

PPL CORP  
Form DEF 14A  
March 18, 2005

## SCHEDULE 14A

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ o

Check the appropriate box:

- ☐ o Preliminary Proxy Statement
- ☐ o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ x Definitive Proxy Statement
- ☐ o Definitive Additional Materials
- ☐ o Soliciting Material Pursuant to Section 240.14a-12

## PPL CORPORATION

---

(Name of Registrant as Specified in Its Charter)

---

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

---

Payment of Filing Fee (Check the appropriate box):

- ☒ x No fee required.
- ☐ o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of transaction:

---

(5)

## Edgar Filing: PPL CORP - Form DEF 14A

Total fee paid:

---

- ☐ Fee paid previously by written preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

---

---

PPL Corporation  
Notice of Annual Meeting  
April 22, 2005  
and  
Proxy Statement

---

**Notice of Annual Meeting of Shareowners**

The Annual Meeting of Shareowners of PPL Corporation ( PPL or the Company ) will be held at Lehigh University's Stabler Arena, at the Goodman Campus Complex located in Lower Saucon Township, outside Bethlehem, Pennsylvania, on Friday, April 22, 2005, at 10:00 a.m. The Annual Meeting will be held for the purposes stated below and more fully described in the accompanying Proxy Statement, and to transact such other business as may properly come before the Annual Meeting or any adjournments thereof:

1. Election of three directors for a term of three years.
2. Ratification of the appointment of PricewaterhouseCoopers LLP as independent auditor for the year ending December 31, 2005.

The Board of Directors is not aware of any other matters to be presented for action at the Annual Meeting. If any other business should properly come before the Annual Meeting, it is the intention of the Board of Directors that the persons named as proxies will vote in accordance with their best judgment.

After reading the Proxy Statement, please follow the instructions on the enclosed Proxy for voting over the Internet, by telephone or by returning your Proxy marked, signed and dated as soon as possible to assure your representation at the Annual Meeting. Only shareowners of record at the close of business of Friday, February 28, 2005, will be entitled to vote at the Annual Meeting or any adjournments thereof. If the Annual Meeting is interrupted or delayed for any reason, the shareowners attending the adjourned Annual Meeting shall constitute a quorum and may act upon such business as may properly come before the Annual Meeting.

By Order of the Board of Directors,

Robert J. Grey

Secretary

March 18, 2005

---

### **Proxy Statement**

The Company's principal executive offices are located at Two North Ninth Street, Allentown, Pennsylvania 18101, telephone number 610-774-5151. This Proxy Statement and the accompanying Proxy, solicited on behalf of the Board of Directors, were first released to shareowners on or about March 18, 2005.

### **OUTSTANDING STOCK AND VOTING RIGHTS**

The Board of Directors has established Monday, February 28, 2005, as the record date for shareowners entitled to vote at the Annual Meeting (the Record Date). The transfer books of the Company will not be closed. The articles of incorporation of PPL divide its voting stock into two classes: Common and Preferred. There were no shares of Preferred Stock outstanding on the Record Date. A total of 189,532,851 shares of common stock was outstanding on the Record Date. Each outstanding share of common stock entitles the holder to one vote upon any business properly presented to the Annual Meeting.

As of February 15, 2005, there are no entities known by the Company to be the beneficial owner of five percent (5%) or more of any class of stock entitled to vote at the Annual Meeting.

Execution of the Proxy will not affect a shareowner's right to attend the Annual Meeting and vote in person. Any shareowner giving a Proxy has the right to revoke it at any time before it is voted by giving notice in writing to the Secretary. Shares represented by Proxy will be voted in accordance with the instructions given. In the absence of instructions to the contrary on an executed Proxy, the Proxy solicited hereby will be voted FOR the election of directors and FOR the ratification of the appointment of independent auditor. Brokerage firms generally have the authority to vote customers' unvoted shares on certain routine matters. If your shares are held in the name of a brokerage firm, the brokerage firm can vote your shares for the election of directors and for Proposal 2 if you do not timely provide your Proxy because these matters are considered routine under the applicable rules. Abstentions and broker non-votes are not counted as either yes or no votes.

Full and fractional shares held by the Company for each participant in the Dividend Reinvestment Plan will be voted by PPL Services Corporation, as the registered owner of such shares, in the same manner as shares held of record by that participant are voted. If a participant owns no shares of record, full and fractional shares credited to that participant's account will be voted in accordance with the participant's instructions on the Proxy. Shares held in the Dividend Reinvestment Plan will not be voted if Proxies are not returned.

To preserve voter confidentiality, the Company voluntarily limits access to shareowner voting records to certain designated employees of PPL Services Corporation. These employees sign a confidentiality agreement which prohibits them from disclosing the manner in which a shareowner has voted to any employee of PPL affiliates or to any other person (except to the Judges of Election or the person in whose name the shares are registered), unless otherwise required by law.

