forth the agreement between us by signing in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among the Company, the Forward Counterparties and the several Underwriters in accordance with its terms.

Yours very truly,

PPL CORPORATION

By: /s/ Russell R. Clelland

Name: Russell R. Clelland

Title: Assistant Treasurer

MORGAN STANLEY & CO. LLC

acting in its capacity as Forward Counterparty

By: /s/ Renos Savvides

Name: Renos Savvides

Title: Vice President

MERRILL LYNCH INTERNATIONAL

acting in its capacity as Forward Counterparty

By: /s/ Elayne H. Wilson

Name: Elayne H. Wilson

Title: Vice President

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

MORGAN STANLEY & CO. LLC
as Representative of the Several Underwriters

By: /s/ Renos Savvides
Name: Renos Savvides
Title: Vice President

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
as Representative of the Several Underwriters

By: /s/ Partho Sanyal
Name: Partho Sanyal
Title: Managing Director

SCHEDULE A

<u>Name of Underwriter</u>	<u>Number of Initial Securities</u>	<u>Maximum Number of Option Securities to be Purchased</u>
Morgan Stanley & Co. LLC	4,950,000	742,500
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,950,000	742,500
Total	<u>9,900,000</u>	<u>1,485,000</u>

SCHEDULE B

Information Represented and Warranted by the Underwriters
Pursuant to Section 2 of Underwriting Agreement

- (1) The concession and discount figures appearing in the fourteenth paragraph under the caption "Underwriting".
- (2) The information related to stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids contained in the nineteenth and twentieth paragraphs under the caption "Underwriting".

SCHEDULE C

Directors and Executive Officers of the Company delivering
lock-up agreements pursuant to Section 6(k)

William H. Spence

Paul A. Farr

Robert J. Grey

Vincent Sorgi

Victor A. Staffieri

Rick L. Klingensmith

Robert D. Gabbard

David G. DeCampli

Gregory N. Dudkin

Frederick M. Bernthal

John W. Conway

Steven G. Elliot

Louise K. Goeser

Stuart E. Graham

Stuart Heydt

Venkata Rajamannar Madabhushi

Craig A. Rogerson

Natica von Althann

Keith H. Williamson

Exhibit A

[FORM OF LOCK-UP LETTER]

, 2012

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park
New York, New York 10036

As Representatives of the Several Underwriters

Dear Sirs and Mesdames:

The undersigned understands that Morgan Stanley & Co. LLC (“Morgan Stanley”) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (“BAML” and together with Morgan Stanley, the “Representatives”) propose to enter into an Underwriting Agreement (the “Underwriting Agreement”) with PPL Corporation, a Pennsylvania corporation (the “Company”), providing for the public offering (the “Public Offering”) by the several Underwriters, including the Representatives (the “Underwriters”), of shares of Common Stock, par value \$.01 per share of the Company (the “Common Stock”).

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending 90 days after the date of the final prospectus relating to the Public Offering (the “Prospectus”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or make any public announcement of an intention thereof or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, or make any public announcement of an intention thereof. The foregoing sentence shall not apply to transactions relating to shares of Common Stock or other securities acquired in open market transactions after

the completion of the Public Offering. In addition, the undersigned agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending 90 days after the date of the Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock.

If, however, (1) during the last 17 days of the initial 90-day restricted period, the Company releases earnings results or material news or a material event relating to the Company occurs or (2) prior to the expiration of the initial 90-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the initial 90-day restricted period, then in each case the 90-day restricted period will be extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the occurrence of the material news or material event, as applicable, unless the Representatives waive, in writing, such extension.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

Very truly yours,

(Signature)

(Print Name)

(Address)

April 13, 2012

PPL Corporation
Two North Ninth Street
Allentown, PA 18101

Ladies and Gentlemen:

I am Senior Counsel of PPL Services Corporation, and as such am familiar with the affairs of PPL Corporation, a Pennsylvania corporation (the "Company including the proceedings in connection with the sale by Morgan Stanley & Co. LLC and Merrill Lynch International (each a "Forward Counterparty" and together, the "Forward Counterparties") of an aggregate of 9,900,000 shares (the "Firm Shares") of common stock, par value \$.01 per share (the "Common Stock"), of the Company to the Underwriters (as defined below), pursuant to the Underwriting Agreement dated April 9, 2012 among Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several underwriters named therein (collectively, the "Underwriters"), the Forward Counterparties and the Company (the "Underwriting Agreement").

Pursuant to the Underwriting Agreement, the Underwriters may purchase an additional 1,485,000 shares (the "Option Shares" and together with the Firm Shares, the "Shares") of Common Stock from the Forward Counterparties (the "Option"). Reference is also made to (i) the letter agreement dated April 9, 2012 between Morgan Stanley & Co. LLC and the Company and the letter agreement dated April 9, 2012 between Merrill Lynch International and the Company (the "Forward Sale Agreements") and (ii) those additional agreements that the Company will enter into in connection with the Underwriters' exercise of the Option (the "Additional Forward Sale Agreement").

Upon my familiarity with the Company, and upon an examination of such other documents and questions of law as I have deemed appropriate for purposes of this opinion, I am of the opinion that the Shares to be issued by the Company and delivered to the Forward Counterparties upon physical or net share settlement, as applicable, pursuant to the Forward Sale Agreements or Additional Forward Sale Agreements, have been duly authorized and when issued and delivered by the Company, will be validly issued, fully paid and non-assessable.

I hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Current Report on Form 8-K of the Company filed with the Securities and Exchange Commission in connection with the offer and sale of the Shares (the "Form 8-K"), the use of my name under the caption "Legal Matters" in the Prospectus.

Very truly yours,

/s/ Frederick C. Paine

Frederick C. Paine, Esq.

CONFIRMATION

April 9, 2012

To: PPL Corporation
Two North Ninth Street
Allentown, PA 18101-1179

From: Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036-8293

Dear Sirs,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (this "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the 2002 Definitions and the 2000 Definitions, the 2002 Definitions will govern. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

This Confirmation evidences a complete and binding agreement between Party A and Party B as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law, without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law, (ii) the election of an executed guarantee of Morgan Stanley dated as of the Trade Date in substantially the form attached hereto as Annex B as a Credit Support Document and (iii) the election of Morgan Stanley as a Credit Support Provider in relation to Party A). In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will

prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, this Transaction is a Share Forward Transaction.

Party A and Party B each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms :

Party A:	Morgan Stanley & Co. LLC
Party B:	PPL Corporation
Trade Date:	April 10, 2012
Effective Date:	April 13, 2012
Base Amount:	Initially, 4,950,000 Shares, subject to the provisions set forth under “Conditions to Effectiveness” below. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	The earlier of (i) April 10, 2013 (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day) and (ii) the date on which the Base Amount is reduced to zero.
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 <i>and</i> (ii) the Daily Rate for such day; <i>provided</i> that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD \$27.02 per Share.
Daily Rate:	For any day, (i)(A) USD-Federal Funds Rate for such day <i>minus</i> (B) the Spread <i>divided</i> by (ii) 365.

