

PPL Corp
Form 424B5
June 24, 2010

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Equity Units	23,000,000	\$50.00	\$1,150,000,000.00	\$81,995.00

(1) Calculated in accordance with Rule 457(r) and 457(o) under the Securities Act of 1933.

PROSPECTUS SUPPLEMENT
(To Prospectus dated March 25, 2009)

20,000,000 Equity Units

(Initially Consisting of 20,000,000 Corporate Units)
PPL Corporation

This is an offering of Equity Units by PPL Corporation. Each Equity Unit will have a stated amount of \$50 and will initially be in the form of Corporate Units, each of which consists of a purchase contract issued by us and, initially, a 1/20, or 5.0%, undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding, Inc. 4.625% junior subordinated notes due 2018, which we refer to as the notes. The notes will be fully and unconditionally guaranteed by PPL Corporation pursuant to subordinated guarantees of PPL Corporation.

The purchase contract will obligate you to purchase from us, no later than July 1, 2013, for a price of \$50 in cash, the following number of shares of our common stock, subject to anti-dilution adjustments:

if the applicable market value, which is the average volume weighted average price, or VWAP, of our common stock over the 20-trading day period ending on the third scheduled trading day prior to July 1, 2013, equals or exceeds \$28.80, 1.7361 shares of our common stock;

if the applicable market value is less than \$28.80 but greater than \$24.00, a number of shares of our common stock having a value, based on the applicable market value, equal to \$50; and

if the applicable market value is less than or equal to \$24.00, 2.0833 shares of our common stock.

The notes will initially bear interest at a rate of 4.625% per year, payable quarterly on January 1, April 1, July 1 and October 1 of each year (except where such date is not a business day, interest will be payable as of the next subsequent business day, without adjustment), commencing on October 1, 2010. The notes will initially be subordinated to all of PPL Capital Funding Inc. s existing and future Senior Indebtedness (as defined under Description of the Notes Subordination). In addition, the notes will be effectively subordinated to all liabilities of our subsidiaries (other than those of PPL Capital Funding, Inc.). Prior to July 1, 2015, PPL Capital Funding, Inc. will have the right to defer interest payments on the notes one or more times for one or more consecutive interest periods without giving rise to an event of default. The notes will be remarketed in two tranches and will be the senior or subordinated, unsecured obligations of PPL Capital Funding as described in this prospectus supplement.

We may elect to remarket the notes as fixed-rate notes and/or as floating-rate notes and to modify certain other terms of the notes in connection with the remarketing. If the remarketing is successful, the interest rate on the notes will be reset and thereafter, if any of the remarketed notes are fixed-rate notes, interest on such notes will be payable semi-annually.

We will also pay you quarterly contract adjustment payments at a rate of 4.875% per year of the stated amount of \$50 per Equity Unit, or \$2.4375 per year, subject to our right to defer contract adjustment payments, as described in this prospectus supplement.

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

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

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

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

Concurrently with this offering of Equity Units, we are offering, by means of a separate prospectus supplement, 90,000,000 shares of our common stock (or 103,500,000 shares of our common stock if the underwriters of that offering exercise in full their over-allotment option). This offering of Equity Units is not contingent on the offering of common stock and the offering of common stock is not contingent upon this offering of Equity Units. See **Concurrent Common Stock Offering** in this prospectus supplement.

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

Our common stock is listed on the New York Stock Exchange under the symbol **PPL**. The closing price of our common stock on June 18, 2010 was \$26.06 per share.

Investing in the Equity Units involves certain risks. See **Risk Factors beginning on page S-23 of this prospectus supplement, page 3 of the accompanying prospectus and in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2009.**

	Per Corporate Unit	Total
Public offering price	\$ 50.00	\$ 1,000,000,000.00
Underwriting discounts and commissions	\$ 1.50	\$ 30,000,000.00
Proceeds, before expenses, to us	\$ 48.50	\$ 970,000,000.00

We have granted the underwriters an option to purchase from us on a pro rata basis up to 3,000,000 additional Corporate Units within 13 days of the closing date of this offering solely to cover over-allotments, if any.

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

The underwriters expect to deliver the Corporate Units to purchasers in book-entry form only through The Depository Trust Company on or about June 28, 2010.

Joint Book-Running Managers

Credit Suisse **BofA Merrill Lynch**

Barclays Capital **J.P. Morgan** **UBS Investment Bank**

Senior Co-Managers

Citi **Morgan Stanley** **Wells Fargo Securities**

Co-Managers

BNP PARIBAS **Credit Agricole CIB** **Deutsche Bank Securities** **KeyBanc Capital Markets**

Mitsubishi UFJ Securities **RBS** **Scotia Capital** **US Bancorp**

The date of this prospectus supplement is June 22, 2010.

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

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

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

Certain affiliates of PPL Corporation, specifically PPL Capital Funding Inc., PPL Energy Supply, LLC and PPL Electric Utilities Corporation, have also registered their securities on the shelf registration statement referred to above. However, the notes are solely obligations of PPL Capital Funding, Inc. and, to the extent of the guarantees, PPL Corporation, and not of any of PPL Corporation's other subsidiaries. Similarly, the purchase contracts are obligations solely of PPL Corporation, and not any of its subsidiaries. None of PPL Energy Supply, LLC or PPL Electric Utilities Corporation or any of PPL Corporation's other subsidiaries will guarantee or provide any credit support for the notes or the purchase contracts.

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WHERE YOU CAN FIND MORE INFORMATION

Available Information

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

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

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

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

Incorporation by Reference

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

SEC Filings

Period/Date

Annual Report on Form 10-K (including information specifically incorporated by reference into the Annual Report on Form 10-K from our Definitive Proxy Statement on Schedule 14A, filed with the SEC on April 9, 2010)	Year ended December 31, 2009 filed with the SEC on February 26, 2010
Quarterly Report on Form 10-Q	Quarter ended March 31, 2010 filed with the SEC on May 6, 2010
Current Reports on Form 8-K	Filed with the SEC on March 30, 2010; April 6, 2010; April 15, 2010; April 30, 2010; May 24, 2010; June 14, 2010 and June 21, 2010

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

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

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

We have not included or incorporated by reference any separate financial statements of PPL Capital Funding herein. We do not consider those financial statements to be material to holders of the notes because (1) PPL Capital Funding is a wholly-owned subsidiary that was formed for the primary purpose of providing financing for PPL Corporation and its subsidiaries, (2) PPL Capital Funding does not currently engage in any independent operations and (3) PPL Capital Funding does not currently plan to engage, in the future, in more than minimal independent operations. See PPL Capital Funding in the accompanying prospectus. PPL Capital Funding has received a no action letter from the Staff of the SEC stating that the Staff would not raise any objection if PPL Capital Funding does not file periodic reports under Section 13 and 15(d) of the Exchange Act. Accordingly, we do not expect PPL Capital Funding to file those reports.

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FORWARD-LOOKING INFORMATION

Statements contained in or incorporated by reference into this prospectus supplement concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical fact are forward-looking statements within the meaning of the federal securities laws. Although we believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in Risk Factors set forth below and in the accompanying prospectus, in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009 and in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, the following are among the important factors that could cause actual results to differ materially from the forward-looking statements.

fuel supply cost and availability;

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

operation, availability and operating costs of existing generation facilities;

transmission and distribution system conditions and operating costs;

potential expansion of alternative sources of electricity generation;

potential laws or regulations to reduce emissions of greenhouse gases;

collective labor bargaining negotiations;

the outcome of litigation against PPL and its subsidiaries;

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

the commitments and liabilities of PPL and its subsidiaries;

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

competition in retail and wholesale power markets;

liquidity of wholesale power markets;

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

market prices of commodity inputs for ongoing capital expenditures;

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

stock price performance of PPL;

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

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

the impact of the financial and economic market conditions in general;

the effect of electricity price deregulation beginning in 2010 in PPL Electric Utilities Corporation's (PPL Electric) service territory;

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

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

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changes in securities and credit ratings;

foreign currency exchange rates;

current and future environmental conditions, regulations and other requirements and the related costs of compliance, including environmental capital expenditures, emission allowance costs and other expenses;

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

receipt of necessary governmental permits, approvals and rate relief;

new state, federal or foreign legislation, including new tax legislation;

state, federal and foreign regulatory developments;

the outcome of any rate cases by PPL Electric at the Pennsylvania Public Utility Commission;

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

the effect of any business or industry restructuring;

development of new projects, markets and technologies;

performance of new ventures; and

business or asset acquisitions and dispositions, including PPL's pending acquisition of E.ON U.S. LLC and the satisfaction of all conditions precedent to the completion of that acquisition.

