

PPL Corp  
Form DEF 14A  
April 08, 2014  
Table of Contents

**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:

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

(3) Per unit 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) Total fee paid:

.. Fee paid previously with 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:

**Table of Contents**

PPL Corporation

Notice of Annual Meeting

May 21, 2014

and

Proxy Statement

**Table of Contents**

**PPL CORPORATION**

**Two North Ninth Street**

**Allentown, Pennsylvania 18101**

**Notice of Annual Meeting of Shareowners**

**Time and Date**

2:00 p.m., local time, on Wednesday, May 21, 2014.

**Place**

Radisson Blu Hotel

Herald Way

Pegasus Business Park

East Midlands Airport

Derby, England

United Kingdom DE74 2TZ

**Items of Business**

To elect 12 directors, as listed in this Proxy Statement, for a term of one year.

To conduct an advisory vote to approve named executive officer compensation.

To ratify the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for the year ending December 31, 2014.

To consider two shareowner proposals, if properly presented.

To consider such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

**Record Date**

You can vote if you were a shareowner of record on February 28, 2014.

**Proxy Voting**

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 headings General Information If I am a shareowner of record, how do I vote? and If I am a beneficial owner of shares held in street name, how do I vote?

By Order of the Board of Directors,

Robert J. Grey

Executive Vice President,

General Counsel and Secretary

April 8, 2014

**Important Notice Regarding the Availability of Proxy**

**Materials for the Shareowner Meeting to Be Held on May 21, 2014:**

**This Proxy Statement and the Annual Report to Shareowners are available at**

**<http://www.pplweb.com/PPLCorpProxy>**

**Table of Contents****TABLE OF CONTENTS**

<b><u>PROXY STATEMENT</u></b>	1
<b><u>GENERAL INFORMATION</u></b>	1
<b><u>PROPOSAL 1: ELECTION OF DIRECTORS</u></b>	8
<u>Nominees for Directors</u>	8
<b><u>GOVERNANCE OF THE COMPANY</u></b>	14
<u>Board of Directors</u>	14
<u>Attendance</u>	14
<u>Independence of Directors</u>	14
<u>Executive Sessions: Presiding and Lead Director</u>	15
<u>Board Leadership Structure</u>	15
<u>Guidelines for Corporate Governance</u>	16
<u>Communications with the Board</u>	16
<u>Code of Ethics</u>	16
<u>Board Committees</u>	16
<u>Board Committee Membership</u>	17
<u>Executive Committee</u>	17
<u>Compensation, Governance and Nominating Committee</u>	17
<u>Compensation Processes and Procedures</u>	18
<u>Director Nomination Process</u>	20
<u>Compensation Committee Interlocks and Insider Participation</u>	21
<u>Finance Committee</u>	21
<u>Nuclear Oversight Committee</u>	21
<u>Audit Committee</u>	22
<u>Report of the Audit Committee</u>	22
<u>The Board's Role in Risk Oversight</u>	24
<u>Compensation of Directors</u>	25
<u>Annual Retainer</u>	25
<u>Presiding Director Retainer</u>	25
<u>Committee Chair Retainers</u>	25
<u>Other Fees</u>	25
<u>Directors Deferred Compensation Plan</u>	25
<u>2013 Director Compensation</u>	26
<b><u>STOCK OWNERSHIP</u></b>	27
<u>Directors and Executive Officers</u>	27
<u>Principal Shareowners</u>	28
<b><u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	29
<b><u>TRANSACTIONS WITH RELATED PERSONS</u></b>	29
<b><u>EXECUTIVE COMPENSATION</u></b>	30
<u>Compensation Committee Report</u>	30
<u>Compensation Discussion and Analysis ( CD&amp;A )</u>	31
<u>Overview</u>	31
<u>Summary of Compensation Policy and Plan Changes During 2013</u>	32

(i)

**Table of Contents**

<u>Compensation Philosophy and Objectives of PPL's Executive Compensation Program</u>	33
<u>Our Process for Setting Executive Compensation</u>	34
<u>Market Compensation Analysis</u>	34
<u>2013 Total Direct Compensation</u>	34
<u>Base Salary</u>	35
<u>Annual Cash Incentive Awards</u>	36
<u>Long-Term Incentive Awards (Equity Awards)</u>	39
<u>Timing of Equity Awards</u>	44
<u>Ownership Guidelines; Hedging and Pledging Prohibitions</u>	45
<u>Recoupment Policy</u>	45
<u>Other Compensation Matters</u>	46
<u>Perquisites and Other Benefits</u>	46
<u>Indirect Compensation</u>	46
<u>Special Compensation</u>	48
<u>Tax and Accounting Considerations</u>	50
<u>Executive Compensation Tables</u>	52
<u>Summary Compensation Table</u>	52
<u>Grants of Plan-Based Awards During 2013</u>	55
<u>Outstanding Equity Awards at Fiscal Year-End 2013</u>	57
<u>Option Exercises and Stock Vested in 2013</u>	60
<u>Pension Benefits in 2013</u>	60
<u>Nonqualified Deferred Compensation in 2013</u>	66
<u>Potential Payments upon Termination or Change in Control of PPL Corporation</u>	68
<u>Change in Control Arrangements</u>	68
<u>Retention Agreements</u>	71
<u>Termination Benefits</u>	72
<u>Severance</u>	72
<u>SERP and PPL Executive Deferred Compensation Plan</u>	73
<u>Annual Cash Incentive Awards</u>	73
<u>Long-Term Incentive Awards</u>	73
<b><u>PROPOSAL 2: ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION</u></b>	79
<b><u>PROPOSAL 3: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	81
<u>Fees to Independent Auditor for 2013 and 2012</u>	81
<b><u>SHAREOWNER PROPOSALS</u></b>	82
<b><u>PROPOSAL 4: REQUEST FOR POLITICAL SPENDING REPORT</u></b>	82
<b><u>PPL'S STATEMENT IN RESPONSE</u></b>	83
<b><u>PROPOSAL 5: SPECIAL SHAREOWNER MEETINGS</u></b>	85
<b><u>PPL'S STATEMENT IN RESPONSE</u></b>	85



**Table of Contents**

**PPL CORPORATION**

**Two North Ninth Street**

**Allentown, Pennsylvania 18101**

**Proxy Statement**

**Annual Meeting of Shareowners**

**May 21, 2014**

**2:00 p.m. (local 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 21, 2014, and at any adjournment or postponement 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 8, 2014.

**GENERAL INFORMATION**

***On what matters am I voting?***

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

the election of 12 directors, as listed in this proxy statement, for a term of one year;

an advisory vote to approve named executive officer compensation;

the ratification of the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for the year ending December 31, 2014; and

the consideration of two shareowner proposals, if properly presented at the meeting.

***Why am I receiving these proxy materials?***

Our Board of Directors has made these materials available to you on the Internet or has delivered printed versions of these materials to you by mail in connection with the Board of Directors' solicitation of proxies for use at our Annual Meeting of Shareowners. As a shareowner, you are invited to attend the Annual Meeting and are requested to vote on the items of business described in this Proxy Statement.

***What is included in these materials?***

These proxy materials include:

    this Proxy Statement for the Annual Meeting; and

    our Annual Report for the fiscal year ended December 31, 2013.

If you received printed versions of these materials by mail, these materials also include the proxy card or voting instruction form for the Annual Meeting.

## **Table of Contents**

### ***Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?***

In accordance with Securities and Exchange Commission, or SEC, rules, instead of mailing a printed copy of our proxy materials to all of our shareowners, we have elected to furnish such materials to selected shareowners by providing access to these documents over the Internet. Accordingly, on April 8, 2014, we sent a Notice of Internet Availability of Proxy Materials (the Notice ) to most of our shareowners. These shareowners have the ability to access the proxy materials on a website referred to in the Notice and to download printable versions of the proxy materials or to request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy of the materials from us may be found in the Notice. We encourage you to take advantage of the availability of the proxy materials on the Internet in order to help reduce the environmental impact and cost of the Annual Meeting.

### ***How can I get electronic access to the proxy materials?***

The Notice provides you with instructions regarding how to:

view our proxy materials for the Annual Meeting on the Internet;

vote your shares after you have viewed our proxy materials; and

request a printed copy of the proxy materials.

Copies of the proxy materials are available for viewing at [www.pplweb.com/PPLCorpProxy](http://www.pplweb.com/PPLCorpProxy).

If you received printed versions of these materials by mail, these materials also include the proxy card or voting instruction form for the Annual Meeting.

### ***Who can vote?***

Holders of PPL Corporation common stock as of the close of business on the record date, February 28, 2014, 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 or printed copies of the proxy materials 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, and the shareholder of record of your shares is your broker, bank or other holder of record. The Notice or printed copies of the proxy materials have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record to vote your shares. The company urges you to instruct your broker, bank or other holder of record on

how to vote your shares. Please understand that, if you are a beneficial owner, the company does not know that you are a shareowner or how many shares you own.

2 PPL Corporation 2014 Proxy Statement

**Table of Contents**

***If I am a shareowner of record, how do I vote?***

If you are a **shareowner of record**, you can vote via the Internet, by telephone, by mail or in person at the Annual Meeting.

**Via the Internet**

If you received a Notice, you may vote by proxy at [www.proxypush.com/ppl](http://www.proxypush.com/ppl) by following the instructions found in the Notice. If you received or requested printed copies of the proxy materials by mail, you may vote via the Internet by following the instructions on your proxy card.

**By telephone**

If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free telephone number found 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.

The telephone and Internet voting facilities for shareowners of record will be available 24 hours a day and will close at 11:59 p.m., Central Daylight Time, on May 20, 2014.

**By mail**

If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by completing, signing and dating the proxy card and returning it in the postage-paid envelope we have provided. If 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 the postage-paid envelope is missing, please mail your completed proxy card to PPL Corporation, c/o Shareowner Services, P.O. Box 64873, St. Paul, MN 55164-0873. We must receive your mailed proxy card no later than 11:59 p.m., Central Daylight Time, on May 20, 2014 in order for your vote to be counted.

**In person at the Annual Meeting**

You may come to the Annual Meeting and cast your vote there, either by proxy or by ballot. For those shareowners who received a Notice, please bring the Notice, which will serve as your admission ticket. For those shareowners who received printed copies of the proxy materials, please bring your admission ticket with you to the Annual Meeting.

If you vote via the Internet or by telephone, or mail to us your properly completed and signed proxy card, 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 listed for director;

FOR the advisory vote to approve named executive officer compensation;

FOR the ratification of the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for the year ending December 31, 2014; and

AGAINST the two shareowner proposals.

PPL Corporation 2014 Proxy Statement 3

## **Table of Contents**

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.

### ***If I am a beneficial owner of shares held in street name, how do I vote?***

As the beneficial owner of shares held in street name, you have the right to direct your broker, bank or other holder of record how to vote your shares, and it is required to vote your shares in accordance with your instructions. If you do not give instructions to your brokerage firm or bank, it will nevertheless be entitled to vote your shares with respect to routine items, but it will not be permitted to vote your shares with respect to non-routine items. In the case of a non-routine item, your shares will be considered broker non-votes on that proposal.

We recommend that you follow the voting instructions in the materials you receive from your broker, bank or other holder of record to vote via the Internet, by telephone or by mail. You may vote shares held in street name at the Annual Meeting only if you obtain a signed proxy from the record holder (broker or other nominee) giving you the right to vote the shares. Please see the attendance requirements discussed under **Who can attend the Annual Meeting?**

### ***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, 2014 will be voted by the trustee in accordance with your instructions. Participants may not vote in person at the Annual Meeting. Similar to the process for shareowners of PPL Corporation common stock who receive printed proxy materials, 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 11:59 p.m., Central Daylight Time, on May 18, 2014 if you vote by mail, by telephone or on the Internet. 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, which must be received no later than the close of business on May 20, 2014;

by completing, signing, dating and returning a new proxy card or voting instruction form with a later date;

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

attending the Annual Meeting and voting in person.

4 PPL Corporation 2014 Proxy Statement



## **Table of Contents**

### ***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. For example, 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 ratification of the appointment of Ernst & Young LLP, as this matter is considered routine under the applicable rules. The company urges you to instruct your broker, bank or other holder of record on how to vote your shares.

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

If you are a shareowner of record and you received a Notice, the Notice will serve as your admission ticket. If you are a shareowner of record who received or requested printed copies of the proxy materials by mail, your admission ticket is enclosed with your proxy materials. If you hold shares through the Employee Stock Ownership Plan, your admission ticket is the letter enclosed with your ballot card. You will need to bring your Notice or admission ticket, along with picture identification, to the meeting. If you own shares as a beneficial owner (in street name), please bring to the meeting proof of your PPL common stock ownership, such as your most recent brokerage statement, or an ownership confirmation letter from your broker, or your Notice or PPL voting instruction form sent to you by your broker, along with picture identification. PPL will use your brokerage document to verify your ownership of PPL common stock and admit you to the meeting.

### ***How can I obtain directions to the Annual Meeting?***

To obtain directions to the Annual Meeting, please contact the Corporate Secretary's Office, c/o PPL Corporation, TW-15, Two North Ninth Street, Allentown, Pennsylvania 18101.

### ***Is there a way for me to listen to the meeting if I am unable to attend in person?***

Shareowners will have access to an audio feed of this year's Annual Meeting. To listen to the meeting, go to the Investors' section of [pplweb.com](http://pplweb.com) and click on the "Listen to Annual Meeting" button, which will be available on the day of the meeting. You will be asked to identify yourself to confirm you are a shareowner.

