

PPL CORP  
Form DEF 14A  
April 13, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §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):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

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

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- o 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:

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PPL Corporation

Notice of Annual Meeting  
May 23, 2007

and

Proxy Statement

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**PPL CORPORATION  
Two North Ninth Street  
Allentown, Pennsylvania 18101**

**Notice of Annual Meeting of Shareowners**

<b>Time and Date</b>	10:00 a.m., Eastern Daylight Time, on Wednesday, May 23, 2007.
<b>Place</b>	Holiday Inn Conference Center 7736 Adrienne Drive Fogelsville, Pennsylvania
<b>Items of Business</b>	To elect three directors for a term of three years  To ratify the appointment of Ernst & Young LLP as independent registered public accounting firm for the year ending December 31, 2007  To consider a shareowner proposal, if properly presented
<b>Record Date</b>	You can vote if you are a shareowner of record on February 28, 2007.
<b>Proxy Voting</b>	It is important that your shares be represented and voted at the Annual Meeting. You can vote your shares by completing and returning your proxy card or by voting on the Internet or by telephone. See details under the heading How do I vote?

By Order of the Board of Directors,

Robert J. Grey  
Senior Vice President,  
General Counsel and Secretary

April 13, 2007

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**PPL CORPORATION  
Two North Ninth Street  
Allentown, Pennsylvania 18101**

**Proxy Statement**

Annual Meeting of Shareowners  
May 23, 2007  
10:00 a.m. (Eastern Daylight Time)

We are providing these proxy materials in connection with the solicitation by the Board of Directors of PPL Corporation of proxies to be voted at the company's Annual Meeting of Shareowners to be held on May 23, 2007, and at any adjournment of the Annual Meeting. Directors, officers and other company employees may also solicit proxies by telephone or otherwise. Brokers, banks and other holders of record will be requested to solicit proxies or authorizations from beneficial owners and will be reimbursed for their reasonable expenses. We first released this Proxy Statement and the accompanying proxy materials to shareowners on or about April 13, 2007.

**GENERAL INFORMATION**

***What am I voting on?***

There are three proposals scheduled to be voted on at the meeting:

the election of three directors for a term of three years;

the ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for the year ending December 31, 2007; and

consideration of a shareowner proposal, if properly presented to the meeting.

***Who can vote?***

Holders of PPL Corporation common stock as of the close of business on the record date, February 28, 2007, may vote at the Annual Meeting, either in person or by proxy. Each share of PPL Corporation common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

***What is the difference between holding shares as a shareowner of record and as a beneficial owner?***

If your shares are registered directly in your name with PPL Corporation's transfer agent, Wells Fargo Bank, N.A., you are considered, with respect to those shares, the shareowner of record. The Notice of Annual Meeting, Proxy Statement, 2006 Annual Report, proxy card and accompanying documents have been sent directly to you by PPL Corporation.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. The Notice of Annual Meeting, Proxy Statement, 2006 Annual Report,

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proxy card and accompanying documents have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the shareowner of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in their mailing or by following their instructions for voting by telephone or on the Internet, if offered.

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***How do I vote?***

You can vote by mail, by telephone, on the Internet or in person at the Annual Meeting.

**By mail**

Be sure to complete, sign and date the proxy card and return it in the postage-paid envelope we have provided. If you are a shareowner of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors.

If you are a shareowner of record, and the postage-paid envelope is missing, please mail your completed proxy card to PPL Corporation, c/o Shareowner Services<sup>sm</sup>, P.O. Box 64873, St. Paul, Minnesota 55164-0873.

**By telephone or on the Internet**

The telephone and Internet voting procedures we have established for shareowners of record are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded.

**By telephone:** You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

**On the Internet:** The Web site for Internet voting is at [www.eproxy.com/ppl/](http://www.eproxy.com/ppl/). Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available when you go online. As with telephone voting, you can confirm that your instructions have been properly recorded.

The availability of telephone and Internet voting facilities for shareowners of record will be available 24 hours a day, and will close at 12:00 p.m. (noon), Central Time, on May 22, 2007.

The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, we recommend that you follow the voting instructions in the materials you receive from them.

**In person at the Annual Meeting**

You may come to the Annual Meeting and cast your vote there, either by proxy or by ballot. Please bring your admission ticket with you to the Annual Meeting.