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

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

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SUMMARY

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

PPL Corporation

PPL Corporation, headquartered in Allentown, PA, is an energy and utility holding company that was incorporated in 1994. Through its subsidiaries, PPL generates electricity from power plants in the northeastern and western U.S., markets wholesale or retail energy primarily in the northeastern and western portions of the U.S. and delivers electricity to approximately 4 million customers in Pennsylvania and the U.K. PPL's significant subsidiaries are shown below:

PPL Capital Funding

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

Pending Acquisition of the Kentucky Utility Group

On April 28, 2010, we, E.ON US Investments Corp., a Delaware corporation (E.ON U.S. Investments), and E.ON AG, a German corporation, entered into a Purchase and Sale Agreement (the Agreement) providing for the sale to us of E.ON U.S. LLC (E.ON U.S.), a wholly owned subsidiary of E.ON U.S. Investments.

E.ON US, through its public utility subsidiaries Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) and together with LG&E, the Kentucky Utility Group), provides electric service to 941,000 customers, primarily in Kentucky, with some customers in Virginia and Tennessee. LG&E also distributes and sells natural gas to 321,000 customers in Kentucky. The Kentucky Utility Group has 3,100 employees and owns and operates approximately 8,100 MW of regulated electric generation capacity. On a pro forma basis in 2009, we would have had approximately \$10 billion of annual revenues, served five million electricity customers in the United States and the United Kingdom, and owned or controlled approximately 20,000 MW of electricity generating capacity in the United States.

Pursuant to the Agreement, at closing, we will acquire all of the outstanding limited liability company interests of E.ON U.S. for cash consideration of approximately \$2.1 billion (the Acquisition). In addition, pursuant to the Agreement, we agreed to assume approximately \$925 million of pollution control bonds and to repay indebtedness owed by E.ON U.S. and its subsidiaries to E.ON U.S. Investments and its affiliates. Such affiliate indebtedness is currently estimated to be approximately \$4.6 billion. The aggregate consideration payable by us on closing, approximately \$7.6 billion (including the assumed indebtedness), is subject to adjustment for specified incremental investment in E.ON U.S. that will potentially be made by E.ON U.S. Investments and its affiliates prior to closing.

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We and E.ON U.S. Investments have made customary representations and warranties and covenants in the Agreement. The transaction is subject to customary closing conditions, including the expiration or termination of the applicable waiting period under the Hart Scott-Rodino Antitrust Improvement Act of 1976, as amended (the HSR Act), receipt of required regulatory approvals (including state regulators in Kentucky, Virginia and Tennessee, and the Federal Energy Regulatory Commission (FERC)) and the absence of injunctions or restraints imposed by governmental entities. Subject to receipt of required approvals, the transaction is expected to close by the end of 2010.

The Agreement also contains certain customary termination rights for both E.ON U.S. Investments and us, including a termination right for either party if the closing does not occur by April 28, 2011 (provided that either party may postpone such date to October 28, 2011 in the event that the only closing condition that remains to be satisfied is the receipt of regulatory approvals). In addition, E.ON U.S. Investments has the right to terminate the Agreement if we have failed to consummate the transaction when we were otherwise obligated to do so. Upon such termination, subject to certain conditions, we may be required to pay to E.ON U.S. Investments a termination fee of \$450 million.

Concurrently and in connection with entering into the Agreement, we entered into a \$6.5 billion 364-day unsecured bridge facility (the Bridge Facility), the proceeds of which may be used to fund the consideration for the Acquisition and to pay certain fees and expenses in connection with the Acquisition. The Bridge Facility will be used as a backstop in the event that alternative forms of financing, including proceeds from this offering and the concurrent common stock offering, are not available at or prior to the closing of the Acquisition. We do not currently intend to draw under the Bridge Facility but instead plan to finance the Acquisition through proceeds of this offering, the concurrent common stock offering and the subsequent issuance of debt securities.

Acquisition Rationale

The Acquisition is consistent with our stated strategy of rebalancing our asset portfolio and growing regulated earnings. We believe the acquisition provides us with significant benefits:

The acquisition of the Kentucky Utility Group rebalances our business mix and improves our credit profile

The Acquisition will significantly and immediately rebalance our business mix to more regulated operations while allowing us to retain upside to recovery in power markets. In addition, we expect to have a stronger and more stable credit profile resulting from an improved regulated and unregulated earnings mix, greater geographic diversification and the constructive regulatory framework in Kentucky. LG&E and KU are fully regulated utilities operating primarily in Kentucky. On a combined basis, the Acquisition will increase our total assets by approximately 38% and more than double our regulated rate base. The percentage of our EBITDA derived from regulated operations is expected to increase from 30% in 2010 to between 55% and 60% in 2011 on a combined basis. As a result, we believe the Acquisition will significantly reposition our business profile.

LG&E and KU have tangible growth opportunities

LG&E and KU are expected to experience significant rate base growth over the next five years. Capital expenditures at LG&E and KU are anticipated to total approximately \$3.4 billion between 2010 and 2014, resulting in expected rate base growth of approximately \$1.3 billion over that period. A significant portion of the planned capital expenditures is expected to be recovered through the environmental cost recovery mechanism, a mechanism based on Kentucky law that generally provides timely recovery of regulatory approved costs associated with environmental compliance for coal-fired generation. This mechanism includes construction work in progress and a separate return on equity between general rate cases, currently set at 10.63%.

Future Combined Business

The combination creates a geographically diverse utility holding company with pro forma 2009 revenues of over \$10 billion. The combined company will serve approximately 5.2 million electricity customers in the United

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States and the United Kingdom, and own an unregulated generation business with a total capacity of over 11,000 MW with a diverse mix of fuel supply. We believe we will benefit from a well-balanced business mix with significant scale, positioned in attractive regulated and competitive markets, with visible growth opportunities while preserving the upside potential of higher energy prices. Our pro forma structure is shown below:

Regulated Operations

PPL Electric Utilities

PPL Electric Utilities Corporation, or PPL Electric, serves approximately 1.4 million customers in Pennsylvania and enjoys attractive rate base investment opportunities to support its infrastructure and maintain reliability. PPL Electric's rate base is expected to grow by approximately \$2.2 billion between 2009 and 2014, with an estimated compound annual growth rate of approximately 7% in its distribution rate base and approximately 22% in its transmission rate base. PPL Electric's transmission development projects include the construction of the 150-mile, 500 kV Susquehanna-Roseland transmission line that is part of Pennsylvania-New Jersey-Maryland's (PJM) Regional Transmission Expansion Program. PPL Electric's portion of the line is expected to cost \$510 million. The FERC tariff for this project includes an approved 12.93% ROE.

Western Power Distribution (WPD)

Our U.K. electricity distribution business, Western Power Distribution, or WPD, which is an indirect subsidiary of PPL Energy Supply, LLC, delivers electricity to approximately 2.6 million end users in the United Kingdom. WPD's regulatory asset base, or RAB, is expected to increase from \$2.6 billion to \$3.3 billion between 2010 and 2014. WPD is allowed an average increase in total revenues, before inflationary adjustments, of 6.9% for the five year period from April 1, 2010 through March 31, 2015 based on the outcome of the most recent 5-year review of WPD's cost structure by the U.K. regulatory authority. The utility has earned the U.K. Customer Excellence Award for 18 consecutive years.