Regarding Proposal 1 (Election of Directors), the nominees receiving the highest number of votes, up to the number of directors to be elected, will be elected. Authority to vote for any individual nominee can be withheld by writing the number, which is beside that person's name in the list of nominees, in the box provided to the right of such list on the accompanying Proxy or by following the instructions if voting over the Internet or by telephone. In order to be approved, Proposal 2 (Ratification of the Appointment of Independent Auditor) must receive a majority of the votes cast, in person or by proxy, by the shareowners voting as a single class. A meeting of shareowners of the Company duly called shall not be organized for the transaction of business unless a quorum is present. The presence of shareowners entitled to cast at least a majority of the votes that all shareowners are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter.

### **PROPOSAL 1: ELECTION OF DIRECTORS**

PPL has a classified Board of Directors, currently consisting of nine directors divided into three classes. These classes consist of three directors whose terms will expire at the 2005 Annual Meeting, three directors whose terms will expire at the 2006 Annual Meeting, and three directors whose terms will expire at the 2007 Annual Meeting.

The nominees this year are Frederick M. Bernthal, John R. Biggar and Louise K. Goeser. The nominees are currently serving as directors. Dr. Bernthal and Mr. Biggar were elected by the Shareowners at the 2002 Annual Meeting, and Ms. Goeser was elected by the Board of Directors effective April 1, 2003. If elected by the Shareowners, Dr. Bernthal, Mr. Biggar and Ms. Goeser would serve until the 2008 Annual Meeting and until their successors are elected and qualified. Following the election of these three nominees, there will be nine members of the Board of Directors, consisting of three classes: three directors whose terms would expire at the 2006 Annual Meeting, three directors whose terms would expire at the 2007 Annual Meeting, and three directors whose terms would expire at the 2008 Annual Meeting.

The Board of Directors has no reason to believe that any of the nominees will become unavailable for election, but, if any nominee should become unavailable prior to the Annual Meeting, the accompanying Proxy will be voted for the election of such other person as the Board of Directors may recommend in place of that nominee.

**The Board of Directors**

**recommends that shareowners vote FOR Proposal 1**

**NOMINEES FOR DIRECTORS:**

**FREDERICK M. BERNTHAL**, 62, is President of Universities Research Association ( URA ), a position he has held since 1994. Located in Washington, D.C., URA is a consortium of 90 leading research universities engaged in the construction and operation of major research facilities. URA is management and operations contractor on behalf of the U.S. Department of Energy for the Fermi National Accelerator Laboratory. Dr. Bernthal served from 1990 to 1994 as Deputy Director of the National Science Foundation, from 1988 to 1990 as Assistant Secretary of State for Oceans, Environment and Science, and from 1983 to 1988 as a member of the U.S. Nuclear Regulatory Commission. He received a Bachelor of Science degree in chemistry from Valparaiso University, and a Ph.D. in nuclear chemistry from the University of California at Berkeley. Dr. Bernthal is chair of the Nuclear Oversight Committee and a member of the Audit and Executive Committees. He has been a director since 1997.

**JOHN R. BIGGAR**, 60, is Executive Vice President and Chief Financial Officer of PPL Corporation. He also serves as a director of PPL Electric Utilities Corporation, and as a manager of PPL Energy Supply, LLC and PPL Transition Bond Company, LLC, subsidiaries of PPL Corporation. He is a member of the Corporate Leadership Council, an internal committee comprised of the senior officers of PPL Corporation. Mr. Biggar joined the Company in 1969. Before being named to his current position in 2001, he served as Senior Vice President and Chief Financial Officer as well as Vice President Finance. Mr. Biggar serves as a member of the Board of Trustees of Lycoming College. He earned a bachelor's degree in political science from Lycoming College and a Juris Doctor degree from the College of Law at Syracuse University. Mr. Biggar has been a director since 2001.

**LOUISE K. GOESER**, 51, is President and Chief Executive Officer of Ford of Mexico, a position she has held since January 2005. Ford of Mexico manufactures cars, trucks and related parts and accessories. Prior to this position, she served as Vice President, Global Quality for Ford Motor Company, a position she had held since 1999. In that position, she was responsible for ensuring superior quality in the design, manufacture, sale and service of all Ford cars, trucks and components worldwide. Prior to 1999, she served as Vice President for Quality at Whirlpool

Corporation, and served in various leadership positions with Westinghouse Electric Corporation. Ms. Goeser received a bachelor's degree in mathematics from Pennsylvania State University and a master's degree in business administration from the University of Pittsburgh. She is a member of the Nuclear Oversight Committee and has been a director since 2003.