If you mail to us your properly completed and signed proxy card, or vote by telephone or Internet, your shares of PPL Corporation common stock will be voted according to the choices that you specify. If you sign and mail your proxy card without marking any choices, your proxy will be voted:

FOR the election of all nominees for director;

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FOR the ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for the year ending December 31, 2007; and

AGAINST the shareowner proposal.

Abstentions and broker non-votes are not counted as either yes or no votes.

We do not expect that any other matters will be brought before the Annual Meeting. By giving your proxy, however, you appoint the persons named as proxies as your representatives at the meeting. If an issue comes up for vote at the Annual Meeting that is not included in the proxy material, the proxy holders will vote your shares in accordance with their best judgment.

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***As a participant in the PPL Corporation Employee Stock Ownership Plan, how do I vote shares held in my plan account?***

If you are a participant in our Employee Stock Ownership Plan, you have the right to provide voting directions to the plan trustee, Fidelity Investments, by submitting your ballot card for those shares of our common stock that are held by the plan and allocated to your account. Plan participant ballots are treated confidentially. Full and fractional shares credited to your account under the plan as of February 28, 2007 will be voted by the trustee in accordance with your instructions. Similar to the process for shareowners of PPL Corporation common stock, you may vote by mail, telephone or on the Internet. To allow sufficient time for voting by the trustee of the plan, your ballot must be returned by May 21, 2007 if by mail, and if voting by telephone or on the Internet, by 12:00 noon Central Time on May 18, 2007. Please follow the ballot instructions specific to the participants in the Employee Stock Ownership Plan.

If you do not return your ballot, or return it unsigned, or do not vote by phone or on the Internet, the plan provides that the trustee will vote your shares in the same percentage as shares held by participants for which the trustee has received timely voting instructions. The plan trustee will follow participants' voting directions, and the plan procedure for voting in the absence of voting directions, unless it determines that to do so would be contrary to the Employee Retirement Income Security Act of 1974.

***May I change or revoke my vote?***

Any shareowner giving a proxy has the right to revoke it at any time before it is voted by:

giving notice in writing to our Corporate Secretary, provided such statement is received not later than the close of business on May 22;

providing a later-dated vote using the telephone or Internet voting procedures; or

attending the Annual Meeting and voting in person.

***Will my shares be voted if I do not provide my proxy?***

It depends on whether you hold your shares in your own name or as the beneficial owner in the name of a broker, bank or other holder of record. If you hold your shares directly in your own name, they will not be voted unless you provide a proxy or vote in person at the Annual Meeting. Brokerage firms, banks or other holders of record 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, bank or other holder of record, such firm can vote your shares for the election of directors and for the ratification of the appointment of the independent registered public accounting firm, as these matters are considered routine under the applicable rules.

***Who can attend the Annual Meeting?***

If you are a shareowner of record, your admission ticket is enclosed with your proxy card. If you hold shares through the Employee Stock Ownership Plan, your admission ticket is attached to your ballot card. You will need to bring your admission ticket, along with picture identification, to the meeting. If you own shares in street name, please bring your most recent brokerage statement, along with picture identification, to the meeting. PPL will use your brokerage statement to verify your ownership of PPL common stock and admit you to the meeting.

***What constitutes a quorum?***

As of the record date, there were 385,157,817 shares of common stock outstanding and entitled to vote and no shares of preferred stock of the company were outstanding. In order to conduct the Annual Meeting, a majority of the outstanding shares entitled to vote must be present, in

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person or by proxy, in order to constitute a quorum. If you submit a properly executed proxy card or vote by telephone or on the Internet, you will be considered part of the quorum. Abstentions and broker non-votes will be counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a broker, bank or other holder of record who holds shares for another person has not received voting instructions from the beneficial owner of the shares and, under New York Stock Exchange, or NYSE, listing standards, does not have discretionary authority to vote on a proposal.

### ***What vote is needed for these proposals to be adopted?***

#### **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 by telephone or on the Internet.

#### **Ratification of the Appointment of Ernst & Young LLP**

In order to approve the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, the proposal must receive a majority of the votes cast, in person or by proxy, by the shareowners voting as a single class.

#### **Shareowner Proposal**

In order to approve this proposal, the proposal must receive a majority of the votes cast, in person or by proxy, by the shareowners voting as a single class.