LG&E and KU

LG&E and KU are vertically integrated utility companies. LG&E delivers electricity and gas to approximately 717,000 customers in Kentucky and KU delivers electricity to approximately 545,000 customers in Kentucky and Virginia. We believe the companies operate in a constructive and fair regulatory environment that is generally viewed as balancing the interests of consumers and investors, generally providing timely recovery of approved environmental investments, as well as timely recovery for fuel costs and gas supply. These regulatory mechanisms, together with periodic rate case filings, provide the utilities the opportunity to earn their allowed ROEs. LG&E and KU also have strong customer service records as demonstrated by their first place J.D. Power regional awards for

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customer service in seven of the last ten years. The utilities have among the lowest operating costs in the United States and overall rates that are among the lowest rates in the nation, with 2009 electric retail rates 30% below the Midwest average and 32% below the overall U.S. average, according to the Edison Electric Institute.

Competitive Electric Generation Operations

PPL Energy Supply

PPL Energy Supply owns a highly attractive baseload-oriented competitive generation portfolio, with competitively positioned gas, nuclear, hydro and efficient coal assets. Our coal and nuclear fleet accounts for a total of 55% of 2010 installed capacity and 83% of expected 2010 generation. Our nuclear and hydro uprate / expansion projects are expected to add an additional 239 MW by 2013. Approximately 40% of our current generation output emits lower or no carbon dioxide to the air and, as a result, PPL Energy Supply could be a potential net beneficiary of certain carbon emission regulation. The underlying value of PPL Energy Supply is strongly and positively correlated to a recovery in natural gas prices because gas-fired generation generally establishes the marginal clearing price for electricity in the PJM Regional Transmission Interconnection Area where PPL Energy Supply has significant generation capacity. PPL Energy Supply's disciplined multi-year hedging program is designed to mitigate against further weakness in energy prices in the near term. As of March 31, 2010, expected baseload volumes are hedged 100% for 2010, 96% for 2011 and 61% for 2012.

Concurrent Common Stock Offering

Concurrently with this offering of Equity Units, we are offering, by means of a separate prospectus supplement, 90,000,000 shares of our common stock (or 103,500,000 shares of our common stock if the underwriters of that offering exercise in full their over-allotment option). This offering of Equity Units is not contingent on the offering of common stock and the offering of common stock is not contingent upon this offering of Equity Units. See Concurrent Common Stock Offering .

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THE OFFERING

What are Equity Units?

Equity Units may be either Corporate Units or Treasury Units, as described below. The Equity Units will initially consist of 20,000,000 Corporate Units (or 23,000,000 Corporate Units if the underwriters exercise their over-allotment option in full), each with a stated amount of \$50. You can create Treasury Units from Corporate Units in the manner described below under [How can I create Treasury Units from Corporate Units?](#)

What are the components of a Corporate Unit?

Each Corporate Unit initially consists of a purchase contract and a 1/20, or 5.0%, undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding's 4.625% junior subordinated notes due 2018. The undivided beneficial ownership interest in the notes corresponds to \$50 principal amount of PPL Capital Funding's notes. The notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000, except in certain limited circumstances. Your undivided beneficial ownership interest in the notes comprising part of each Corporate Unit is owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract. Upon a successful optional remarketing (as defined under [What is an optional remarketing?](#)), the notes comprising part of the Corporate Units will be replaced by the Treasury portfolio described below under [What is the Treasury Portfolio?](#) and the applicable ownership interest in the Treasury portfolio will then be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

What is a purchase contract?

Each purchase contract that is a component of an Equity Unit obligates you to purchase, and obligates us to sell, on July 1, 2013 (which we refer to as the [purchase contract settlement date](#)), for \$50 in cash, a number of shares of our common stock equal to the [settlement rate](#). The settlement rate will be calculated, subject to adjustment under the circumstances set forth in [Description of the Purchase Contracts - Anti-dilution Adjustments](#) and [Description of the Purchase Contracts - Early Settlement Upon a Fundamental Change](#), as follows:

if the applicable market value (as defined below) of our common stock is equal to or greater than the [threshold appreciation price](#) of \$28.80, the settlement rate will be 1.7361 shares of our common stock (we refer to such settlement rate as the [minimum settlement rate](#));

if the applicable market value of our common stock is less than the threshold appreciation price but greater than the [reference price](#) of \$24.00, the settlement rate will be a number of shares of our common stock equal to \$50 divided by the applicable market value, rounded to the nearest ten thousandth of a share; and

if the applicable market value of our common stock is less than or equal to the reference price of \$24.00, the settlement rate will be 2.0833 shares of our common stock (we refer to such settlement rate as the [maximum settlement rate](#)).

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

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

Contracts Purchase of Common Stock. The reference price is the public offering price of our common stock in the concurrent common stock offering. The threshold appreciation price represents a 20% appreciation over the reference price.

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

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Can I settle the purchase contract early?

You can settle a purchase contract at any time prior to 5:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, other than, in the case of the Corporate Units, (i) from 5:00 p.m., New York City time, on the second business day immediately following the date on which we give our notice of an optional remarketing until the settlement date of such remarketing or the date we announce that such remarketing was unsuccessful and (ii) after 5:00 p.m., New York City time, on the second business day immediately preceding the first day of the final remarketing period (as defined under [What is a final remarketing?](#)) (we refer to each such period as a [blackout period](#)), by paying \$50 in cash, in which case 1.7361 shares of our common stock will be issued to you pursuant to the purchase contract (subject to adjustment as described below under [Description of the Purchase Contracts](#) [Anti-Dilution Adjustments](#) and [Description of the Purchase Contracts](#) [Early Settlement Upon a Fundamental Change](#)). You may only elect early settlement in integral multiples of 20 Corporate Units and 20 Treasury Units; provided that if the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of 64,000 Corporate Units. See [Description of the Purchase Contracts](#) [Early Settlement](#).

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

What is a Treasury Unit?

A Treasury Unit is a unit created from a Corporate Unit and consists of a purchase contract and a 1/20, or 5.0%, undivided beneficial ownership interest in a zero-coupon U.S. Treasury security with a principal amount at maturity of \$1,000 that matures on or prior to June 30, 2013 (CUSIP No. 912820RA7), which we refer to as a [Treasury security](#). The ownership interest in the Treasury security that is a component of a Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

How can I create Treasury Units from Corporate Units?

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

How can I recreate Corporate Units from Treasury Units?

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

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

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

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

Subject to any deferral as described in [Do we or does PPL Capital Funding have the option to defer current payments?](#) below, holders of Corporate Units will be entitled to receive quarterly cash distributions consisting of their pro rata share of interest payments on the notes, equivalent to the rate of 4.625% per year, on the undivided beneficial ownership interest in notes (or distributions on the applicable ownership interests in the Treasury portfolio if the notes have been replaced by the Treasury portfolio) and quarterly contract adjustment payments payable by us at the rate of 4.875% per year on the stated amount of \$50 per Corporate Unit until the earliest of the purchase contract settlement date, the early settlement date (in the case of early settlement upon a fundamental change) and the most recent quarterly payment date on or before any early settlement of the related purchase contracts (in the case of early settlement other than upon a fundamental change). Our obligations with respect to the contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our Senior Indebtedness (as defined under [Description of the Notes](#) [Subordination](#)).

What payments will I be entitled to if I convert my Corporate Units to Treasury Units?

Subject to any deferral as described in [Do we or does PPL Capital Funding have the option to defer current payments?](#) below, holders of Treasury Units will be entitled to receive quarterly contract adjustment payments payable by us at the rate of 4.875% per year on the stated amount of \$50 per Treasury Unit. There will be no distributions in respect of the Treasury securities that are a component of the Treasury Units, but the holders of the Treasury Units will continue to receive the scheduled quarterly interest payments on the notes that were released to them when they created the Treasury Units as long as they continue to hold such notes, subject to PPL Capital Funding's right to defer such payments.

Do we or does PPL Capital Funding have the option to defer current payments?