### ***What constitutes a quorum?***

In order to conduct the Annual Meeting, a majority of the outstanding shares entitled to vote must be present, in person or by proxy, in order to constitute a quorum. As of the record date, there were 630,911,121 shares of common stock outstanding, and each share of common stock is entitled to one vote. No shares of preferred stock of the company were outstanding. 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 shares present and entitled to vote at the meeting for purposes of determining a quorum, so long as the broker, bank or other holder of record casts a vote on behalf of a shareowner on any issue other than a procedural motion. 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.



## **Table of Contents**

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

Each matter to be submitted to shareowners, including the election of directors, requires the affirmative vote of a majority of the votes cast, in person or by proxy, by the shareowners at the meeting. For purposes of determining the number of votes cast with respect to a particular matter, only those cast for or against are included. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the meeting.

Under our Amended and Restated Articles of Incorporation and our Guidelines for Corporate Governance, directors must be elected by a majority of the votes cast in uncontested elections, such as the election of directors at the Annual Meeting. This means that the number of votes cast for a director nominee must exceed the number of votes cast against that nominee. Abstentions and broker non-votes are not counted as votes for or against a director nominee. Any nominee who is an incumbent director and does not receive a majority of votes cast for his or her election would be required to tender his or her resignation promptly following the failure to receive the required vote. Within 90 days following the final tabulation of the shareowner vote, the Compensation, Governance and Nominating Committee would then be required to make a recommendation to the Board as to whether the Board should accept the resignation, and the Board would be required to decide whether to accept the resignation. The Board must then promptly disclose its decision-making process. In a contested election, the required vote would be a plurality of votes cast. Full details of this policy are set forth in our Guidelines for Corporate Governance, which can be found in the Corporate Governance section of our website ([www.pplweb.com/Guidelines](http://www.pplweb.com/Guidelines)).

Proposal 1 (election of directors), Proposal 3 (advisory vote to approve executive compensation) and Proposals 4 and 5 (shareowner proposals) are non-routine matters under NYSE rules, and brokerage firms, banks or other holders of record are prohibited from voting on each of these proposals without receiving instructions from the beneficial owners of the shares. Abstentions and broker non-votes will not be considered as votes cast and will have no effect on the outcome of the vote.

Proposal 2 (ratification of auditors) is considered to be a routine matter under NYSE rules, and brokers, banks or other holders of record may vote in their discretion on behalf of clients who have not furnished voting instructions. Abstentions will not be treated as votes cast and will have no effect on the outcome of the vote on this proposal.

### ***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 \$15,000, plus reimbursement for out-of-pocket expenses. Brokers, 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.

### ***Who can assist me if I have questions about the annual meeting or need help voting my shares?***

**Your vote is important!** If you need any help voting your shares or have questions about the annual meeting, please call the firm assisting us with the solicitation of proxies:

INNISFREE M&A INCORPORATED

**Shareowners may call toll-free at 877-825-8730**

Banks and brokers may call collect at 212-750-5833

6 PPL Corporation 2014 Proxy Statement

**Table of Contents**

***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 a PPL affiliate 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?***

We have adopted a procedure approved by the SEC called householding. Under this procedure, shareowners of record who have the same address and last name and receive hard copies of the Annual Meeting materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the Annual Report 2013, unless we are notified that one or more of these shareowners wishes to continue receiving individual copies. If you and other PPL shareowners living in your household do not have the same last name, you may also request to receive only one copy of future proxy statements and financial reports.

Householding conserves natural resources and reduces our distribution costs. Shareowners who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings.

If you are eligible for householding, but you and other shareowners of record with whom you share an address currently receive multiple copies of this Notice of Annual Meeting and Proxy Statement and any accompanying documents, or if you hold PPL stock in more than one account, and in either case you wish to receive only a single copy of each document for your household, please contact our transfer agent, Wells Fargo Bank, N.A. in writing: 1110 Centre Point Curve, Suite 101, Mendota Heights, MN 55120; or by telephone: toll free in the U.S. at 877-602-7615.

Alternatively, if you participate in householding and wish to receive a separate copy of this Notice of Annual Meeting and Proxy Statement and any accompanying documents or prefer to discontinue your participation in householding, please contact Wells Fargo as indicated above and a separate copy will be sent to you promptly.

If you are a beneficial owner, you can request information about householding from your bank, broker or other holder of record.

***When are the 2015 shareowner proposals due?***

To be included in the proxy materials for the 2015 Annual Meeting, any proposal intended to be presented at that Annual Meeting by a shareowner must be received by the Secretary of the company in writing no later than December 9, 2014:

Corporate Secretary's Office

PPL Corporation

Two North Ninth Street

Allentown, Pennsylvania 18101

To be properly brought before the Annual Meeting, any other proposal must be received no later than 75 days in advance of the date of the 2015 Annual Meeting.

**Table of Contents****PROPOSAL 1: ELECTION OF DIRECTORS**

Twelve members of our Board are standing for re-election, to hold office until the next Annual Meeting of Shareowners. Each nominee elected as a Director will continue in office until his or her successor has been elected and qualified, or until his or her earlier death, resignation or retirement.

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 proxies appointed by the Board of Directors intend to vote the proxy for the election of each of these nominees, unless you indicate otherwise on the proxy or ballot card.

The following pages contain biographical information about the nominees, as well as information concerning the particular experience, qualifications, attributes and/or skills that led the Compensation, Governance and Nominating Committee and the Board to determine that each nominee should serve as a director. In addition, a majority of our directors serve or have served on boards and board committees (including, in many cases, as committee chairs) of other public companies, which we believe provides them with additional board leadership and governance experience, exposure to best practices, and substantial knowledge and skills that further enhance the functioning of our Board.

**Nominees for Directors:****FREDERICK M. BERNTHAL****Board Committees:****Age:** 71

Audit

Executive

**Director since:** 1997

Nuclear Oversight (Chair)

**Independent Director**

**Dr. Bernthal** is the retired President of Universities Research Association (URA), a position he held from 1994 until March 2011. URA is a consortium of research universities engaged in the construction and operation of major research facilities on behalf of the U.S. Department of Energy and the National Science Foundation. 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.

**Experience and Qualifications.** Having served as a member of the Nuclear Regulatory Commission and considering his governmental and leadership experience, Dr. Bernthal brings to our Board of Directors a unique point of view and knowledge vital to a company having nuclear operations.

8 PPL Corporation 2014 Proxy Statement





Tractebel Energia S.A.  
(2011-March 2013)

Wincanton plc (2001 to 2009)

**Mr. Cox** retired in April 2013 as Chief Executive Officer of International Power Ltd., a global independent power producer based in the United Kingdom. He was promoted to that position in 2003 after serving in his previous role of Chief Financial Officer, a position he held since 2000. Before joining International Power, Mr. Cox served as Senior Vice President-Operational Planning at Invensys plc from 1999 to 2000 and in several financial roles at Siebe PLC, including Chief Financial Officer, from 1989 to 1999. Before joining Siebe, he served in several senior roles in both public and private industry, after beginning his career with Price Waterhouse in 1973, where he qualified as a Chartered Accountant in 1976. He was awarded a CBE (Commander of the British Empire) for services to the energy industry in 2013.

**Experience and Qualifications.** Having served as the CEO and CFO of a global energy company, as well as in other leadership and accounting roles throughout his career, Mr. Cox provides critical insight into organizational and operational management, global business and financial matters to our Board.

**Table of Contents****STEVEN G. ELLIOTT****Board Committees:****Other Public Directorships:****Age:** 67

Audit (Chair)

AllianceBernstein Corporation

Finance

Huntington Bancshares  
Incorporated**Director since:** 2011**Independent Director**

**Mr. Elliott** is the retired Senior Vice Chairman of The Bank of New York Mellon Corporation, an investment management and investment servicing company. He served in that position from 1998 until his retirement in December 2010. He joined Mellon in 1987 as Executive Vice President and head of the finance department. He was named Chief Financial Officer in 1990, Vice Chairman in 1992 and Senior Vice Chairman in 1998. Before joining Mellon, he held senior officer positions at: First Commerce Corporation, New Orleans; Crocker National Bank, San Francisco; Continental Illinois National Bank, Chicago; and First Interstate Bank of California.

**Experience and Qualifications.** With his long and distinguished career in the financial services industry, as well as his accounting background, Mr. Elliott brings to our Board a wealth of knowledge of organizational and operational management, as well as risk management expertise, essential to a large public company.

**LOUISE K. GOESER****Board Committees:****Other Public Directorships:****Age:** 60Compensation,  
Governance and  
Nominating

MSC Industrial Direct Co., Inc.

**Director since:** 2003**Independent Director**

**Ms. Goeser** is President and Chief Executive Officer of Grupo Siemens S.A. de C.V. and is responsible for Siemens Mesoamérica. Siemens Mesoamérica is the Mexican, Central American and Caribbean unit of multinational Siemens AG, a global engineering company operating in the industry, energy and healthcare sectors. Before accepting this position in March 2009, Ms. Goeser served as President and Chief Executive Officer of Ford of Mexico from January

2005 until November 2008. 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. She also serves as a director of HSBC Mexico.

**Experience and Qualifications.** With years of demonstrated leadership and business experience in a variety of industry and international positions, Ms. Goeser brings to our Board of Directors valuable insight into global organizational and operational management crucial to a large public company.

10 PPL Corporation 2014 Proxy Statement

**Table of Contents**

<b>STUART E. GRAHAM</b>	<b>Board Committees:</b>	<b>Other Public Directorships:</b>
<b>Age:</b> 68	Compensation, Governance and Nominating	Harsco Corporation  Industrivärden AB
<b>Director since:</b> 2008	Executive  Nuclear Oversight	Skanska AB (Chairman)
<b>Independent Director</b>		<b>Former Public Directorships within the Last Five Years:</b>  Securitas AB (2006-2009)

**Mr. Graham** retired in April 2008 as President and Chief Executive Officer of Sweden-based Skanska AB, an international project development and construction company. He continued to serve as chairman of Skanska USA Inc., a U.S. subsidiary, until May of 2011. Mr. Graham was named President and CEO of Skanska AB and was elected to its board of directors in 2002. From 2000 to 2002, Mr. Graham served as executive vice president and as a member of the senior executive team of Skanska AB. Mr. Graham's career includes more than four decades of experience in the infrastructure and construction industry, including executive management responsibilities for Skanska's business units in the United States, the United Kingdom, Hong Kong and South America. He is past chairman of the Engineering and Construction Governors Council of the World Economic Forum and founded the Engineering and Construction Risk Institute.

**Experience and Qualifications.** Having served as the CEO of a global construction firm, Mr. Graham brings to our Board a strong mix of organizational and operational management skills and global business experience, as well as board leadership experience from a variety of public company boards, all of which are essential to a large public company.

<b>STUART HEYDT</b>	<b>Board Committees:</b>
<b>Age:</b> 74	Audit  Compensation, Governance and Nominating
<b>Director since:</b> 1991	Executive

**Independent Director**

**Dr. Heydt** retired in 2000 as Chief Executive Officer of the Geisinger Health System, a nonprofit healthcare provider, a position he held since 1991. He is past president and a Distinguished Fellow of the American College of Physician Executives.

**Experience and Qualifications.** Having served as the CEO of a large healthcare system, Dr. Heydt provides critical insight into organizational and operational management matters, as well as leadership experience, to our Board of Directors.

**Table of Contents****RAJA RAJAMANNAR****Board Committees:****Age:** 52

Audit

Finance

**Director since:** 2011**Independent Director**

**Mr. Rajamannar** is the Chief Marketing Officer of MasterCard International Incorporated, a technology company in the global payments industry. Prior to joining MasterCard in September of 2013, he served as the Executive Vice President, Senior Business, and Chief Transformation Officer of WellPoint, Inc., one of the nation's largest health benefits companies, from March 2012 until January 2013. Prior to joining WellPoint, he served as Senior Vice President & Chief Innovation and Marketing Officer for Humana Inc., a healthcare company that offers a wide range of insurance products and health and wellness services. He held that position from April 2009 until March 2012. Prior to joining Humana, Mr. Rajamannar had 24 years of global business management experience, including 15 years with Citigroup, the New York-based banking conglomerate. Prior to joining Citigroup in 1994, Mr. Rajamannar held marketing and sales positions at Unilever in India from 1988 to 1994, and was a senior product manager at Asian Paints Limited in India.

**Experience and Qualifications.** With years of demonstrated leadership and business experience in a variety of industry and international positions, Mr. Rajamannar brings to our Board of Directors valuable insight into global organizational and operational management, as well as marketing experience, crucial to a large public company.

**CRAIG A. ROGERSON****Board Committees:****Other Public Directorships:****Age:** 57Compensation, Governance  
and Nominating (Chair)

Chemtura Corporation

Executive

**Director since:** 2005

Nuclear Oversight

**Independent Director**

**Mr. Rogerson** is Chairman, President and Chief Executive Officer of Chemtura Corporation, a position he has held since December 2008. Chemtura is a global manufacturer and marketer of specialty chemicals, crop protection and pool, spa and home care products. Mr. Rogerson served as President, Chief Executive Officer and director of Hercules Incorporated from December 2003 until its acquisition by Ashland, Incorporated in November 2008. Located in Wilmington, Delaware, Hercules was a global 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. In May 2000, Mr. Rogerson rejoined Hercules and was named President of its BetzDearborn Division in August 2000. Prior to being named CEO of Hercules in December 2003, Mr. Rogerson held a variety of senior management positions with the company. Mr. Rogerson serves on the boards of the American Chemistry Council and the Society of Chemical Industry. He also serves on the Advisory Board of the Chemical Engineering & Materials Science College of Michigan State University.

