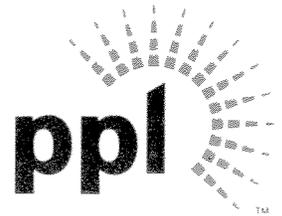


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April 20, 2009

Ms. Elizabeth Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090
(e-mail: rule-comments@sec.gov)

RE: File Number S7-27-08, Proposed Roadmap to IFRS Reporting by U.S. Issuers

Dear Ms. Murphy:

PPL Corporation (“PPL”) appreciates the opportunity to provide comments to the Securities and Exchange Commission (the “Commission” or the “SEC”) on the Proposed Roadmap to IFRS Reporting by U.S. Issuers (“Roadmap”). As it is currently proposed, the Roadmap could potentially lead to the mandatory use of International Financial Reporting Standards (“IFRS”) by large accelerated filers beginning in 2014.

PPL is an energy and utility holding company that, through its subsidiaries, owns or controls more than 12,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity to approximately four million end-users in Pennsylvania and the United Kingdom.

We support the SEC’s efforts to require the use of, and to support the continued development of, high-quality accounting standards that improve the transparency, usefulness and credibility of financial information. We question, however, whether a mandatory rush to adopt IFRS is the most appropriate course of action, and, as such, we fully support the need for caution as previously expressed by Chairman Mary Schapiro. We believe that only after the milestones are met can the Commission make an adequately informed decision on mandatory adoption of IFRS.

Our responses to certain individual questions in the Roadmap are included in the Attachment to this comment letter. We have not provided substantial comments related to early IFRS adoption, because we are not interested in this option and we believe that it would have limited application to our industry given the criteria outlined by the Commission.

The balance of this comment letter presents concerns we have related to the more significant aspects of the IFRS Roadmap and the effect that the implementation of IFRS could have on both PPL and our industry. Specifically, we discuss some of the problems that could be caused by the currently-proposed adoption of IFRS, our concern with the cost of such an adoption in today's difficult economy, and an alternative proposal for the Commission's consideration.

1. IFRS potentially creates more problems than it resolves.

The Commission and others have expressed a belief that, as capital markets have become increasingly global, U.S. investors have had a corresponding increase in international investment opportunities. In this environment, the Commission believes that investors would benefit from an enhanced ability to compare financial information of U.S. GAAP reporting entities with that of non-U.S. companies and that global capital markets would presumably operate more efficiently and effectively. This concept of global financial reporting transparency may be among the primary drivers of IFRS consideration in the U.S., but it should be kept in mind that the primary users of financial statements are investors, analysts and other affected stakeholders. PPL has not had any of these primary users of our financial statements suggest to us that they would prefer our results to be presented under IFRS to improve transparency, global industry comparison, better access to global capital markets or for any other reason. In fact, the feedback we receive from the primary users of our financial statements generally pertains, but is not limited to, significant concerns regarding the costs of implementation, the potential for decreased transparency and comparability brought about by application of a principles-based versus rules-based set of accounting standards, and the need for caution in requiring IFRS in the U.S. Accordingly, we believe the Commission should appropriately weigh the interests of these stakeholders by performing a thorough cost benefit analysis, as it is widely believed that this effort to implement IFRS will cost U.S. companies, cumulatively, billions of dollars. We foresee no measurable benefit to our company, our company's external stakeholders or our industry in general. Converting to IFRS appears to be a costly venture with few benefits for many U.S. companies.

Additionally, we believe the conversion to IFRS introduces other specific problems that are otherwise avoidable:

- a. As discussed above, the adoption of IFRS could potentially result in less comparability among domestic companies and not achieve global comparability either. Due to the rules-based nature of U.S. GAAP, U.S. companies are currently applying accounting guidance with relative consistency. The adoption of the more principles-based nature of IFRS, due to the alternative applications available, could reduce comparability among domestic companies. Additionally, lack of global comparability will be exacerbated by divergent versions of IFRS developing throughout the world.

- i. Because of the rules-based nature of applying guidance in the U.S., accounting firms will most likely issue their own interpretive guidance.
- ii. Apparently in Europe, regulators such as the European Union (“EU”) have “carved out” certain guidance (for example, the EU has apparently not fully endorsed IAS 39).
- iii. Even the Commission has already proposed requiring IFRS issuers to provide disclosures required by FAS 69.

These types of practices will ultimately result in different application of the same set of accounting standards and will not result in the desired global comparability.

- b. The U.S. regulated utility industry will be potentially harmed by the lack of an IFRS standard comparable to FAS 71, *Accounting for the Effects of Certain Types of Regulation*, unless a comparable standard is adopted for IFRS as is currently being considered by the International Accounting Standards Board (“IASB”). In short, the current lack of an IFRS standard comparable to FAS 71 ignores the economic reality of the impact of regulatory actions upon cost-of-service rate-regulated entities operating in the U.S. In Europe and other areas of the world, rate-regulated entities predominantly are governed by incentive-based rate regulation for which FAS 71 is not generally applicable. This is why the issue has not been raised in a significant way until Canada (currently in the process of adopting) and the U.S. began considering IFRS convergence. Our fundamental concern is that if this issue is not adequately addressed by the IASB, then the IFRS based financial statements of most U.S. utilities will be less meaningful, and could potentially be misleading to the investment community.
- c. We believe that U.S. GAAP currently has higher quality accounting and financial reporting standards than IFRS. While significant progress has been made by the Financial Accounting Standards Board (“FASB”) and the IASB to converge the content of IFRS and U.S. GAAP, significant differences still remain. FASB Chairman Robert Herz has emphasized the need to improve international standards before mandating their use in the U.S. Also, SEC Chairman Mary Schapiro has indicated her belief that the international standards are not as robust as U.S. GAAP, noting that IFRS lacks the substantial and robust level of guidance in rules-based U.S. GAAP. The U.S. still remains the largest capital market of the global economy and PPL believes the Commission should utilize that leverage to ensure that IFRS standards have developed adequately and converged further with U.S. GAAP prior to requiring U.S. registrants to dedicate significant resources to implementing this change.
- d. The principles-based nature of IFRS is inherently in conflict with the rules-based culture in the U.S. Audit firms, taxing authorities and the legal/regulatory system in general (including the SEC) have all become highly dependent upon rules-based accounting standards. The uncertainty as to how the rules-based audit, legal, tax and regulatory systems in the U.S. may interpret IFRS needs to be addressed to make the Roadmap feasible. For

example, the Roadmap does not sufficiently explain how the SEC plans to address the applicability of its own guidance such as Staff Accounting Bulletins, Regulations S-X and S-K, etc.