We have the right to defer the payment of contract adjustment payments until the purchase contract settlement date; *provided* that in the event of an early settlement upon a fundamental change or an early settlement other than upon a fundamental change, each as described in this prospectus supplement, we will pay deferred contract adjustment payments to, but excluding, the early settlement date or to, but excluding, the quarterly payment date immediately preceding the early settlement of the purchase contracts, respectively. Any deferred contract adjustment payments will accrue additional contract adjustment payments at the rate of 9.5% per year until paid, compounded quarterly, to, but excluding, the payment date. We refer to additional contract adjustment payments that accrue on deferred contract adjustment payments as [compounded contract adjustment payments](#). We may pay any such deferred contract adjustment payments (including compounded contract adjustment payments thereon) on any scheduled contract adjustment payment date.

If we exercise our option to defer the payment of contract adjustment payments, then until the deferred contract adjustment payments (including compounded contract adjustment payments thereon) have been paid, we will not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of our capital stock, subject to the exceptions set forth under [Description of the Purchase Contracts](#) [Contract Adjustment Payments](#).

In addition, PPL Capital Funding may elect at one or more times to defer payment of interest on the notes for one or more consecutive interest periods; *provided* that each deferred interest payment may only be deferred until the earlier of (x) the third anniversary of the interest payment date on which the interest payment was originally scheduled to be

paid and (y) July 1, 2015. We or PPL Capital Funding may pay any such deferred interest on any scheduled interest payment date occurring on or prior to July 1, 2015. Deferred interest on the notes will bear interest at the interest rate applicable to the notes, compounded on each interest payment date, subject to applicable law. In connection with any successful remarketing during the final remarketing period, all accrued and unpaid deferred interest (including compounded interest thereon) will be paid to the holders of the notes (whether or not such notes were remarketed in such remarketing) on the purchase contract settlement date in cash.

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PPL Capital Funding will not be permitted to defer the interest payable on the purchase contract settlement date with respect to any notes that are successfully remarketed during the final remarketing period.

In the event that PPL Capital Funding exercises the option to defer the payment of interest, then until the deferred interest payments (including compounded interest thereon) have been paid, among other things, we generally will not (i) declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of our capital stock or (ii) make a payment on any of our indebtedness or on a guarantee that in each case ranks *pari passu* with, or junior to, the guarantees (as of their date of issuance and not taking into account the modifications to the ranking of the notes in connection with a successful remarketing), subject to certain exceptions. See Description of the Notes Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances.

For the avoidance of doubt, in all cases, including in the event of a failed remarketing, we will have no right to defer the payment of interest on the notes beyond July 1, 2015. In connection with a successful remarketing, PPL Capital Funding will remove the interest deferral provisions of the notes.

What are the payment dates for the Corporate Units and Treasury Units?

Subject to any deferral as described in Do we or does PPL Capital Funding have the option to defer current payments? above, the payments described above in respect of the Equity Units will be payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year (except where such date is not a business day, interest and contract adjustment payments will be payable on the next subsequent business day, without adjustment), commencing October 1, 2010. We will make these payments to the person in whose name the Equity Unit is registered at the close of business on the fifteenth day of the month preceding the month in which the payment date falls.

What is a remarketing?

We refer to each of an optional remarketing and a final remarketing as a remarketing, whereby the notes that are a part of Corporate Units and any separate notes whose holders have decided to participate in the remarketing will be remarketed in two tranches, as described below under What is an optional remarketing? or, if no optional remarketing has occurred or is successful, in a final remarketing as described below under What is a final remarketing?

The notes to be remarketed will be divided into two tranches, such that neither tranche will have an aggregate principal amount of less than the lesser of \$300 million and 50% of the aggregate principal amount of the notes to be remarketed. One tranche will mature on or about the third anniversary of the settlement date of the remarketing and the other will mature on or about the fifth anniversary of such settlement date. The interest deferral provisions of the notes will not apply to the notes remarketed in an optional remarketing or a final remarketing. The subordination provisions of the notes and the guarantees will not apply to the notes remarketed in a final remarketing, unless we make an irrevocable election otherwise, which shall apply to both tranches, by notice to the trustee at any time on or prior to December 28, 2010 (six months from the date of initial issuance of the Corporate Units). Unless we so elect, the notes remarketed in the final remarketing will be the senior, unsecured obligations of PPL Capital Funding guaranteed on a senior, unsecured basis by PPL Corporation. We will allocate the notes whose holders elect not to participate in any remarketing, without any requirement for the consent of such holders, into these two tranches, such that neither tranche immediately after the settlement date of the remarketing will have an aggregate principal amount of less than the lesser of \$300 million and 50% of the aggregate principal amount of the notes then outstanding.

In order to remarket each tranche of notes, the remarketing agent may reset the interest rate on the notes of such tranche (either upward or downward) in order to produce the required price in the remarketing. In connection with any successful remarketing, PPL Capital Funding, in consultation with the remarketing agent and without the consent of

any holders of notes, may, with respect to each tranche, elect to:

extend the earliest redemption date on which PPL Capital Funding may call the notes of such tranche for redemption from July 1, 2015 to a later date or to eliminate the redemption provisions of the notes of such tranche altogether; and /or

calculate interest on the notes of such tranche on a fixed or floating rate basis.

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During the applicable blackout period:

you may not settle a purchase contract early;

you may not create Treasury Units; and

you may not recreate Corporate Units from Treasury Units.

We have agreed to enter into a remarketing agreement with one or more nationally recognized investment banking firms (as the remarketing agent(s)) and the purchase contract agent no later than 30 days prior to the first day of the optional remarketing period. We will separately pay a fee to the remarketing agent for its services as remarketing agent. Holders whose notes are remarketed will not be responsible for the payment of any remarketing fee in connection with the remarketing.

What is an optional remarketing?

We may elect, at our option, to remarket the notes in two tranches over a period of one or more dates selected by us that fall during the period from and including March 28, 2013 (the second business day immediately preceding the interest payment date prior to the purchase contract settlement date) and ending on June 13, 2013 (the third business day prior to the first day of the final remarketing period), whereby the aggregate principal amount of the notes that are a part of Corporate Units and any separate notes whose holders have decided to participate in the optional remarketing will be remarketed. We refer to this period as the optional remarketing period, a remarketing that occurs during the optional remarketing period as an optional remarketing and the date we price the notes offered in an optional remarketing as the optional remarketing date. If we elect to conduct an optional remarketing, the remarketing agent will use its reasonable efforts to obtain a price for each tranche of notes to be remarketed that results in proceeds of at least 100% of the relevant fraction (as defined below) of the aggregate of the purchase price for the Treasury portfolio described below under What is the Treasury portfolio? and the separate notes purchase price described under

Description of the Notes Remarketing of Notes That Are Not Included in Corporate Units. The relevant fraction for a tranche of notes is a fraction the numerator of which is the aggregate principal amount of the notes in such tranche that are being remarketed and the denominator of which is the aggregate principal amount of the notes to be remarketed. If we elect to remarket the notes in the optional remarketing period, the optional remarketing date will be the same for both tranches and the settlements of both tranches will be conditioned on each other. We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate notes of our election to conduct an optional remarketing no later than 15 days prior to the date we begin the optional remarketing. On the business day following the optional remarketing date, we will notify holders of separate notes who decided not to participate in the optional remarketing how we will allocate their notes between the two tranches.

Notwithstanding anything to the contrary, we may only elect to conduct an optional remarketing if PPL Capital Funding is not then deferring interest on the notes.

Following a successful optional remarketing of the notes, the remarketing agent will purchase the Treasury portfolio at the Treasury portfolio purchase price (as defined herein), and deduct such price from the proceeds of the optional remarketing. Any remaining proceeds will be remitted by the remarketing agent to the purchase contract agent for the benefit of the holders whose notes were remarketed.

The Corporate Unit holder's applicable ownership interest in the Treasury portfolio will be substituted for the holder's applicable ownership interest in the notes as a component of the Corporate Units and will be pledged to us through the collateral agent to secure the Corporate Unit holder's obligation under the related purchase contract. On the purchase

contract settlement date, a portion of the proceeds from the Treasury portfolio equal to \$50 will automatically be applied to satisfy the Corporate Unit holder's obligation to purchase common stock under the purchase contract and proceeds from the Treasury portfolio equal to the interest payment (assuming no reset of the interest rate) that would have been attributable to the applicable ownership interests in notes on the purchase contract settlement date will be paid to the Corporate Unit holders.