USD-Federal Funds Rate:	For any day, the rate set forth for such day opposite the caption “Federal funds”, as such rate is displayed on the page “FedsOpen <Index> <GO>” on the BLOOMBERG Professional Service, or any successor page; <i>provided</i> that if no rate appears for any day on such page, the rate for the immediately preceding day for which a rate appears shall be used for such day.
Spread:	0.75%
Forward Price Reduction Dates:	As set forth in Schedule I.
Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common Stock, \$.01 par value per share, of Party B (also referred to herein as the “Issuer”) (Exchange identifier: “PPL”).
Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	DTC.
Calculation Agent:	Morgan Stanley & Co. LLC. Following any determination or calculation by the Calculation Agent hereunder, in its capacity as such, upon a written request by Party B, the Calculation Agent will provide to Party B, by e-mail to the e-mail address provided by Party B in such written request, a report (in a commonly used file format for the storage and manipulation of financial data) displaying, in reasonable detail, the basis for such determination or calculation, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or other confidential or proprietary information used by it for such determination or calculation.
<u>Settlement Terms :</u>	
Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as

designated by (a) Party A pursuant to “Termination Settlement” below or (b) Party B in a written notice (a “Settlement Notice”) that satisfies the Settlement Notice Requirements and is delivered to Party A at least (i) three Scheduled Trading Days prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) 20 Scheduled Trading Days (or other period of time as agreed between Party A and Party B) prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (x) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (y) if Physical Settlement (or, subject to clause (z) below, Net Share Settlement) applies and the relevant Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) (or, with respect to Net Share Settlement, the Settlement Date specified pursuant to clause (z) below, if applicable) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day, and (z) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during an Unwind Period by a date that is more than three Scheduled Trading Days prior to the relevant Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.

Settlement Shares:

With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to “Termination Settlement” below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.

Settlement Method:

Physical Settlement, Cash Settlement or Net Share Settlement.

Settlement Method Election:

Applicable, at the election of Party B as set forth in a Settlement Notice that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is

validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its commercially reasonable judgment, to unwind its hedge by the end of the relevant Unwind Period in compliance with Rule 10b-18 under the Exchange Act (as defined below) (assuming that purchases of Shares, in connection with such Settlement Notice, by Party A on each Unwind Day during such Unwind Period were instead made by Party B) or due to the lack of sufficient liquidity in the Shares on any Unwind Day during such Unwind Period; *provided* that Party A shall notify Party B of such Settlement Shares to be subject to Physical Settlement no later than 8:00 P.M., New York City time, on the last Unwind Day of such Unwind Period; (iii) to any Termination Settlement Date (as defined below under “Termination Settlement”) or (iv) if the Maturity Date is a Settlement Date and no notice of Cash Settlement or Net Share Settlement has been validly delivered in accordance with the provisions described above under “Settlement Date”, in respect of such Settlement Date. Net Share Settlement shall be deemed to be included as an additional settlement method under Section 7.1 of the 2002 Definitions.

Settlement Notice Requirements:

Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: “As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws.”

Unwind Day:

In respect of each Settlement Notice and related Settlement Date, each Exchange Business Day that is not a Suspension Day during the period (the “Unwind Period”) from, and including, the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share

Settlement in respect of such Settlement Date to, and including, the date that precedes such Settlement Date by one Settlement Cycle, subject to "Termination Settlement" below. If any Unwind Day is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of this Transaction (including, without limitation, the Cash Settlement Amount and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day, with such adjustments to be based, in the Calculation Agent's commercially reasonable judgment, on, among other factors, the duration of any Market Disruption Event, if any, giving rise to such Disrupted Day and the volume, historical trading patterns and trading price of the Shares.

For greater clarity, with respect to any Settlement Date (x) in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of this Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares), resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date; and (y) in respect of which Net Share Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of this Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares), resulting in Party A's synthetic purchase of) an aggregate number of Shares having an aggregate purchase price equal to the Net Share Purchase Price for such Settlement Date.

Suspension Day:

Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that it is appropriate or necessary in light of legal, regulatory or self-regulatory requirements or related policies or procedures for Party A to refrain from the market activity in which it would otherwise engage in connection its hedge positions

with respect to this Transaction on such day. Party A shall notify Party B if it receives such advice from its counsel.

Market Disruption Event:

Section 6.3(a)(ii) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with “(ii) an Exchange Disruption, or” and inserting immediately following clause (iii) the phrase “; in each case that the Calculation Agent determines is material.”

Exchange Act:

The Securities Exchange Act of 1934, as amended from time to time.

Physical Settlement:

On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall deliver to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the “Deferred Shares”), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then, at Party A’s election in its sole and absolute discretion, the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares. For the avoidance of doubt, no Forward Price Reduction Amount for a Forward Price Reduction Date shall be applied to reduce the Forward Price more than once.

Physical Settlement Amount:

For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.

Cash Settlement:

On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B by wire transfer of immediately available funds to an account designated by Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A by wire transfer of immediately available funds to an account designated by Party A. Such amounts shall be paid on the Settlement Date.

Cash Settlement Amount:

For any Settlement Date in respect of which Cash Settlement applies, an amount determined by the Calculation Agent equal to (1) the product of (i) (A) the arithmetic average of the Forward Prices on each Unwind Day in the relevant Unwind Period (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during such Unwind Period, it being understood, for the avoidance of doubt, that the related Forward Price Reduction Amount(s) shall be accounted for pursuant to clause (2) below) minus (B) the arithmetic average of the 10b-18 VWAPs on each Unwind Day in such Unwind Period, and (ii) the number of Settlement Shares for such Settlement Date, minus (2) the product of (i) the Forward Price Reduction Amount for each Forward Price Reduction Date that occurs during such Unwind Period, and (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.

Net Share Settlement:

On any Settlement Date in respect of which Net Share Settlement applies, if the number of Net Share Settlement Shares is a (i) negative number, Party A shall deliver a number of Shares to Party B equal to the absolute value of the Net Share Settlement Shares, or (ii) positive number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith, reasonable judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more

dates prior to the applicable Settlement Date. In no event will Party B be required to return any Net Share Settlement Shares Party A has delivered to it pursuant to the proviso to the immediately preceding sentence.

Net Share Settlement Shares:

For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to (a) the number of Settlement Shares for such Settlement Date minus (b) the number of Shares Party A actually purchases during the relevant Unwind Period for a total purchase price (the “Net Share Purchase Price”) equal to (1) the product of (i) the arithmetic average of the Forward Prices on each Unwind Day in such Unwind Period (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during such Unwind Period, it being understood, for the avoidance of doubt, that the related Forward Price Reduction Amount(s) shall be accounted for pursuant to clause (2) below) and (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for each Forward Price Reduction Date that occurs during such Unwind Period and (ii) the number of Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.

10b-18 VWAP:

For any Unwind Day, the volume-weighted average price per Share at which the Shares trade as reported in the composite transactions for the Exchange on such Unwind Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Unwind Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Unwind Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Unwind Day that do not satisfy the requirements of Rule 10b-18(b)(3) under the Exchange Act, as quoted on Bloomberg Page “PPL <Equity> AQR SEC” (or any successor thereto), or if such price is not so reported on such Exchange Business Day for any reason or the reported price is manifestly erroneous, such price

shall be as reasonably determined by the Calculation Agent.

Settlement Currency:

USD.

Failure to Deliver:

Inapplicable.

Other Applicable Provisions:

To the extent Party B is obligated to deliver Shares to Party A pursuant hereto, the provisions of Sections 9.2 (last sentence only), 9.8, 9.9, 9.10 and 9.11 of the 2002 Definitions will be applicable as if “Physical Settlement” applied to the Transaction; *provided* that each representation in Section 9.11 of the 2002 Definitions relating to restrictions, obligations, limitations or requirements under applicable securities laws that exist as a result of the fact that Party B is the issuer of the Shares shall be deemed to be deleted.

Adjustments :

Potential Adjustment Event:

For purposes hereof, the definition of “Potential Adjustment Event” shall not include clause (iii) thereof.

Method of Adjustment:

Calculation Agent Adjustment, subject to the provisions set forth in clause (b) under “Acceleration Events” below. Notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of this Transaction to account for the diluting or concentrative effect of the applicable Potential Adjustment Event on the theoretical value of the Shares.