**Experience and Qualifications.** With years of demonstrated managerial ability as a CEO of large global chemical manufacturing companies, Mr. Rogerson brings to our Board a wealth of knowledge of organizational and operational management, as well as board leadership experience, essential to a large public company.

12 PPL Corporation 2014 Proxy Statement



**Table of Contents****WILLIAM H. SPENCE****Board Committees:****Age:** 57

Executive (Chair)

**Director since:** 2011**Management Director**

**Mr. Spence** is Chairman, President and Chief Executive Officer of PPL Corporation. Prior to his current appointment as Chairman in April 2012, Mr. Spence was named Chief Executive Officer and appointed to the board of directors of PPL Corporation in November 2011, was named President and Chief Operating Officer in July 2011, and served as Executive Vice President and Chief Operating Officer since June of 2006. Prior to joining PPL in June 2006, Mr. Spence had 19 years of service with Pepco Holdings, Inc. and its heritage companies, Delmarva Power and Conectiv. He served as Senior Vice President of Pepco Holdings from August 2002 and as Senior Vice President of Conectiv Holdings since September 2000. He joined Delmarva Power in 1987 in that company's regulated gas business, where he held various management positions before being named Vice President of Trading in 1996. Mr. Spence also serves on the boards of several wholly owned subsidiaries of PPL Corporation. He is chair of the Corporate Leadership Council, an internal committee comprised of executive officers of PPL Corporation.

**Experience and Qualifications.** Having broad-ranging operating experience in the energy industry, Mr. Spence brings a full range of strategic management expertise, a broad understanding of the issues facing a global business in the energy industry and an in-depth knowledge of the company's business and culture to the Board and the Chairman position.

**NATICA VON ALTHANN****Board Committees:****Age:** 63

Audit

Finance (Chair)

**Director since:** 2009

Nuclear Oversight

**Independent Director**

**Ms. von Althann** was a founding partner of C&A Advisors, a consulting firm in the financial services and risk management areas, from 2009 until 2013. She retired in June 2008 as the Senior Credit Risk Management Executive for Bank of America and Chief Credit Officer of U.S. Trust, an investment management company. Prior to being appointed to the Bank of America position in 2007 after U.S. Trust was acquired by Bank of America, Ms. von Althann served as Chief Credit Officer of U.S. Trust since 2003. Prior to joining U.S. Trust in 2003, Ms. von Althann served as managing director at IQ Venture Partners, an investment banking boutique. Previously, she spent 26 years at Citigroup, including in a number of senior management roles. During her time at Citigroup, among other positions, she served as managing director and co-head of Citicorp's U.S. Telecommunications-Technology group, managing director and global industry head of the Retail and Apparel group and division executive and market region head for Latin America in the Citigroup private banking group. Ms. von Althann currently serves as a director of TD Bank US Holding Company and its two bank subsidiaries, TD Bank, N.A. and TD Bank USA, N.A.

**Experience and Qualifications.** With her extensive background in the banking industry, including operating responsibilities and senior management experience, Ms. von Althann brings to our Board a wealth of knowledge of organizational and operational management, as well as financial and risk management expertise, essential to a large public company.

**Table of Contents****KEITH H. WILLIAMSON****Board Committees:****Age:** 61

Audit

Finance

**Director since:** 2005**Independent Director**

**Mr. Williamson** is Executive Vice President, Secretary and General Counsel of Centene Corporation. Prior to being promoted to this position in November 2012, he served as Senior Vice President, Secretary and General Counsel, a position he held since 2006. Centene Corporation is a provider of Medicaid-managed care and specialty healthcare services for under-insured and uninsured individuals. 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. 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.

**Experience and Qualifications.** With years of demonstrated leadership and business experience in a variety of industry positions with publicly traded companies, Mr. Williamson brings to our Board of Directors a combination of general business and finance experience which is crucial to a large public company.

**Your Board of Directors recommends that shareowners**

**vote FOR the election of each of these nominees for director**

**GOVERNANCE OF THE COMPANY****Board of Directors**

**Attendance.** The Board of Directors met six times during 2013. Each director attended at least 75% of the meetings held by the Board and the committees on which he or she served during the year. The average attendance of directors at Board and Committee meetings held during 2013 was 94%. Directors are expected to attend all meetings of shareowners, the Board and the Committees on which they serve. All of our directors attended the 2013 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 available in the Corporate Governance section of our website ([www.pplweb.com/Independence-Standards-July2009](http://www.pplweb.com/Independence-Standards-July2009)), the Board considers all relevant facts and circumstances in making an independence determination. The Board determined that the following 11 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, Cox, Elliott, Graham, Rajamannar, Rogerson and Williamson, and Mmes. Goeser and von Althann.

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, the Board considered that with respect to each of the

## **Table of Contents**

most recent three completed fiscal years for Mr. Rogerson, and for 2011 and 2012 for Mr. Rajamannar, each was an officer of a company with which PPL has engaged in business transactions in the ordinary course. The Board reviewed all transactions with each of these companies and determined that the annual amount of revenues received by Mr. Rogerson's company or Mr. Rajamannar's companies in each fiscal year was significantly below 1% of the consolidated gross revenues of both PPL and such other companies. As part of its determination, the Board also considered that the transactions were competitively bid.

The Board determined that none of these relationships were material or affected the independence of such directors under either the company's independence guidelines or the applicable NYSE rules. 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 the consolidated gross revenues of any of the companies involved.

***Executive Sessions; Presiding and Lead Director.*** The independent directors meet in regular executive sessions during each Board meeting without management present. Mr. Conway serves as the presiding director in chairing these executive sessions and also serves as the lead director of the Board.

***Board Leadership Structure.*** The positions of Chairman and Chief Executive Officer, or CEO, are held by Mr. Spence. Mr. Conway serves as an independent lead director. The Board believes that the responsibilities delegated to the lead director are substantially similar to many of the functions typically fulfilled by a board chairman. The Board believes that its lead director position balances the need for effective and independent oversight of management with the need for strong, unified leadership. Of our 12 director nominees, only Mr. Spence is not independent from the company. All of our committees, with the exception of the Executive Committee on which Mr. Spence serves, are composed entirely of independent directors, and the agendas are driven by the independent chairs through discussions with designated management liaisons. Each independent director is encouraged to, and does, regularly contact management with either questions or suggestions for agenda items. The Board does not believe that the establishment of an independent chairman is necessary or recommended at the present time. The Board continues to have the right to separate those roles if it were to determine that such a separation would be in the best interest of the company, its shareowners and other stakeholders.

The lead director serves in the following roles:

presides at all meetings of the Board at which the Chairman and CEO is not present, including executive sessions of the independent directors that occur at each Board meeting;

serves as an adviser to the Chairman and CEO, as well as a non-exclusive liaison between the independent directors and the Chairman and CEO;

periodically reviews or suggests meeting agendas and schedules for the Board and at least annually solicits suggestions from the Board on meeting topics, such as strategy, management performance and governance matters;

has the authority to call meetings of the independent directors;

responds to shareowner and other stakeholder questions that are directed to the presiding or lead director, as well as to the independent directors as a group; and

fulfills such other responsibilities as the Board may from time to time request.

## **Table of Contents**

The Corporate Secretary's Office, together with any other key employees requested by the lead director, provides support to the lead director in fulfilling his role.

***Guidelines for Corporate Governance.*** You can find the full text of our *Guidelines for Corporate Governance* in the Corporate Governance section of our website ([www.pplweb.com/Guidelines](http://www.pplweb.com/Guidelines)).

***Communications with the Board.*** Shareowners or other parties interested in communicating with the lead director, with the Board or with the independent directors as a group may write to the following address:

The Lead Director or the Board of Directors

c/o Corporate Secretary's Office

PPL Corporation

Two North Ninth Street

Allentown, Pennsylvania 18101

The Corporate Secretary's Office 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 a code of business conduct and ethics, our *Standards of 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 website ([www.pplweb.com/Standards-of-Integrity](http://www.pplweb.com/Standards-of-Integrity)).

## **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. Each committee has a charter, all of which are available in the Corporate Governance section of the company's website ([www.pplweb.com/board-committees](http://www.pplweb.com/board-committees)).

16 PPL Corporation 2014 Proxy Statement



**Table of Contents**

The following table shows the directors who are currently members or chairs of each of the standing Board Committees and the number of meetings each committee held in 2013.

**Board Committee Membership**

Director		Audit	Compensation, Governance and Nominating	Executive	Finance	Nuclear Oversight
Frederick M. Bernthal	I	X		X		Chair
John W. Conway <sup>(1)</sup>	I/LD		X	X	X	
Philip G. Cox <sup>(2)</sup>	I				X	X
Steven G. Elliott <sup>(3)</sup>	I	Chair			X	
Louise K. Goeser	I		X			
Stuart E. Graham	I		X	X		X
Stuart Heydt	I	X	X	X		X
Raja Rajamannar	I	X			X	
Craig A. Rogerson	I		Chair	X		X
William H. Spence				Chair		
Natica von Althann <sup>(3)</sup>	I	X			Chair	X
Keith H. Williamson	I	X			X	
<b>Number of Meetings in 2013</b>		<b>8</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>3</b>
	<b>I Independent Director</b>		<b>LD Lead Director</b>			<b>Chairman of the Board</b>

(1) Joined the Compensation, Governance and Nominating Committee on February 1, 2013.

(2) Joined the Finance and Nuclear Oversight Committees on May 1, 2013.

(3) Designated as an audit committee financial expert as defined by the rules and regulations of the SEC. **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).

**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 executive officers of the company, including setting goals and objectives, 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;

to establish and administer programs for evaluating the performance of Board members; and

to develop and recommend to the Board corporate governance guidelines applicable to the company.

## **Table of Contents**

All of the members of the CGNC are independent within the meaning of the listing standards of the NYSE, including those rules applicable to board and committee service, and the company's standards of independence described above under the heading 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, as amended, or the Exchange Act, and is an outside director as defined in Section 162(m) of the Internal Revenue Code.

### *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 our executive compensation plans, including the design of, and performance measures and award opportunities for, the executive incentive programs, and some employee benefits.

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

To assist in its efforts to meet the objectives outlined above, the CGNC retains Pay Governance LLC, an independent consulting firm, to advise it on a regular basis on executive compensation programs. Pay Governance 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 Pay Governance regularly participate in CGNC meetings and provide advice as to compensation trends and best practices, plan design, and competitive market comparisons.

The CGNC regularly engages Pay Governance to provide the following information and analyses:

Utility Industry Executive Compensation Trends Presentation provides a report on current trends in utility industry executive compensation.

Director Pay Analysis reviews the pay program for PPL's non-employee directors relative to a group of utility companies and to a broad spectrum of general industry companies.

Executive Compensation Analysis provides a review of compensation for the executive officer positions at PPL, including all of the named executive officers. This review includes both utility and general industry medians, and it results in a report on the compensation of executive officers and competitive market data. A detailed discussion of the competitive market comparison process is provided below, in Compensation Discussion and Analysis Market Compensation Analysis beginning on page 34.

Change in Control Analysis conducted annually to prepare calculations of severance benefit and tax gross-up values for those named executive officers who have such benefits for disclosure in the proxy statement (see Potential Payments upon Termination or Change in Control of PPL Corporation Termination

Benefits beginning on page 72 and table following that section beginning on page 75). Additionally, management may request analyses or information from Pay Governance in order to assist it in the administration of the executive compensation programs, including competitive analysis on new executive positions and valuation support for the company's stock award program such as Black-

18 PPL Corporation 2014 Proxy Statement

**Table of Contents**

Scholes calculations for stock options and the valuation of performance unit grants for accounting purposes.

The Chief Human Resources Officer is management's liaison to the CGNC, and his staff provides support for the CGNC and regularly interacts with Pay Governance.

Annually, the CGNC requests that Pay Governance present emerging issues and trends in executive compensation among the largest U.S. utilities at its July meeting and provide a detailed analysis of competitive pay levels and practices at its year-end meeting. The CGNC uses this analysis to provide a general understanding of current market practices when it assesses performance and considers salary levels and incentive awards at its January meeting following the performance year.

Based on a business plan approved by the Board of Directors, the CGNC considers the related goals for the annual cash incentive program and the long-term incentive program for the upcoming year, based on industry and market conditions and other factors. All incentive goals for executive officers 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 Exchange Act, 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: (1) the executive officers who report directly to him, including the presidents of the major business lines; and (2) the treasurer and the controller, with input from the chief financial officer, or CFO. The CEO presents his compensation recommendations to the CGNC, and based in large part on such recommendations, the CGNC approves the annual compensation, including salary, incentive compensation and other remuneration, of such executive officers. In preparing his recommendations, the CEO may discuss his evaluations and potential recommendations with the Chief Human Resources Officer and representatives of Pay Governance. The CEO does not discuss his own compensation with Pay Governance or with the CGNC.

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. 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. Pay Governance also assists the CGNC with this determination.

The CGNC annually reviews and approves total expenditures paid to Pay Governance. Pay Governance and its affiliates do not provide any services to the company or any of the company's affiliates other than advising the CGNC on director and executive officer compensation. In July 2013, the CGNC evaluated whether any work provided by Pay Governance raised any conflict of interest, including the work it performs as an independent compensation consultant for Crown Holdings, Inc., where Mr. Conway serves as Chairman and CEO, and who became a member of the CGNC during 2013. After consideration of the facts and circumstances, the CGNC determined that there was no conflict of interest.