If we elect to conduct an optional remarketing and such remarketing is successful:

settlement of the remarketed notes will occur on the third business day following the optional remarketing date (we refer to such third business day as the optional remarketing settlement date);

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the interest rate on each tranche of remarketed notes will be reset on the optional remarketing settlement date, if applicable;

your Corporate Units will consist of a purchase contract and the applicable ownership interest in the Treasury portfolio, as described above; and

you may no longer create Treasury Units or recreate Corporate Units from Treasury Units.

If we do not elect to conduct an optional remarketing during the optional remarketing period, or no optional remarketing succeeds for any reason, the notes will continue to be a component of the Corporate Units or will continue to be held separately and the remarketing agent will use its reasonable efforts to remarket the notes during the final remarketing period, as described below.

What is a final remarketing?

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, we will remarket the notes, in two tranches, during the 7 business day period ending on June 26, 2013 (the third business day immediately preceding the purchase contract settlement date), whereby the aggregate principal amount of the notes that are a part of Corporate Units and any separate notes whose holders have decided to participate in the remarketing will be remarketed. We refer to such period as the final remarketing period, the remarketing during this period as the final remarketing and the date we price the notes offered in the final marketing as the final remarketing date. The remarketing agent will use its reasonable efforts to obtain a price for each tranche of notes to be remarketed that results in proceeds of at least 100% of the aggregate principal amount of such tranche of notes. We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate notes of the final remarketing no later than the third business day prior to the first day of the final remarketing period. On the business day following the final remarketing date, we will notify holders of separate notes who decided not to participate in the final remarketing how we will allocate their notes between the two tranches. We have the right to postpone the final remarketing in our absolute discretion on any day prior to the last five business days of the final remarketing period. The final remarketing date will be the same for both tranches of notes and settlements of both tranches will be conditioned on each other.

Following a successful remarketing during the final remarketing period, the remarketing agent will remit the proceeds of the remarketing directly to the purchase contract agent, and the portion of the proceeds equal to the total principal amount of the notes underlying the Corporate Units will automatically be applied to satisfy in full the Corporate Unit holders' obligations to purchase common stock under the related purchase contracts. Any excess proceeds will be remitted by the remarketing agent to the purchase contract agent for the benefit of the holders whose notes were remarketed.

Upon a successful final remarketing, settlement of the remarketed notes will occur on the purchase contract settlement date and, if applicable, the interest rate on each tranche of the notes will be reset on such date.

What happens if the notes are not successfully remarketed?

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, if (1) despite using its reasonable efforts, the remarketing agent cannot remarket the notes during the final remarketing period at a price equal to or greater than 100% of the aggregate principal amount of notes remarketed, or (2) the final remarketing has not occurred because a condition precedent to the remarketing has not been fulfilled, in each case resulting in a failed remarketing, holders of all notes will have the right to put their notes to

us for an amount equal to the principal amount of their notes, plus accrued and unpaid interest (including deferred interest and compounded interest thereon), on the purchase contract settlement date. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the notes underlying such Corporate Units unless, prior to 5:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, the holder provides written notice of an intention to settle the related purchase contracts with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the collateral agent \$50 in cash per purchase contract. This settlement with separate cash may only be effected in integral multiples of 20 Corporate Units. Unless a holder of

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Corporate Units has settled the related purchase contracts with separate cash on or prior to the business day immediately preceding the purchase contract settlement date, the holder will be deemed to have elected to apply a portion of the proceeds of the put price equal to the principal amount of the notes against such holder's obligations to us under the related purchase contracts, thereby satisfying such obligations in full, and we will deliver to the holder our common stock pursuant to the related purchase contracts.

Do I have to participate in the remarketing?

You may elect not to participate in any remarketing and to retain the notes underlying the undivided beneficial ownership interests in notes comprising part of your Corporate Units by (1) creating Treasury Units at any time other than during a blackout period, (2) settling the related purchase contracts early at any time other than during a blackout period or (3) in the case of a final remarketing, notifying the purchase contract agent of your intention to pay cash to satisfy your obligation under the related purchase contracts prior to 5:00 p.m., New York City time, on the second business day immediately prior to the first day of the final remarketing period, and delivering the cash payment required under the purchase contracts to the collateral agent on or prior to 5:00 p.m., New York City time, on the business day immediately prior to the first day of the final remarketing period. You can only elect to satisfy your obligation in cash in increments of 20 Corporate Units. See [Description of the Purchase Contracts](#) [Notice to Settle with Cash](#).

Which provisions will govern the notes following the remarketing?

In the case of a final remarketing, the remarketed notes will be senior, unsecured obligations of PPL Capital Funding, Inc. and will be guaranteed on a senior, unsecured basis by PPL Corporation unless we make an irrevocable election otherwise, by notice to the trustee at any time on or prior to December 28, 2010 (six months from the date of initial issuance of the Corporate Units). These notes will be governed by an indenture dated November 1, 1997 among us, PPL Capital Funding, Inc. and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.), as trustee, and a supplemental indenture thereto reflecting any of the terms of the notes that we elect to modify without the consent of any holders of notes in connection with the remarketing. See [Description of the Notes](#) [Remarketing](#).

In the case of a final remarketing and we have made an irrevocable election (as described above) or in the case of an optional remarketing, the notes will continue to be subordinated and to be governed by the indenture and the supplemental indenture under which they were issued; however, we may modify some of the terms of the notes without the consent of any holders of notes in connection with the remarketing. See [Description of the Notes](#) [Remarketing](#).

If I am holding a note as a separate security from the Corporate Units, can I still participate in a remarketing of the notes?

If you hold notes separately, you may elect, in the manner described in this prospectus supplement, to have your notes remarketed by the remarketing agent along with the notes underlying the Corporate Units. See [Description of the Notes](#) [Remarketing of Notes That Are Not Included in Corporate Units](#). You may also participate in any remarketing by recreating Corporate Units from your Treasury Units at any time prior to such remarketing, other than during a blackout period.

How can I satisfy my obligation under the purchase contracts?

You may satisfy your obligations under the purchase contracts as follows:

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in the case of the Corporate Units, through the automatic application of the portion of the proceeds of the remarketing equal to the principal amount of the notes underlying the Corporate Units, as described under "What is a final remarketing?" above;

through early settlement as described under "Can I settle the purchase contract early?" and under "What happens if there is early settlement upon a fundamental change?" below;

in the case of Corporate Units, through cash settlement as described under "Do I have to participate in the remarketing?" above;

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through the automatic application of the proceeds of the Treasury securities, in the case of the Treasury Units;

in the case of Corporate Units, through the automatic application of the portion of the proceeds from the Treasury portfolio equal to the principal amount of the notes if the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing; or

in the case of Corporate Units, through exercise of the put right as described under **What happens if the notes are not successfully remarketed?** above.

In addition, the purchase contract and pledge agreement that governs the Corporate Units and Treasury Units provides that your obligations under the purchase contracts will be terminated without any further action upon the termination of the purchase contracts as a result of our bankruptcy, insolvency or reorganization.

If you settle a purchase contract early (other than pursuant to your fundamental change early settlement right) you will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the quarterly payment date immediately preceding the early settlement date. If your purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization, you will have no right to receive any accrued but unpaid contract adjustment payments (including deferred contract adjustment payments and compounded contract adjustment payments thereon). See **Description of the Purchase Contracts Early Settlement** and **Description of the Purchase Contracts Termination**.

What interest payments will I receive on the notes or on the undivided beneficial ownership interests in the notes?