- e. Unless other regulators such as the Internal Revenue Service (“IRS”), the Federal Energy Regulatory Commission (“FERC”) and state regulatory bodies make changes to accommodate IFRS, U.S. companies will be required to maintain records in both IFRS and U.S. GAAP indefinitely, which will unnecessarily and exponentially increase the cost of compliance.

2. The costs related to IFRS implementation are not justified in the current economic environment.

As was the case for the majority of companies in the U.S. and abroad, 2008 was, by any measure, a very difficult year financially for PPL, and 2009 looks to be potentially as challenging. The economic downturn has had a serious effect on our business, our industry and many other industries. We had to make hard decisions that resulted in changes to our business strategy, including plans for expected growth and capital expenditures, as well as reductions to our workforce. PPL believes the length of time to implement IFRS after the SEC intends to make its decision on requiring adoption (2011) is inadequate. Therefore, companies will be forced to choose between (1) incurring significant costs during this historic economic crisis for implementation efforts prior to the SEC’s final decision on adoption or (2) risk being compelled to rush through the implementation process to meet the proposed 2014 adoption deadline.

The Commission has estimated that it could cost large companies an average of approximately \$32 million to implement IFRS, which we believe must be paramount to the Commission’s decision regarding the proposed timeline. Other survey information projects that, depending on company size, the estimated costs could be between 0.1% and 0.7% of annual revenue, or approximately \$8 - \$56 million for PPL.

During this economic crisis, our top priorities must be to focus on our core business and maximize the benefit from our investment decisions. We are committed to doing whatever we can to protect jobs and minimize the negative effects of the economic downturn on our stakeholders by keeping our business running as efficiently and effectively as possible. We believe that in the current economic environment, any funds spent on IFRS implementation could be viewed as a misuse of resources by our external stakeholders with little or no return. We would prefer to invest these funds in our core operations to further the goals of our external stakeholders.

3. An alternative proposal

We understand that if the milestones noted in the Roadmap were to be achieved, large accelerated filers would be required to use IFRS beginning in 2014. We believe such a mandatory requirement could cause significant confusion about the actual financial

results of a company, which would result in a correspondingly adverse effect on investor confidence and cost of capital. Many companies will not have the expertise to implement an entirely new set of standards, auditors will struggle to accept conflicting policies that companies within the same industry may adopt and, most importantly, companies will incur significant implementation costs with little or no tangible benefit at a time when the economy is very weak, as noted above.

While IFRS may have potential benefit in the future, PPL has significant concerns about the proposed timeline for the adoption of IFRS in the U.S. and the current quality of IFRS compared to current U.S. GAAP. Therefore, we do not believe that any U.S. issuer should be forced to change its current basis of accounting. Rather, we believe that the FASB and the IASB should continue their current work on converging U.S. GAAP and IFRS with a view to achieving the highest quality accounting standards. We believe that when the two sets of standards are sufficiently converged, there may be no need to choose one set of standards over another. This would reduce the financial burden on U.S. companies by (1) eliminating the large up-front expenditures that would be required to implement IFRS, (2) eliminating the need for maintaining duplicate sets of records during a transition period and (3) eliminating the need for three years of audits conducted under both sets of standards. It will also alleviate concerns about college curricula and other training issues, as the college and training curricula will naturally evolve as U.S. GAAP and IFRS converge. Finally, as new rules are adopted and/or changed over the next several years, companies will be able to absorb the changes over time, developing the in-house expertise needed to assure technical compliance.

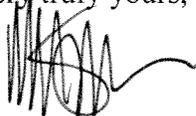
We do believe that companies could potentially be given the option to adopt IFRS if their particular situations warrant it. We believe the Commission has effectively advocated this approach by allowing foreign private issuers to stop reconciling to U.S. GAAP in their filings with the Commission. This approach would also give the Commission the ability to observe the market and other users' reaction to IFRS. However, we also believe that, if two different sets of accounting standards are permitted, the Commission needs to have some means of measuring the impact on investors, particularly on their ability to compare companies within an industry. This approach clearly needs to be judged by the Commission to be in the public interest and for the protection of investors. Also, both the proposed early adoption rules and our optional adoption plan could allow large international companies, which are able to adopt IFRS quickly, to potentially gain an unfair advantage over smaller companies. The Commission should consider that smaller companies are essential for the U.S. economy to rebound from the current recession, and it should strive not to impede the growth of smaller companies. If these proposed rules make it less attractive for smaller companies to raise capital, the Commission should strongly consider delaying any early implementation of IFRS for the benefit of the U.S. economy.

Due to concerns expressed throughout this comment letter, including the Attachment, we do not believe the Roadmap should be implemented as currently proposed. We believe

that only after the milestones are met can the Commission make an adequately informed decision on mandatory adoption of IFRS. If the Commission ultimately requires mandatory adoption of IFRS, it should provide companies at least three years between the date on which the decision is made to convert to IFRS and the opening balance sheet date to put in place the necessary processes and systems to properly enable this global transformation of our capital markets.

We would like to thank the Commission for the opportunity to share our views on this major accounting issue and would welcome further discussions with the Commission to ensure that our perspectives are fully understood.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Matt Simmons', with a stylized flourish at the end.

Matt Simmons
Vice President & Controller

Attachment

cc: Mr. P. A. Farr
Mr. J. E. Abel
Ms. M. A. Calder
Mr. M. A. Cunningham
Ms. K. S. Walker
Mr. M. D. Woods

1. Do commenters agree that U.S. investors, U.S. issuers and U.S. markets would benefit from the development and use of a single set of globally accepted accounting standards? Why or why not? What are commenters' views on the potential for IFRS as issued by the IASB as the single set of globally accepted accounting standards?

PPL appreciates the Commission's objectives and we concur that the development and use of a single set of globally accepted accounting standards by all countries could potentially produce a number of long-term benefits including greater comparability of companies for global investors and lower costs of capital through a more efficient allocation of that capital. While IFRS has potential in the future, PPL has significant concerns regarding the proposed timeline of converting to IFRS in the United States and the current quality of IFRS compared to current U.S. GAAP.