Additional Adjustment:

If the Calculation Agent determines that the actual cost to Party A, over any one-month period, of borrowing a number of Shares equal to the Base Amount to hedge its exposure to this Transaction exceeds a weighted average rate equal to 25 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which such cost

exceeded a weighted average rate equal to 25 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide adequate detail of its stock loan costs for the applicable one month period.

Account Details :

Payments to Party A: To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B: To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A: To be advised.
Delivery of Shares to Party B: To be advised.

3. Other Provisions:

Conditions to Effectiveness :

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated the date hereof among Party B, Party A, Merrill Lynch International, as Forward Counterparty, and Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Representatives of the Several Underwriters (the "Underwriting Agreement") and any certificate delivered pursuant thereto by Party B are true and correct on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement (subject to customary exceptions and limitations), (iv) the satisfaction or waiver of all of the conditions set forth in Section 5 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement has not been terminated pursuant to Section 6, Section 7 or Section 9 thereof, and (vi) the condition that neither of the following has occurred (A) in the commercially reasonable judgment of Party A, Party A is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in the commercially reasonable judgment of the Calculation Agent, the Calculation Agent determines either it is impracticable for Party A to do so or Party A would incur a stock loan cost of more

than a rate equal to 200 basis points per annum to do so (in which event set forth in each of subclause (A) and (B) of this clause (vi), this Confirmation shall be effective, but the Base Amount for this Transaction shall be the number of Shares Party A is able to so borrow at or below a stock loan cost of 200 basis points per annum. Party B's obligations hereunder shall be subject to the condition precedent that each of Party A and each Affiliate of Party A that is a Forward Seller or Underwriter (as such terms are defined in the Underwriting Agreement) and any other Forward Seller and Underwriter shall have performed, on or prior to the Effective Date, all of the obligations required to be performed by it prior to the Effective Date under the Underwriting Agreement.

Representations and Agreements of Party B :

Party B (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into this Transaction and (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with this Transaction.

As of the date hereof, Party B is not the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially Party B's ability to perform its obligations hereunder.

Party B will by the next succeeding New York Business Day notify Party A upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default or a Potential Adjustment Event with respect to Party B.

Additional Representations, Warranties and Agreements of Party B :

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

- (a) Any Shares, when issued and delivered in accordance with the terms of this Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.
- (b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of this Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of this Transaction, assuming Physical Settlement. All Shares so issuable shall, upon such issuance, be approved for listing or quotation on the Exchange.
- (c) Party B agrees to provide Party A at least 5 days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or

whether the consideration for such repurchase is cash, securities or otherwise (an “Issuer Repurchase”), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being (i) equal to or greater than 8.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The “Base Amount Percentage” as of any day is the fraction (1) the numerator of which is the Base Amount and (2) the denominator of which is the number of Shares outstanding on such day.

- (d) No filing with, or approval, authorization, consent, license registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of this Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the “Securities Act”), and (ii) as may be required to be obtained under state securities laws.
- (e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 8.0%.
- (f) Party B shall not, and shall refrain from taking, and shall cause its affiliated purchasers (within the meaning of Rule 10b-18 under the Exchange Act) to refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its affiliated purchasers or any purchases by a party to a derivative transaction with Party B or any of its affiliated purchasers), either under this Confirmation, under an agreement with another party or otherwise, that would cause any purchases of Shares by Party A or any of its affiliates in connection with any Cash Settlement or Net Share Settlement of this Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.
- (g) Party B will not engage in any “distribution” (as defined in Regulation M under the Exchange Act (“Regulation M”)) that would cause a “restricted period” (as defined in Regulation M) to occur during any Unwind Period.
- (h) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of Party B (or if in the reasonable judgment of Party A, as previously notified in writing to Party B), such settlement or Party A’s related market activity would result in a violation of the U.S. federal

securities laws or any other federal or state law or regulation applicable to Party B.

Agreements of the Parties and Covenant of Party B :

The parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an affiliate of Party A) to securities lenders from whom Party A (or an affiliate of Party A) borrowed Shares in connection with hedging its exposure to this Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders, irrespective of whether such stock loan is effected by Party A or an affiliate of Party A (provided that such Shares may be subject to resale restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of its share ownership in Party B, status as an "affiliate" of Party B or otherwise). Accordingly, subject to the provisions set forth below under the heading "Private Placement Procedures," Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A :

- (a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return to securities lenders to close out open Share loans created by Party A or an affiliate of Party A in the course of Party A's or such affiliate's hedging activities related to Party A's exposure under this Confirmation.
- (b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of this Transaction, Party A shall, and shall cause its affiliates to, execute such purchases to unwind its hedge of its exposure to this Transaction in compliance with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases; *provided* that Party A's obligations under this clause (b) shall be subject to applicable Securities and Exchange Commission or Staff no-action letters or interpretations as appropriate and subject to any delays between execution and reporting of a trade of the Shares on the applicable securities exchange or quotation system and other circumstances reasonably beyond Party A's or such affiliates' control.

Insolvency Filing :

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, this Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation

to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of this Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) this Transaction shall automatically terminate on the date of any Insolvency Filing pursuant the provisions set forth in the immediately preceding paragraph solely to the extent that Party B failed to elect Physical Settlement of this Transaction pursuant to the provisions set forth above under the heading "Settlement Terms" prior to the relevant Insolvency Filing.

Extraordinary Dividends :

If a record date for an Extraordinary Dividend occurs during the period from, and including, the Effective Date to, but excluding, the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of this Transaction), then, on the date on which Party B pays such Extraordinary Dividend to holders of record of the Shares, Party B shall pay, to Party A, an amount in cash equal to the product of such Extraordinary Dividend and the Base Amount as of such record date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of Party B as an "extraordinary" dividend.

Acceleration Events :

The following events shall each constitute an "Acceleration Event":

- (a) Stock Borrow Events. The Calculation Agent determines that (A) Party A (or an affiliate of Party A) is unable to hedge Party A's exposure to this Transaction because of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an affiliate of Party A) would incur a cost to borrow Shares to hedge its exposure to this Transaction that is greater than a rate equal to 200 basis points per annum (a "Stock Borrow Event");
- (b) Dividends and Other Distributions. On any day occurring after the Trade Date and prior to the Maturity Date Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent the sum of all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with the Trade Date being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date (with the Maturity Date being the final Forward Price Reduction Date for purposes of this clause (b)(i) only) exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the relevant Forward Price Reduction Date on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or

indirectly) by Party B as a result of a spin-off or other similar transaction, for which the related record date occurs during the period from, and including, the Effective Date to, but excluding, the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of this Transaction) or (iii) any other type of securities (other than Shares), rights, warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent for which the related record date occurs during the period from, and including, the Effective Date to, but excluding, the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of this Transaction). To the extent the declaration of a distribution, issue or dividend contemplated by this paragraph (b) would also be considered to be the type of event to which Calculation Agent Adjustment would apply as specified under “Adjustments – Method of Adjustment” above, the provisions of this paragraph (b) will apply and Calculation Agent Adjustment shall not apply;

- (c) ISDA Early Termination Date . Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;
- (d) Other ISDA Events . The date of the announcement of a firm intention to pursue a transaction that, if consummated, would result in an Extraordinary Event (other than a Nationalization, Insolvency or Delisting) (and, for the avoidance of doubt, no Additional Disruption Event shall be applicable with respect to the definition of Extraordinary Event contained in the 2002 Definitions) or the occurrence of any Change in Law, Insolvency, Nationalization or Delisting; *provided* that the definition of “Tender Offer” provided in Section 12.1(d) of the 2002 Definitions is hereby amended by replacing “10%” in the third line thereof with “20%”; *provided further* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, (x) it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors) and (y) if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange, then such exchange or quotation system shall be deemed to be the Exchange; *provided further* that the definition of “Change in Law” provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by replacing the phrase “the interpretation” in the third line thereof with the phrase “or public announcement of the formal or informal interpretation”; and *provided further* that “any applicable law or regulation”, as used in Section 12.9(a)(ii) of the 2002 Definitions shall include the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any rules and regulations promulgated thereunder and any similar law or regulation, without regard to Section 739 of the Dodd-Frank Wall

Street Reform and Consumer Protection Act of 2010 or any similar legal certainty provision in any legislation enacted or rule or regulation promulgated, and the consequences set forth below under “Termination Settlement” shall apply to any Change in Law arising from any such act, rule or regulation; or

- (e) Ownership Event. The Calculation Agent determines that, on any day, as a result of this Transaction, the Share Amount (as defined below) for such day is equal to or exceeds the Post-Effective Limit (as defined below) for such day (if any applies).

