



PPL EnergyPlus sees upward trend in wholesale electricity prices

PPL EnergyPlus expects new federal environmental regulations to affect wholesale power prices

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Based on our knowledge of electricity markets gained through years of experience in the energy business, PPL EnergyPlus® believes wholesale electricity prices will begin to trend upward in the near future.

"Prices are at attractive levels for customers right now, but as with any market, prices change, and our view of the electricity market is that prices will begin moving upward," said Gene Alessandrini, senior vice president-Marketing for PPL EnergyPlus.

"We believe it is important to share market information with customers so you can determine the actions that are right for your business to manage energy costs and improve your bottom line," he said.

PPL EnergyPlus has shaped its view of future electricity prices based on power market fundamentals, regulatory uncertainty and market uncertainty.

"These factors, in our view, present compelling reasons for businesses to lock in price certainty in their electricity supply," Alessandrini said.

Global economy, market fundamentals and regulatory uncertainty affect prices. Current prices are attractive; now is a good time to lock in price certainty.

Power market fundamentals

The market is evaluating and beginning to recognize the retirement of older fossil fuel-fired power plants due to changing environmental regulations, lower prices for natural gas and the inability to achieve investment returns for new capital. The view of PPL EnergyPlus is that these market fundamentals point toward higher power prices. We are starting to see these conditions in forward markets.

Regulatory uncertainty

New and pending environmental regulations under the Clean Air Act, Clean Water Act and Resource Conservation and Recovery Act are placing significant pressure on older

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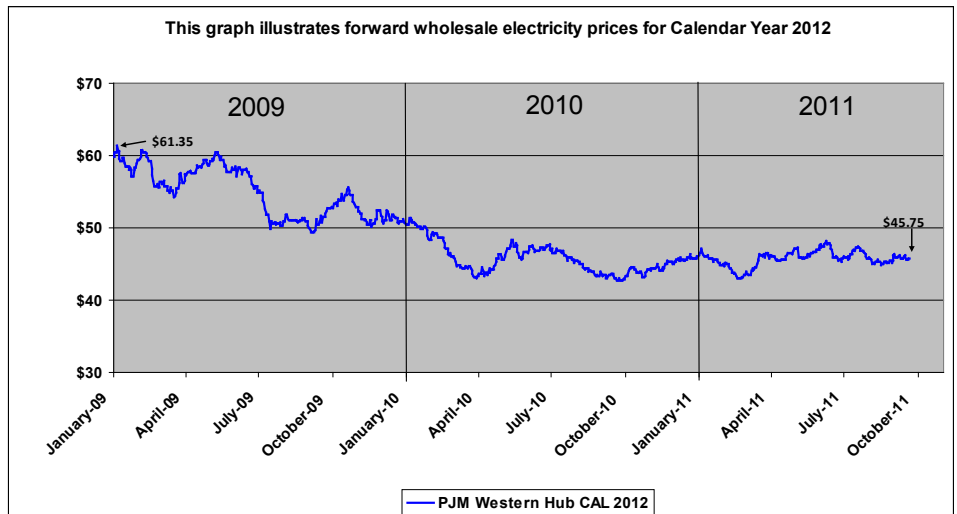
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Upward trend *(Continued from front)*

power generation assets. Coal-fired power plants are under the most pressure due to environmental regulations and lower natural gas prices.

See the accompanying article for more information on the potential impact of environmental regulations on future power prices.

We expect other factors to increase pressure on existing power generation assets as well. They include potential changes to renewable energy requirements, transmission policy and initiatives by some states to subsidize the cost of new generation.

Market uncertainty

The electricity market, like all markets, is trying to forecast the global economy, power market fundamentals and regulatory uncertainty to determine the future price of electricity. PPL EnergyPlus believes this uncertainty will result in a more cautious market valuation.

As market conditions and prices change, PPL EnergyPlus will continue to provide you with information, recommendations and solutions you can use in considering your energy supply options.

PPL EnergyPlus expects new federal environmental regulations to affect wholesale power prices

New and pending environmental regulations related to power plant air emissions, waste disposal and cooling water intake are likely to put upward pressure on wholesale electricity prices, in the view of PPL EnergyPlus®.

Several new regulations address emissions from coal-fired power plants, which generate about 50 percent of the electricity used in the United States.

As regulations are implemented — such as the Cross State Air Pollution Rule that is scheduled to take effect in 2012 — PPL EnergyPlus expects future wholesale energy prices to reflect the cost of compliance, less frequent use and potential retirement of some power plants and increased use of natural gas to generate electricity.

The views of PPL EnergyPlus are shaped by its knowledge of energy markets and experience in the energy business. The position on possible plant retirements reflects benchmark assessments by organizations such as the North American Electric Reliability Council, which issued a report in October 2010 stating that new regulations will put 33,000 to 70,000 megawatts of power generation at risk of retirement.

We expect much of the generation that replaces retired power plants to come from natural gas-fired plants. Our analysis shows that new gas-fired generation will have higher capital and operating costs than the generation it replaces.

Forward-looking statement: The articles in this document include forward-looking statements regarding future energy prices, supply and demand, regulatory activities and other potential events. Our forward-looking statements are based on current expectations, estimates and projections that involve a number of uncertainties. Actual future events could differ materially from the anticipated events described in this document.