## **Table of Contents**

### *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 at a senior executive level is desired, and it seeks candidates who have diverse experience relevant to serving 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 to provide sound and prudent guidance with respect to all of the company's operations and interests. The CGNC believes that, while diversity and variety of experiences and viewpoints represented on the board should always be considered, a director nominee should not be chosen solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the CGNC focuses on skills, expertise or background that would complement the existing board, recognizing that the company's businesses and operations are diverse and global in nature. Our directors come from diverse backgrounds including industrial, energy, financial, non-profit and healthcare. 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 a candidate. The CGNC determines whether a 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 requirement 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, the chair of the CGNC and other members of the CGNC, if available, 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 nominee after considering the recommendation and report of the CGNC.

When considering whether the Board's directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of the company's business and structure, the Board focused primarily on the information discussed in each of the Board members' biographical information set forth on pages 8 to 14. In particular, in connection with the nominations of each director for election as directors at the 2014 Annual Meeting of Shareowners, the Board considered their contributions to the company's success during their previous years of Board service.

**Table of Contents**

Shareowners interested in recommending nominees for directors should submit their recommendations in writing to:

Corporate 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 2015 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 website ([www.pplweb.com/Bylaws](http://www.pplweb.com/Bylaws)).

***Compensation Committee Interlocks and Insider Participation.*** During 2013, none of the members of the CGNC was an officer or employee of the company, and no executive officer of the company served on the compensation committee or board of any company while that company employed any member of the CGNC.

***Finance Committee.*** The principal functions of the Finance Committee are:

to review and approve annually the three-year business plan, which includes the annual financing plan, as well as the five-year capital expenditure plan for the company;

to approve company financings in excess of \$50 million, to the extent not contemplated by the annual financing plan approved by the Finance Committee;

to approve reductions of the outstanding securities of the company in excess of \$100 million;

to authorize capital expenditures in excess of \$100 million;

to authorize acquisitions and dispositions in excess of \$75 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."

***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 operations;

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 nuclear operations.

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."



**Table of Contents**

***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 effectiveness of the company's internal control over financial reporting;

the identification and management of risk;

the company's compliance with legal and regulatory requirements;

the independent registered public accounting firm's, or independent auditor's, qualifications and independence; and

the performance of the company's independent auditor and internal audit function.

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 rules of the SEC and the company's independence standards described above under the heading "Independence of Directors."

***Report of the Audit Committee***

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to, among other items, 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 over financial reporting and assessing the effectiveness of such controls. Ernst & Young LLP, the company's principal independent registered public accounting firm, or 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 U.S. generally accepted accounting principles, and expressing an opinion as to the effectiveness of internal control over financial reporting in accordance with the Standards of the Public Company Accounting Oversight Board, or PCAOB. The Audit Committee's responsibility is to monitor and review these processes. Among other duties, the Audit Committee has reviewed and discussed the audited financial statements, significant accounting policies, and other disclosures with management and the independent auditor. The Audit Committee has also reviewed and discussed highlights of quarterly earnings calls and earnings press releases.

In its capacity as a Committee of the Board of Directors, the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor. The independent auditor reports directly to the Audit Committee, and the Audit Committee is responsible for preapproving all audit and permitted non-audit services to be provided by the independent auditor. In determining whether to reappoint the independent auditor, the Audit Committee takes into consideration various factors, including: the historical and recent

performance of the independent auditor on the audit; its professional qualifications; the quality of ongoing discussions with the independent auditor; external data, including recent PCAOB reports on the independent auditor and its peer firms; the results of an internal survey of the independent auditor's service and quality; and the appropriateness of fees. The Audit Committee also has a policy to periodically solicit competitive proposals for audit services from independent accounting firms.

The Audit Committee has discussed with the independent auditor the matters required to be discussed by applicable Auditing Standards, as periodically adopted or amended, and the rules of the Securities and Exchange Commission (SEC) including the appropriateness and application of accounting principles. The Audit Committee has received the written disclosures and the letter from the company's

22 PPL Corporation 2014 Proxy Statement

**Table of Contents**

independent auditor required by applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence 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 also met periodically with various members of management to discuss compliance activities. With respect to risk management, the Chief Risk Officer reports regularly to the Audit Committee with regard to inherent risks to the company, the identification, assessment, management and monitoring of those risks, and risk management practices and activities of the company. While the Audit Committee has responsibility for overseeing the company's process for identifying, assessing and managing business risks, each of the other Board Committees also considers risks within its areas of responsibility. For example, the Compensation, Governance and Nominating Committee reviews various risks including risks related to compensation matters as well as legal and regulatory compliance risks as they relate to corporate governance.

The Audit Committee has reviewed and discussed, together with management and the independent auditor, management's assessment of internal controls relating to the adequacy and effectiveness of financial reporting. The Audit Committee has also reviewed 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. In addition, the Audit Committee has established a process and procedures for the receipt, retention and treatment of complaints regarding accounting or auditing matters.

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 and management's assessment of the effectiveness of the company's internal control over financial reporting be included in the company's Annual Report on Form 10-K for the year ended December 31, 2013.

The Audit Committee has a Charter that specifies its responsibilities. The committee Charter, which has been approved by the Board of Directors, is available on the company's website ([www.pplweb.com/audit-committee](http://www.pplweb.com/audit-committee)). Also, 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

Steven G. Elliott, Chair

Frederick M. Bernthal

Stuart Heydt

Raja Rajamannar

Natica von Althann

Keith H. Williamson



---

**Table of Contents****The Board's Role in Risk Oversight**

The Board provides oversight of the company's risk management practices. The Board reviews material risks associated with the company's business plan periodically as part of its consideration of the ongoing operations and strategic direction of the company. At meetings of the Board and its committees, directors receive periodic updates from management regarding risk management activities. Outside of formal meetings, the Board, its committees and individual Board members have full access to senior executives and other key employees, including the CEO, CFO, the General Counsel and the Chief Risk Officer, or CRO.

Each of the committees of the Board, other than the Executive Committee, reports regularly to the full Board on risk-related matters. The committees also oversee the management of material risks that fall within such committee's areas of responsibility. In performing this function, each committee has full access to management as well as the ability to engage advisers. The CRO communicates key risks to the Audit and Finance Committees. This communication includes the identification of key risks and emerging risks and how these risks are being measured and managed.

A primary function of the Audit Committee is to assist the Board in the oversight of the identification and management of risk. More specifically, the Audit Committee is responsible for the review of the company's process for identifying, assessing and managing business risks and exposures and discussing related guidelines and policies. The Audit Committee regularly reviews risk management activities related to the financial statements, legal and compliance matters, tax, information technology and other key areas. The Audit Committee also periodically meets in executive session with representatives from the company's independent registered public accounting firm, the CFO, the CRO, the Vice President and Controller, the Corporate Audit Services Vice President and the Senior Director-Business Ethics and Compliance.

The Audit Committee also oversees the company's enterprise risk management process. The CRO has responsibility for leading the company's enterprise risk management process. The company's Risk Management group and Corporate Audit Services department provide periodic reports to the Audit Committee and the full Board regarding key risk matters. The Corporate Audit Services Vice President reports directly to the Audit Committee.

The Finance Committee is responsible for, among other items provided in its Charter, reviewing, approving and monitoring the policies and practices to be followed by the company and its subsidiaries in managing market risk, credit risk, liquidity risk and currency risk. The company's internal Risk Management Committee is chaired by the CRO. The Risk Management Committee and the CRO serve at the direction of the Finance Committee to provide oversight of risk management activities related to buying and selling electric energy and gas, fuel procurement, foreign currency exchange and translation and the issuance of corporate debt.

The CGNC considers various risks including those related to the attraction and retention of talent, the design of compensation programs, succession planning, governance matters and the identification of qualified individuals to become board members. The CGNC reviews management's assessment of whether risks arising from the company's compensation policies and practices for all employees, including non-executive officers, are reasonably likely to have a material adverse effect on the company. The CGNC follows a risk assessment process that formally identifies and prioritizes compensation plan features that could induce excessive risk-taking, misstatement of financial results or fraudulent misconduct to enhance an employee's compensation and trigger material harm to the company. Based on this detailed risk assessment process, the company has determined that any risks arising from its compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on the company.

24 PPL Corporation 2014 Proxy Statement

---

**Table of Contents**

The Nuclear Oversight Committee considers risks in connection with its responsibilities for oversight of the company's nuclear function, including various risks related to ensuring the company has appropriate systems in place to protect the health and safety of the public and maintain compliance with applicable laws and regulations.

**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 2013, directors who were not employees of PPL received an annual retainer of \$195,000, of which a minimum of \$130,000 was mandatorily allocated in monthly installments to each director's deferred stock account under the Directors Deferred Compensation Plan, or DDCP. The remaining \$65,000 portion of the annual retainer was paid in cash in monthly installments to each director, unless voluntarily deferred to his or her stock account or to his or her deferred cash account under the DDCP (as discussed below with respect to all retainers and other fees).

Each deferred stock unit represents the right to receive a share of PPL common stock and is fully vested upon grant, but is not paid to the director until after retirement (as discussed below with respect to payments under the DDCP). Deferred stock units do not have voting rights. Deferred stock units accumulate quarterly dividend equivalents, which are reinvested in additional deferred stock units, which are also not paid to the director until retirement.

There were no increases in retainers or fees for 2014.

**Presiding Director Retainer.** During 2013, the presiding director, who is also our lead independent director, received an additional annual cash retainer of \$30,000, which was paid in monthly installments unless voluntarily deferred under the DDCP.

**Committee Chair Retainers.** During 2013, each committee chair, except for the Audit Committee Chair, received an additional annual cash retainer of \$10,000, which was paid in monthly installments unless voluntarily deferred under the DDCP. The Audit Committee Chair received an additional annual cash retainer of \$15,000 during 2013, which was paid in monthly installments unless voluntarily deferred under the DDCP.

**Other Fees.** During 2013, each non-employee director also received a fee of \$2,000 for attending each Board of Directors meeting, \$1,500 for attending each committee meeting and other meetings at the company's request, and a fee of \$1,000 for participating in meetings held by telephone conference call. These fees may also be voluntarily deferred under the DDCP. PPL also reimburses each director for usual and customary travel expenses.

**Directors Deferred Compensation Plan.** 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 stock unit deferrals. Under this plan, directors can defer compensation other than the mandatory deferrals into a deferred cash account or the deferred stock account. The deferred cash account earns a return as if the funds had been invested in one or more of the core investment options offered to employees under the PPL Deferred Savings Plan at Fidelity Investments. These investment accounts include large, mid and small cap investment funds, international equity index funds, target date funds, bond funds and a stable value fund, with returns that ranged from -2.18% to 37.83% during 2013. The brokerage account option that is available to employees is not available to directors. For 2013, one director elected to defer his cash retainer and fees into a deferred cash account. Payment of the amounts allocated to a director's deferred cash account and accrued earnings, together with deferred stock units and accrued dividend equivalents, is deferred until after the director's retirement from the Board of Directors, at





**Table of Contents**

which time the deferred cash and stock is disbursed in one or more annual installments for a period of up to 10 years, as previously elected by the director.

The following table summarizes all compensation earned during 2013 by our non-employee directors.

**2013 DIRECTOR COMPENSATION**

Name of Director	Fees Earned or Paid in Cash			All Other Compensation <sup>(5)</sup>	Total
	Paid in Cash <sup>(2)</sup>	Deferred into Restricted Stock Units <sup>(3)</sup>	Stock Awards <sup>(4)</sup>		
Frederick M. Bernthal	\$ 108,500		\$130,000	\$4,571	\$ 243,071
John W. Conway		\$124,000	130,000	571	254,571
Philip G. Cox <sup>(1)</sup>	57,333		86,667	381	144,381
Steven G. Elliott	111,000		130,000	4,571	245,571
Louise K. Goeser	85,500		130,000	571	216,071
Stuart E. Graham	96,000		130,000	571	226,571
Stuart Heydt	107,000		130,000	571	237,571
Raja Rajamannar	96,000		130,000	571	226,571
Craig A. Rogerson	99,000		130,000	571	229,571
Natica von Althann	110,500		130,000	571	241,071
Keith H. Williamson	93,000		130,000	1,571	224,571

(1) Mr. Cox did not join the Board until May 1, 2013.

(2) This column reports the amount of retainers and other fees either actually paid in cash or voluntarily deferred into cash accounts under the DDCP for Board and committee service by each director for 2013, and the cash retainers for the committee chairs: Mr. Elliott (Audit \$15,000), Dr. Bernthal (Nuclear Oversight \$10,000), Mr. Rogerson (CGNC \$10,000) and Ms. von Althann (Finance \$10,000). Dr. Bernthal voluntarily deferred all \$108,500 of his retainers and fees into his deferred cash account under the DDCP, and this amount is included in this column.

(3) This column reports the dollar amount of retainers and fees voluntarily deferred into deferred stock accounts under the DDCP, including the \$30,000 retainer to Mr. Conway for serving as presiding director.

(4) This column represents the grant date fair value of the mandatorily deferred portion of the annual retainer during 2013 as calculated under ASC Topic 718 as described below under Executive Compensation CD&A Tax and Accounting Considerations. The grant date fair value for the deferred stock units was calculated using the closing price of PPL common stock on the NYSE on the date of grant.