For purposes of clause (e) above, the “Share Amount” as of any day is the number of Shares that Party A and any person whose ownership position would be aggregated with that of Party A (Party A or any such person, a “Party A Person”) under any law, rule, regulation or regulatory order that for any reason becomes applicable to ownership of Shares after the Trade Date (“Applicable Laws”), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under the Applicable Laws, as determined by the Calculation Agent. The “Post-Effective Limit” means (x) the minimum number of Shares that would give rise to reporting or registration obligations or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under the Applicable Laws, as determined by the Calculation Agent, *minus* (y) 0.5% of the number of Shares outstanding.

Party A represents and warrants to and agrees with Party B that (i) Party A does not know, as of the Trade Date, of any event or circumstance that will cause the Share Amount to exceed the Post-Effective Limit on any day during the term of this Transaction and (ii) Party A will not knowingly cause the Share Amount to equal or exceed the Post-Effective Limit on any day during the term of this Transaction.

For the avoidance of doubt, if any of the above events also constitutes an Insolvency Filing, then the consequences set forth under “Insolvency Filing” above shall apply.

Termination Settlement :

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day’s notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a “Termination Settlement Date”) to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in

respect of this Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period, then, on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, (i) the Settlement Date for such Unwind Period shall be the Termination Settlement Date; and (ii) Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares relating to such Unwind Period and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date. UNDER NO CIRCUMSTANCES WILL THE SETTLEMENT AMOUNT UPON EARLY TERMINATION OR AN ACCELERATION EVENT INCLUDE AN ADJUSTMENT FOR THE EFFECTS OF AN EXTRAORDINARY DIVIDEND OR A CHANGE IN EXPECTED DIVIDENDS.

Private Placement Procedures :

If Party B is unable to comply with the provisions of “Covenant of Party B” above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its affiliates to securities lenders as described under “Covenant of Party B” above, then delivery of any such Settlement Shares (the “Restricted Shares”) shall be effected pursuant to Annex A hereto, unless waived by Party A.

Rule 10b5-1 :

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any Trading Personnel (as defined below). For purposes of this Transaction, “Material Non-Public Information” means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, or contained in a public filing made by Party B with the Securities and Exchange Commission and (b) a reasonable investor might consider to be of importance in making

an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed “material” if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information. For purposes of this Transaction, “Trading Personnel” means any employee on the trading side of Morgan Stanley & Co. LLC and does not include Anthony Cicia.

Maximum Share Delivery :

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 1.75, *multiplied by* the initial Base Amount to Party A, subject to reduction by the aggregate number of Shares, if any, delivered by Party B on any prior Settlement Date.

Transfer and Assignment :

Party A may assign or transfer any of its rights or delegate any of its duties hereunder, without the prior written consent of Party B, to any affiliate of Party A whose obligations hereunder and under the Agreement are guaranteed by Morgan Stanley, so long as (a) such assignee or transferee is organized under the laws of the United States, any State thereof or the District of Columbia; (b) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (c) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer; and (d) no Event of Default, Potential Event of Default or Termination Event will occur as a result of such assignment or transfer. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A’s obligations in respect of this Transaction, and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity :

Party B agrees to indemnify Party A and its affiliates and their respective directors, officers, agents and controlling parties (Party A and each such affiliate or person being an “Indemnified Party”) from and against any and all losses, claims, damages and liabilities,

joint and several, incurred by or asserted against such Indemnified Party arising out of any breach of any covenant or representation made by Party B in this Confirmation or the Agreement, and Party B will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto. Party B will not be liable under this Indemnity paragraph to the extent that any such loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's negligence or willful misconduct.

Notice :

Non-Reliance:	Applicable
Additional Acknowledgments:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff :

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under this Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under this Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) this Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Delivery of Cash :

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of this Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC Topic 815, *Derivatives and Hedging* as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement).

Status of Claims in Bankruptcy :

Party A acknowledges and agrees that this confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided, however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than this Transaction.

Limit on Beneficial Ownership :

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit, (ii) Party A's ultimate parent entity would purchase, acquire or take (as such terms are used in the Federal Power Act) at any time on the relevant date in excess of 8.0% of the outstanding Shares or (iii) Party A and each person subject to aggregation of Shares with Party A under Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder (the "Party A Group") would directly or indirectly beneficially own (as such term is defined for purposes of Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder) in excess of 8.0% of the then outstanding Shares (each of such events in clauses (i), (ii) and (iii), an "Excess Ownership Position"). Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, an Excess Ownership Position would exist. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, an Excess Ownership Position would not exist. Party A shall use its commercially reasonable efforts to eliminate the existence of an Excess Ownership Position prior to any Settlement Date.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Miscellaneous :

- (a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

Address: Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036-8293
Attention: Angela Proske
Telephone Number: (212) 537-1572
Facsimile Number: (212) 507-0483

Address for notices or communications to Party B:

Address: PPL Corporation
Two North Ninth Street
Allentown, PA 18101-1179
Attention: Treasurer
Telephone No.: (610) 774-5151
Facsimile No.: (610) 774-5235

With a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Joyce Xu, Esq.
Telephone No.: (212) 455-3680
Facsimile No: (212) 455-2502

- (b) **Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation.** Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements :

The parties hereto intend for:

- (a) this Transaction to be a “securities contract” as defined in Section 741(7) of Title 11 of the United States Code (the “Bankruptcy Code”), qualifying for the protections under Section 555 of the Bankruptcy Code;
- (b) a party’s right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the

-
- Agreement with respect to the other party to constitute a “contractual right” as defined in the Bankruptcy Code;
- (c) Party A to be a “financial institution” within the meaning of Section 101(22) of the Bankruptcy Code; and
 - (d) all payments for, under or in connection with this Transaction, all payments for the Shares and the transfer of such Shares to constitute “settlement payments” as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that this Transaction is, and shall constitute, a “qualified financial contract” as that term is defined in 12 U.S.C. 1821(e)(8)(d)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into this Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Other Forward:

Party A acknowledges that Party B has entered into a substantially identical forward transaction for its Shares on the date hereof (the “Other Forward”) with an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Party A and Party B agree that if Party B designates a Settlement Date with respect to the Other Forward and for which Cash Settlement or Net Share Settlement is applicable, and the resulting Unwind Period for the Other Forward coincides for any period of time with an Unwind Period for this Transaction (each, an “Overlap Unwind Period”), Party B shall notify Party A prior to the commencement of each such Overlap Unwind Period, and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of this Transaction on every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period, commencing on the first day of such Overlap Unwind Period.

Severability :

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to this Agreement; provided, however, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation.