### ***Who conducts the proxy solicitation and how much will it cost?***

PPL Corporation will pay the cost of soliciting proxies on behalf of the Board of Directors. In addition to the solicitation by mail, a number of regular employees may solicit proxies in person, over the Internet, by telephone or by facsimile. We have retained Innisfree M&A Incorporated to assist in the solicitation of proxies for the Annual Meeting, and we expect that the remuneration to Innisfree for its services will not exceed \$12,500. Brokers, dealers, banks and other holders of record who hold shares for the benefit of others will be asked to send proxy material to the beneficial owners of the shares, and we will reimburse them for their expenses.

### ***How does the company keep voter information confidential?***

To preserve voter confidentiality, we voluntarily limit access to shareowner voting records to certain designated employees of PPL Services Corporation. These employees sign a confidentiality agreement that 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.

### ***What is householding, and how does it affect me?***

Beneficial owners of common stock in street name may receive a notice from their broker, bank or other holder of record stating that only one Proxy Statement and/or other shareowner communications and notices will be delivered to multiple security holders sharing an address. This practice, known as householding, will reduce PPL's printing,

shipping, and postage costs. Beneficial owners who participate in householding will continue to receive separate proxy forms. If any beneficial owner wants to revoke consent to this practice and wishes to receive his or her own documents and other communications, however, then he or she must contact the broker, bank or other holder of record with a notice of revocation. Any shareowner may obtain a copy of



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such documents from PPL at the address and phone number listed on the back cover page of this Proxy Statement.

**PROPOSAL 1: ELECTION OF DIRECTORS**

We have a classified Board of Directors, currently consisting of 10 directors divided into three classes. These classes consist of three directors whose terms will expire at the 2007 Annual Meeting, three directors whose terms will expire at the 2008 Annual Meeting, and four directors whose terms will expire at the 2009 Annual Meeting. John R. Biggar, who served on the Board and was Executive Vice President and Chief Financial Officer of the company, retired on March 31, 2007.

The nominees this year are Stuart Heydt, Craig A. Rogerson and W. Keith Smith. The nominees are currently serving as directors. Dr. Heydt and Mr. Smith were elected by the shareowners at the 2004 Annual Meeting, and Mr. Rogerson was elected by the Board of Directors effective September 1, 2005. If elected by the shareowners, Dr. Heydt and Messrs. Rogerson and Smith would serve until the 2010 Annual Meeting and until their successors are elected and qualified. Following the election of these three nominees, there will be 10 members of the Board of Directors, consisting of three classes: three directors whose terms would expire at the 2008 Annual Meeting, four directors whose terms would expire at the 2009 Annual Meeting, and three directors whose terms would expire at the 2010 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**

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**Nominees for Directors:**

**STUART HEYDT**, 67, 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, Governance and Nominating Committee, as well as the Executive and Nuclear Oversight Committees. Dr. Heydt has been a director since 1991.

**CRAIG A. ROGERSON**, 50, is President and Chief Executive Officer of Hercules Incorporated, a position he has held since December 2003. He also serves as a director of Hercules. Located in Wilmington, Delaware, Hercules is a leading manufacturer and marketer of specialty chemicals and related services for a broad range of business, consumer and industrial applications. Mr. Rogerson joined Hercules in 1979 and served in a number of management positions before leaving the company to serve as President and Chief Executive Officer of Wacker Silicones Corporation in 1997. He returned to Hercules in 2000 as President of the BetzDearborn Division. Following the sale of that business to General Electric in 2002, he remained with Hercules as President of the FiberVisions and Pinova divisions until he was named President and Chief Executive Officer of Hercules in December 2003. Mr. Rogerson also serves on the boards of the American Chemistry Council, the Delaware Business Roundtable and First State Innovation. He holds a chemical engineering degree from Michigan State University. He is a member of the Nuclear Oversight Committee and has been a director since September 2005.

**W. KEITH SMITH**, 72, 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 as the chairman of Allegheny General Hospital and is on the boards of West Penn Allegheny Health System, Invesmart, Inc., Baytree Bancorp., Inc., Baytree National Bank and Trust Co. and LED Medical Diagnostics, Inc. 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.

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**Directors Continuing in Office:**

**FREDERICK M. BERNTHAL**, 64, 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; his term expires in 2008.

**JOHN W. CONWAY**, 61, 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, Governance and Nominating Committee, as well as the Finance Committee. He has been a director since 2000; his term expires in 2009.