All deferred stock units held in each director's deferred stock account are vested. As of December 31, 2013, the aggregate number of stock units (including dividend equivalents) held by each current non-employee director was as

follows: Dr. Bernthal 66,350; Mr. Conway 92,096; Mr. Cox 2,858; Mr. Elliott 13,185; Ms. Goeser 46,809; Mr. Graham 23,239; Dr. Heydt 85,029; Mr. Rajamannar 10,951; Mr. Rogerson 39,199; Ms. von Althann 17,944; and Mr. Williamson 36,028.

- (5) This column shows the dollar value of life insurance premiums paid by the company during 2013 for each director. The company provides life insurance to each director equal to twice the amount of the annual retainer. In addition, this column reflects any contributions made under our charitable matching gift program. Non-employee directors are eligible to participate in our charitable

**Table of Contents**

matching gift program on the same basis as employees, pursuant to which we will contribute, on a 100% matching basis, from \$50 up to \$4,000 per year per person to specified charitable institutions.

**STOCK OWNERSHIP****Directors and Executive Officers**

All directors and executive officers as a group hold less than 1% of PPL's common stock. The table below shows the number of shares of our common stock beneficially owned by each of our director nominees and each named executive officer as of March 4, 2014 for whom compensation is disclosed in the Summary Compensation Table, as well as the number of shares beneficially owned by all of our director nominees and executive officers as a group. The table also includes information about stock options, stock units, restricted stock, restricted stock units granted to executive officers under the company's Incentive Compensation Plan, or ICP, as well as the company's 2012 Stock Incentive Plan, or 2012 SIP, and stock units credited to the accounts of our directors under the DDCP.

Name	Shares of Common Stock Owned <sup>(1)</sup>
F. M. Bernthal	56,371 <sup>(2)</sup>
J. W. Conway	97,373 <sup>(3)</sup>
P. G. Cox	3,243 <sup>(4)</sup>
D. G. DeCampli	359,369 <sup>(5)</sup>
S. G. Elliott	13,699 <sup>(6)</sup>
P. A. Farr	774,906 <sup>(7)</sup>
L. K. Goeser	47,739 <sup>(8)</sup>
S. E. Graham	28,877 <sup>(9)</sup>
R. J. Grey	445,841 <sup>(10)</sup>
S. Heydt	86,433 <sup>(11)</sup>
R. Rajamannar	11,436 <sup>(12)</sup>
C. A. Rogerson	40,210 <sup>(13)</sup>
W. H. Spence	1,025,046 <sup>(14)</sup>
V. A. Staffieri	172,533 <sup>(15)</sup>
N. von Althann	18,516 <sup>(16)</sup>
K. H. Williamson	36,825 <sup>(17)</sup>
All 22 executive officers and directors as a group	4,150,545 <sup>(18)</sup>

(1) The number of shares owned includes: (a) shares directly owned by certain relatives with whom directors or officers share voting or investment power; (b) 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; (c) 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 (d) with respect to executive officers, shares held for their benefit by the Trustee under PPL's Employee Stock Ownership Plan, or ESOP.

(2) Consists of 56,371 shares credited to Dr. Bernthal's deferred stock account under the DDCP.

- (3) Includes 93,956 shares credited to Mr. Conway's deferred stock account under the DDCP.
- (4) Consists of 3,243 shares credited to Mr. Cox's deferred stock account under the DDCP.
- (5) Includes 15,000 shares of restricted stock, 50,897 restricted stock units and 261,289 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP or 2012 SIP.

**Table of Contents**

- (6) Consists of 13,699 shares credited to Mr. Elliott's deferred stock account under the DDCP.
- (7) Includes 40,000 shares of restricted stock, 107,605 restricted stock units and 611,036 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP or 2012 SIP.
- (8) Consists of 47,739 shares credited to Ms. Goeser's deferred stock account under the DDCP.
- (9) Includes 23,877 shares credited to Mr. Graham's deferred stock account under the DDCP.
- (10) Includes 52,505 restricted stock units and 392,306 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP or 2012 SIP. Also includes 124.5 shares held in a trust for the benefit of Mr. Grey's mother and of which he disclaims beneficial ownership.
- (11) Consists of 81,875 shares credited to Dr. Heydt's deferred stock account under the DDCP and 4,558 shares of additional deferred stock credited to his account in connection with the termination of the Directors Retirement Plan in 1996.
- (12) Consists of 11,436 shares credited to Mr. Rajamannar's deferred stock account under the DDCP.
- (13) Consists of 40,210 shares credited to Mr. Rogerson's deferred stock account under the DDCP.
- (14) Includes 245,899 restricted stock units and 738,469 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP and 2012 SIP. Also includes 12,824 shares held in an irrevocable trust for the benefit of Mr. Spence's wife and of which he disclaims beneficial ownership.
- (15) Consists of 99,173 restricted stock units and 73,360 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP or 2012 SIP.
- (16) Consists of 18,516 shares credited to Ms. von Althann's deferred stock account under the DDCP.
- (17) Consists of 36,825 shares credited to Mr. Williamson's deferred stock account under the DDCP.
- (18) Includes 95,000 shares of restricted stock, 761,821 restricted stock units, 2,702,667 shares of common stock that may be acquired within 60 days upon the exercise of stock options granted under the ICP or the 2012

SIP, 4,558 additional shares credited to a director's account in connection with the termination of a retirement plan, and 427,746 shares credited to the directors' deferred stock accounts under the DDCP.

**Principal Shareowners**

Based on filings made under Sections 13(d) and 13(g) of the Exchange Act, as of February 14, 2014, the only persons known by the company to be beneficial owners of more than 5% of PPL's common stock are:

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
BlackRock, Inc.* 40 East 52 <sup>nd</sup> Street New York, NY 10022	43,999,630	6.9%

\* Based solely on a review of the Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 10, 2014. As reported on the Schedule 13G, as of December 31, 2013, BlackRock, Inc.

---

**Table of Contents**

beneficially owned, in the aggregate, 43,999,630 shares held by BlackRock (Luxembourg) S.A.; BlackRock (Netherlands) B.V.; BlackRock Advisors, LLC; BlackRock Advisors (UK) Limited; BlackRock Asset Management Canada Limited; BlackRock Asset Management Deutschland AG; BlackRock Asset Management Ireland Limited; BlackRock Financial Management, Inc.; BlackRock Fund Advisors; BlackRock Fund Management Ireland Limited; BlackRock Fund Managers Limited; BlackRock Institutional Trust Company, N.A.; BlackRock International Limited; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management (UK) Limited; BlackRock Investment Management, LLC; BlackRock Japan Co., Ltd.; BlackRock Life Limited; and iShares (DE) I InvAG mit Teilgesellschaftsvermoege n and had shared voting and dispositive power over 55,031 shares, sole voting power over 38,421,452 shares and sole dispositive power over 43,944,599 shares.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

To our knowledge, our directors and executive officers met all filing requirements under Section 16(a) of the Exchange Act during 2013.

**TRANSACTIONS WITH RELATED PERSONS**

The Board of Directors has adopted a written related-person transaction policy to recognize the process the Board will use to identify potential conflicts of interest arising out of financial transactions, arrangements or relations between PPL and any related persons. This policy applies to any transaction or series of transactions in which PPL Corporation or a subsidiary is a participant, the amount exceeds \$120,000 and a related person has a direct or indirect material interest. A related person includes not only the company's directors and executive officers, but others related to them by certain family relationships, as well as shareowners who own more than 5% of any class of PPL Corporation's voting securities.

Under the policy, each related-person transaction must be reviewed and approved or ratified by the disinterested independent members of the Board, other than any employment relationship or transaction involving an executive officer and any related compensation, which must be approved by the Compensation, Governance and Nominating Committee, or CGNC.

In connection with the review and approval or ratification of a related-person transaction, the Board, or the CGNC, as applicable, will consider the relevant facts and circumstances, including:

the approximate dollar value involved in the transaction, and all the material facts as to the related person's direct or indirect interest in, or relationship to, the related-person transaction;

whether the related-person transaction complies with the terms of PPL's agreements governing its material outstanding indebtedness that limit or restrict PPL's ability to enter into a related-person transaction;

whether the related-person transaction will be required to be disclosed in PPL's applicable filings under the Securities Act of 1933, as amended, or the Exchange Act; and

whether the related-person transaction constitutes a personal loan for purposes of Section 402 of the Sarbanes-Oxley Act of 2002.

In addition, in connection with any approval or ratification of a related-person transaction involving a non-employee director or nominee for director, the CGNC will consider whether such transaction would compromise such director's status as: (1) an independent director under the New York Stock Exchange Listing Standards, including those rules applicable to board and committee service, and PPL's categorical independence standards, (2) an outside director under Section 162(m) of the



## **Table of Contents**

Internal Revenue Code or a nonemployee director under Rule 16b-3 under the Exchange Act, as amended, if such non-employee director serves on the CGNC, or (3) an independent director under Rule 10A-3 under the Exchange Act, as amended, if such non-employee director serves on the Audit Committee of the Board.

We collect information about potential related-person transactions in annual questionnaires completed by directors and executive officers. We also review any payments made by the company or its subsidiaries to each director and executive officer and their immediate family members, and to or from those companies that either employ a director or an immediate family member of any director or executive officer. In addition, we review any payments made by the company or its subsidiaries to, or any payments received by the company and its subsidiaries from, any shareowner who owns more than 5% of any class of PPL Corporation's voting securities. The company's Office of General Counsel determines whether a transaction requires review by the Board or the CGNC. Transactions that fall within the definition of the policy are reported to the Board or the CGNC. The disinterested independent members of the Board, or the CGNC, as applicable, review and consider the relevant facts and circumstances and determine whether to approve, deny or ratify the related-person transaction.

BlackRock, Inc. filed an amended Schedule 13G in February 2014, stating that it holds 6.9% of PPL's common stock. As a result of beneficially owning more than 5% of PPL's common stock, BlackRock is currently considered a related person under PPL's related-person transaction policy. After conducting a review of any relationships between BlackRock and its subsidiaries and our company and its subsidiaries, the company determined that the company invests its short-term cash overnight in money market funds managed by BlackRock Institutional Management Corporation, which received fees in the amount of about \$173,000 during 2013. Other subsidiaries of the company also invested in a variety of capital appreciation and liquidity funds managed by BlackRock affiliates, which received fees of approximately \$20,000 during 2013. In addition, several affiliates of BlackRock provided asset management investment services for the company's U.S. retirement plan trust and the company's pension trusts in the United Kingdom, all of which are separate from the company and are managed by independent trustees. These relationships were reviewed and ratified by the Board of Directors in compliance with the company's related-person transaction policy.

## **EXECUTIVE COMPENSATION**

### **Compensation Committee Report**

The Compensation, Governance and Nominating Committee has reviewed the following Compensation Discussion and Analysis and discussed it with management. Based on its review and discussions with management, the committee recommended that the Compensation Discussion and Analysis be incorporated by reference into the company's Annual Report on Form 10-K for the year ended December 31, 2013 and included in this Proxy Statement.

Compensation, Governance and Nominating Committee

Craig A. Rogerson, Chair

John W. Conway

Louise K. Goeser

Stuart E. Graham

Stuart Heydt

30 PPL Corporation 2014 Proxy Statement

---

**Table of Contents**

**Compensation Discussion and Analysis ( CD&A )**

This Compensation Discussion and Analysis, or CD&A, provides an overview of PPL's executive compensation program, our compensation philosophy and the objectives of our compensation program, as well as a discussion of how executive compensation decisions affecting our named executive officers were made for 2013. The named executive officers for 2013 are (1) our Chairman, President and Chief Executive Officer, or CEO, William H. Spence; (2) our Executive Vice President and Chief Financial Officer, or CFO, Paul A. Farr; (3) our Executive Vice President, General Counsel and Secretary, Robert J. Grey; (4) the Chairman of the Board, Chief Executive Officer and President of LG&E and KU Energy LLC, or LKE, a wholly owned subsidiary of PPL, Victor A. Staffieri; and (5) the President of PPL Energy Supply, LLC, an indirect wholly owned subsidiary of PPL, David G. DeCampli.

***Overview***

The purpose of the PPL Corporation executive compensation program is to attract, retain and motivate high-performing executives and to align compensation practices with short- and long-term shareowner interests. The Compensation, Governance and Nominating Committee, or the Committee for the purpose of this CD&A, believes that the company's executive compensation program has attracted and retained the very talented and experienced executive team that has successfully implemented a strategy that has significantly improved the company's business mix, growing value for shareowners.

The company achieved solid financial results in 2013, exceeding the midpoint of our ongoing earnings forecast, which was in effect during the first quarter of 2013, by approximately 8%, based on outstanding results at our utility operations in the United Kingdom, Kentucky and Pennsylvania and cost reductions achieved in our competitive energy supply business.

Our strong executive team has positioned PPL as a leader in the U.S. utility sector. At the end of 2013, PPL's market capitalization was \$19.0 billion, making it the eighth largest company in the electric sector. In addition, the company's U.S. utility subsidiaries continue to get very high marks and win awards for customer service and reliability, and the company's U.K. utility subsidiaries were the only network operators selected for fast-track treatment in a new process that sets rates for the eight-year period beginning April 1, 2015, and which we expect will add \$35 million a year to our revenues.

There were qualitative indications of the company's leadership in 2013 as well. PPL Corporation was named Utility of the Year by Electric Light and Power magazine based on our financial performance, customer satisfaction and operational results.

Moreover, your company continues to return significant capital to shareowners. For the 12th time since 2000, the Board voted to increase the company's dividend in 2014, as it also did in 2013. Since 2000, your company's dividend has increased by 181%.