This is a very difficult time for the United States economy and investors, and it has been estimated by the Commission that it could cost large companies an average of approximately \$32 million to implement IFRS, which we believe must be paramount to the Commission's decision regarding the proposed timeline. Other survey information projects that, depending on company size, the estimated costs could be between 0.1% and 0.7% of annual revenue, or approximately \$8 - \$56 million for PPL. Additionally, while great progress has been made by the FASB and the IASB to converge the content of IFRS and U.S. GAAP, significant differences still remain. FASB Chairman Robert Herz has emphasized the need to improve international standards before mandating their use in the United States and SEC Chairman Mary Schapiro has indicated her belief that the international standards are not as robust as U.S. GAAP noting that IFRS lacks the tens of thousands of pages of guidance in rules-based GAAP.

The U.S. remains the largest capital market of the global economy and PPL believes the Commission should utilize that leverage to ensure that IFRS standards have developed adequately and converged further with U.S. GAAP prior to requiring U.S. registrants to dedicate significant resources to implementing this change.

Additionally, PPL has not had any of the primary users of our financial statements suggest to us that they would prefer our results to be presented under IFRS to improve transparency, global industry comparison, better access to global capital markets or for any other reason. In fact, the feedback we receive from the primary users of our financial statements generally pertains, but is not limited to, significant concerns regarding the costs of implementation, the potential for decreased transparency and comparability brought about by application of a principles-based versus rules-based set of accounting standards, and the need for caution in requiring IFRS in the U.S. Accordingly, we believe the Commission should appropriately weigh the interests of these stakeholders by performing a thorough cost benefit analysis, as it is widely believed that this effort to implement IFRS will cost U.S. companies, cumulatively, billions of dollars.

2. Do commenters agree that the milestones and considerations described in Section III.A. of this release ("Milestones to be Achieved Leading to the Use of IFRS by U.S. Issuers") comprise a framework through which the Commission can effectively

evaluate whether IFRS financial statements should be used by U.S. issuers in their filings with the Commission? Are any of the proposed milestones not relevant to the Commission's evaluation? Are there any other milestones that the Commission should consider?

We concur with the Commission that there must be concrete milestones as part of the Roadmap. We ask that the Commission consider including the following milestones in addition to those originally proposed.

- Link implementation of IFRS in the U.S. to developing accounting standards for financial instruments that provide greater transparency and reduced complexity in the accounting and reporting. Many believe that the lack of transparency and the complexity in accounting and reporting for financial instruments are major causes of the current global credit crisis. There could be major effects from this implementation that could have an adverse effect on an otherwise fragile economy.
- While converged standards are proposed in Section III.A.1 as a milestone, the specific criterion used by the Commission should include convergence on many of the current major differences which have been outlined by each of the Big 4 audit firms.
- Before implementing a mandated change to financial reporting in the United States, which will cost U.S. companies billions to implement, perform a robust quantitative assessment of the benefits before the Commission is able to conclude that it is in the public interest and for the protection of investors to do so.
- Include a requirement that changes to accommodate IFRS must be made by regulators such as the IRS, FERC and state regulatory agencies.

3. Do commenters agree with the timing presented by the milestones? Why or why not? In particular, do commenters agree that the Commission should make a determination in 2011 whether to require use of IFRS by U.S. issuers? Should the Commission make a determination earlier or later than 2011? Are there any other timing considerations that the Commission should take into account?

PPL has serious concerns with the timing presented by the milestones. The Roadmap proposes that the Commission would make a final decision in 2011 whether to mandate the filing of IFRS financial statements by U.S. companies beginning with their 2014 fiscal year. However, since the proposed requirements call for three years of audited IFRS financial statements, companies like PPL would need to be prepared to capture the data necessary for IFRS financial statements by January 1, 2012. This would give PPL and similar companies less than one year after the decision is made by the Commission to prepare systems and financial records to capture this data, as well as continuing to capture different data required for filing in accordance with U.S. GAAP. As the Commission is aware, currently many systems are simply not configured to manage the additional ledgers that a transition to IFRS would require. Furthermore, the data needed to support IFRS is most likely not captured in companies' existing processes and systems, which could create substantial changes to a company's internal controls with potentially significant Sarbanes-Oxley implications. Companies will need substantially more time to make this transition than is contemplated in the proposed timeline.

Adopting IFRS is far more than an accounting exercise. It should involve a strategic evaluation of every facet of a company's business and operations to ensure that proper long-term decisions are made in the best interests of investors. As the Commission has stated, the conversion to IFRS will be expensive and has predicted a cost of \$32 million for the largest companies. We are also aware of other survey information projecting that, depending on company size, the estimated costs could be between 0.1% and 0.7% of annual revenue, or approximately \$8 - \$56 million for PPL. Due to the significant effort involved, U.S. registrants such as PPL cannot wait until the Commission's decision in 2011 and would be forced to incur expenses to prepare for the adoption of IFRS during 2009 and 2010, although the Commission could ultimately decide to not mandate adoption. These decisions could rightly be seriously questioned by the investment community as it is difficult to justify making an investment decision as large as this on a "maybe." Companies would invest in modifications to systems that could be obsolete the moment IFRS was not implemented based upon the timing of the Commission's future decision. Commissioner Walter has stated that she strongly believes "that we have to prepare for the alternative that the Commission will determine not to adopt" IFRS. PPL believes that while further deliberations continue to bring further convergence between standard setting bodies, companies (and therefore investors) should not spend billions of collective dollars during a fragile economic period, with an ultimate outcome that may or may not be to adopt IFRS. This risk certainly does not appear to coincide with the Commission's objective of protecting investors.

PPL believes that the Commission should not consider adopting the Roadmap until standards have been further converged and certain industry-specific guidance has been issued. Therefore, we do not believe the Commission should make a determination any earlier than 2011 whether to require the use of IFRS by U.S. issuers, and due to the time and complexity involved, we believe the Commission's decision should not result in the mandatory use of IFRS by U.S. issuers any earlier than 2016, if ever (See response to Question 4).