**DIRECTORS CONTINUING IN OFFICE:**

**JOHN W. CONWAY**, 59, is Chairman of the Board, President and Chief Executive Officer of Crown Holdings, Inc. of Philadelphia, Pennsylvania, a position he has held since February 2001. Prior to that time, he served as President and Chief Operating Officer. Crown is a leading international manufacturer of packaging products for consumer goods. Mr. Conway joined Crown in 1991 as a result of its acquisition of Continental Can International Corporation. Prior to 1991, he served as President of Continental Can and in various other management positions. Mr. Conway is the past-Chairman of the Can Manufacturers Institute. He received his B.A. in Economics from the University of Virginia and his law degree from Columbia Law School. He is a member of the Compensation and Corporate Governance and Finance Committees. He has been a director since 2000; his term ends in 2006.

**E. ALLEN DEAVER**, 69, retired in 1998 as Executive Vice President and a director of Armstrong World Industries, Inc., of Lancaster, Pennsylvania. He is a director of the Geisinger Health System. He graduated from the University of Tennessee with a B.S. in Mechanical Engineering. Mr. Deaver is chair of the Compensation and Corporate Governance Committee and a member of the Executive, Finance and Nuclear Oversight Committees. He also serves as the presiding director who chairs executive sessions of the independent directors. He has been a director since 1991; his term ends in 2006.

**WILLIAM F. HECHT**, 62, is Chairman, President and Chief Executive Officer of PPL Corporation. He also serves as a director of PPL Electric Utilities Corporation and as a manager of PPL Energy Supply, LLC, subsidiaries of PPL Corporation. Mr. Hecht received a B.S. and M.S. in Electrical Engineering from Lehigh University, and joined PPL in 1964. He was elected President and Chief Operating Officer in 1991 and has served in his present position since 1993. Mr. Hecht is a director of DENTSPLY International Inc., the Federal Reserve Bank of Philadelphia and RenaissanceRe Holdings Ltd., and serves on the board of a number of civic and charitable organizations. He is chair of the Executive Committee and chair of the Corporate Leadership Council, an internal committee comprised of the senior officers of PPL Corporation. Mr. Hecht has been a director since 1990; his term ends in 2007.

**STUART HEYDT**, 65, retired in 2000 as Chief Executive Officer of the Geisinger Health System, a position he held since 1991. He is past president and a Distinguished Fellow of the American College of Physician Executives. Dr. Heydt attended Dartmouth College and received an M.D. from the University of Nebraska. He is chair of the Audit Committee and a member of the Compensation and Corporate Governance, Executive and Nuclear Oversight Committees. Dr. Heydt has been a director since 1991; his term ends in 2007.

**W. KEITH SMITH**, 70, served as Vice Chairman of Mellon Financial Corporation and Senior Vice Chairman of Mellon Bank, N.A., of Pittsburgh, Pennsylvania, as well as a director of both organizations, until his retirement in December 1998. Mr. Smith also is a director of DENTSPLY International Inc. He currently serves on the board of West Penn Allegheny Health System, Allegheny General Hospital, Invesmart, Inc., Baytree Bancorp., Inc., Baytree National Bank and Trust Co., and Robert Morris University. Mr. Smith received a Bachelor of Commerce degree from the University of Saskatchewan, his M.B.A. from the University of Western Ontario, and is a Chartered Accountant. He is chair of the Finance Committee and a member of the Audit Committee. Mr. Smith has been a director since 2000; his term ends in 2007.

**SUSAN M. STALNECKER**, 52, is Vice President Government and Consumer Markets, DuPont Safety & Protection of E. I. du Pont de Nemours and Company, of Wilmington, Delaware. Before being named to her current position on January 1, 2003, she served as Vice President Finance and Treasurer since 1998. DuPont delivers science-based solutions for markets that make a difference in people's lives in food and nutrition; healthcare; apparel; home and construction; electronics; and transportation. Ms. Stalnecker serves on the board of Duke University and is president of the Board of Trustees of the Delaware Art Museum. Ms. Stalnecker received a bachelor's degree from Duke University and her M.B.A. from the Wharton School of Graduate Business at the University of Pennsylvania. She is a member of the Audit and Finance Committees. She has been a director since December 2001; her term ends in 2006.

## GOVERNANCE OF THE COMPANY

### Board of Directors

**Attendance.** The Board of Directors met six times during 2004. Each director attended at least 75% of the meetings held by the Board and its Committees during the year. The average attendance of directors at Board and Committee meetings held during 2004 was 97%. Directors are expected to attend all meetings of the Board, its Committees and shareowners. All directors attended the 2004 Annual Meeting of Shareowners.

**Independence of Directors.** At its January 2005 meeting, the Board determined that all of its non-employee directors are independent from the Company and management under the categorical standard of independence of the Company and under applicable New York Stock Exchange ( NYSE ) listing standards. In reaching this conclusion, the Board considered all transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries. Under the categorical standard of independence that the Board adopted for the Company:

Business transactions between the Company (and its subsidiaries) and a director's employer or the employer of the director's immediate family member, as defined by the rules of the NYSE, not involving more than 2% of the employer's consolidated gross revenues in any fiscal year, will not impair the director's independence.