**E. ALLEN DEAVER**, 71, 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, Governance and Nominating Committee and a member of the Executive, Finance and Nuclear Oversight Committees. He also serves as the lead director and presiding director who chairs executive sessions of the independent directors. He has been a director since 1991; his term expires in 2009.

**LOUISE K. GOESER**, 53, 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 Compensation, Governance and Nominating

Committee and has been a director since 2003; her term expires in 2008.

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**JAMES H. MILLER**, 58, is Chairman, President and Chief Executive Officer of PPL Corporation. Prior to his current appointment in October 2006, Mr. Miller was named President in August 2005; Chief Operating Officer in September 2004, a position he held until the end of June 2006; Executive Vice President in January 2004; and also served as President of PPL Generation, LLC, a PPL Corporation subsidiary that operates power plants in the United States. He also serves as a director of PPL Electric Utilities Corporation and as a manager of PPL Energy Supply, LLC. Mr. Miller earned a bachelor's degree in electrical engineering from the University of Delaware and served in the U.S. Navy nuclear program. Before joining PPL Generation in February 2001, Mr. Miller served as Executive Vice President and Vice President, Production of USEC, Inc. from 1995, and prior to that time as President of ABB Environmental Systems, President of UC Operating Services, President of ABB Resource Recovery Systems and in various engineering and management positions at the former Delmarva Power and Light Co. 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. Miller has been a director since August 2005; his term expires in 2009.

**SUSAN M. STALNECKER**, 54, is Vice President and Treasurer of E. I. du Pont de Nemours and Company, of Wilmington, Delaware. Before being named to her current position in September 2006, she served as Vice President, Risk Management since June 2005, Vice President Government and Consumer Markets, DuPont Safety & Protection since January 2003, and 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. 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 expires in 2009.

**KEITH H. WILLIAMSON**, 54, is Senior Vice President, Secretary and General Counsel of Centene Corporation, a position he has held since November 2006. Centene Corporation is located in St. Louis, Missouri and is a multi-line healthcare enterprise that provides programs and related services to individuals receiving benefits under Medicaid, including Supplemental Security Income and the State Children's Health Insurance Program. He previously served as President of the Capital Services Division of Pitney Bowes Inc., a position he held since 1999. Pitney Bowes is a global provider of integrated mail, messaging and document management solutions headquartered in Stamford, Connecticut. Mr. Williamson joined Pitney Bowes in 1988 and held a series of positions in the company's tax, finance and legal operations, including oversight of the treasury function and rating agency activity. Mr. Williamson earned a B.A. from Brown University, a J.D. and M.B.A. from Harvard University and an LL.M. in taxation from New York University Law School. He is a member of the Finance Committee and has been a director since September 2005; his term expires in 2008.

**GOVERNANCE OF THE COMPANY**

**Board of Directors**

**Attendance.** The Board of Directors met six times during 2006. Each director attended at least 75% of the meetings held by the Board and the committees on which they served during the year, except for Ms. Goeser who attended 73% of the meetings. Due to two unavoidable instances when

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Ms. Goeser was required to be at her job as the chief executive officer of her company in Mexico, she was unable to attend a board meeting and a committee meeting held over a two-day period, and another board meeting held in a subsequent month. The average attendance of directors at Board and Committee meetings held during 2006 was 96%. Directors are expected to attend all meetings of the Board, the Committees on which they serve and shareowners. All of our directors attended the 2006 Annual Meeting of Shareowners.

***Independence of Directors.*** The Board has established guidelines to assist it in determining director independence, which conform to the independence requirements of the NYSE listing standards. In addition to applying these guidelines, which are summarized below and are available in the Corporate Governance section of our Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)), the Board considers all relevant facts and circumstances in making an independence determination. At its January 2007 meeting, the Board determined that the following nine directors (constituting all of PPL's non-employee directors) are independent from the company and management pursuant to its independence guidelines: Drs. Bernthal and Heydt, Messrs. Conway, Deaver, Rogerson, Smith and Williamson, and Mss. Goeser and Stalnecker.

In reaching this conclusion, the Board considered transactions and relationships between each director or any member of his or her immediate family and the company and its subsidiaries. From time to time, our subsidiaries have transacted business in the ordinary course with companies with which several of our directors are or were affiliated. In particular, with respect to each of the most recent three completed fiscal years, the Board evaluated the following relationships:

Each of Ms. Goeser, Ms. Stalnecker and Mr. Williamson were officers at companies with which PPL has engaged in ordinary course of business transactions. The Board reviewed all transactions with each of these companies and determined that the annual amount of sales to PPL, as well as purchases by these companies from PPL in each fiscal year, was significantly below one percent of the consolidated gross revenues of PPL and each of these companies. As part of its determination, the Board also considered that most of the transactions were competitively bid.