Subject to any deferral as described in **Do we or does PPL Capital Funding have the option to defer current payments?** above, the notes will bear interest at the rate of 4.625% per year from the original issuance date to the purchase contract settlement date or, if earlier, the optional remarketing settlement date, initially payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, commencing October 1, 2010 (except where such date is not a business day, interest will be payable as of the next subsequent business day, without adjustment). On and after the purchase contract settlement date or, if earlier, the optional remarketing settlement date, interest on each note will be payable at the relevant reset interest rate or, if the interest rate has not been reset, at the initial interest rate of 4.625% per year. Interest will be payable to the person in whose name the note is registered at the close of business on the fifteenth day of the month preceding the month in which the interest payment date falls. In addition, if any of the remarketed notes are fixed-rate notes, following a successful remarketing, interest on such notes will be payable on a semi-annual basis.

When will the interest rate on the notes be reset and what is the reset rate?

The interest rate on each tranche of notes may be reset in connection with a successful remarketing as described above under **What is an optional remarketing?** and **What is a final remarketing?**, respectively. The reset rate will be the interest rate determined by the remarketing agent as the rate the notes of such tranche should bear in order for the aggregate principal amount of such tranche of notes to have an aggregate market value on the optional remarketing date of at least 100% of the relevant fraction of the aggregate of the Treasury portfolio purchase price plus the separate notes purchase price, if any, in the case of an optional remarketing, or at least 100% of the aggregate principal amount of the notes of such tranche being remarketed, in the case of a final remarketing. In any case, a reset rate may be higher or lower than the initial interest rate of the notes depending on the results of the remarketing and market conditions at that time. The interest rate on the notes will not be reset if there is not a successful remarketing and the

notes will continue to bear interest at the initial interest rate. The reset rate may not exceed the maximum rate, if any, permitted by applicable law.

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When may the notes be redeemed?

The notes may not be redeemed by PPL Capital Funding until July 1, 2015. The notes will be redeemable thereafter, at PPL Capital Funding's option, in whole but not in part, at any time or from time to time, at a redemption price equal to the principal amount thereof and any accrued and unpaid interest to the date of redemption. PPL Capital Funding may at any time irrevocably waive its right to redeem the notes for any specified period (including the remaining term of the notes).

What happens if there is early settlement upon a fundamental change?

Prior to the purchase contract settlement date, if we are involved in a transaction that constitutes a fundamental change, as such term is defined under "Description of the Purchase Contracts - Early Settlement Upon a Fundamental Change," you will have the right, subject to certain exceptions and conditions described in this prospectus supplement, to accelerate and settle a purchase contract early at the settlement rate described under "Description of the Purchase Contracts - Early Settlement Upon a Fundamental Change," plus an additional make-whole amount of shares (such additional make-whole amount of shares being hereafter referred to as the "make-whole shares"); provided that at such time, if so required under the U.S. federal securities laws, there is in effect a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled. We refer to this right as the "fundamental change early settlement right."

We will provide each of the holders with a notice of the completion of a fundamental change within five business days thereof. The notice will specify a date, which shall be at least 10 days after the date of the notice but no later than the earlier of 20 days after the date of such notice and two business days prior to the commencement of the optional remarketing period, or, if we do not elect to conduct an optional remarketing or the optional remarketing is not successful, the commencement of the final remarketing period or, if the final remarketing is not successful, the purchase contract settlement date, by which each holder's fundamental change early settlement right must be exercised. The notice will set forth, among other things, the applicable settlement rate and the amount of the cash, securities and other consideration receivable by the holder upon settlement. To exercise the fundamental change early settlement right, you must deliver to the purchase contract agent, no later than 4:00 p.m., New York City time, on the third business day before the early settlement date, the certificate evidencing your Corporate Units or Treasury Units if they are held in certificated form, and payment of the applicable purchase price in immediately available funds less the amount of any accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the early settlement date.

If you exercise the fundamental change early settlement right, we will deliver to you on the early settlement date the kind and amount of securities, cash or other property that you would have been entitled to receive if you had settled the purchase contract immediately before the fundamental change at the settlement rate described above, plus the make-whole shares. You will also receive the notes, applicable ownership interests in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be. If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and subject to normal settlement on the settlement date. We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement upon a fundamental change. In the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right shall be void unless and until such a registration statement shall be effective and we will have no further obligation with respect to any such registration statement if, notwithstanding using our commercially reasonable efforts, no

registration statement is then effective.

Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the notes as a component of Corporate Units, holders of the

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Corporate Units may exercise the fundamental change early settlement right only in integral multiples of Corporate Units.

A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

The number of make-whole shares applicable to a fundamental change early settlement will be determined by reference to the table set forth under Description of the Purchase Contracts Early Settlement Upon a Fundamental Change.

What is the Treasury portfolio?

Upon a successful optional remarketing, the notes will be replaced by the Treasury portfolio. The Treasury portfolio is a portfolio of U.S. Treasury securities consisting of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount equal to the principal amount of the notes underlying the applicable ownership interests in the notes included in the Corporate Units; and

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date, in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been due on the purchase contract settlement date on the principal amount of the notes underlying the applicable ownership interests in the notes included in the Corporate Units.

What is the ranking of the notes?

The notes will initially be subordinated to all of PPL Capital Funding's existing and future Senior Indebtedness. PPL Capital Funding's obligations under the notes are also effectively subordinated to all our subsidiaries' obligations (other than those of PPL Capital Funding).

See Description of the Notes Subordination.

What are the guarantees?

The notes will be fully and unconditionally guaranteed by PPL Corporation as to payment of principal and interest pursuant to subordinated guarantees of PPL Corporation. The subordinated guarantees will be PPL Corporation's unsecured obligations and will be subordinated to all of PPL Corporation's Senior Indebtedness. The subordinated guarantees will rank equally in right of payment with PPL Corporation's other unsecured and subordinated indebtedness. As PPL Corporation is a holding company, its obligations under the subordinated guarantees will be effectively subordinated to all existing or future preferred stock and indebtedness, guarantees and other liabilities of its subsidiaries, including trade payables, and effectively subordinated to any of its secured indebtedness to the extent of the value of the assets securing such indebtedness. Since PPL Corporation conducts many of its operations through its subsidiaries, its right to participate in any distribution of the assets of a subsidiary when it winds up its business is subject to the prior claims of the creditors of the subsidiary. This means that your rights under the subordinated guarantees will also be subject to the prior claims of these creditors if a subsidiary liquidates or reorganizes or otherwise winds up its business. Unless we are considered a creditor of the subsidiary, your claims will be recognized behind these creditors.

What are the U.S. federal income tax consequences related to the Equity Units and notes?

The U.S. federal income tax treatment of an investment in Equity Units is not entirely clear. An owner of Equity Units will be treated for U.S. federal income tax purposes as owning the purchase contract and the applicable ownership interests in the notes, Treasury portfolio or Treasury securities constituting the Equity Unit, as applicable. You must allocate the purchase price of the Equity Units between the notes and the purchase contract in proportion to their respective fair market values, which will establish your initial tax basis in the notes and the purchase contract. With respect to each Corporate Unit purchased in the offering, we expect to treat the fair market

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value (as of the issue date) of each undivided interest in each note as \$50 and the fair market value (as of the issue date) of the purchase contract as \$0. This position generally will be binding on each beneficial owner of Equity Units but not on the Internal Revenue Service (IRS).

For U.S. federal income tax purposes, you will be required to take into account interest payments on the notes at the time they are paid or accrued in accordance with your regular method of accounting for tax purposes. If the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a successful optional remarketing, an owner of Corporate Units will generally be required to include in gross income its allocable share of acquisition discount (as described under Certain United States Federal Income and Estate Tax Consequences) on applicable ownership interest in the Treasury portfolio.

We intend to treat contract adjustment payments as taxable ordinary income to a U.S. holder (as defined in Certain United States Federal Income and Estate Tax Consequences) when received or accrued, in accordance with the U.S. holder's regular method of tax accounting. We intend to treat any contract adjustment payments paid to a non-U.S. holder (as defined in Certain United States Federal Income and Estate Tax Consequences) as amounts generally subject to withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax.