Also, pursuant to NYSE standards, a director is not independent from the Company and management if, within the last three years, the director or an immediate family member of the director:

Is or has been an employee of the Company (and its subsidiaries), in the case of the director, or is or has been an executive officer of the Company (and its subsidiaries), in the case of an immediate family member of the director;

Edgar Filing: PPL CORP - Form DEF 14A

Has received more than \$100,000 in direct compensation from the Company (and its subsidiaries) in any year (excluding director or committee fees);

Is or was a partner or employee of any of the auditors of the Company, subject to certain exceptions;

Is or was employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on the other company's compensation committee; or

Is a current employee, in the case of the director, or is a current executive officer, in the case of an immediate family member, of a company that has made payments to, or received payments from, the

Company for property or services in an amount which exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

In addition to the independence requirements set forth above, the Board evaluates additional independence requirements under applicable Securities and Exchange Commission (SEC) rules for directors who are members of the audit committee. If determined to be independent pursuant to the standards set forth above, a director also will be deemed to be independent for purposes being a member of the audit committee if:

The director does not directly or indirectly, including through certain family members, receive any consulting, advisory or other compensatory fee from the Company (and its subsidiaries) except in such person's capacity as a director or committee member; and

The director is not an affiliated person of the Company (or any of its subsidiaries), meaning that the director does not directly or indirectly (through one or more intermediaries) control, is not controlled by or is not under common control with the Company (and its subsidiaries), all within the meaning of applicable securities laws.

**Executive Sessions; Presiding Director.** The independent directors meet in regular executive sessions during each Board meeting without management present. The Board has designated E. Allen Deaver as the presiding director to chair these executive sessions.

**Guidelines for Corporate Governance.** In January 2005, the Company enhanced its *Guidelines for Corporate Governance*. The full text of the *Guidelines* can be found in the Corporate Governance section of the Company's Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)), and is available in print, without charge, to any shareowner who requests a copy.

**Communications with the Board.** Shareowners or other parties interested in communicating with the presiding director, with the Board or with the independent directors as a group may write to the Presiding Director or the Board of Directors c/o Corporate Secretary's Office, PPL Corporation, Two North Ninth Street, Allentown, Pennsylvania 18101. The Secretary of the Company forwards all correspondence to the respective Board members, with the exception of commercial solicitations, advertisements or obvious junk mail. Concerns relating to accounting, internal controls or auditing matters are to be immediately brought to the attention of the Company's Office of Business Ethics and Compliance and are handled in accordance with procedures established by the Audit Committee with respect to such matters.

**Code of Ethics.** The Company maintains its *Standards of Conduct and Integrity*, which are applicable to all Board members and employees of the Company and its subsidiaries, including the principal executive officer, the principal financial officer and the principal accounting officer of the Company. The full text of the *Standards* can be found in the Corporate Governance section of the Company's Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)), and is available in print, without charge, to any shareowner who requests a copy.

#### **Board Committees**

The Board of Directors has five standing committees—the Executive, Compensation and Corporate Governance, Finance, Nuclear Oversight and Audit Committees. Each non-employee director usually serves on one or more of these committees. The Compensation and Corporate Governance, Finance, Nuclear Oversight and Audit Committees are composed entirely of independent directors. The charters of each of these committees are available in the Corporate Governance section of the Company's Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)), and are available in print, without charge, to any shareowner who requests a copy.

**Executive Committee.** During the periods between Board meetings, the Executive Committee may exercise all of the powers of the Board of Directors, except that the Executive Committee may not elect directors, change the membership of or fill vacancies in the Executive Committee, fix the compensation of the directors, change the Bylaws, or take any action restricted by the Pennsylvania Business Corporation Law or the Bylaws (including actions committed to another Board committee). The Executive Committee met six times in 2004. The members of the Executive Committee are Mr. Hecht (chair), Drs. Bernthal and Heydt and Mr. Deaver.

**Compensation and Corporate Governance Committee.** The principal functions of the Compensation and Corporate Governance Committee (C&CGC) are to review and evaluate at least annually the performance



of the chief executive officer and other senior officers of the Company and its subsidiaries, and to set their remuneration, including incentive awards; to identify and recommend to the Board of Directors candidates for election to the Board; to review the fees paid to outside directors for their services on the Board of Directors and its Committees; to establish and administer programs for evaluating the performance of Board members; and to review management's succession planning. Another principal committee function is to develop and recommend to the Board corporate governance guidelines for the Company. All of the members of the C&CGC are independent within the meaning of the listing standards of the NYSE, the rules of the SEC and the Internal Revenue Service, and the Company's standards of independence described above under the heading of Independence of Directors. This committee met four times in 2004. The members of the C&CGC are Mr. Deaver (chair), Mr. Conway and Dr. Heydt.

The C&CGC establishes guidelines for new directors and evaluates director candidates. In considering candidates, the C&CGC seeks individuals who possess strong personal and professional ethics, high standards of integrity and values, independence of thought and judgment and who have senior corporate leadership experience. The Company believes that prior business experience is valuable, and it seeks to have certain prior experience on the Board, such as financial, operating and nuclear.