Mr. Conway is an executive officer of a company, which, through a Bolivian affiliate, has purchased electricity from a PPL affiliate in Bolivia that is a public utility. The Board determined that the amount of purchases in each fiscal year was significantly below one percent of the consolidated gross revenues of each such company and PPL and that the rates or charges were fixed in conformity with governmental authority.

The Board determined that all of these relationships were immaterial. 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. All of the transactions considered were significantly below 1% of any of the companies involved.

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;

has received more than \$100,000 in direct compensation from the company (and its subsidiaries) during any 12-month period (excluding director or committee fees);

is or was a partner or employee of any of the auditors of the company, subject to certain exceptions;



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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, or SEC, rules for directors who are members of the audit committee. If a director is considered independent pursuant to the standards set forth above, the director also will be deemed to be independent for purposes of being a member of our 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 and Lead Director.***

The independent directors meet in regular executive sessions during each Board meeting without management present. The Board has designated Mr. Deaver as the presiding director to chair these executive sessions. Mr. Deaver also serves as the lead director of the Board.

***Guidelines for Corporate Governance.***

You can find the full text of our *Guidelines for Corporate Governance* in the Corporate Governance section of our Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)). The *Guidelines* are 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 following address:

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 brought immediately 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.***

We maintain our *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. You can find the full text of the *Standards* in the Corporate Governance section of our Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)). The *Standards* are also available in print, without charge, to any shareowner who requests a copy.

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**Board Committees**

The Board of Directors has five standing committees:

- the Executive Committee;
- the Compensation, Governance and Nominating Committee;
- the Finance Committee;
- the Nuclear Oversight Committee; and
- the Audit Committee.

Each non-employee director usually serves on one or more of these committees. All of our committees, with the exception of the Executive Committee, are composed entirely of independent directors. The charters of all of the 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 shareholder who requests a copy.

***Executive Committee.***

During 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 2006. The members of the Executive Committee are Mr. Miller (chair), Drs. Bernthal and Heydt and Mr. Deaver.

***Compensation, Governance and Nominating Committee.***

The principal functions of the Compensation, Governance and Nominating Committee, or CGNC, 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 review management's succession planning;
- 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; and
- to establish and administer programs for evaluating the performance of Board members.

Another principal committee function is to develop and recommend to the Board corporate governance guidelines for the company. All of the members of the CGNC are independent within the meaning of the listing standards of the NYSE, the rules of the SEC and the company's standards of independence described above under the heading of

Independence of Directors. In addition, each member of the CGNC is a Non-Employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, and is an outside director as defined in Section 162(m) of the Internal Revenue Code. This committee met five times in 2006. The members of the CGNC are Mr. Deaver (chair), Mr. Conway, Ms. Goeser and Dr. Heydt.

*Compensation Processes and Procedures*

Decisions regarding the compensation of our executive officers are made by the CGNC. Specifically, the CGNC has strategic and administrative responsibility for a broad range of issues, including ensuring that we compensate executive officers effectively and in a manner consistent with our stated compensation strategy. The CGNC also oversees the administration of executive compensation plans, including the design, performance measures and award opportunities for the executive incentive

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programs, and certain employee benefits. Our Board of Directors appoints each member of the CGNC and has determined that each is an independent director.

The CGNC periodically reviews executive officer compensation to ensure that compensation is consistent with our compensation philosophies, company and personal performance, changes in market practices, and changes in an individual's responsibilities. At the CGNC's first regular in-person meeting each year, which it holds in January, the CGNC reviews the performance of executive officers and makes awards for the just-completed fiscal year.

To assist in its efforts to meet the objectives outlined above, the CGNC has retained Towers Perrin, a nationally known executive compensation and benefits consulting firm, to advise it on a regular basis on executive compensation and benefit programs. Towers Perrin provides additional information to the CGNC so that it can determine whether the company's executive compensation programs are reasonable and consistent with competitive practices. Representatives of Towers Perrin regularly participate in CGNC meetings and provide advice as to compensation trends and best practices, plan design and peer group comparisons.