4. What are commenters' views on the mandated use of IFRS by U.S. issuers beginning in 2014, on an either staged-transition or non-staged transition basis? Should the date for mandated use be earlier or later? If the Commission requires the use of IFRS, should it do so on a staged or sequenced basis? If a staged or sequenced basis would be appropriate, what are commenters' views on the types of U.S. issuers that should first be subject to a requirement to file IFRS financial statements and those that should come later in time? Should any sequenced transition be based on the existing definitions of large accelerated filer and accelerated filer? Should the time period between stages be longer than one year, such as two or three years?

PPL does not believe that any U.S. issuer should be forced to change its current basis of accounting. Rather, we believe that the FASB and the IASB should continue to issue converged standards and those standards should be identical. We believe that once the two sets of standards are sufficiently converged, there will be no need to choose one set of standards over another and transition would be similar to adopting any new accounting standard. This would reduce the financial burden on U.S. companies by (1) eliminating the

large up-front expenditures that would be required to implement IFRS, (2) eliminating the need for maintaining duplicate sets of records during a three-year transition period, and (3) eliminating the need for three years of audits conducted under both sets of standards. It would also alleviate concerns about college curricula and other training issues, as the college and training curricula would naturally evolve as U.S. GAAP and IFRS converge. Finally, as new rules are adopted and/or changed over the next several years, companies will be able to absorb the changes over time, developing the in-house expertise needed to assure technical compliance. However, if the use of IFRS is mandated by the Commission, PPL agrees that the type of staged transition as proposed by the Commission, similar to the implementation of Sarbanes-Oxley legislation, should be utilized and the mandatory use of IFRS by U.S. issuers should not occur any earlier than 2016 (See response to Question 3).

If IFRS adoption is ultimately required, we also believe that registrants should have the option to early adopt if it is warranted in their circumstances. PPL, as the parent of two subsidiary registrants, is a large accelerated filer. However, the two subsidiary registrants are non-accelerated filers. If timing of conversion is different for accelerated and non-accelerated filers, we would be in the position of filing financial statements for the two subsidiary registrants under U.S. GAAP but being required to file financial statements for the parent under IFRS. We would clearly prefer to adopt IFRS for all three registrants as of the same date to avoid confusion for our stakeholders.

5. What do commenters believe would be the effect on convergence if the Commission were to follow the proposed Roadmap or allow certain U.S. issuers to use IFRS as proposed?

If the Commission were to adopt the Roadmap in its proposed state, PPL believes that convergence of the two sets of standards could slow down substantially. If companies begin to commit to IFRS adoption prior to a 2011 decision by the Commission, the IASB has less incentive to converge with U.S. GAAP and can make more unilateral decisions without the Commission's or FASB's involvement. With concrete milestones in place requiring further convergence prior to a decision and prior to companies' resource commitments, the U.S. would be in a better position to negotiate further convergence and inclusion of proven U.S. GAAP standards rather than be forced to adopt standards that may or may not be in the best interest of U.S. investors.

8. Would a requirement that U.S. issuers file financial statements prepared in accordance with IFRS have any affect on audit quality, the availability of audit services, or concentration of market share among certain audit firms (such as firms with existing international networks)? Would such a requirement affect the competitive position of some audit firms? If the competitiveness of some firms would be adversely affected, would these effects be disproportionately felt by firms other than the largest firms?

Currently, Big 4 audit firms including Ernst & Young, PPL's audit firm, have been preparing for IFRS over the past few years due to their global reach and involvement with European public entities. This preparation obviously gives the Big 4 firms a distinct

advantage over the mid-size firms that are generally more U.S. focused in their client base. While the mid-size firms are preparing and training for IFRS, laws of supply and demand will begin to take over and drive an increase in the audit and consulting fees of the Big 4 firms. Conversely, if the Commission adopts a longer and more fixed timeline, smaller firms will be given additional time to prepare and appropriately train their personnel, thereby expanding the selection of resources available to assist companies in their implementation of IFRS and provide future audit services.

9. What are commenters' views on the IASB's and FASB's joint work plan? Does the work plan serve to promote a single set of high-quality globally accepted accounting standards? Why or why not?

We believe the IASB's and FASB's joint work plan represents the right approach to developing a single set of high-quality globally accepted accounting standards. However, the IASB and FASB continue to issue new guidance that does not necessarily converge completely. We would ask that the Commission consider this issue as part of the proposed Roadmap. We believe that the Commission should use the fact that the U.S. market represents 28% of global market capitalization as leverage to drive further convergence prior to adoption. In addition, it has been published that the IASB and FASB are contemplating a "quiet period" where no new standards would be issued and this quiet period would be effective at least one year before the date of adoption. We ask that the Commission negotiate a firm commitment as to this "quiet period" from both the Boards and include their commitment in the Commission's milestone evaluation as part of this Roadmap as this would allow companies to utilize stable standards for future implementation.

10. How will the Commission's expectation of progress on the IASB's and FASB's joint work plan impact U.S. investors, U.S. issuers, and U.S. markets? What steps should be taken to promote further progress by the two standard setters?

As mentioned in our responses to Questions 5 and 9, the Commission should continue to exert its influence to ensure that IFRS and U.S. GAAP are more fully converged prior to any final decision regarding an implementation timeline. We believe the greatest step the Commission can take to promote further convergence is to make virtually complete conversion a milestone that must be met before the U.S. adopts IFRS.

11. The current phase of the IASB's and FASB's joint work plan is scheduled to end in 2011. How should the Commission measure the IASB's and FASB's progress on a going-forward basis? What factors should the Commission evaluate in assessing the IASB's and the FASB's work under the joint work plan?

The Big 4 audit firms currently document and track the major differences between IFRS and GAAP. We believe the Commission could rely on the assessment of these firms regarding the IASB's and the FASB's progress toward virtually complete elimination of these major differences.

12. What are investors', U.S. issuers', and other market participants' views on the resolution of the IASB governance and funding issues identified in this release?

PPL agrees with the Commission that the governance of the IASB must be established through a form of a world "Monitoring Group" as noted in Section III.A.2. PPL believes that the moment the U.S. agrees to implementation of IFRS, the convergence between U.S. GAAP and IFRS will slow and the Commission's influence in the overall group will lessen as the IASB will need to consider a greater number of constituents. This may result in decisions made on a global basis that are counterproductive to U.S. industry. PPL concurs that full settlement of funding issues must be one of the milestones the Commission reviews prior to its decision. The FASB has long been an independent standard setter for accounting issues, and U.S. investors and companies cannot afford to be reliant on an organization with unstable footing.