In addition, the C&CGC seeks individuals who have a broad range of demonstrated abilities and accomplishments beyond corporate leadership. These abilities include the skill and expertise sufficient to provide sound and prudent guidance with respect to all of the Company's operations and interests. Finally, the C&CGC seeks individuals who are capable of devoting the required amount of time to serve effectively, including preparation time and attendance at Board, Committee and shareowner meetings.

Nominations for the election of directors may be made by the Board of Directors or the C&CGC or by any shareowner entitled to vote in the election of directors generally. If the C&CGC or management identifies a need to add a new Board member to fulfill a special need or to fill a vacancy, the C&CGC usually retains a third-party search firm to identify a candidate or candidates. The C&CGC seeks prospective nominees through personal referrals, independent inquiries by directors and search firms.

Once the C&CGC has identified a prospective nominee, it generally requests the third-party search firm to gather additional information about the prospective nominee's background and experience. The Chairman, President and Chief Executive Officer and at least one member of the C&CGC then interview the prospective candidates in person. After completing the interview and evaluation process, which includes evaluating the prospective nominee against the standards and qualifications set out in the Company's *Guidelines for Corporate Governance*, the C&CGC makes a recommendation to the full Board as to the persons who should be nominated by the Board. The Board then votes on whether to approve the nominees after considering the recommendation and report of the C&CGC.

Shareowners interested in recommending nominees for directors should submit their recommendations in writing to: Secretary, PPL Corporation, Two North Ninth Street, Allentown, Pennsylvania 18101. In order to be considered, nominations by shareowners must be received by the Company 75 days prior to the 2006 Annual Meeting and must contain the information required by the Bylaws, such as the name and address of the shareowner making the nomination and of the proposed nominees and certain other information concerning the shareowner and the nominee. The exact procedures are included in the Company's Bylaws, which can be found at the Corporate Governance section of the Company's Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)).

**Finance Committee.** The principal functions of the Finance Committee are to approve specific Company financings and corporate financial policies; to authorize capital expenditures in excess of the Company's annual business plan; to authorize acquisitions and dispositions in excess of \$5 million; and to review, approve and monitor the policies and practices of the Company and its subsidiaries in managing financial risk. All of the members of this Committee are independent within the meaning of the listing standards of the NYSE and the Company's standards of independence described above under the heading Independence of Directors. The Finance Committee met five times in 2004. The members of the Finance Committee are Mr. Smith (chair), Messrs. Conway and Deaver and Ms. Stalnecker.

**Nuclear Oversight Committee.** The principal functions of the Nuclear Oversight Committee are to assist the Board of Directors in the fulfillment of its responsibilities for oversight of the Company's nuclear function; to advise Company management on nuclear matters; and to provide advice and recommendations to the Board of Directors

concerning the future direction of the Company and management performance related to the

nuclear function. All of the members of this Committee are independent within the meaning of the listing standards of the NYSE and the Company's standards of independence described above under the heading of Independence of Directors. The Nuclear Oversight Committee met three times in 2004. The members of the Nuclear Oversight Committee are Dr. Bernthal (chair), Mr. Deaver, Ms. Goesser and Dr. Heydt.

**Audit Committee.** The primary function of the Audit Committee is to assist the Company's Board of Directors in the oversight of: (i) the integrity of the financial statements of the Company and its subsidiaries; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; and (iv) the performance of the Company's independent auditor and internal audit function. The Charter of the Audit Committee, which specifies the Audit Committee's responsibilities, is attached to this Proxy Statement as Schedule A and is available on the Company's Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)). The Audit Committee met six times during 2004. The members of the Audit Committee are non-employees of the Company, and the Board of Directors has determined that each of its Audit Committee members has met the independence and expertise requirements of the NYSE, the SEC and the Company's independence standards described above under the heading Independence of Directors. The members of the Audit Committee are Dr. Heydt (chair), Dr. Bernthal, Mr. Smith and Ms. Stalnecker. The Company's Board of Directors has determined that Mr. Smith is an audit committee financial expert for purposes of the rules and regulations of the SEC.

#### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the integrity of the Company's financial statements. Company management is responsible for the preparation and integrity of the Company's financial statements, the financial reporting process and the associated system of internal controls. PricewaterhouseCoopers LLP, the Company's independent auditor, is responsible for auditing the Company's annual financial statements in accordance with the standards of the Public Company Accounting Oversight Board and expressing an opinion as to the conformity of the statements with generally accepted accounting principles. The Audit Committee's responsibility is to monitor and review these processes. The Audit Committee has reviewed and discussed the audited financial statements with management and the independent auditor.

The independent auditor is ultimately accountable to the Audit Committee, which has the sole authority to select, evaluate and replace the independent auditor and to approve all audit engagement fees and terms. The Audit Committee has discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, including the appropriateness and application of accounting principles.