Although the IRS has issued a published ruling discussing certain aspects of instruments similar to the Equity Units, the Equity Units are complex financial instruments and there is no statutory, judicial or administrative authority directly addressing the tax treatment of securities with the terms of the Equity Units. Please consult your own tax advisors concerning the tax consequences of an investment in the Equity Units. For a more extensive discussion of the U.S. federal income tax consequences of an investment in the Equity Units, see Certain United States Federal Income and Estate Tax Consequences.

What are the uses of proceeds from the offering?

We estimate that the net proceeds from the sale of the Equity Units in this offering will be approximately \$970 million (approximately \$1.12 billion if the underwriters exercise their over-allotment option in full), after deducting the underwriters' discounts and commissions and estimated offering expenses payable by us. In addition, we expect to receive net proceeds, after deducting underwriting discounts and commissions and estimated offering expenses, of approximately \$2.09 billion from our concurrent common stock offering (or approximately \$2.41 billion if the underwriters of that offering exercise in full their option to purchase additional shares).

We will use the net proceeds from this offering and the concurrent common stock offering to finance the Acquisition and pay certain fees and expenses relating to the Acquisition. Pending that application of funds, we intend to invest the proceeds from this offering in United States government obligations, bank deposits or other highly-rated investments.

We currently intend to use the proceeds from the settlement of the purchase contracts to repay debt as soon as practicable following such settlement, and we have agreed not to use such proceeds to repurchase shares of our common stock.

What are the risks relating to the Equity Units?

See Risk Factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the Equity Units.

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The Offering Explanatory Diagrams

The following diagrams illustrate some of the key features of the purchase contracts and the undivided beneficial ownership interests in notes, Corporate Units and Treasury Units.

The following diagrams assume that the notes are successfully remarketed and priced during the final remarketing period and the interest rate on each tranche of notes is reset on the purchase contract settlement date.

Purchase Contract

Corporate Units and Treasury Units both include a purchase contract under which the holder agrees to purchase shares of our common stock on the purchase contract settlement date. In addition, these purchase contracts require us to make contract adjustment payments as shown in the diagrams on the following pages.

Applicable Market Value⁽⁶⁾

Applicable Market Value⁽⁶⁾

Notes:

- (1) If the applicable market value of our common stock is less than or equal to the reference price of \$24.00, 2.0833 shares of our common stock (subject to adjustment).
- (2) If the applicable market value of our common stock is between the reference price and the threshold appreciation price of \$28.80, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be calculated by dividing the stated amount of \$50 by the applicable market value, rounded to the nearest ten thousandth of a share (subject to adjustment).
- (3) If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be 1.7361 shares (subject to adjustment).
- (4) The reference price is the public offering price of our common stock in the concurrent common stock offerings.
- (5) The threshold appreciation price represents a 20% appreciation over the reference price.
- (6) Expressed as a percentage of the reference price. The applicable market value means the average VWAP of our common stock on each of the 20 consecutive trading days ending on the third scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment).

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Corporate Units

A Corporate Unit consists of two components as described below:

Notes:

- (1) Each owner of an undivided beneficial ownership interest in notes will be entitled to 1/20, or 5.0%, of each interest payment paid in respect of a \$1,000 principal amount note.
- (2) Interest payments may be deferred as described in this prospectus supplement. In connection with a successful remarketing, the optional deferral provisions of the notes will cease to apply.
- (3) Contract adjustment payments may be deferred as described in this prospectus supplement.
- (4) Notes will be issued in minimum denominations of \$1,000, except in limited circumstances. Each undivided beneficial ownership interest in notes represents a 1/20, or 5.0%, undivided beneficial ownership interest in a \$1,000 principal amount note.

The holder of a Corporate Unit owns the 1/20 undivided beneficial ownership interest in notes that forms a part of the Corporate Unit but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

If the Treasury portfolio has replaced the notes as a result of a successful optional remarketing prior to the final remarketing period, the applicable ownership interests in the Treasury portfolio will replace the notes as a component of the Corporate Unit. Unless the purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization, the proceeds from the applicable ownership interest in the Treasury portfolio will be used to satisfy the holder's obligation under the related purchase contract.

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Treasury Units

A Treasury Unit consists of two components as described below: ⁽¹⁾

The holder of a Treasury Unit owns the 1/20 undivided beneficial ownership interest in the Treasury security that forms a part of the Treasury Unit but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract. Unless the purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization or the holder recreates a Corporate Unit, the proceeds from the Treasury security will be used to satisfy the holder's obligation under the related purchase contract.

Notes:

- (1) Unless the Treasury portfolio has replaced the notes as a component of the Corporate Units, Treasury Units may only be created with integral multiples of 20 Corporate Units. As a result, the creation of 20 Treasury Units will release \$1,000 principal amount of the notes held by the collateral agent.
- (2) Contract adjustment payments may be deferred as described in this prospectus supplement.

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The Notes

The notes have the terms described below:

Notes:

- (1) Interest payments may be deferred as described in this prospectus supplement. In connection with a successful remarketing, the interest deferral provisions of the notes will cease to apply.

Transforming Corporate Units into Treasury Units and Notes

Because the notes and the Treasury securities are issued in minimum denominations of \$1,000, holders of Corporate Units may only create Treasury Units in integral multiples of 20 Corporate Units.

To create 20 Treasury Units, a holder separates 20 Corporate Units into their two components – 20 purchase contracts and a note – and then combines the purchase contracts with a Treasury security that matures on or prior to June 30, 2013.

The note, which is no longer a component of Corporate Units and has a principal amount of \$1,000, is released to the holder and is tradable as a separate security.

A holder owns the Treasury security that forms a part of the Treasury Units but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

The Treasury security together with the 20 purchase contracts constitute 20 Treasury Units.

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Following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.

Unless there has been a successful remarketing, the holder can also transform 20 Treasury Units and a \$1,000 principal note into 20 Corporate Units. Following that transformation, the Treasury security, which will no longer be a component of the Treasury Unit, will be released to the holder and will be tradable as a separate security.

Notes:

- (1) Each holder will own a 1/20, or 5.0%, undivided beneficial ownership interest in, and will be entitled to a corresponding portion of each interest payment payable in respect of, a \$1,000 principal amount note.
- (2) Notes will be issued in minimum denominations of \$1,000 and integral multiples thereof, except in limited circumstances.
- (3) Contract adjustment payments may be deferred as described in this prospectus supplement.
- (4) Interest payments may be deferred as described in this prospectus supplement. In connection with a successful remarketing, the interest deferral provisions of the notes will cease to apply.

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Illustrative Remarketing Timeline

The following timeline is for illustrative purposes only. The dates in this timeline are based on the time periods set forth in the purchase contract and pledge agreement and the form of remarketing agreement that will be an exhibit to the purchase contract and pledge agreement. These dates are subject to change based on changes in the number of business and/or trading days for the relevant periods. This timeline assumes that we are remarketing the aggregate principal amount of notes that are components of the Corporate Units and any separate notes whose holders have decided to participate in the remarketing on the first day of the optional remarketing period, and that we will attempt to remarket such notes during the optional remarketing period and final remarketing period.

Date	Event
No later than March 13, 2013 (15 days prior to the first day of the optional remarketing period)	We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate notes if we elect to conduct an optional remarketing between March 28, 2013 and June 13, 2013. If we elect to conduct an optional remarketing, we will give notice to holders of Corporate Units, Treasury Units and separate notes as to the date or dates of and procedures to be followed in the optional remarketing.
March 15, 2013 (two business days following the date on which we give notice of an optional remarketing)	Last day prior to the optional remarketing to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units (holders may once again be able to create and recreate units if the optional remarketing is not successful); Last day prior to the optional remarketing for holders of Corporate Units to settle the related purchase contracts early (holders may once again be able to early settle if the optional remarketing is not successful); and Last day for holders of separate notes to give notice of their election to participate in the optional remarketing.
March 28, 2013 to June 13, 2013	Optional remarketing period: if the optional remarketing is not successful, we will issue a press release; or if the optional remarketing is successful, the remarketing agent will purchase the Treasury portfolio. If the optional remarketing is successful, settlement of the remarketed notes will occur on the third business day following the optional remarketing date.
No later than June 13, 2013 (third business day prior to the first day of the final remarketing period)	We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate notes of the final remarketing between June 18, 2013 and June 26, 2013. We will give notice to holders of Corporate Units, Treasury Units and separate notes of the procedures to be followed in the final remarketing.
June 14, 2013 (two business days prior to the first day of the final remarketing period)	Last day to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units;

Last day for holders of Corporate Units to give notice of desire to settle the related purchase contracts with separate cash; and

Last day for holders of separate notes to give notice of their election to participate in the remarketing.