13. What steps should the Commission and others take in order to determine whether U.S. investors, U.S. issuers, and other market participants are ready to transition to IFRS? How should the Commission measure the progress of U.S. investors, U.S. issuers, and other market participants in this area? What specific factors should the Commission consider?

As discussed in our response to Question 2, PPL believes that the Commission should consider linking implementation of global accounting standards in the U.S. to global transparency standards for financial instruments. It is believed by many that the lack of transparency into continuing developing financial instruments is one of the major causes of the current global credit crisis. There could be major effects from this implementation which could have an adverse effect on an otherwise fragile economy. Adequate convergence of U.S. GAAP and IFRS is difficult to define. PPL believes that the FASB should be able to provide the Commission with guidance along with further roundtable discussions to ensure the two sets of accounting standards are as fully converged as possible prior to a decision being made by the Commission. While it may be impractical to think that the two sets of accounting standards will ever be 100% converged, at this time there still remain too many significant differences for U.S. companies to adopt IFRS.

14. Are there any other significant issues the Commission should evaluate in assessing whether IFRS is sufficiently comprehensive?**Principles-based standards**

As the Commission already understands, one of the major challenges of working with IFRS is that it is a principles-based set of standards which requires extensive judgment to be applied by management in the selection and application of accounting treatment. Without specific guidance in many areas, this judgment will result in limited consistency and comparability across companies. The utilities industry would benefit greatly from further utility-specific IFRS guidance and interpretation overall and it is likely that it will require several years of application before a consensus will emerge over the way IFRS should be applied in practice. Only then can investors become confident with comparability between financial statements in global industries.

Regulatory Assets/Liabilities

One of the significant issues that companies within the utility industry face upon adoption of IFRS is the potential de-recognition of regulatory assets and liabilities. As the Commission is aware, utilities are governed by the FERC as well as appropriate state utility regulatory commissions that they are operating within. A common feature of price-regulated markets utilizing a cost of service regulatory model is the agreement of the regulator to allow future price increases in compensation for certain identified past operating and capital costs. The regulator may grant the utility permission to add an additional charge per unit to future billings to customers as compensation for these additional costs incurred. FAS 71 requires utilities to depart from the regular treatment of such costs and to recognize a regulatory asset or liability. This is intended to reflect the increase or decrease in future prices agreed with the regulator. Thus, a regulatory asset is the deferral of costs to a future period to match with the higher prices charged in that period. At December 31, 2008, PPL had approximately \$700 million of regulatory assets that it expects to recover through future rates. Unfortunately under IFRS, there is currently no specific guidance in dealing with price regulation that overrides the general IFRS standards. Depending on the interpretation of IFRS, this potential difference could cause U.S. utilities to derecognize these assets and liabilities upon adoption of IFRS, dramatically impacting their balance sheets, not aligning future revenues with costs and more than likely increasing their costs of capital. The result of which, if IFRS is not amended, would be that utilities will be issuing a set of financial statements which will not reflect material economic consequences of rate regulation, rendering such financial statements misleading.

Emission Allowances

Another concern PPL has is in the area of emission allowances. While there have been a number of emission trading concepts introduced, approved, eliminated, and/or delayed over the past few years, both the IASB and FASB have only recently re-activated projects to provide guidance on how to account for emission allowances. Currently, however, the standards completely differ on their measurement and presentation of emission allowances in a company's financial statements. Due to the expected increase in trading volume in these rights over the coming years given the current political climate which appears to be embracing a cap-and-trade approach, without converged standards in the near term, PPL expects that there is a high likelihood that utilities would have to invest in these rights without knowing how they may affect their company's financial statements in the foreseeable future. This unknown would cause investors to make their own determination as to the future impact that IFRS would have on companies' balance sheets.

Property, Plant & Equipment

IFRS guidance for property, plant & equipment is an area that will substantially affect utility companies' accounting systems as it requires the componentization of all fixed assets. For utilities, this potentially causes a substantial problem due to the significant volume and complexity of utility assets, such as generating plants, where historical costs in building such plants are accumulated and generally depreciated over the expected life of the plant using depreciation curves. Group depreciation is also a common practice in the

U.S. utility industry. Most systems are not currently designed to maintain and depreciate each and every asset in a group or component of a plant and would require substantial investment to modify or replace current fixed asset accounting systems. Additionally, it has been observed that utilities in Europe that have recently adopted IFRS currently have substantial differences in the number of classes of assets being disclosed, varying from three to thirteen. This policy decision results in differences between companies in the same industry in depreciating the same assets. Additionally, liabilities arise for utilities in accounting for asset retirement obligations (decommissioning), restoration and other related liabilities. Methods of calculating these liabilities differ as well. The modification to existing systems to accommodate these differences could be costly and time consuming.

Income Taxes

It is widely recognized that the adoption of IFRS by U.S. companies will also have a direct impact on income tax reporting. Although the FASB and IASB expect to eliminate many of the current differences between the two standards through the Norwalk convergence project, it appears that key differences could remain and would increase the volatility in a company's income tax expense with regards to accounting for uncertain tax positions, deferred taxes related to stock-based compensation and the impact of the unpermitted use of the LIFO inventory costing method under IFRS. Additionally, other IFRS book accounting changes may also trigger tax accounting method changes under IRS regulations. The adoption of IFRS will also have a substantial impact on international tax planning considerations which will strain the resources of corporate tax departments throughout the U.S. We have recently heard that the IRS is considering creating a ten year amortization period for items to be gradually eliminated from LIFO treatment without having to take a major tax hit in a single year. However, these types of issues have only just begun to be discussed and need time to be fully vetted through standard public releases from the appropriate branches of government.

Impairment

Both U.S. GAAP and IFRS contain similarly defined asset impairment indicators that require at least annual review and require assets, found to be impaired, to be written down with an impairment loss recognized. However, the methods of testing for and calculating impairment are substantially different, which, according to the AICPA, will make impairment recognition under IFRS more likely for U.S. companies although no "real" changes may have occurred in that company's operations.