Yours faithfully,

MORGAN STANLEY & CO. LLC

By: /s/ Serkan Savasoglu

Name: Serkan Savasoglu

Title: Managing Director

Confirmed as of the date first written above:

PPL CORPORATION

By: /s/ Russell R. Clelland

Name: Russell R. Clelland

Title: Assistant Treasurer

ANNEX A

PRIVATE PLACEMENT PROCEDURES

- (i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a “Private Placement Settlement”), then delivery of Restricted Shares by Party B shall be effected in customary (for issuers with a market capitalization comparable to, and in the same industry as, Party B) private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; provided that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Party B to Party A (or any affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary (for issuers with a market capitalization comparable to, and in the same industry as, Party B) representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary (for issuers with a market capitalization comparable to, and in the same industry as, Party B) for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the second Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.
- (ii) If Party B delivers any Restricted Shares in respect of this Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its affiliates and (ii) after the minimum “holding period” within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall (so long as Party A or any such affiliate is not an “affiliate” of Party B within the meaning of Rule 144 under the Securities Act) promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any

transfer restrictions from such Shares upon delivery by Party A (or such affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such affiliate of Party A).

April 10, 2012

To:
PPL CORPORATION
TWO N NINTH STREET
ALLENTOWN, PA 18101-1139

Ladies and Gentlemen:

In consideration of PPL CORPORATION (hereinafter "Counterparty") having entered into or entering into that certain trade dated as of April 10, 2012, Confirm Number SC1:3218644 with Morgan Stanley & Co. LLC (hereinafter "Obligor") (such confirmation exchanged between the parties hereinafter the "Confirmation"), Morgan Stanley, a Delaware corporation (hereinafter "Guarantor"), hereby irrevocably and unconditionally guarantees to Counterparty, with effect from the date of the Confirmation, the due and punctual payment of all amounts payable by Obligor under the Confirmation when the same shall become due and payable, whether on scheduled payment dates, upon demand, upon declaration of termination or otherwise, in accordance with, and subject to, the terms of the Confirmation and giving effect to any applicable grace period. Upon failure of Obligor punctually to pay any such amounts, and upon written demand by Counterparty to Guarantor at its address set forth in the signature block of this guarantee (the "Guarantee") (or to such other address as Guarantor may specify in writing), Guarantor agrees to pay or cause to be paid such amounts; provided that delay by Counterparty in giving such demand shall in no event affect Guarantor's obligations under this Guarantee. This Guarantee is of payment and not of collection.

Guarantor hereby agrees that its obligations hereunder shall be continuing and unconditional and will not be discharged except by complete payment of the amounts payable under the Confirmation, irrespective of (1) any claim as to the Confirmation's validity, regularity or enforceability or the lack of authority of Obligor to execute or deliver the Confirmation; or (2) any change in or amendment to the Confirmation; or (3) any waiver or consent by Counterparty with respect to any provisions thereof; or (4) the absence or existence of any action to enforce the Confirmation, or the recovery of any judgment against Obligor or of any action to enforce a judgment against Obligor under the Confirmation; or (5) the dissolution, winding up, liquidation or insolvency of Obligor, including any discharge of obligations therefrom; or (6) any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.

Guarantor hereby waives diligence, presentment, demand on Obligor for payment or otherwise (except as provided hereinabove), filing of claims, requirement of a prior proceeding against Obligor and protest or notice, except as provided for in the Confirmation with respect to amounts payable by Obligor. If at any time payment under the Confirmation is rescinded or must be otherwise restored or returned by Counterparty upon the insolvency, bankruptcy or reorganization of Obligor or Guarantor or otherwise, Guarantor's obligations hereunder with respect to such payment shall be reinstated upon such restoration or return being made by Counterparty.

Guarantor represents to Counterparty, as of the date hereof, that:

1. it is duly organized and validly existing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guarantee and to perform the provisions of this Guarantee on its part to be performed;
2. its execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary corporate action and do not contravene any provision of its certificate of incorporation or by-laws or any law, regulation or contractual restriction binding on it or its assets;
3. all consents, authorizations, approvals and clearances (including, without limitation, any necessary exchange control approval) and notifications, reports and registrations requisite for its due execution, delivery and performance of this Guarantee have been obtained from or, as the case may be, filed with the relevant governmental authorities having jurisdiction and remain in full force and effect and all conditions thereof have been duly complied with and no other action by, and no notice to or filing with, any governmental authority having jurisdiction is required for such execution, delivery or performance; and
4. this Guarantee is its legal, valid and binding obligation enforceable against it in accordance with its terms except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' right or by general equity principles.

Each of the provisions contained in this Guarantee shall be severable and distinct from one another and if one or more of such provisions are now or hereafter becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Guarantee shall not in any way be affected, prejudiced or impaired thereby.

By accepting this Guarantee and executing the Confirmation, Counterparty agrees that Guarantor shall be subrogated to all rights of Counterparty against Obligor in respect of any amounts paid by Guarantor pursuant to this Guarantee, *provided* that Guarantor shall be entitled to enforce or to receive any payment arising out of or based upon such right of subrogation only to the extent that it has paid all amounts payable by Obligor under the Confirmation.

This Guarantee shall expire on April 10, 2013, however, this guarantee may be terminated upon 15 days prior written notice to that effect actually received by Counterparty. Such expiration or termination shall not, however, affect or reduce Guarantor's obligation hereunder for any liability of Obligor incurred with respect to transactions entered into by Obligor prior to such expiration.

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York, without reference of its choice of law doctrine. All capitalized terms not otherwise defined herein shall have the respective meanings assigned to them in the Confirmation.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

MORGAN STANLEY

By: /s/ Anita Rios

Name: Anita Rios

Title: Authorized Signatory

Address: 1585 Broadway
New York, NY 10036

Attn: Treasurer

Fax No.: 212-762-0337

Phone: 212-761-4000

Signature page to Morgan Stanley Guarantee issued to PPL CORPORATION
and dated April 10, 2012



CONFIRMATION

April 9, 2012

To: PPL Corporation
Two North Ninth Street
Allentown, PA 18101-1179

From: Merrill Lynch International
BofA Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Dear Sirs,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between Merrill Lynch International ("Party A" or "Dealer"), acting through its agent Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Agent"), and PPL Corporation ("Party B" or "Counterparty") on the Trade Date specified below (this "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the 2002 Definitions and the 2000 Definitions, the 2002 Definitions will govern. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

This Confirmation evidences a complete and binding agreement between Party A and Party B as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for the election of the laws of the State of New York as the governing law, without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law). In the event of any inconsistency between provisions of that Agreement and this

Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, this Transaction is a Share Forward Transaction.

Party A and Party B each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms :

Party A:	Merrill Lynch International
Party B:	PPL Corporation
Trade Date:	April 10, 2012
Effective Date:	April 13, 2012
Base Amount:	Initially, 4,950,000 Shares, subject to the provisions set forth under “Conditions to Effectiveness” below. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	The earlier of (i) April 10, 2013 (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day) and (ii) the date on which the Base Amount is reduced to zero.
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 <i>and</i> (ii) the Daily Rate for such day; <i>provided</i> that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD \$27.02 per Share.
Daily Rate:	For any day, (i)(A) USD-Federal Funds Rate for

such day *minus* (B) the Spread *divided* by (ii) 365.

USD-Federal Funds Rate: For any day, the rate set forth for such day opposite the caption “Federal funds”, as such rate is displayed on the page “FedsOpen <Index> <GO>” on the BLOOMBERG Professional Service, or any successor page; *provided* that if no rate appears for any day on such page, the rate for the immediately preceding day for which a rate appears shall be used for such day.

Spread: 0.75%

Forward Price Reduction Dates: As set forth in Schedule I.

Forward Price Reduction Amount: For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.

Shares: Common Stock, \$.01 par value per share, of Party B (also referred to herein as the “Issuer”) (Exchange identifier: “PPL”).

Exchange: The New York Stock Exchange.

Related Exchange(s): All Exchanges.

Clearance System: DTC.