Annually, the CGNC requests Towers Perrin to develop an analysis of current competitive compensation practices and levels. This analysis begins with a general review at the committee's July meeting and continues with a detailed analysis of competitive pay levels and practices at its year-end meeting. The CGNC uses this analysis when it assesses performance and considers salary levels and incentive awards at its January meeting following the performance year.

Senior management develops the business plan and recommends to the CGNC the related goals for the annual cash incentive program and the strategic goals for the long-term incentive program for the upcoming year, based on industry and market conditions and other factors. All of the incentive and strategic goals are reviewed and approved by the CGNC.

The CGNC has the authority to review and approve annually the compensation structure, including goals and objectives, of the chief executive officer, or CEO, and other executive officers who are subject to Section 16 of the Securities Exchange Act of 1934, including all of the executive officers named in this Proxy Statement. The CEO reviews with the CGNC his evaluation of the performance and leadership of the executive officers who report directly to him and, with input from the Chief Operating Officer, evaluates the presidents of the major business lines who report to the Chief Operating Officer. The CGNC approves the annual compensation, including salary, incentive compensation and other remuneration of such executive officers.

The CGNC manages a process for the Board of Directors to evaluate our CEO. Each director, other than the CEO, completes an evaluation of the CEO and submits the evaluation to the Chair of the CGNC, who is also the lead director. The evaluation is presented to the outside directors of the Board and discussed at the January meeting. A summary evaluation is compiled by the Chair of the CGNC, who then discusses the evaluation with the CEO. The CGNC determines the CEO's salary and incentive awards at its January meeting, based on the Board's evaluation.

The Board of Directors, with recommendations from the CGNC, determines the amount and form of director compensation. Towers Perrin also assists the CGNC with this determination.

### *Director Nomination Process*

The CGNC establishes guidelines for new directors and evaluates director candidates. In considering candidates, the CGNC 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 CGNC seeks individuals who have a broad range of demonstrated abilities and accomplishments beyond corporate leadership. These abilities include the skill and expertise sufficient

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to provide sound and prudent guidance with respect to all of the company's operations and interests. Finally, the CGNC 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, the CGNC or any shareowner entitled to vote in the election of directors generally. The CGNC screens all candidates in the same manner regardless of the source of the recommendation. The CGNC's review is typically based on any written materials provided with respect to the candidate. The CGNC determines whether the candidate meets the company's general qualifications and specific qualities and skills for directors and whether requesting additional information or an interview is appropriate.

If the CGNC or management identifies a need to add a new Board member to fulfill a special need or to fill a vacancy, the CGNC usually retains a third-party search firm to identify a candidate or candidates. The CGNC seeks prospective nominees through personal referrals, independent inquiries by directors and search firms. Once the CGNC 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 CEO and at least one member of the CGNC 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 CGNC 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 CGNC.

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, we must receive nominations by shareowners at least 75 days prior to the 2008 Annual Meeting. The nominations must also contain the information required by our 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 for making nominations are included in our Bylaws, which can be found at the Corporate Governance section of our Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)).

### ***Compensation Committee Interlocks and Insider Participation.***

None of the members of the CGNC during 2006 or as of the date of this Proxy Statement is or has been an officer or employee of the company, and no executive officer of the company served on the compensation committee or board of any company that employed any member of the CGNC or the company's Board of Directors.

### ***Finance Committee.***

The principal functions of the Finance Committee are:

- to review and approve annually the business plan for the company;
- to approve specific company financings and corporate financial policies;
- to authorize certain capital expenditures;

to authorize acquisitions and dispositions in excess of \$25 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



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Independence of Directors. The Finance Committee met three times in 2006. The members of the Finance Committee are Mr. Smith (chair), Messrs. Conway, Deaver, Williamson 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 Independence of Directors. The Nuclear Oversight Committee met three times in 2006. The members of the Nuclear Oversight Committee are Dr. Bernthal (chair), Messrs. Deaver, Rogerson 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:

the integrity of the financial statements of the company and its subsidiaries;

the company's compliance with legal and regulatory requirements;

the independent auditor's qualifications and independence; and

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 available on our Web site ([www.pplweb.com/about/corporate+governance.htm](http://www.pplweb.com/about/corporate+governance.htm)). The Audit Committee met nine times during 2006. The members of the Audit Committee are not 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. Our 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. Ernst & Young LLP, the company's independent auditor, is responsible for auditing the company's annual financial statements, expressing an opinion as to whether the financial statements present fairly, in all material respects, the company's financial position and results of operations in conformity with generally accepted accounting principles, and expressing opinions as to management's assessment of the effectiveness of internal control over financial reporting

and the effectiveness of internal control over financial reporting in accordance with the Standards of the Public Company Accounting Oversight Board. 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 a policy to solicit competitive proposals for audit services from independent accounting firms at least once every seven years. The Audit Committee has

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discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as it may be modified or supplemented, including the appropriateness and application of accounting principles.