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Date	Event
June 17, 2013 (one business day prior to the first day of the final remarketing period)	<p>Last day for holders of Corporate Units or Treasury Units to settle the related purchase contracts early;</p> <p>Last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash to pay the purchase price; and</p> <p>Last day for holders of separate notes to give notice of their withdrawal from participating in the remarketing.</p>
June 18, 2013 to June 26, 2013 (final remarketing period)	<p>We will attempt a remarketing during the final remarketing period. We may elect to postpone the final remarketing on any day other than one of the last five business days of the final remarketing period.</p>
June 27, 2013 (two business days prior to the purchase contract settlement date)	<p>If there has not been a successful final remarketing, last day for holders of Corporate Units to elect to settle the related purchase contracts with separate cash.</p>
June 28, 2013 (one business day prior to the purchase contract settlement date)	<p>If there has not been a successful final remarketing, last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash to pay the purchase price.</p>
July 1, 2013	<p>Purchase contract settlement date and settlement date for any successful final remarketing of the notes.</p>

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RISK FACTORS

Investing in the Equity Units involves a high degree of risk. In addition to the other information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein, you should consider carefully the following factors relating to us and the Equity Units before making an investment in the Equity Units offered hereby. In addition to the risk factors set forth below, please read the information included or incorporated by reference under Risk Factors in the accompanying prospectus, our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010. If any of the following risks or those incorporated by reference actually occur, our business, results of operations, financial condition, cash flows or prospects could be materially adversely affected, which in turn could adversely affect the trading price of the Equity Units and our common stock. As a result, you may lose all or part of your original investment.

The Corporate Units consist of a purchase contract to acquire our common stock and notes issued by us. When considering an investment in our Corporate Units, you are making an investment decision with respect to our common stock and the notes as well as the Corporate Units. You can create Treasury Units from Corporate Units by substituting Treasury securities for the notes. You should carefully review the information in this prospectus supplement and the accompanying prospectus about all of these securities. As used in this section, we, our, us, PPL and the Company refer to PPL Corporation and not to any of its subsidiaries.

Risks Relating to the Equity Units

You assume the risk that the market value of our common stock may decline.

The number of shares of our common stock that you will receive upon the settlement of a purchase contract is not fixed but instead will depend on the average VWAP of our common stock on each of the 20 consecutive trading days ending on the third scheduled trading day immediately preceding the purchase contract settlement date, which we refer to as the applicable market value. There can be no assurance that the market value of common stock received by you on the purchase contract settlement date will be equal to or greater than the effective price per share paid by you for our common stock on the date of issuance of the Equity Units. If the applicable market value of the common stock is less than the reference price of \$24.00, the market value of the common stock issued to you pursuant to each purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will be less than the effective price per share paid by you for the common stock. Accordingly, you assume the risk that the market value of our common stock may decline, and that the decline could be substantial.

The opportunity for equity appreciation provided by an investment in the Equity Units is less than that provided by a direct investment in our common stock.

Your opportunity for equity appreciation afforded by investing in the Equity Units is less than your opportunity for equity appreciation if you directly invested in our common stock. This opportunity is less because the market value of the common stock to be received by you pursuant to the purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will only exceed the effective price per share paid by you for our common stock if the applicable market value of the common stock exceeds the threshold appreciation price (which represents an appreciation of 20% over the reference price). If the applicable market value of our common stock exceeds the reference price but does not exceed the threshold appreciation price, you will realize no equity appreciation of the common stock for the period

during which you own the purchase contract. Furthermore, if the applicable market value of our common stock equals or exceeds the threshold appreciation price, you would receive on the purchase contract settlement date only approximately 83.3% of the value of the shares of common stock you could have purchased with \$50 at the closing price of our common stock on the date of the pricing of the Equity Units.

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The trading prices for the Corporate Units and Treasury Units will be directly affected by the trading prices of our common stock.

The trading prices of Corporate Units and Treasury Units in the secondary market will be directly affected by the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. Trading prices of our common stock will be influenced by our operating results and prospects and by economic, financial and other factors. In addition, general market conditions, including the level of, and fluctuations in, the trading prices of stocks generally, and sales or other issuances of substantial amounts of common stock (or securities convertible into, or that may otherwise be settled in, shares of common stock) by us in the market after the offering of the Equity Units, or the perception that such sales or other issuances could occur, could affect the price of our common stock. The price of our common stock could also be affected by possible sales of our common stock by investors who view the Equity Units as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that may develop involving our common stock. This trading activity could, in turn, affect the trading price of the Corporate Units or the Treasury Units.

Concurrently with this offering of Equity Units, we are offering, by means of a separate prospectus supplement, 90,000,000 shares of our common stock (or 103,500,000 shares of our common stock if the underwriters of that offering exercise in full their over-allotment option).

Fluctuations in interest rates may give rise to arbitrage opportunities, which would affect the trading price of the Corporate Units, Treasury Units, the notes and our common stock.

Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the common stock underlying the stock purchase contracts and of the other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, Treasury Units, the notes, and our common stock.

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on the common stock), but you will be subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of common stock in exchange for Corporate Units or Treasury Units on the purchase contract settlement date, or as a result of early settlement, as the case may be, and if the applicable record date, if any, for the exercise of such rights occurs on or after that date. For example, in the event that an amendment is proposed to our certificate of incorporation or by-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the delivery date of our common stock under the stock purchase contracts, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

The delivery of make-whole shares upon a fundamental change early settlement may not adequately compensate you.

If a fundamental change (as defined below under [Description of the Purchase Contracts](#) [Early Settlement Upon a Fundamental Change](#)) occurs and you exercise your fundamental change early settlement right, you will be entitled to receive additional value in respect of make-whole shares unless the stock price, as defined below, is in excess of \$100.00, subject to adjustment. A description of how the make-whole shares will be determined is set forth under [Description of the Purchase Contracts](#) [Early Settlement Upon a Fundamental Change](#) [Calculation of Make-Whole](#)

Shares. Although the make-whole shares are designed to compensate you for the lost value of your Equity Units as a result of the fundamental change, this feature may not adequately compensate you for such loss. In addition, if the effective date of the fundamental change occurs after July 1, 2013, or if the stock price is

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greater than \$100.00 per share (subject to adjustment), the fundamental change provisions in the purchase contract will not compensate you for any additional loss suffered in connection with a fundamental change.

You may suffer dilution of our common stock issuable upon settlement of your purchase contract.

The number of shares of our common stock issuable upon settlement of your purchase contract is subject to adjustment only for stock splits and combinations, stock dividends and specified other transactions that significantly modify our capital structure. See Description of the Purchase Contracts Anti-dilution Adjustments. The number of shares of our common stock issuable upon settlement of each purchase contract is not subject to adjustment for other events, such as certain employee stock option grants or offerings of common stock for cash, or in connection with acquisitions or other transactions that may adversely affect the price of our common stock. There can be no assurance that an event that adversely affects the value of the Equity Units, but does not result in an adjustment to the settlement rate, will not occur. The terms of the Equity Units do not restrict our ability to offer common stock in the future or to engage in other transactions that could dilute our common stock. We have no obligation to consider the interests of the holders of the Equity Units in engaging in any such offering or transaction. If we issue additional shares of common stock, those issuances may materially and adversely affect the price of our common stock and, because of the relationship of the number of shares holders are to receive on the purchase contract settlement date to the price of our common stock, those issuances may adversely affect the trading price of the Equity Units.