Calculation Agent: Merrill Lynch International. Following any determination or calculation by the Calculation Agent hereunder, in its capacity as such, upon a written request by Party B, the Calculation Agent will provide to Party B, by e-mail to the e-mail address provided by Party B in such written request, a report (in a commonly used file format for the storage and manipulation of financial data) displaying, in reasonable detail, the basis for such determination or calculation, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or other confidential or proprietary information used by it for such determination or calculation.

Settlement Terms :

Settlement Date:

Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A at least (i) three Scheduled Trading Days prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) 20 Scheduled Trading Days (or other period of time as agreed between Party A and Party B) prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (x) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (y) if Physical Settlement (or, subject to clause (z) below, Net Share Settlement) applies and the relevant Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) (or, with respect to Net Share Settlement, the Settlement Date specified pursuant to clause (z) below, if applicable) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day, and (z) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during an Unwind Period by a date that is more than three Scheduled Trading Days prior to the relevant Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.

Settlement Shares:

With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.

Settlement Method:

Physical Settlement, Cash Settlement or Net Share Settlement.

Settlement Method Election:	Applicable, at the election of Party B as set forth in a Settlement Notice that satisfies the Settlement Notice Requirements; <i>provided</i> that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its commercially reasonable judgment, to unwind its hedge by the end of the relevant Unwind Period in compliance with Rule 10b-18 under the Exchange Act (as defined below) (assuming that purchases of Shares, in connection with such Settlement Notice, by Party A on each Unwind Day during such Unwind Period were instead made by Party B) or due to the lack of sufficient liquidity in the Shares on any Unwind Day during such Unwind Period; <i>provided</i> that Party A shall notify Party B of such Settlement Shares to be subject to Physical Settlement no later than 8:00 P.M., New York City time, on the last Unwind Day of such Unwind Period; (iii) to any Termination Settlement Date (as defined below under “Termination Settlement”) or (iv) if the Maturity Date is a Settlement Date and no notice of Cash Settlement or Net Share Settlement has been validly delivered in accordance with the provisions described above under “Settlement Date”, in respect of such Settlement Date. Net Share Settlement shall be deemed to be included as an additional settlement method under Section 7.1 of the 2002 Definitions.
Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: “As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws.”
Unwind Day:	In respect of each Settlement Notice and related Settlement Date, each Exchange Business Day that

is not a Suspension Day during the period (the “Unwind Period”) from, and including, the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of such Settlement Date to, and including, the date that precedes such Settlement Date by one Settlement Cycle, subject to “Termination Settlement” below. If any Unwind Day is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of this Transaction (including, without limitation, the Cash Settlement Amount and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day, with such adjustments to be based, in the Calculation Agent’s commercially reasonable judgment, on, among other factors, the duration of any Market Disruption Event, if any, giving rise to such Disrupted Day and the volume, historical trading patterns and trading price of the Shares.

For greater clarity, with respect to any Settlement Date (x) in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of this Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares), resulting in Party A’s synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date; and (y) in respect of which Net Share Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of this Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares), resulting in Party A’s synthetic purchase of) an aggregate number of Shares having an aggregate purchase price equal to the Net Share Purchase Price for such Settlement Date.

Suspension Day:

Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that it is appropriate or necessary in light of

legal, regulatory or self-regulatory requirements or related policies or procedures for Party A to refrain from the market activity in which it would otherwise engage in connection its hedge positions with respect to this Transaction on such day. Party A shall notify Party B if it receives such advice from its counsel.

Market Disruption Event:

Section 6.3(a)(ii) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with “(ii) an Exchange Disruption, or” and inserting immediately following clause (iii) the phrase “; in each case that the Calculation Agent determines is material.”

Exchange Act:

The Securities Exchange Act of 1934, as amended from time to time.

Physical Settlement:

On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall deliver to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the “Deferred Shares”), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then, at Party A’s election in its sole and absolute discretion, the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares. For the avoidance of doubt, no Forward Price Reduction Amount for a Forward Price Reduction Date shall be applied to reduce the Forward Price more than once.

Physical Settlement Amount:

For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such

Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.

Cash Settlement:

On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B by wire transfer of immediately available funds to an account designated by Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A by wire transfer of immediately available funds to an account designated by Party A. Such amounts shall be paid on the Settlement Date.

Cash Settlement Amount:

For any Settlement Date in respect of which Cash Settlement applies, an amount determined by the Calculation Agent equal to (1) the product of (i) (A) the arithmetic average of the Forward Prices on each Unwind Day in the relevant Unwind Period (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during such Unwind Period, it being understood, for the avoidance of doubt, that the related Forward Price Reduction Amount(s) shall be accounted for pursuant to clause (2) below) minus (B) the arithmetic average of the 10b-18 VWAPs on each Unwind Day in such Unwind Period, and (ii) the number of Settlement Shares for such Settlement Date, minus (2) the product of (i) the Forward Price Reduction Amount for each Forward Price Reduction Date that occurs during such Unwind Period, and (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.

Net Share Settlement:

On any Settlement Date in respect of which Net Share Settlement applies, if the number of Net Share Settlement Shares is a (i) negative number, Party A shall deliver a number of Shares to Party B equal to the absolute value of the Net Share Settlement Shares, or (ii) positive number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith, reasonable judgment that it would be

required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date. In no event will Party B be required to return any Net Share Settlement Shares Party A has delivered to it pursuant to the proviso to the immediately preceding sentence.

Net Share Settlement Shares:

For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to (a) the number of Settlement Shares for such Settlement Date minus (b) the number of Shares Party A actually purchases during the relevant Unwind Period for a total purchase price (the “Net Share Purchase Price”) equal to (1) the product of (i) the arithmetic average of the Forward Prices on each Unwind Day in such Unwind Period (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during such Unwind Period, it being understood, for the avoidance of doubt, that the related Forward Price Reduction Amount(s) shall be accounted for pursuant to clause (2) below) and (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for each Forward Price Reduction Date that occurs during such Unwind Period and (ii) the number of Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.

10b-18 VWAP:

For any Unwind Day, the volume-weighted average price per Share at which the Shares trade as reported in the composite transactions for the Exchange on such Unwind Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Unwind Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Unwind Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Unwind Day that do not satisfy the requirements of Rule 10b-18(b)(3) under the Exchange Act, as quoted on Bloomberg Page “PPL <Equity> AQR SEC” (or any successor

thereto), or if such price is not so reported on such Exchange Business Day for any reason or the reported price is manifestly erroneous, such price shall be as reasonably determined by the Calculation Agent.

Settlement Currency:

USD.

Failure to Deliver:

Inapplicable.

Other Applicable Provisions:

To the extent Party B is obligated to deliver Shares to Party A pursuant hereto, the provisions of Sections 9.2 (last sentence only), 9.8, 9.9, 9.10 and 9.11 of the 2002 Definitions will be applicable as if “Physical Settlement” applied to the Transaction; *provided* that each representation in Section 9.11 of the 2002 Definitions relating to restrictions, obligations, limitations or requirements under applicable securities laws that exist as a result of the fact that Party B is the issuer of the Shares shall be deemed to be deleted.

Adjustments :

Potential Adjustment Event:

For purposes hereof, the definition of “Potential Adjustment Event” shall not include clause (iii) thereof.

Method of Adjustment:

Calculation Agent Adjustment, subject to the provisions set forth in clause (b) under “Acceleration Events” below. Notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of this Transaction to account for the diluting or concentrative effect of the applicable Potential Adjustment Event on the theoretical value of the Shares.

Additional Adjustment:

If the Calculation Agent determines that the actual cost to Party A, over any one-month period, of borrowing a number of Shares equal to the Base Amount to hedge its exposure to this Transaction exceeds a weighted average rate equal to 25 basis

points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which such cost exceeded a weighted average rate equal to 25 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide adequate detail of its stock loan costs for the applicable one month period.

Account Details :

Payments to Party A: To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B: To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A: To be advised.
Delivery of Shares to Party B: To be advised.