The Audit Committee has received the written disclosures and the letter from its independent auditor required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and has had discussions with PricewaterhouseCoopers LLP about its independence. The Audit Committee also considered whether the provision of non-audit services by PricewaterhouseCoopers LLP is compatible with maintaining the independence of such independent auditor.

In the performance of its responsibilities, the Audit Committee met periodically with the internal auditor and the independent auditor, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

The Audit Committee has reviewed and discussed management's assessment of internal controls relating to the adequacy and effectiveness of financial reporting. The Audit Committee has also discussed with Company management, the internal auditor and the independent auditor the process utilized in connection with the certifications of the Company's principal executive officer and principal financial officer. These certifications are required by the Sarbanes-Oxley Act of 2002 and related SEC rules for the Company's annual and quarterly filings with the SEC.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

The Audit Committee has a Committee Charter that specifies its responsibilities. The Committee Charter, which has been approved by the Board of Directors, is attached to this Proxy Statement as Schedule A and is



available on the Company's Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)). The Audit Committee's procedures and practices comply with the requirements of the SEC and the NYSE applicable to corporate audit committees.

The Audit Committee  
 Stuart Heydt, Chair  
 Frederick M. Bernthal  
 W. Keith Smith  
 Susan M. Stalnecker

### Compensation of Directors

Directors who are Company employees receive no separate compensation for service on the Board of Directors or Committees of the Board of Directors. Non-employee directors receive a retainer of \$85,000 per year, of which a minimum of \$55,000 (Mandatory Deferral) is allocated to a deferred stock account under the Directors Deferred Compensation Plan (DDCP). Effective January 1, 2004, each non-employee director received a one-time additional retainer fee, equal to 3,500 deferred stock units, as a Mandatory Deferral. Any new director joining the Board of Directors in the future also would receive these same deferred stock units. Such deferred stock units have a 5-year restriction period and are subject to forfeiture if the director leaves the Board of Directors before the end of this restriction period. Each non-employee director also receives a fee of \$1,500 for attending Board of Directors meetings, Committee meetings and other meetings at the Company's request, and a fee of \$200 for participating in meetings held by telephone conference call. Committee Chairs receive an annual cash retainer of \$5,000 for the Committees that they chair, and the Presiding Director receives an annual cash retainer of \$30,000.

Pursuant to the DDCP, non-employee directors may elect to defer all or any part of the fees and any retainer that is not part of the Mandatory Deferral. Under this plan, these directors can defer compensation other than the Mandatory Deferral into a deferred cash account or stock account. Payment of these amounts and accrued interest or dividends is deferred until after the directors' retirement from the Board of Directors, at which time they can receive these funds in one or more annual installments for a period of up to ten years.

Under the terms of the DDCP, any increase in the annual retainer is automatically allocated to each director's deferred stock account. As with the other DDCP benefits, this additional deferred stock together with accrued dividends is available to the directors after retirement from the Board, at which time they can receive this stock in one or more annual installments for a period of up to ten years.

### Stock Ownership

The following table sets forth certain ownership of the Company's stock as of January 3, 2005, unless otherwise noted:

Name	Shares of Common Stock Owned <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
F. M. Bernthal	22,994 <sup>(3)</sup>	*
J. R. Biggar	208,358 <sup>(4)</sup>	*
P. T. Champagne	102,336 <sup>(5)</sup>	*
J. W. Conway	15,135 <sup>(6)</sup>	*
E. A. Deaver	26,663 <sup>(7),(8)</sup>	*
L. K. Goesser	5,757 <sup>(9)</sup>	*
W. F. Hecht	1,007,501 <sup>(10)</sup>	*
S. Heydt	24,651 <sup>(8),(11)</sup>	*
J. H. Miller	118,682 <sup>(12)</sup>	*
R. L. Petersen	81,201 <sup>(13)</sup>	*
W. K. Smith	16,961 <sup>(14)</sup>	*

Edgar Filing: PPL CORP - Form DEF 14A

S. M. Stalnecker	7,569 <sub>(15)</sub>	*
All 18 executive officers and directors as a group	2,013,193 <sub>(16)</sub>	1.06%