Revenue Recognition

Despite many similarities, differences in revenue recognition still exist as a result of differing levels of specificity between U.S. GAAP and IFRS. While extensive, industry-specific revenue recognition guidance has been published under U.S. GAAP, comparable guidance simply does not exist under IFRS. It is believed that this difference will cause companies within the same industry to state revenues differently and result in companies being less comparable rather than being more comparable. Eugene Imhoff, an Ernst & Young professor of accounting at the University of Michigan concurred stating "going forward, firms can make dramatic changes to their recognition practices and still be in compliance with IFRS. Moreover, it is not clear that disclosure requirements will allow

users to understand when such changes have occurred.” These comparability issues would only cause confusion and further uncertainty in U.S. capital markets.

Defined Benefits

While the accounting under IFRS and U.S. GAAP for defined pension and benefit plans are similar, the Boards are working on a joint project that will comprehensively address many of the common concerns with the current accounting model such as the smoothing and deferral mechanisms. However, there remain a number of calculation differences that could cause substantial impact to the systems that handle these plans. Further, U.S. companies will need to request actuarial valuations under two sets of standards for the transition period, adding significantly to the costs of implementation, and potentially creating more resource constraints on the part of the actuaries, and challenging companies to meet reporting deadlines.

Derivatives

PPL uses derivatives extensively to hedge its commodity, interest rate and foreign currency risks. Derivative contracts can be very complicated, and the intricacies involved in qualifying for hedge treatment and testing effectiveness are many and complex, even to those who specialize in derivative accounting or risk management. The sheer volume of rules and interpretations increases the chances of differing or mistaken accounting treatment. As a result, we appreciate how difficult it is for investors to understand the true economics and risks from an entity’s portfolio of derivative instruments. Currently there are substantial differences between U.S. GAAP and IFRS in accounting for financial instruments, derivatives and hedges. These differences would likely cause substantial differences in financial reporting. The FASB has recently decided not to move forward with its controversial proposed changes to FAS 133 and have agreed to work with the IASB to present a plan for both boards to embark on a broader, long-term joint project. PPL applauds this decision; however, timing of introduction of new standards would be critical to implementation of IFRS. Recently, two FASB board members, Leslie Seidman and George Batavick, cautioned against causing participants in the U.S. market to follow a final standard based on the proposed changes to FAS 133, then change to the IASB standard on financial instruments (IAS 39) “in a few years, and then possibly change again in a few years”, depending on the outcome of the IASB’s discussion document on accounting for all financial instruments at fair value. Rather than see that change-on-change scenario unfold, the two FASB members said they support a project to eliminate the differences in FAS 133 and IAS 39. Accordingly, such an effort would “represent a significant improvement in financial reporting that would justify the costs” and would warrant a delay in any plan to adopt IFRS.

Summary

While any one of the issues mentioned above could likely be handled individually, the amalgamation of all of these issues can only cause uncertainty and confusion in the market. These differences along with others are in some respects due to the extremely detailed rules in U.S. GAAP today relative to the rest of the world. The U.S. GAAP rules were not randomly developed. Over the past 50 years, since the introduction of the Accounting Principles Board, U.S. GAAP has evolved because of the need to provide guidance in the

application of judgment permitted by companies and their auditors. U.S. companies have come to rely on these rules to make decisions to ensure they comply with regulations and meet the needs of investors. These are significant issues the Commission should evaluate in assessing whether IFRS is sufficiently comprehensive for use in the U.S. In our opinion it clearly is not.

15. Where a standard is absent under IFRS and management must develop and apply an accounting policy (such as described in IAS 8, for example) should the Commission require issuers to provide supplemental disclosures of the accounting policies they have elected and applied, to the extent such disclosures have not been included in the financial statements?

PPL agrees that because IFRS is principles-based rather than rules-based, expanded disclosures may be required under IFRS to enhance the investor's understanding of the company's accounting policies. We are not yet experts on IFRS but we would expect IFRS to require these disclosures. If they do not, it would be an indicator that IFRS is not a sufficiently comprehensive set of high-quality accounting standards. We do not believe the Commission should supplement any missing accounting or disclosure requirements or the financial statements would not be considered to be prepared in accordance with IFRS as issued by the IASB. We believe any additional disclosures the Commission would consider requiring should be included outside of the audited financial statements.

16. Do commenters agree that certain U.S. issuers should have the alternative to report using IFRS prior to 2011? What circumstances should the Commission evaluate in order to assess the effects of early adoption on comparability of industry financial reporting to investors?

We do believe that companies could potentially be given the option to early adopt IFRS if their particular situation warrants it. We believe the Commission has effectively advocated this approach by allowing foreign private issuers to discontinue reconciling to U.S. GAAP in their filings with the Commission. However, we also believe that the Commission should have some means of measuring the impact on investors, particularly on their ability to compare companies within an industry, from allowing the use of two different sets of accounting standards. This approach clearly needs to be judged by the Commission to be in the public interest and for the protection of investors. This approach would also give the Commission the ability to observe the market and other users' reactions to IFRS. However, we believe the proposed early adoption rules could allow large international companies, which are able to adopt IFRS quickly, to potentially gain an unfair advantage over smaller companies. The Commission should consider that smaller companies are essential to the U.S. rebounding from the current recession and it should strive not to impede the growth of these smaller companies. If these proposed rules even make it somewhat less attractive for smaller companies to raise capital, the Commission should strongly consider delaying any early implementation of IFRS for the benefit of the U.S. economy. Accordingly, we believe investors would be better served by generally not allowing early adoption.

17. Do commenters agree with the proposed criteria by which the comparability of an industry's financial reporting would be assessed? If not, what should the criteria be?

See response to Question 16.

18. Which eligible U.S. issuers have the incentive to avail themselves of the proposed amendments, if adopted? Are there reasons for which an issuer that is in a position to file IFRS financial statements under the proposed amendments would elect not to do so? If so, what are they?

We believe that for any entity that is not currently using IFRS for any purpose, the total cost and complexity of converting to IFRS presents an insurmountable obstacle to making the early change.

29. Should we limit the first filing available to an annual report on Form 10-K, as proposed? If not, why not? Is the proposed transition date of fiscal years ending on or after December 15, 2009 appropriate? Should it be earlier or later, and why? What factors should be considered in setting the date?

PPL concurs with the Commission that a registrant's first filing under IFRS should be limited to an annual report on Form 10-K. Due to the substantial disclosures that would be required, a quarterly report on Form 10-Q would not typically have the structure to allow the issuer to provide adequate information to the investor to ensure their proper understanding. As previously mentioned, PPL believes that the proposed transition date should not be set until after the Commission makes its final decision in 2011 or later.