Among other notable successes in 2013:

In Kentucky, we are making good progress on an almost \$3 billion construction program to install environmental upgrades at a number of existing plants and to build a new natural-gas fired power plant. In Pennsylvania, the \$630 million Susquehanna-Roseland transmission line is more than 50% complete, and we have received approval to build another \$335 million transmission line in the growing Pocono Mountain

region.

Our Pennsylvania electric utility received regulatory approval for a new rate mechanism that will allow more timely recovery of spending on our distribution system to improve reliability and replace aging infrastructure.

## **Table of Contents**

We completed construction of two large hydroelectric projects, one in Pennsylvania and one in Montana. We reached an agreement to sell our 11 hydroelectric facilities in Montana to Northwestern Energy for \$900 million.

In the regulatory year ended March 31, 2013, the four U.K. operating companies outperformed regulatory benchmarks for customer reliability and customer service that will result in \$108 million in bonus revenue awards to our companies.

The range of successes in 2013 from the operational to the strategic clearly illustrates your company's focus on growing value for shareowners.

Our compensation program reflects the company's ongoing commitment to a pay-for-performance philosophy, under which executive compensation is aligned with shareowner interests and is linked to short- and long-term company performance. Our primary compensation metrics are earnings per share from ongoing operations, or EPS, and relative total shareholder return, or TSR, measures that are important to shareowners. At least 70% of each named executive officer's compensation is made up of incentive components that focus on earnings per share, relative stock price appreciation and dividend performance. A detailed explanation of the program elements begins on page 34.

The Committee believes that a true test of the design of an executive compensation program is whether its components reward both a focus on annual financial and operational results and on longer-term strategy for the company. Reviewing the recent financial and operational performance and the strategic, transformative initiatives of the past few years, the Committee concluded that the company's executive compensation program contains the appropriate elements.

### ***Summary of Compensation Policy and Plan Changes During 2013***

The Committee reviewed, considered and discussed the results of the 2013 shareowner advisory vote on executive compensation. While we received a favorable shareowner vote of over 94% for approval of the compensation of our named executive officers in connection with our say-on-pay proposal at the company's 2013 annual meeting, we continue to listen to our shareowners and continue to align our compensation program and practices with best pay practices. Accordingly, the Committee instituted the following additional changes during 2013:

Added an additional metric, earnings before interest and taxes, or EBIT, to determine annual cash incentive awards. Beginning with the 2014 performance year, the annual cash incentive awards will be determined using 70% ongoing earnings per share, or EPS, and 30% EBIT instead of 100% EPS as in 2013 and previous years.

Eliminated the use of stock options and changed the long-term incentive mix to 60% performance units based on TSR and 40% performance-contingent restricted stock units, resulting in 100% performance-based long-term incentive mix for equity awards granted beginning in January 2014.

We believe these changes reflect the Board's ongoing commitment to ensure executive compensation is aligned with shareowner interests and evolving corporate governance practices, while enabling the company to attract and retain high-performing executives and motivate our executives to achieve the company's business objectives that will benefit our shareowners and contribute to the long-term success and stability of our business.

32 PPL Corporation 2014 Proxy Statement

## **Table of Contents**

### ***Compensation Philosophy and Objectives of PPL's Executive Compensation Program***

PPL's compensation philosophy includes compensation objectives that are intended to:

support a high-performance workplace to ensure our continued industry leadership, while rewarding executives for demonstrated excellence and the creation of long-term shareowner value; and

be affordable to the business and be competitive within our peer group of companies, enabling us to attract, retain and motivate those executives necessary for our long-term success.

#### ***Compensation, Governance and Nominating Committee***

Among other duties, the Committee, with input from management, annually establishes the compensation structure, including goals and objectives of the CEO and the company's other executive officers, and evaluates at least annually the performance and leadership of the CEO in light of these established goals and objectives, as well as evaluating the performance of the other executive officers against their established goals and objectives. Based on these evaluations, the Committee determines and approves the annual compensation, including base salary, incentive compensation and other remuneration of these officers, which include the named executive officers.

#### ***Compensation Committee Consultant***

Each year, the Committee retains an independent compensation consultant to provide expertise and guidance on executive compensation program design, market trends, regulatory requirements and best pay practices. The Committee's compensation consultant for 2013, Pay Governance LLC, participates in Committee meetings and is accountable solely to the Committee. The consultant reviews and provides objective perspectives on all proposals regarding executive compensation presented to the Committee and identifies any issues or concerns.

#### ***Company Management***

Our executive officers are also involved in the process of recommending executive compensation. Based on industry and market conditions, other business factors and analytical tools, senior management develops the annual strategic business plan and recommends to the Committee proposed goals for the annual cash incentive program and the long-term incentive program for the upcoming year. The Committee, however, establishes and sets all incentive goals for executive officers.

Our CEO, CFO, Chief Human Resources Officer and Executive Vice President, General Counsel and Secretary regularly attend Committee meetings. They review and comment on market compensation data, including the composition of market comparison groups and the description of comparable officer positions. They may also present proposals relating to executive compensation programs and policies for review and approval by the Committee, including base salary, performance goals and goal weightings for short-term and long-term incentive awards, and the mix of compensation components for each executive officer. Neither the CEO nor any of the other executive officers discusses his own compensation with the Committee or the Committee's independent compensation consultant.

Please see discussion above at [Governance of the Company](#) [Board Committees](#) [Compensation, Governance and Nominating Committee](#) [Compensation Processes and Procedures](#) for a more detailed description of the roles of the Committee, our independent compensation consultant and company management.





## **Table of Contents**

### ***Our Process for Setting Executive Compensation***

The key steps the Committee follows in setting executive compensation are as follows:

1. Review of the components of executive compensation, including base salary, short-term incentive compensation, long-term incentive compensation, retirement benefits and other benefits;
2. Review of the total compensation structure and the allocation of compensation components as well as the setting of all compensation performance targets;
3. Review of the company's performance and the relationship to compensation performance targets;
4. Review of executive officer performance, responsibilities and experience to determine individual compensation levels; and
5. Analysis of executive compensation market data to assess the competitiveness of our compensation programs.

### ***Market Compensation Analysis***

In December of each year, Pay Governance prepares a market compensation analysis based on companies of similar size in terms of revenue, including those in the energy services industry and in general industry other than energy services or financial services. This analysis assists the Committee in establishing the next year's executive officer compensation levels to allow us to remain competitive with other companies.

### ***Databases***

For 2013, Pay Governance used the following compensation surveys for our market compensation analysis: Towers Watson's 2012 General Industry Executive Compensation Database, which includes pay data for 740 general industry companies; Towers Watson's 2012 Energy Services Industry Executive Compensation Database, which contains pay data for 108 companies in the energy/utility industry including nearly all U.S. investor-owned utilities; and Towers Watson's 2012 Energy Marketing and Trading Database, which includes pay data for 63 companies with significant energy marketing and trading operations. Where possible and appropriate, regression analyses are performed to size-adjust the survey data to correlate with the appropriate revenue for the relevant PPL business line.

The Committee does not generally review specific pay levels of individual survey companies, but rather reviews the statistical median of a large group of companies in order to better understand the market for executive-level positions, minimizing year-to-year volatility that might exist when surveying a smaller group of companies. The result of these analyses produces a market median (50th percentile) reference point referred to as the PPL competitive data, which the Committee believes appropriately reflects the competitive marketplace in which PPL competes for executive talent. The Committee uses general industry data to determine the PPL competitive data used for corporate positions and for purposes of maintaining internal pay equity and setting incentive levels across business lines and corporate positions. Energy industry data are used as the PPL competitive data reference point for salaries of employees in

business line positions.

***2013 Total Direct Compensation***

Total direct compensation awarded to our executive officers is composed of base salary, annual short-term cash incentives and long-term stock-based incentives. 85% of targeted total direct compensation of the CEO is at risk, more than 75% of targeted total direct compensation of the CFO is at risk, and 70% of targeted total direct compensation of the other named executive officers is at risk in the form of annual cash and long-term incentive compensation.

34 PPL Corporation 2014 Proxy Statement

**Table of Contents**

Table 1 below provides our allocation of direct compensation for our named executive officers for 2013, which is shown as percentages of targeted total direct compensation.

**TABLE 1**

**Elements of Compensation as a Percentage of Targeted Total Direct Compensation 2013<sup>(1)</sup>**

<sup>(1)</sup> Based on target award levels as a percentage of targeted total direct compensation for performance during 2013. Values of performance-contingent restricted stock units, performance units and stock option awards shown in the Summary Compensation Table in this proxy statement reflect equity awards granted in 2013. Performance-contingent restricted stock unit awards granted in January 2013 were awarded based on performance for 2012. Because the Committee views the performance-contingent restricted stock units granted in 2014 to be based on performance for 2013, the CD&A includes such awards as part of the Committee's analysis.

<sup>(2)</sup> Includes the positions of Executive Vice President, General Counsel and Secretary, the President of LKE and the President of PPL Energy Supply, LLC.

*Base Salary*

The Committee targets base salary to be generally at the median of the PPL competitive data, as described above under Market Compensation Analysis Databases, with variations based on job scope, experience and value to the organization, sustained individual performance and internal parity. The objective of base salary is to provide a fixed compensation level to our executives. It rewards them for their level of competencies (the combination of skills, knowledge and behaviors required for superior performance) and for how well those competencies are applied to the job over time. Salaries are considered paid competitively if they are within 15% of the PPL competitive data, which is considered the PPL competitive range for a particular position.

In January following a performance year, the Committee uses its judgment in assessing experience, responsibility and performance to determine the level of salary for the new performance year and to determine whether an executive officer's base salary aligns with the market compensation data provided by Pay Governance.

**Table of Contents**

In January 2013, the Committee approved base salaries for the named executive officers as described below.

**TABLE 2**  
**2013 Salary Adjustments by Position**  
**(Effective January 1, 2013)**

Name and Position	2012 Year-End Salary	PPL Competitive Range	2013 Salary	% Change
W. H. Spence Chairman, President and Chief Executive Officer	\$1,050,000	\$1,037,000-\$1,403,000	\$1,100,000	4.8%
P. A. Farr Executive Vice President and Chief Financial Officer	675,000	\$586,500-\$793,500	702,000	4.0%
R. J. Grey Executive Vice President, General Counsel and Secretary	465,100	\$437,750-\$592,250	500,100	7.5%
V. A. Staffieri Chairman of the Board, Chief Executive Officer and President of LG&E and KU Energy LLC (LKE)	811,220	\$480,250-\$649,750	811,220	0.0%
D. G. DeCampli President of PPL Energy Supply, LLC	481,400	\$403,750-\$546,250	497,400	3.3%

Mr. Spence received a 4.8% increase in January 2013, in order to bring his salary more within PPL's competitive range.

The Committee awarded Mr. Farr a 4.0% increase, which positions his salary well within the range of PPL's competitive data and to be commensurate with his expertise and sustained performance.

The 7.5% salary increase for Mr. Grey reflected the intention of the Committee and Mr. Spence to reward Mr. Grey's experience, expertise and continued strong performance.

The Committee determined not to increase Mr. Staffieri's salary given his current level of base salary compared to legacy PPL officers and in relation to the PPL competitive data. The Committee, however, did award Mr. Staffieri a \$20,000 bonus in recognition of his continued contributions to PPL.

Mr. DeCampli's 3.3% increase recognizes his experience and performance as President of PPL Energy Supply, LLC.

#### *Annual Cash Incentive Awards*

PPL targets annual cash incentive awards, which are represented as a percentage of base salary, to be generally at the level of the PPL competitive data (the market median) for cash incentive compensation. Individual targets are set based on job scope, experience, value to the company or the executive's business line, and internal parity. The purpose of the annual cash incentive program is to advance the interests of PPL and its shareowners by providing incentives in

the form of annual cash awards, motivating such executives to attain identified short-term corporate performance goals.

The Committee approves both the target and actual annual cash incentive awards made to executive officers. Awards, based on objective corporate financial and operational measures, are made under the shareholder-approved Short-term Incentive Plan. Performance goals for 2013 were approved at the Committee's January 2013 meeting, with actual cash incentive awards approved at its January 2014 meeting.

36 PPL Corporation 2014 Proxy Statement

**Table of Contents**

The following table summarizes the weightings allocated to financial results by named executive officer position for determining 2013 annual cash incentive awards.

**TABLE 3****Annual Cash Incentive Weightings Applied to Financial and Operational Results**

<b>Category</b>	<b>Chief Executive Officer, Chief Financial Officer, and Executive Vice President and General Counsel</b>	<b>Presidents of LKE and PPL Energy Supply</b>
PPL Corporation Earnings Per Share	100%	60%
Net Income of Business Segment		40%

PPL Corporation's annual cash incentive financial goal target is earnings per share from ongoing operations, or EPS, which is an important driver of stock prices for PPL and for our sector as a whole.

The corporate financial goal for 2013, shown in Table 4 below, represented 100% of the total award for the members of the Corporate Leadership Council, or CLC, which during 2013 included Messrs. Spence, Farr and Grey, and represented 60% of the award for Messrs. Staffieri and DeCampli. The cash incentive awards of Messrs. Staffieri and DeCampli are based on both corporate EPS and on net income of their respective business segment and are described below in Table 5.