3. Other Provisions:

Conditions to Effectiveness :

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated the date hereof among Party B, Party A, Morgan Stanley & Co. LLC, as Forward Counterparty, and Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Representatives of the Several Underwriters (the "Underwriting Agreement") and any certificate delivered pursuant thereto by Party B are true and correct on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement (subject to customary exceptions and limitations), (iv) the satisfaction or waiver of all of the conditions set forth in Section 5 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement has not been terminated pursuant to Section 6, Section 7 or Section 9 thereof, and (vi) the condition that neither of the following has occurred (A) in the commercially reasonable judgment of Party A, Party A is unable to borrow and

deliver for sale a number of Shares equal to the Base Amount, or (B) in the commercially reasonable judgment of the Calculation Agent, the Calculation Agent determines either it is impracticable for Party A to do so or Party A would incur a stock loan cost of more than a rate equal to 200 basis points per annum to do so (in which event set forth in each of subclause (A) and (B) of this clause (vi), this Confirmation shall be effective, but the Base Amount for this Transaction shall be the number of Shares Party A is able to so borrow at or below a stock loan cost of 200 basis points per annum. Party B's obligations hereunder shall be subject to the condition precedent that each of Party A and each Affiliate of Party A that is a Forward Seller or Underwriter (as such terms are defined in the Underwriting Agreement) and any other Forward Seller and Underwriter shall have performed, on or prior to the Effective Date, all of the obligations required to be performed by it prior to the Effective Date under the Underwriting Agreement.

Representations and Agreements of Party B :

Party B (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into this Transaction and (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with this Transaction.

As of the date hereof, Party B is not the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially Party B's ability to perform its obligations hereunder.

Party B will by the next succeeding New York Business Day notify Party A upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default or a Potential Adjustment Event with respect to Party B.

Additional Representations, Warranties and Agreements of Party B :

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

- (a) Any Shares, when issued and delivered in accordance with the terms of this Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.
- (b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of this Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of this Transaction, assuming Physical Settlement. All Shares so issuable shall, upon such issuance, be approved for listing or quotation on the Exchange.
- (c) Party B agrees to provide Party A at least 5 days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares

- by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being (i) equal to or greater than 8.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the Base Amount and (2) the denominator of which is the number of Shares outstanding on such day.
- (d) No filing with, or approval, authorization, consent, license registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of this Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.
 - (e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 8.0%.
 - (f) Party B shall not, and shall refrain from taking, and shall cause its affiliated purchasers (within the meaning of Rule 10b-18 under the Exchange Act) to refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its affiliated purchasers or any purchases by a party to a derivative transaction with Party B or any of its affiliated purchasers), either under this Confirmation, under an agreement with another party or otherwise, that would cause any purchases of Shares by Party A or any of its affiliates in connection with any Cash Settlement or Net Share Settlement of this Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.
 - (g) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.
 - (h) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable

judgment of Party B (or if in the reasonable judgment of Party A, as previously notified in writing to Party B), such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

Agreements of the Parties and Covenant of Party B :

The parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an affiliate of Party A) to securities lenders from whom Party A (or an affiliate of Party A) borrowed Shares in connection with hedging its exposure to this Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders, irrespective of whether such stock loan is effected by Party A or an affiliate of Party A (provided that such Shares may be subject to resale restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of its share ownership in Party B, status as an "affiliate" of Party B or otherwise). Accordingly, subject to the provisions set forth below under the heading "Private Placement Procedures," Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A :

- (a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return to securities lenders to close out open Share loans created by Party A or an affiliate of Party A in the course of Party A's or such affiliate's hedging activities related to Party A's exposure under this Confirmation.
- (b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of this Transaction, Party A shall, and shall cause its affiliates to, execute such purchases to unwind its hedge of its exposure to this Transaction in compliance with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases; *provided* that Party A's obligations under this clause (b) shall be subject to applicable Securities and Exchange Commission or Staff no-action letters or interpretations as appropriate and subject to any delays between execution and reporting of a trade of the Shares on the applicable securities exchange or quotation system and other circumstances reasonably beyond Party A's or such affiliates' control.

Insolvency Filing :

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, this Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of this Transaction pursuant to the provisions set forth above under the heading “Settlement Terms”; and (2) this Transaction shall automatically terminate on the date of any Insolvency Filing pursuant the provisions set forth in the immediately preceding paragraph solely to the extent that Party B failed to elect Physical Settlement of this Transaction pursuant to the provisions set forth above under the heading “Settlement Terms” prior to the relevant Insolvency Filing.

Extraordinary Dividends :

If a record date for an Extraordinary Dividend occurs during the period from, and including, the Effective Date to, but excluding, the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of this Transaction), then, on the date on which Party B pays such Extraordinary Dividend to holders of record of the Shares, Party B shall pay, to Party A, an amount in cash equal to the product of such Extraordinary Dividend and the Base Amount as of such record date. “Extraordinary Dividend” means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of Party B as an “extraordinary” dividend.

Acceleration Events :

The following events shall each constitute an “Acceleration Event”:

- (a) Stock Borrow Events. The Calculation Agent determines that (A) Party A (or an affiliate of Party A) is unable to hedge Party A’s exposure to this Transaction because of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an affiliate of Party A) would incur a cost to borrow Shares to hedge its exposure to this Transaction that is greater than a rate equal to 200 basis points per annum (a “Stock Borrow Event”);
- (b) Dividends and Other Distributions. On any day occurring after the Trade Date and prior to the Maturity Date Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent the sum of all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with the Trade Date being a Forward Price Reduction Date for purposes of this clause (b) only) to but

- excluding the next subsequent Forward Price Reduction Date (with the Maturity Date being the final Forward Price Reduction Date for purposes of this clause (b)(i) only) exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the relevant Forward Price Reduction Date on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction, for which the related record date occurs during the period from, and including, the Effective Date to, but excluding, the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of this Transaction) or (iii) any other type of securities (other than Shares), rights, warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent for which the related record date occurs during the period from, and including, the Effective Date to, but excluding, the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of this Transaction). To the extent the declaration of a distribution, issue or dividend contemplated by this paragraph (b) would also be considered to be the type of event to which Calculation Agent Adjustment would apply as specified under “Adjustments – Method of Adjustment” above, the provisions of this paragraph (b) will apply and Calculation Agent Adjustment shall not apply;
- (c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;
- (d) Other ISDA Events. The date of the announcement of a firm intention to pursue a transaction that, if consummated, would result in an Extraordinary Event (other than a Nationalization, Insolvency or Delisting) (and, for the avoidance of doubt, no Additional Disruption Event shall be applicable with respect to the definition of Extraordinary Event contained in the 2002 Definitions) or the occurrence of any Change in Law, Insolvency, Nationalization or Delisting; *provided* that the definition of “Tender Offer” provided in Section 12.1(d) of the 2002 Definitions is hereby amended by replacing “10%” in the third line thereof with “20%”; *provided further* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, (x) it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors) and (y) if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange, then such exchange or quotation system shall be deemed to be the Exchange; *provided further* that the definition of “Change in Law” provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by replacing the phrase “the interpretation” in the third line thereof with the phrase “or public announcement of the formal or informal interpretation”; and *provided further* that “any applicable law or

regulation”, as used in Section 12.9(a)(ii) of the 2002 Definitions shall include the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any rules and regulations promulgated thereunder and any similar law or regulation, without regard to Section 739 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or any similar legal certainty provision in any legislation enacted or rule or regulation promulgated, and the consequences set forth below under “Termination Settlement” shall apply to any Change in Law arising from any such act, rule or regulation; or

- (e) Ownership Event. The Calculation Agent determines that, on any day, as a result of this Transaction, the Share Amount (as defined below) for such day is equal to or exceeds the Post-Effective Limit (as defined below) for such day (if any applies).