The Audit Committee has received the written disclosures and the letter from its independent auditor pursuant to Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as it may be modified or supplemented, and has had discussions with Ernst & Young LLP about its independence. The Audit Committee also considered whether the provision of non-audit services by Ernst & Young 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 under 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 approved, that the audited financial statements be included in the company's Annual Report on Form 10-K for the year ended December 31, 2006.

The Audit Committee has a Committee Charter that specifies its responsibilities. The Committee Charter, which has been approved by the Board of Directors, 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**

### ***Annual Retainer.***

Directors who are company employees do not receive any separate compensation for service on the Board of Directors or committees of the Board of Directors. During 2006, directors who are not employees of PPL received an annual retainer of \$95,000, of which a minimum of \$60,000 was mandatorily allocated to a deferred stock account under the Directors Deferred Compensation Plan. Effective January 1, 2007, the annual retainer increased to \$105,000, of which \$65,000 is mandatorily allocated to a deferred stock account. The cash portion of the annual retainer is paid in monthly installments to each director, unless voluntarily deferred to their stock account or to their deferred cash account (as discussed below), and the stock portion is allocated in monthly installments to each director's deferred stock account. Each deferred stock unit is equal in value to a share of PPL common stock, is fully vested upon grant, but does not have voting rights. Deferred stock units accumulate quarterly dividend-equivalent payments, which are

reinvested in additional deferred stock units.

***Committee Retainers.***

During 2006, each committee chair received an annual cash retainer of \$6,000, which was paid in monthly installments. Effective January 1, 2007, the annual retainer for the Audit Committee Chair was increased to \$11,000.

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***Presiding Director Retainer.***

The presiding director receives an annual cash retainer of \$30,000, which is paid in monthly installments.

***One-time Grant of Restricted Stock Units.***

Each non-employee director who was on the Board on January 1, 2004 received a one-time additional retainer fee, equal to 7,000 deferred restricted stock units (which reflects the 2-for-1 common stock split completed in August 2005), which was mandatorily allocated to such director's deferred stock account under the Directors Deferred Compensation Plan. Any new director joining the Board of Directors after that time also receives this one-time additional retainer fee of deferred stock units. These 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 the 5-year restriction period.

***Other Fees.***

Each non-employee director also receives a fee of \$1,500 for attending each Board of Directors meeting, committee meeting and other meetings at the company's request, and a fee of \$200 for participating in meetings held by telephone conference call. PPL also reimburses each director for usual and customary travel expenses.

***Directors Deferred Compensation Plan.***

Pursuant to the Directors Deferred Compensation Plan, or 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 stock unit deferrals. Under this plan, directors can defer compensation other than the mandatory deferrals into a deferred cash account or deferred stock account. The deferred cash account earns a return as if the funds had been invested in the Stable Value Fund of PPL's 401(k) plans, which is managed by Fidelity Investments. For 2006, the total rate of return for this fund was 4.5%. Payment of the amounts allocated to the deferred cash account and accrued earnings, together with the deferred stock units and accrued dividend equivalents, is deferred until after the directors' retirement from the Board of Directors, at which time they receive the deferred cash and stock in one or more annual installments for a period of up to ten years as previously elected by the director.

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The following table summarizes all compensation earned during 2006 by our directors who are not employees.