**TABLE 4****Corporate Financial Goal 2013**

<b>Goal</b>	<b>Target Levels</b>	<b>Percent Attainment</b>	<b>Actual 2013 Results</b>	<b>Actual 2013 Achievement %</b>
	\$2.53	200%		
	\$2.42	150%		
Achieve PPL Corporation Earnings Per Share $\geq$ \$2.25	\$2.25-\$2.30	100%	\$2.45	163.6%
	\$2.02	50%		
	Less than			
	\$2.02 <sup>(*)</sup>	0%		

\* EPS below \$2.02 would have resulted in a zero payout of annual cash incentive award for Messrs. Spence, Farr and Grey, and a zero payout of the corporate EPS goal portion for Messrs. Staffieri and DeCampli.

Target PPL Corporation EPS for the annual cash incentive program for 2013 was \$2.25-\$2.30, with a 200% payout maximum at \$2.53 and a 50% payout threshold at \$2.02. EPS achieved by PPL Corporation in 2013 for purposes of the annual cash incentive program was \$2.45, which resulted in a 163.6% goal achievement. The Committee set these targets in March 2013, based on earnings guidance issued by the company on February 14, 2013. On October 31, 2013, the company revised its



**Table of Contents**

earnings guidance to a range of \$2.30 to \$2.40, which was after the Committee had set the corporate financial goal for executives.

**TABLE 5****Operational Net Income Goals 2013**

Named Executive Officer	A	B	C	D	E	F	G	H	I
	Corporate EPS Goal					Net Income Goals for LKE (for Staffieri) and PPL Energy Supply, LLC		Overall Attainment*	
	Goal	Result	Attainment	Weight	Goal	Result	Attainment	Weight	=(C*D)+(G*H)
V. A. Staffieri	\$ 2.25-\$2.30	\$2.45	163.6%	60%	\$ 328.1	\$ 344.8	134%	40%	151.8%
D. G. DeCampli					\$ 243.2	\$ 258.9	164%		164.0%

\* No annual cash incentive awards, including any attainment of net income goals, would have been paid to either of Messrs. Staffieri or DeCampli if the EPS results had been less than \$1.84.

In addition to the 60% PPL Corporation EPS goal, Mr. Staffieri's annual cash incentive award included a 40% business segment net income goal of \$328.1 million for LKE. LKE achieved net income of \$344.8 million, which resulted in a 134% attainment of the business segment net income goal. Mr. Staffieri's overall goal attainment was 151.8% for his annual cash incentive award.

Mr. DeCampli's annual cash incentive award also included a 40% business segment net income goal of \$243.2 million for PPL Energy Supply, LLC. PPL Energy Supply, LLC achieved net income of \$258.9 million, which resulted in a 164% attainment of the business segment net income goal. Mr. DeCampli's overall goal attainment was 164.0% for his annual cash incentive award.

At its January 2014 meeting, the Committee reviewed the 2013 performance results to determine whether the named executive officers had met the pre-established 2013 financial and operational performance objectives under the Short-term Incentive Plan. Total annual cash incentive awards were determined as summarized below.

**TABLE 6****Annual Cash Incentive Awards for 2013 Performance**



	A	B	C	D	E
					<b>E=A*B*D</b>
<b>Named</b>		<b>Target as</b>		<b>Total</b>	
<b>Executive Officer</b>	<b>2013 Salary</b>	<b>a % of</b>	<b>Target Award</b>	<b>Goal</b>	<b>Cash Incentive</b>
		<b>Salary</b>	<b>Opportunity</b>	<b>Attainment</b>	<b>Award</b>
W. H. Spence	\$1,100,000	140%	\$1,540,000	163.6%	\$2,519,440
P. A. Farr	702,000	75%	526,500	163.6%	861,354
R. J. Grey	500,100	65%	325,065	163.6%	531,806
V. A. Staffieri	811,220	75%	608,415	151.8%	923,574
D. G. DeCampli	497,400	65%	323,310	164.0%	530,229

Changes to the Annual Cash Incentive Awards for 2014. As noted above, at its October 2013 meeting, the Committee concluded that the corporate financial goals to be used for cash incentive awards under the Short-term Incentive Plan for 2014 performance will consist of 70% EPS and 30% earnings before interest and taxes, or EBIT. The Committee believes that EPS and EBIT goals provide an appropriate

## **Table of Contents**

balance of financial metrics, align management actions with financial results, drive management to create shareowner value, and are aligned with industry practice.

### *Long-Term Incentive Awards (Equity Awards)*

The purpose of the long-term incentive compensation program is to provide a method by which executive officers may be awarded remuneration in a manner that increases their ownership interest, aligns their interests with those of shareowners and encourages them to remain in the employ of PPL. All equity awards for named executive officers during 2013 were granted under the shareowner-approved PPL Corporation 2012 Stock Incentive Plan.

The long-term incentive compensation program, which is designed to encourage and reward long-term performance by focusing on both the company's past and future performance, was composed of three awards during 2013:

performance-contingent restricted stock units, which are awarded based on PPL's EPS performance over the prior three-year period, the ultimate value of which is based on future stock price performance of the company on the vesting date;

performance units, which are earned based on PPL's total shareowner return, or TSR, for the future three-year period compared to our industry peers; and

stock option awards, which have value only if the company's stock price rises.

Equity awards were granted in 2013 with the following mix: 40% of the long-term incentive target amount in performance-contingent restricted stock units; 40% of the long-term incentive target amount in performance units; and 20% of the long-term incentive target amount in stock options. The value of the long-term incentive awards as of the grant date is intended to deliver a level of total direct compensation that is within the range of PPL competitive data (the market median) if the target level of TSR performance is achieved. The ultimate value of long-term incentive awards to executives is tied to relative TSR and future stock price performance. To the extent total shareowner value increases, executives may realize values that exceed the values as determined on the grant date. Similarly, should shareowner value decline, executive compensation levels for a portion of these awards could fall below the grant date values, potentially to zero.

Under the terms of the company's 2012 Stock Incentive Plan, unvested restricted stock units, performance units and stock options are forfeited if the executive voluntarily leaves PPL but generally become vested if the executive retires from the company, becomes disabled or dies prior to the scheduled vesting date. See Termination Benefits Long-Term Incentive Awards beginning on page 73 for a description of conditions and expiration dates applicable to these awards.

Awards for each component of the long-term incentive program seek to focus executives on the company's business objectives, to balance internal compensation levels of executive positions and to reflect the PPL competitive data.

At its January 2013 meeting, the Committee reviewed the targeted compensation of the executive officers and agreed to increase the long-term incentive target levels of Mr. Spence from 385% to 430% and Mr. Farr from 220% to 260% in order to ensure that the level of their targeted total direct



**Table of Contents**

compensation remains competitive. The target award levels for the named executive officers for the 2013 performance year as set by the Committee are reflected in Table 7 below.

**TABLE 7****Long-Term Incentive Awards for 2013****(Targeted Awards as a % of Salary)**

<b>Named Executive Officer</b>	<b>Performance-Contingent Restricted</b>		<b>Stock</b>	
	<b>Stock Units</b>	<b>Performance Units</b>	<b>Options</b>	<b>Total</b>
W. H. Spence	172%	172%	86%	430%
P. A. Farr	104%	104%	52%	260%
R. J. Grey	64%	64%	32%	160%
V. A. Staffieri	70%	70%	35%	175%
D. G. DeCampli	64%	64%	32%	160%

**Performance-Contingent Restricted Stock Units**

Performance-contingent restricted stock units granted by PPL are designed to reward sustained financial performance. Unlike ordinary restricted stock units, the number of units granted to each named executive officer is determined based on actual EPS from ongoing operations of the company for the previous three years. Once earned, these awards have a three-year restriction period, with restrictions for awards made with respect to the 2011-2013 performance period scheduled to lapse in 2017. These grants are therefore at risk because the ultimate value realized by executives is directly related to the number of units granted, based on PPL's EPS performance, and future stock price performance after the units are granted; they are also at risk compensation because the awards are subject to vesting and potential forfeiture upon specific types of termination of employment such as termination for cause.

To further align our executives' interests with those of our shareowners, under the 2012 Stock Incentive Plan, each restricted stock unit entitles the executive to receive additional restricted stock units equal in value to the amount of quarterly dividends paid on PPL common stock. These additional restricted stock units are deferred and payable in shares of PPL common stock at the end of the restriction period, subject to the same conditions as the underlying restricted stock units.

The performance-contingent restricted stock units awarded in January 2014 for the 2011-2013 performance period were granted under the 2012 Stock Incentive Plan and based on the average attainment of EPS goals for the annual cash incentive awards in each of the years 2013, 2012 and 2011. In 2013, the EPS target was a range of \$2.25 to \$2.30, while actual EPS from ongoing operations was \$2.45, resulting in a goal attainment of 163.6%. In 2012, the EPS target was \$2.27, while actual EPS from ongoing operations was \$2.42, resulting in a goal attainment of 149.1%. In 2011, the EPS target was \$2.60, while the actual EPS from ongoing operations was \$2.72, resulting in 148.1% goal attainment. Accordingly, the average goal attainment for the years 2011-2013 was 153.6%.

The equity grant value is first expressed as a percentage of base salary (as shown in Table 8 below) times the goal attainment of the past three years. The number of units is determined by dividing the equity grant dollar value by the closing price of PPL common stock on the New York Stock Exchange,

40 PPL Corporation 2014 Proxy Statement

**Table of Contents**

or NYSE, on the date of grant. The grants of restricted stock units based on performance were calculated using the following formula.

$$\begin{array}{ccccccc} & \text{salary} & & & & & \\ & \text{for the} & \times & \text{target} & \times & \text{total goal} & = & \text{award} \\ & \text{period} & & \text{value} & & \text{attainment} & & \text{value} \end{array}$$

Table 8 below shows the awards made to the named executive officers for the 2011-2013 performance periods by the Committee at its January 2014 meeting, as part of the total compensation package for 2013. These awards, however, will be reflected in the Summary Compensation Table and Grants of Plan-based Awards table for 2014.

**TABLE 8****Performance-Contingent Restricted Stock Unit Awards Granted for Performance Period 2011-2013**

	A	B	C	D	E E=A*B*D
Named Executive Officer	2013 Salary	Target Value of Restricted Stock Units Based on Performance	Target Award	Total Goal Attainment	Award Value
W. H. Spence	\$ 1,100,000	172%	\$ 1,892,000		\$ 2,906,112
P. A. Farr	702,000	104%	730,080		1,121,403
R. J. Grey	500,100	64%	320,064	153.6%	491,618
V. A. Staffieri	811,220	70%	567,854		872,224
D. G. DeCampli	497,400	64%	318,336		488,964

**Performance Units**

Performance units are awards in which executive officers receive a target number of performance units at the beginning of the performance period. The actual number of shares of common stock earned at the end of the performance period is determined based on PPL's actual three-year total shareholder return, or TSR, compared to the TSR of companies in a particular industry index. TSR reflects the combined impact of changes in stock price plus dividends reinvested over the performance period.

Cash or stock dividend equivalent amounts payable on PPL common shares are reflected as additional performance units and are payable in shares of PPL common stock at the end of the performance period based on the same determination by the Committee with respect to the underlying performance units as to whether, and the extent to which, the performance goals have been achieved. These grants are at risk because the ultimate value realized by executives is directly related to PPL's relative TSR performance over a future three-year period and future stock price performance. They are also at risk compensation because the awards are subject to potential forfeiture. Total shares distributed at the end of the performance period, including shares distributed in respect of the performance unit grant and all dividend equivalents, may vary from zero to the program maximum of 200% of target. The equity grant value

is first expressed as a percentage of base salary (as shown in Table 7 above). The number of performance units granted is determined by dividing the equity grant dollar value by the fair market value of PPL's common stock on the date of grant.

**Table of Contents**

The number of shares earned on the performance units is directly related to PPL's TSR relative to its industry peers. The Committee has no discretion to provide for payment of the performance units absent attainment of the stated performance levels.

For performance units granted in 2013, the performance measurement is PPL's TSR for the three-year period, from 2013 to 2015, as compared to the TSR of companies in the Philadelphia Stock Exchange Utility Index. In early 2016, the Committee will determine whether the performance goals have been satisfied. Upon certification of the level of achievement, the performance units and dividend equivalents vest and are paid based on the following table.

**TABLE 9****2013 Performance Unit Award Payout Thresholds**

<b>Percentile Rank</b>	<b>Payout</b>
<b>(PPL TSR performance, relative to companies in Index)</b>	<b>(Expressed as a % of Target Award)</b>
85 <sup>th</sup> Percentile or above	200% (the Maximum Award)
50 <sup>th</sup> Percentile	100% (the Target Award)
37.5 <sup>th</sup> Percentile	50%
25 <sup>th</sup> Percentile	25%
Below 25 <sup>th</sup> Percentile	0%

If TSR performance is below a threshold rank of the 25<sup>th</sup> percentile, the award is forfeited. In selecting the Philadelphia Stock Exchange Utility Index, the Committee determined that this index is an appropriate measure for PPL because of the relevant business mix of the index companies, the number of peer companies in the index and its wide use by investors in their comparison of performance of utility companies.

The grants of performance units were calculated using the following formula:

$$\text{salary} \times \frac{\text{target}}{\%} \div \frac{\text{PPL common stock closing price as of award date}}{\text{number of units granted}} =$$



**Table of Contents**

In January 2013, the Committee approved the following target performance unit grants for the 2013-2015 performance cycle based on the above formula.