- <sup>1</sup> The number of shares owned includes: (i) shares directly owned by certain relatives with whom directors or officers share voting or investment power; (ii) shares held of record individually by a director or officer or jointly with others or held in the name of a bank, broker or nominee for such individual's account; (iii) shares in which certain directors or officers maintain exclusive or shared investment or voting power, whether or not the securities are held for their benefit; and (iv) with respect to executive officers, shares held for their benefit by the Trustee under the Employee Stock Ownership Plan ( ESOP ).
- <sup>2</sup> A \* denotes less than 1.0%.
- <sup>3</sup> Consists of 22,994 shares credited to his deferred stock account under the DDCP.
- <sup>4</sup> Includes 161,883 shares which may be acquired within 60 days upon the exercise of stock options granted under the Company's Incentive Compensation Plan ( ICP ), and 8,430 restricted stock units.
- <sup>5</sup> Includes 38,523 shares which may be acquired within 60 days upon the exercise of stock options granted under the ICP, and 8,790 restricted stock units.
- <sup>6</sup> Includes 13,944 shares credited to his deferred stock account under the DDCP.
- <sup>7</sup> Includes 22,842 shares credited to his deferred stock account under the DDCP.
- <sup>8</sup> Includes additional deferred stock credited to their accounts in connection with the termination of the Directors Retirement Plan in 1996, as follows: Mr. Deaver 2,112 shares and Dr. Heydt 1,575 shares.
- <sup>9</sup> Includes 5,653 shares credited to her deferred stock account under the DDCP.
- <sup>10</sup> Includes 760,710 shares which may be acquired within 60 days upon the exercise of stock options granted under the ICP, and 34,030 restricted stock units.
- <sup>11</sup> Includes 23,076 shares credited to his deferred stock account under the DDCP.
- <sup>12</sup> Includes 72,151 shares which may be acquired within 60 days upon the exercise of stock options granted under the ICP, and 9,210 restricted stock units.
- <sup>13</sup> Includes 32,897 shares which may be acquired within 60 days upon the exercise of stock options granted under the ICP, and 8,150 restricted stock units.
- <sup>14</sup> Includes 14,961 shares credited to his deferred stock account under the DDCP.
- <sup>15</sup> Includes 7,443 shares credited to her deferred stock account under the DDCP.
- <sup>16</sup> Includes 1,319,885 shares which may be acquired within 60 days upon the exercise of stock options granted under the ICP, 97,060 restricted stock units and 114,601 shares credited to the directors' deferred stock accounts under the DDCP.

During 2004, the Company implemented the Executive Equity Ownership Program ( Equity Guidelines ). The Equity Guidelines provide that executive officers should maintain levels of ownership of Company common stock ranging in value from two times to five times base salary, as follows:

<b>Executive Officer</b>	<b>Multiple of Base Salary</b>
Chairman, President & CEO	5x
Executive Vice Presidents	3x
Senior Vice Presidents	2x
Presidents of certain operating subsidiaries	2x

Executive officers with more than five years of service in their executive or non-executive officer position with the Company are expected to achieve their minimum Equity Guidelines level by December 31, 2005. Executive officers with less than five years of service at a guideline level must attain their minimum Equity Guidelines level by the end of their five-year anniversary at that level. Until the minimum Equity Guidelines level is achieved, executive officers are expected to retain in Common Stock (or Common Stock units) 100% of the profit realized from the vesting of restricted stock and stock units and the exercise of options (net of taxes and, in the case of options, the exercise price). To assist the executive officers in achieving or surpassing their minimum Equity Guidelines level, the Company implemented the Cash Incentive Premium Exchange Program ( Premium Exchange Program ). Under this program, executives may elect to defer all or a portion of their annual cash incentive award in exchange for restricted stock units equal in value at the time of the grant to 140% of the cash amount so deferred (an Exchange ). See REPORT OF THE COMPENSATION AND

CORPORATE GOVERNANCE COMMITTEE REGARDING EXECUTIVE COMPENSATION below for more details on this program.

**Section 16(a) Beneficial Ownership Reporting Compliance**

To the Company's knowledge, the Company's directors and executives met all filing requirements under Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") during 2004, except that one Form 4 (*Statement of Changes in Beneficial Ownership*) was filed several days late by Mr. Champagne with respect to a sale of shares in August 2004.

**Retirement Plans for Executive Officers**

PPL officers are eligible for benefits under the PPL Retirement Plan, a defined benefit plan, and the PPL Supplemental Executive Retirement Plan ("SERP") upon retirement from a PPL affiliated company. Certain PPL officers are not eligible for PPL Retirement Plan benefits but are eligible for a defined benefit pension from a subsidiary company. For purposes of calculating benefits under the PPL Retirement Plan, the compensation used is base salary, plus certain cash incentive awards, less amounts deferred under the PPL Officers Deferred Compensation Plan. Base salary, including any amounts deferred, is listed in the Summary Compensation Table on page 12. For purposes of calculating benefits under the SERP, the compensation used is base salary, cash bonus, and, in some cases, the value of any restricted stock grant for the year in which earned (as described below), as well as dividends paid on restricted stock. To measure compensation for the last year of employment prior to retirement, the PPL Retirement Plan and the SERP use a pro-rated amount of an assumed cash incentive award.