Further, we also believe that registration statements filed during the year that IFRS is adopted should not be required to present financial statements prepared in accordance with IFRS. To clarify, we believe the conversion to IFRS should be an end-of-year adoption.

30. Are there any considerations that may make it difficult for an eligible U.S. issuer to file IFRS financial statements? Are there considerations about filing IFRS financial statements that would weigh differently for an eligible U.S. issuer than they would for a foreign private issuer that files IFRS financial statements?

As previously mentioned, one of the main issues that would face the utility industry upon adoption of IFRS is the potential derecognition of regulatory assets and liabilities. As the Commission is aware, utilities are governed by the FERC as well as the appropriate state utility regulatory commissions that they are operating within. A common feature of price-regulated markets utilizing a cost-of-service regulatory model is the agreement of the regulator to allow future price increases in compensation for certain identified past operating and capital costs. The regulator may grant the utility permission to add an additional charge per unit to future billings to customers as compensation for these additional costs incurred. FAS 71 provides guidance for utilities that addresses these types of arrangements and results in the recognition of regulatory assets or liabilities. This is intended to reflect the increase or decrease in future prices agreed with the regulator. Thus

a regulatory asset is the deferral of costs to a future period to match with the higher prices charged in that period. At December 31, 2008, PPL has approximately \$700 million of regulatory assets that it expects to recover through future rates. Unfortunately under IFRS, there is no specific guidance in dealing with cost-based rate regulations. This potential difference could cause U.S. utilities to derecognize these assets and liabilities upon adoption of IFRS, dramatically impacting their balance sheet, not aligning future revenues with costs and more than likely increasing their costs of capital. The result of which, if IFRS is not amended, is that utilities will be issuing a set of financial statements which will not reflect material economic consequences of rate regulation, rendering such financial statements misleading.

31. What difficulties, if any, do U.S. issuers anticipate in applying the requirements of IFRS 1 on first-time adoption of IFRS, including the requirements for restatement of and reconciliation from previous years' U.S. GAAP financial statements?

As noted previously, we believe the right course of action to develop a single set of high quality globally accepted accounting standards is steady convergence of U.S. GAAP and IFRS. As such, we do not believe that IFRS should be mandated and thus IFRS 1 would not be necessary. If the Roadmap's plan is carried out as proposed, we believe the most difficult aspect of first-time adoption will be working through each standard's implications to PPL with our audit firm. This exercise will require an enormous amount of human resources to analyze and agree on the application of each standard, which will be very costly.

33. To facilitate the transition to IFRS, should we add an instruction to Form 10-K and Form 10-Q under which an issuer could file two years, rather than three years, of IFRS financial statements in its first annual report containing IFRS financial statements as long as it also filed in that annual report three years of U.S. GAAP financial statements? Under such an approach, an issuer could, during its third year after beginning its IFRS accounting, choose to file a Form 10-K/A with IFRS financial statements covering the previous two fiscal years. For the current (third) fiscal year, the issuer could then file quarterly reports on Form 10-Q using IFRS financial statements. For example, a calendar-year issuer that began its IFRS accounting for the 2010 fiscal year would use U.S. GAAP to prepare its Forms 10-Q and Forms 10-K for the 2010 and 2011 fiscal years. In 2012, that issuer would have the option of filing a Form 10-K or a Form 10-K/A with IFRS financial statements for 2010 and 2011, which would allow it to use IFRS in its quarterly reports during 2012, or continuing to use U.S. GAAP. In either case, the Form 10-K covering the 2012 fiscal year would include three years of IFRS financial statements.

It is our understanding that the Commission currently provides accommodations allowing foreign private issuer first-time adopters of IFRS as issued by the IASB to provide only two, rather than three years of audited financial statements. We see no reason why the SEC would not provide similar accommodations to U.S. issuer first-time adopters.

34. What are commenters' views on Proposals A and B relating to U.S. GAAP reconciling information? Which Proposal would be most useful for investors? Is there a need for the supplemental information provided by Proposal B? Would the requirement under Proposal B have an effect on whether eligible U.S. companies elect to file IFRS financial statements? To what extent might market discipline (i.e., investor demand for reconciliation information) encourage early adopters to reconcile to U.S. GAAP even in the absence of a reconciliation requirement?

PPL believes that Proposal B of the Roadmap, a continuing reconciliation to U.S. GAAP, is necessary until all U.S. entities, or at least all U.S. entities within the same industry, have transitioned fully to IFRS. While it may be inconvenient for early adopters, the ability for investors to compare companies is imperative. However, since the Commission is no longer requiring foreign private issuers to provide a reconciliation to U.S. GAAP, it would seem inconsistent and burdensome to require such a reconciliation from U.S. registrants.

35. What role does keeping a set of books in accordance with U.S. GAAP play in the transition of U.S. issuers to IFRS? What impact will keeping U.S. GAAP books have on U.S. investors, U.S. issuers, and market participants?

At this point, because of other regulators such as the IRS and FERC, many companies would have no choice but to maintain a U.S. GAAP set of books, which would include reconciliations to other basis of financial accounting information such as these. Until changes are made at these other regulatory agencies, these requirements will increase costs to U.S. registrants and could have a detrimental effect on the U.S. economy.

36. How valuable is reconciliation to U.S. investors, U.S. issuers, and market participants? How valuable is reconciliation to global market participants? Are there some financial statements (such as the statement of comprehensive income) which should not be required to be reconciled to U.S. GAAP?

PPL believes reconciliation to U.S. GAAP is essential to U.S. investors and market participants. During a transition period to IFRS, most market participants would still only be at the beginning of developing their IFRS knowledge base, which will require substantial investor communication to ensure their understanding of the financial statements of a U.S. registrant. However, since the Commission is no longer requiring foreign private issuers to provide a reconciliation to U.S. GAAP, it would seem inconsistent and burdensome to require such a reconciliation from U.S. registrants.

37. Under either Proposal, would investors find the U.S. GAAP information helpful in their education about IFRS or in being able to continue to make financial statement comparisons with U.S. (and non-U.S.) issuers that continue to prepare U.S. GAAP financial statements? Would one alternative be more helpful to U.S. investors, regulators, or others in understanding information prepared under IFRS or to continue to make comparisons with issuers who prepare U.S. GAAP financial statements?