For purposes of clause (e) above, the “Share Amount” as of any day is the number of Shares that Party A and any person whose ownership position would be aggregated with that of Party A (Party A or any such person, a “Party A Person”) under any law, rule, regulation or regulatory order that for any reason becomes applicable to ownership of Shares after the Trade Date (“Applicable Laws”), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under the Applicable Laws, as determined by the Calculation Agent. The “Post-Effective Limit” means (x) the minimum number of Shares that would give rise to reporting or registration obligations or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under the Applicable Laws, as determined by the Calculation Agent, *minus* (y) 0.5% of the number of Shares outstanding.

Party A represents and warrants to and agrees with Party B that (i) Party A does not know, as of the Trade Date, of any event or circumstance that will cause the Share Amount to exceed the Post-Effective Limit on any day during the term of this Transaction and (ii) Party A will not knowingly cause the Share Amount to equal or exceed the Post-Effective Limit on any day during the term of this Transaction.

For the avoidance of doubt, if any of the above events also constitutes an Insolvency Filing, then the consequences set forth under “Insolvency Filing” above shall apply.

Termination Settlement :

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day’s notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a “Termination Settlement Date”) to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event the number of Settlement Shares so designated by Party A shall not

exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of this Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period, then, on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, (i) the Settlement Date for such Unwind Period shall be the Termination Settlement Date; and (ii) Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares relating to such Unwind Period and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date. UNDER NO CIRCUMSTANCES WILL THE SETTLEMENT AMOUNT UPON EARLY TERMINATION OR AN ACCELERATION EVENT INCLUDE AN ADJUSTMENT FOR THE EFFECTS OF AN EXTRAORDINARY DIVIDEND OR A CHANGE IN EXPECTED DIVIDENDS.

Private Placement Procedures :

If Party B is unable to comply with the provisions of “Covenant of Party B” above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its affiliates to securities lenders as described under “Covenant of Party B” above, then delivery of any such Settlement Shares (the “Restricted Shares”) shall be effected pursuant to Annex A hereto, unless waived by Party A.

Rule 10b5-1 :

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any Trading Personnel (as defined below). For purposes of this Transaction, “Material Non-Public Information” means information relating to Party B or the Shares

that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, or contained in a public filing made by Party B with the Securities and Exchange Commission and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information. For purposes of this Transaction, "Trading Personnel" means any employee on the trading side of Merrill Lynch International, including Francois Lu and Yury Mulman and does not include Jeffrey Kulik, David McShane, Jake Mendelsohn or John Servidio.

Maximum Share Delivery :

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 1.75, *multiplied by* the initial Base Amount to Party A, subject to reduction by the aggregate number of Shares, if any, delivered by Party B on any prior Settlement Date.

Transfer and Assignment :

Party A may assign or transfer any of its rights or delegate any of its duties hereunder, without the prior written consent of Party B, to any affiliate of Party A whose obligations hereunder and under the Agreement are guaranteed by Bank of America Corporation, so long as (a) such assignee or transferee is organized under the laws of the United States, any State thereof or the District of Columbia; (b) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (c) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer; and (d) no Event of Default, Potential Event of Default or Termination Event will occur as a result of such assignment or transfer. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of this Transaction, and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Additional Acknowledgments: Applicable

Agreements and Acknowledgments Regarding Hedging Activities: Applicable

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff :

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under this Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under this Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) this Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Delivery of Cash :

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of this Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC Topic 815, *Derivatives and Hedging* as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement).

Status of Claims in Bankruptcy :

Party A acknowledges and agrees that this confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided, however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than this Transaction.

Limit on Beneficial Ownership :

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of

Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit, (ii) Party A's ultimate parent entity would purchase, acquire or take (as such terms are used in the Federal Power Act) at any time on the relevant date in excess of 8.0% of the outstanding Shares or (iii) Party A and each person subject to aggregation of Shares with Party A under Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder (the "Party A Group") would directly or indirectly beneficially own (as such term is defined for purposes of Section 13 or Section 16 of the Exchange Act and rules promulgated thereunder) in excess of 8.0% of the then outstanding Shares (each of such events in clauses (i), (ii) and (iii), an "Excess Ownership Position"). Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, an Excess Ownership Position would exist. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, an Excess Ownership Position would not exist. Party A shall use its commercially reasonable efforts to eliminate the existence of an Excess Ownership Position prior to any Settlement Date.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Miscellaneous :

- (a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

Address: Merrill Lynch International
BofA Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

With a copy to its Agent:

Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park
New York, NY 10036

Attention: John Servidio, Assistant General Counsel
Telephone No.: 646-855-7127
Facsimile No.: 704-208-2869

Address for notices or communications to Party B:

Address: PPL Corporation
Two North Ninth Street
Allentown, PA 18101-1179
Attention: Treasurer
Telephone No.: (610) 774-5151
Facsimile No.: (610) 774-5235

With a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Joyce Xu, Esq.
Telephone No.: (212) 455-3680
Facsimile No: (212) 455-2502

- (b) **Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation.** Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements :

The parties hereto intend for:

- (a) this Transaction to be a “securities contract” as defined in Section 741(7) of Title 11 of the United States Code (the “Bankruptcy Code”), qualifying for the protections under Section 555 of the Bankruptcy Code;
- (b) a party’s right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a “contractual right” as defined in the Bankruptcy Code;
- (c) Party A to be a “financial institution” within the meaning of Section 101(22) of the Bankruptcy Code; and

-
- (d) all payments for, under or in connection with this Transaction, all payments for the Shares and the transfer of such Shares to constitute “settlement payments” as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that this Transaction is, and shall constitute, a “qualified financial contract” as that term is defined in 12 U.S.C. 1821(e)(8)(d)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into this Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Other Forward :

Party A acknowledges that Party B has entered into a substantially identical forward transaction for its Shares on the date hereof (the “Other Forward”) with Morgan Stanley & Co. LLC. Party A and Party B agree that if Party B designates a Settlement Date with respect to the Other Forward and for which Cash Settlement or Net Share Settlement is applicable, and the resulting Unwind Period for the Other Forward coincides for any period of time with an Unwind Period for this Transaction (each, an “Overlap Unwind Period”), Party B shall notify Party A prior to the commencement of each such Overlap Unwind Period, and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of this Transaction on every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period, commencing on the first day of such Overlap Unwind Period.

Severability :

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to this Agreement; provided, however, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation.

Yours faithfully,

MERRILL LYNCH INTERNATIONAL

By: /s/ Elayne H. Wilson

Name: Elayne H. Wilson

Title: Vice President

**MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED (solely as Agent for Dealer)**

By: /s/ Jake Mendelsohn

Name: Jake Mendelsohn

Title: Managing Director

Confirmed as of the date first written above:

PPL CORPORATION

By: /s/ Russell R. Clelland

Name: Russell R. Clelland

Title: Assistant Treasurer

ANNEX A

PRIVATE PLACEMENT PROCEDURES

- (i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a “Private Placement Settlement”), then delivery of Restricted Shares by Party B shall be effected in customary (for issuers with a market capitalization comparable to, and in the same industry as, Party B) private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; provided that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Party B to Party A (or any affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary (for issuers with a market capitalization comparable to, and in the same industry as, Party B) representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary (for issuers with a market capitalization comparable to, and in the same industry as, Party B) for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the second Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.
- (ii) If Party B delivers any Restricted Shares in respect of this Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its affiliates and (ii) after the minimum “holding period” within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall (so long as Party A or any such affiliate is not an “affiliate” of Party B within the meaning of Rule 144 under the Securities Act) promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any

transfer restrictions from such Shares upon delivery by Party A (or such affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such affiliate of Party A).