Benefits payable under the PPL Retirement Plan are subject to limits set forth in the Internal Revenue Code (the "Code") and are not subject to any deduction for Social Security benefits or any other offset. Benefits are computed on the basis of the life annuity form of pension at normal retirement age of 65. The SERP is an unfunded, non-contributory plan. Unlike the PPL Retirement Plan, the SERP provides for the inclusion of earnings in excess of the limits contained in the Code, including deferred incentive compensation, in the calculation of final average earnings, and for benefits in excess of the limits provided under the Code. Except as described above, benefits payable under the SERP are computed on the same basis as the PPL Retirement Plan and are offset by PPL Retirement Plan benefits and for those officers eligible for benefits under the old formula described below, the maximum Social Security benefit payable at age 65. Benefits under both plans are reduced for retirement prior to age 60. Generally, absent a specifically authorized exception, no benefit is payable under the SERP if years of credited service are less than 10 years.

The following table shows the estimated gross annual retirement benefits for executive officers payable under the PPL SERP formula.

**Estimated Annual Retirement Benefits  
at Normal Retirement Age of 65**

Five Year Average Annual Compensation	Years of Service			
	15 Years	20 Years	25 Years	30 Years
\$ 400,000	\$ 120,000	\$ 160,000	\$ 190,000	\$ 220,000
500,000	150,000	200,000	237,500	275,000
600,000	180,000	240,000	285,000	330,000
700,000	210,000	280,000	332,500	385,000
800,000	240,000	320,000	380,000	440,000
900,000	270,000	360,000	427,500	495,000
1,000,000	300,000	400,000	475,000	550,000
1,100,000	330,000	440,000	522,500	605,000
1,200,000	360,000	480,000	570,000	660,000
1,400,000	420,000	560,000	665,000	770,000
1,600,000	480,000	640,000	760,000	880,000
1,800,000	540,000	720,000	855,000	990,000
2,000,000	600,000	800,000	950,000	1,100,000
2,200,000	660,000	880,000	1,045,000	1,210,000
2,400,000	720,000	960,000	1,140,000	1,320,000
2,600,000	780,000	1,040,000	1,235,000	1,430,000
2,800,000	840,000	1,120,000	1,330,000	1,540,000

As of January 1, 2005, the years of service under the PPL Retirement Plan for Messrs. Hecht, Miller, Biggar and Champagne were 38, 3, 35 and 3, respectively. Mr. Peterson has a defined benefit from a subsidiary pension plan, which is estimated to pay him a fixed amount of \$7,320 annually beginning at age 65 and will be an offset to his SERP benefit. The years of credited service under the SERP for each of these officers are as follows: Mr. Hecht 30 years, Mr. Miller 4, Mr. Biggar 30, Mr. Champagne 16, and Mr. Petersen 23. The Compensation and Corporate Governance Committee granted additional years of service to Mr. Miller as a retention mechanism under the SERP. Mr. Miller will be granted additional service up to a maximum of 30 years upon attainment of age 60. The total SERP benefit will not increase beyond 30 years for any participant.

For officers hired on or after January 1, 1998, benefits under the SERP formula were revised as follows:

- (i) restricted stock grants are not included in compensation for purposes of calculating benefits under the SERP;
- (ii) the percentage of pay provided as a retirement benefit was changed from 2.7% for the first 20 years of service plus 1.0% for the next 10 years, to 2.0% for the first 20 years and 1.5% for the next 10 years; and (iii) credit for years of service will commence as of the employee's date of hire instead of age 30.

For officers hired prior to January 1, 1998, benefits under the SERP are calculated under the greater of the old formula or the new formula, except that compensation for purposes of the old formula includes restricted stock grants only to the extent earned through December 31, 2001, and will be frozen as of December 31, 2001, and compensation for purposes of the new formula includes restricted stock grants only to the extent earned through December 31, 1997.

**SUMMARY COMPENSATION TABLE**

The following table summarizes all compensation for the Chief Executive Officer and the next four most highly compensated executives ( Named Executive Officers ) for the last three fiscal years, for service for PPL and its subsidiaries. Messrs. Hecht and Biggar also served as directors but received no separate remuneration in that capacity.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation		
		Salary <sup>(1)</sup> (\$)	Bonus <sup>(1)</sup> (\$)	Other Annual Compensation <sup>(3)</sup> (\$)	Restricted Stock Award <sup>(4)</sup> (\$)	Option Compensation <sup>(5)</sup> (#)	All Other Compensation <sup>(5)</sup> (\$)
William F. Hecht Chairman, President and Chief Executive Officer	2004	1,038,462	1,252,200	0	1,627,008	187,290	8,928
	2003	988,923	0	0	1,537,135	195,960	8,180
	2002	950,000	731,738	0	477,204	202,650	7,055
James H. Miller Executive Vice President and Chief Operating Officer	2004	480,308	430,400	0	688,267	35,470	6,414
	2003	374,327	0	0	416,016	36,100	6,216
	2002	349,771	189,175	0	123,032	36,260	5,500
John R. Biggar Executive Vice President and Chief Financial Officer	2004	469,231	183,900	0	846,686	67,350	7,583
	2003	444,327	145,059	0	380,783	69,310	7,129
	2002	419,540	280,371	0	168,896	68,260	6,310
Paul T. Champagne	2004	399,692	238,800	0			