See our response to Question 36.

38. Should we be concerned about the ability of U.S. issuers that elect the early use of IFRS to revert to U.S. GAAP? Would either Proposal be preferred to facilitate such a reversion, should that be appropriate or required as described above?

The Commission should be extremely concerned about the ability of early U.S. adopters of IFRS to revert back to U.S. GAAP. This is another reason PPL reiterates its belief that it would be better to not allow early adoption.

55. Will three years of selected financial data based on IFRS be sufficient for investors, or should IFRS issuers be required to disclose in their selected financial data previously published information based on U.S. GAAP with respect to previous financial years or interim periods?

PPL believes that two years of selected financial data should be sufficient during the transition period along with building the overall table back to five years over the following three years. However, if a company believes that expanded information is helpful to the reader, the company should be permitted to include additional years.

56. Should the Commission address the implications of forward-looking disclosure contained in a footnote to the financial statements in accordance with IFRS 7? For example, would some kind of safe harbor provision or other relief or statement be appropriate?

Given the subjective nature of forward looking information, and our understanding that IFRS 7 disclosures are very similar to the disclosures currently required under Item 305 of Regulation S-K that are subject to safe harbor protection, we encourage the Commission to either extend the statutory safe harbor protections to the forward looking information required in the notes to financial statements under IFRS 7 or persuade the IASB to allow forward looking disclosures to be presented outside of the financial statements. We also believe the Commission should provide the same consideration for new disclosures being required by FAS 161.

61. Under the proposed rules, an IFRS issuer or foreign private issuer may file financial statements of an entity under Rule 3-05, 3-09 or 3-14 prepared in accordance with IFRS as issued by the IASB even though the entity does not meet the definition of "IFRS issuer." Should we also accept financial statements required under Rule 3-05, 3-09 or 3-14 prepared in accordance with IFRS as issued by the IASB without regard to the status of the issuer as an IFRS issuer or foreign private issuer? Should our acceptance depend on characteristics of the entity whose financial statements are being provided, such as that the entity already prepares IFRS financial statements or the entity principally operates outside the United States?

Yes. If adoption to IFRS is mandated, then it is logical that an entity should be permitted to provide financial statements included in its filing under Rule 3-05, 3-09, or 3-14 prepared in accordance with IFRS. Further, if and when the SEC mandates future conversion to IFRS (2011 under the Roadmap), we believe registrants should be permitted to file financial statements included in its filing under Rule 3-05, 3-09, or 3-14 without regard to the status of the issuer as an IFRS issuer or foreign private issuer. We do not believe the acceptance should depend on characteristics of the entity whose financial statements are being included.

63. Should an IFRS issuer be required to continue to comply with the disclosure requirements of FAS 69? What alternatives may be available to elicit the same or substantially the same disclosure? Proposed Rule 13-03(d) of Regulation S-X is modeled on an instruction relating to FAS 69 in Item 18 of Form 20-F. Does this proposed rule need to be modified in any way to more clearly require filers to provide information required by FAS 69?

Unfortunately FAS 69 is only one of many differences between U.S. GAAP and IFRS as mentioned before. The Commission should not favor one piece of U.S. GAAP guidance over another industry's guidance. As mentioned in our responses to Questions 4 and 5, rather than trying to supplement IFRS with additional regulations, PPL believes that the Commission should instead use its leverage to promote further convergence between U.S. GAAP and IFRS. Oil and gas disclosures may be one important area, but the area of regulatory assets and liabilities is of great importance to utility companies. We do not believe the Commission should supplement any missing accounting or disclosure requirements or the financial statements would not be considered to be prepared in accordance with IFRS as issued by the IASB. The Commission, through the FASB, should extol the benefits of FAS 69, FAS 71 and many other standards to the IASB to effect further convergence prior to any U.S. companies adopting IFRS.

65. Are there other rules or forms under the Securities Act or the Exchange Act that should be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as issued by the IASB? If so, how would the rules or forms be unclear if there were no changes to those forms, and what changes would be suggested in order to make them clear?

We believe that the adoption of IFRS will require a complete review by the Commission of rules and forms under the Securities Act and the Exchange Act.

67. Do you agree with our assessment of the costs and benefits as discussed in this section? Are there costs or benefits that we have not considered? Are you aware of data and/or estimation techniques for attempting to quantify these costs and/or benefits? If so, what are they and how might the information be obtained?

We have no basis for challenging the Commission's cost estimates. However, we are aware of other survey information projecting that, depending on company size, the estimated costs could be between 0.1% and 0.7% of annual revenue; approximately \$8 -

\$56 million for PPL. Although we have no basis for challenging the Commission's assessment of the benefits of this proposal, in particular the potential benefits derived from early adoption, we do not understand how the Commission would assess, using the experience of the early adopters, how effective the adoption of IFRS was to actually achieving the anticipated benefits.

68. We solicit comment on whether the proposed rules would impose a burden on competition or whether they would promote efficiency, competition and capital formation. For example, would the proposals have an adverse effect on competition that is neither necessary nor appropriate in furtherance of the purposes of the Exchange Act?

See our response to Question 70.

69. Would the proposals create an adverse competitive effect on U.S. issuers that are not in a position to rely on the alternative or on foreign private issuers that do not report in IFRS?

See our response to Question 70.

70. Would the proposed amendments, if adopted, promote efficiency, competition and capital formation?

As Commissioner Walter stated at the Open Meeting on August 27, 2008, the Commission's mission is "to protect investors, maintain fair, orderly and efficient markets, and facilitate capital formation" and further added, "we need to keep those principles front and center" to our decision about the Roadmap. It is unclear to us in what way the Roadmap, including the early adoption proposals, protect investors or maintain fair, orderly and efficient markets. The proposed amendments may facilitate capital formation for eligible U.S. issuers that adopt IFRS by allowing them greater access to global capital raising opportunities but we would think the Commission's objective should be to facilitate capital formation in U.S. markets. Additionally, we believe the proposed rules could allow large international companies, which are able to adopt IFRS early, to potentially gain an unfair advantage over smaller companies. The Commission should consider that smaller companies are essential to the U.S. rebounding from the current recession and it should try not to impede the growth of these smaller companies. If these rules even make it somewhat less attractive for smaller companies to raise capital, the Commission should strongly consider delaying the early implementation of IFRS for the benefit of the U.S. economy.