**2006 DIRECTOR COMPENSATION**

Name of Director	Fees Earned or Paid in Cash		Deferred into Restricted Stock Units <sup>(2)</sup>	Stock Awards SFAS 123(R) Amortizations and Incremental Market Adjustments to Deferred Stock Account <sup>(4)</sup>	All Other Compensation <sup>(5)</sup>	Total
	Paid in Cash <sup>(1)</sup>					
			Grant Date Fair Value of 2006 Awards <sup>(3)</sup>			
			\$ 60,000	\$ 331,650		
Frederick M. Bernthal	\$ 0	\$ 62,700	<b>\$391,650</b>		\$ 326	\$ 454,676
			60,000	205,848		
John W. Conway	0	55,100	<b>265,848</b>		326	321,274
			60,000	337,916		
E. Allen Deaver	99,800	0	<b>397,916</b>		326	498,042
			60,000	77,081		
Louise K. Goeser	46,300	0	<b>137,081</b>		326	183,707
			60,000	333,814		
Stuart Heydt	69,300	0	<b>393,814</b>		326	463,440
			60,000	55,815		
Craig A. Rogerson	51,500	0	<b>115,815</b>		326	167,641
			60,000	222,754		
W. Keith Smith	0	62,100	<b>282,754</b>		326	345,180
			60,000	101,278		
Susan M. Stalnecker	52,500	0	<b>161,278</b>		326	214,104
			60,000	55,815		
Keith H. Williamson	50,800	0	<b>115,815</b>		326	166,941

- (1) This column reports the amount of retainers and fees paid in cash in 2006 for Board and committee service by each director, including a \$30,000 annual cash retainer for Mr. Deaver for serving as presiding director. Mr. Deaver and Ms. Stalnecker deferred \$69,800 and \$52,500, respectively, of cash fees into their deferred cash account under PPL's Directors Deferred Compensation Plan, or DDCP, and these amounts are included in this column for each such director.



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- (2) This column reports the dollar amount of retainers and fees deferred into restricted stock accounts under the DDCP. Dr. Bernthal and Messrs. Conway and Smith deferred all of their cash retainers and fees into their deferred stock accounts under the DDCP.
- (3) This column represents the dollar amount recognized for financial statement reporting purposes for the fair value of mandatorily deferred stock units granted during 2006. The fair value for the deferred stock units is initially calculated using the mean of the high and low sale prices of PPL stock on the date of grant.
- (4) This column includes the expense recognized by PPL for the incremental increase in value during 2006 of all the stock allocated to each director's stock account, whether allocated prior to or during 2006, as well as the expense recognized by PPL in 2006 for a previous one-time additional retainer fee of 7,000 deferred stock units having a 5-year restriction period. As required by SFAS 123(R) (see description at the end of CD&A Tax and Accounting Considerations SFAS 123(R) at page 40), the deferred stock units are evaluated at the end of each quarterly reporting period and adjusted to reflect the then-current closing stock price at the end of the quarter. This fair value calculation for the incremental market change is made for the total amount of deferred stock in each director's stock account as of the end of each quarterly reporting period and not just the stock allocated during 2006. The company's stock increased in value from a closing price of \$29.40 at the end of 2005 to \$35.84 at the end of 2006. The differences in the amounts shown among Board members largely reflect individual length of service and the amount of fees deferred into the respective deferred stock accounts. The values in this column merely reflect the incremental market adjustments made during 2006 for each director's deferred stock account to reflect then-current market prices. No additional deferred stock units were allocated to any director's account as a result of the quarterly market adjustment.

As of December 31, 2006, all deferred stock units held in each director's deferred stock account were vested, with the exception of the one-time restricted stock unit award of 7,000 units held by each director.

The following table reflects the aggregate number of restricted stock units held by each director as of December 31, 2006.

<b>Director</b>	<b>Number of Restricted Stock Units Held as of December 31, 2006</b>
F. M. Bernthal	56,629
J. W. Conway	36,807
E. A. Deaver	56,728
L. K. Goeser	15,821
S. Heydt	56,084
C. A. Rogerson	9,796
W. K. Smith	39,554
S. M. Stalnecker	19,616
K. H. Williamson	9,796

- (5) This column shows the dollar value of life insurance premiums paid by the company during 2006 for a death benefit of \$190,000 for each director, which is equal to twice the amount of the annual retainer fee.





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The 2006 Director Compensation Table provided above reflects the 2006 total expense recorded by your company for each director under applicable accounting rules. The following table illustrates the actual fees earned by each director during 2006, including the annual retainer (both cash and cash equivalent of deferred stock portion), annual committee retainers, the presiding director annual cash retainer and meeting fees for in-person and telephonic meetings.

**2006 DIRECTOR FEES**

Director Name	Annual Retainer Fee (cash)	Annual Retainer Fee (stock)	Committee Presiding		Board Meeting Fees	Committee Meeting Fees Conference	Total 2006
			Chair Annual Cash Retainer	Director Annual Cash Retainer			