**TABLE 10**  
**Performance Unit Awards Granted in 2013**

	A	B	C	D	E E = A*B / D Number of Performance Units <sup>(3)</sup>
Named Executive Officer	2012 Salary <sup>(1)</sup>	Target as a % of Salary	Award Value <sup>(2)</sup>	Fair Market Value	Number of Performance Units <sup>(3)</sup>
W. H. Spence	\$ 1,050,000	172%	\$ 1,806,000		61,200
P. A. Farr	675,000	104%	702,000		23,790
R. J. Grey	465,100	64%	297,700	\$29.51	10,090
V. A. Staffieri	811,220	70%	567,900		19,240
D. G. DeCampli	481,400	64%	308,100		10,440

(1) The salary of each named executive officer as of December 31, 2012 was used to calculate the performance units granted in January 2013.

(2) The award value is rounded to the nearest \$100.

(3) The number of performance units awarded is rounded to the nearest 10 units.

Linkage of Performance Unit Awards to Performance. At its January 2014 meeting, the Committee reviewed the results for the 2011-2013 performance period with respect to the performance units granted in 2011. PPL ranked in the 54.5<sup>th</sup> percentile of the S&P 500 Electric Utilities Index, and the 2011 performance units achieved a payout of 112.86%.

**Stock Options**

Stock options provide the holder the right to purchase shares of PPL common stock at a future time at an exercise price equal to the closing price of PPL common stock on the NYSE on the grant date. Stock options normally will not be exercised by the holder if the stock price does not increase after the grant date. As a result, stock option awards are designed to reward executives for increases in PPL's stock price and also serve as a retention incentive due to their vesting provisions.

A grant of stock options is made each year at each executive officer's target award level. Stock options granted in 2013 vest over three years—one-third on each anniversary of the grant date—and are exercisable for 10 years from the grant date, subject to earlier expiration due to death, disability or retirement.

Edgar Filing: PPL Corp - Form DEF 14A

The equity award value to be granted is first expressed as a percentage of base salary (as shown in Table 11 below). The number of stock options granted is calculated by dividing the equity award value by the option value, which is the closing price of PPL common stock on the grant date multiplied by the Black-Scholes factor.

$$\text{salary} \times \text{target} \div \frac{\text{option value}}{\text{closing price} \times \text{Black-Scholes factor}} = \text{number of options granted}$$

**Table of Contents**

In January 2013, the Committee approved the following stock option grants.

**TABLE 11**  
**2013 Stock Option Awards**

Named Executive Officer	A 2012 Salary <sup>(1)</sup>	B Target as a % of Salary	C Award Value <sup>(2)</sup>	D Option Value <sup>(3)</sup>	E E = A*B / D Number of Stock Options <sup>(4)</sup>
W. H. Spence	\$ 1,050,000	86%	\$ 903,000		700,000
P. A. Farr	675,000	52%	351,000		272,090
R. J. Grey	465,100	32%	148,800	\$1.29	115,350
V. A. Staffieri	811,220	35%	283,900		220,080
D. G. DeCampli	481,400	32%	154,000		119,380

- (1) The salary of each named executive officer as of December 31, 2012 was used to calculate the stock options granted in January 2013.
- (2) The award value is rounded to the nearest \$100.
- (3) Represents fair market value (\$29.51 closing price on day of the January Committee meeting) multiplied by the 4.36% Black-Scholes factor.
- (4) The number of stock options awarded is rounded to the nearest 10 options.

Elimination of Stock Options for 2014. During 2013, the Committee reassessed whether stock options continue to be an appropriate part of the long-term incentive mix for executive officers. As noted above, at its October 2013 meeting, after taking into account the increasing number of stock options granted as a result of the Black-Scholes valuation model and the view of some shareowners that stock options are not performance-based, the Committee concluded that it would eliminate the granting of stock options as of January 2014. Equity awards granted after 2013 will reflect this mix: 60% of the long-term incentive target in performance units and 40% of the long-term incentive target in performance-contingent restricted stock units.

**Timing of Equity Awards**

The Committee determines the timing of incentive equity awards for executive officers. Incentive grants for executive officers are made as soon as practical following the performance period upon which the number of units to be granted is determined for performance-contingent restricted stock unit awards and early in the year for forward-looking performance unit and, prior to 2014, stock option awards. It has been the company's long-time practice to make stock-based grants at the January Committee meeting, which occurs the day before the January Board of Directors meeting on the fourth Friday of each January.

We do not have, nor do we plan to have, any program, plan or practice to time equity grants with the release of material non-public information other than the practice of making such awards annually and regularly at the January Committee meeting.

Off-cycle restricted stock, restricted stock unit, performance unit or stock option grants, if provided to newly hired executives as part of the hiring package, or for promotions, are made from time to time, normally as of the new executive's hiring date or the promotion date. Exercise prices for stock option awards are determined as of the date of hire or promotion or, if later, the date the Committee approves the grant, based on the closing price of PPL common stock on the NYSE on the date of grant.

**Table of Contents*****Ownership Guidelines; Hedging and Pledging Prohibitions***

Meaningful ownership of PPL common stock by executives has always been an important part of the company's compensation philosophy. The company has specific ownership requirements under the Executive Equity Ownership Program, or the 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:

<b>Executive Officer</b>	<b>Multiple of Base Salary</b>
Chairman, President and CEO	5x
Executive Vice Presidents	3x
Senior Vice Presidents	2x
Presidents of major operating subsidiaries, including Messrs. Staffieri and DeCampli	2x

Executive officers at a particular guideline level must attain their minimum Equity Guidelines level by the end of their fifth anniversary at that level. If an executive does not attain the guideline level within the applicable period, he or she must not sell any shares of PPL common stock and will be required to retain shares acquired upon the exercise of stock options or upon the lapsing of restrictions on shares of restricted stock, restricted stock units or performance units, in each case net of required tax withholding, until the guideline level is achieved. In addition, annual cash incentives awarded after that date may be made in restricted stock unit grants until actual ownership meets or exceeds the guideline level.

The Equity Guidelines encourage increased stock ownership on the part of the executive officers, which further aligns the interests of management and shareowners. All named executive officers were in compliance with the Equity Guidelines as of December 31, 2013.

The company also has a policy that prohibits its officers and directors from pledging shares of company stock as collateral for any loans, from engaging in any form of hedging transaction or otherwise trading in derivatives of PPL common stock.

***Recoupment Policy***

The Committee adopted a policy in January 2013 regarding recoupment of executive compensation. Subject to the discretion and approval of the Board, the company will seek recoupment of any incentive-based compensation awarded to any current executive officer of the company where the Board has determined that:

the company is required to prepare an accounting restatement due to the material noncompliance by the company with any financial reporting requirement under the securities laws; and

a lower award would have been made to the executive officer based upon the restated financial results.

The Board has full and final authority to make all determinations under this policy, including, without limitation, whether the policy applies and, if so, the amount of cash bonus or other incentive-based compensation, if any, to be repaid by any executive officer. In each such instance as determined by the Board, the company will, to the extent permitted by applicable law, seek to recover incentive-based

**Table of Contents**

compensation received by such individual in excess of the amount that would have been received under the accounting restatement. Any recoupment under this policy is to be in addition to any other remedies that may be available to the company, including such remedies contained in the company's equity grant and employment letters, if any, and applicable law.

***Other Compensation Matters******Perquisites and Other Benefits***

In addition to its direct compensation program, which includes salary, annual cash incentive and long-term incentive opportunities, the company provides indirect executive benefits such as non-qualified deferred compensation opportunities and supplemental executive retirement plan benefits for executives. The PPL Corporation Supplemental Executive Retirement Plan, or SERP, was closed to new officers after December 31, 2011. Additionally, PPL provides carefully selected executive perquisites, consistent with market practices, which serve a direct business interest, such as financial planning services to assist executives, who generally have more complex financial situations than most employees, and severance protection in the event of termination of employment under limited circumstances.

Officers of the company, including the named executive officers, are eligible for company-paid financial planning services. These services include financial planning, tax preparation support and, for each named executive officer, a one-time payment for estate documentation preparation. These services are provided in recognition of time constraints on busy executives and their more complex compensation program that requires professional financial and tax planning. We believe that good financial planning by experts reduces the amount of time and attention that executive officers must spend on such issues. Such planning also helps ensure that the objectives of our compensation programs are met and not hindered by unexpected tax or other consequences.

All of the named executive officers are also eligible for an executive physical every two years, not to exceed a cost of \$5,000. The Committee believes that the benefit is beneficial to both the employee and to the company through reduced costs. Executive physical examinations offer a more thorough and intensive health screening, are comprehensive and include tests for rare diseases.

In 2013, Mr. Staffieri received a one-time, lump-sum payment of \$50,000 in lieu of specified LKE executive benefits that he will forego going forward.

The incremental cost to us of all perquisites received by our named executive officers for 2013 is summarized in Note 7 to the Summary Compensation Table.

***Indirect Compensation***

Officers of the company, including the named executive officers, participate in benefit programs offered to all PPL employees, or in the case of Mr. Staffieri, all LKE employees. In addition, officers are eligible for the executive benefit plans discussed below. LKE executive benefit plans are identified and discussed separately below.

For the named executive officers other than Mr. Staffieri, the primary retirement income program consists of two plans: (1) the PPL Retirement Plan, a tax-qualified, defined benefit pension plan available to employees of the company generally; and (2) the Supplemental Executive Retirement Plan, or SERP, a nonqualified defined benefit pension plan available for officers of the company. For Mr. Farr, who is vested in the PPL Retirement Plan, but not vested in the SERP, the Supplemental Compensation Pension Plan, which is a non-qualified plan that is available to employees of the

46 PPL Corporation 2014 Proxy Statement



---

**Table of Contents**

company generally, is also available to him until he becomes vested in the SERP. In 2011, the company made a change for salaried new hires, including executive officers, by closing the PPL Retirement Plan, the Supplemental Compensation Pension Plan and the SERP to new entrants and adopting the new PPL Retirement Savings Plan. This change, however, did not affect any of the named executive officers as they were serving as executive officers prior to 2011. Additional details on these plans are provided under Executive Compensation Tables Pension Benefits in 2013 at page 60.

The primary capital accumulation opportunities for executive officers are: (1) stock gains under the company's long-term incentive program and employee stock ownership plan; and (2) voluntary savings opportunities that, for 2013, included savings through the tax-qualified employee savings plan, which is a 401(k) plan (our PPL Deferred Savings Plan), and the Executive Deferred Compensation Plan, which is a nonqualified deferred compensation arrangement.

Under the PPL Deferred Savings Plan, the company provides matching cash contributions of up to 3% of the participating employee's pay (defined as salary plus annual cash incentive award) subject to contribution limits imposed by federal tax rules. Participating employees are vested in the company's matching contributions after one year of service. This plan provides a selection of core investment options, including publicly available mutual funds, institutionally managed funds and lifestyle funds available from a mutual fund provider. The plan investment options also include a brokerage account option that allows participants to select from a broad range of publicly available mutual funds, including those of the plan trustee as well as competitor funds. Participants may request distribution of their accounts at any time following termination of employment.

Our Executive Deferred Compensation Plan permits participants to defer a portion or all of their cash compensation in excess of the estimated minimum legally required annual payroll tax withholding. A hypothetical account is established for each participant who elects to defer, and the participant selects one or more investment choices that generally mirror those that are available generally to employees under the PPL Deferred Savings Plan. For additional details on the Executive Deferred Compensation Plan, see the Executive Compensation Tables Nonqualified Deferred Compensation in 2013 table on page 67. Matching contributions are made under this plan on behalf of participating officers to make up for matching contributions that would have been made on behalf of such officers under the PPL Deferred Savings Plan but for the imposition of maximum statutory limits on qualified plan benefits (for example, annual limits on eligible pay and contributions). Executive officers who reach the maximum limits in the PPL Deferred Savings Plan are generally eligible for matching contributions under the Executive Deferred Compensation Plan. There is no vesting requirement for the company matching contributions.

The company also has a tax-qualified employee stock ownership plan, the PPL Employee Stock Ownership Plan, or ESOP, to which the company may make an annual contribution. Historically, the company has contributed a dollar amount to the ESOP that is equal to the tax benefit it receives for a tax deduction on dividends paid on PPL common stock held by the trustee of the ESOP. Contributions are then allocated among the ESOP participants based on the following two measures: (1) the amount of total dividends paid on the participant's account; and (2) a pro rata amount based on salary up to a median salary amount. The total allocation cannot exceed 5% of a participant's compensation. The ESOP trustee invests exclusively in the company's common stock. All named executive officers except Mr. Staffieri participated in the ESOP during 2013. Shares held for a minimum of 36 months are available for withdrawal, and participants may request distribution of their account at any time following termination of employment. There is no vesting period for contributions made under the ESOP. The participant has the option of receiving the actual shares of common stock or the cash equivalent of such shares at the time of withdrawal or distribution.



---

**Table of Contents**

There are similar employee benefits, such as a retirement plan, a savings plan, a supplemental executive retirement plan and a non-qualified deferred compensation plan, in place for Mr. Staffieri and other LKE executives that provide retirement income benefits and capital accumulation opportunities for executives. See Executive Compensation Tables Pension Benefits in 2013 LG&E and KU Retirement Plan at page 62 and LG&E and KU Supplemental Executive Retirement Plan on page 63, and the description of the LG&E and KU Nonqualified Savings Plan at Executive Compensation Tables Nonqualified Deferred Compensation in 2013 at page 66.

*Special Compensation*

In addition to the annual direct and indirect compensation described above, the company provides special compensation under specific situations.

**Hiring and Retention.** As part of the executive recruiting process, the company may make offers of employment to new executive candidates that will attract talent to the company and compensate these candidates for compensation they may lose when terminating employment with their prior employer.

Generally, annual compensation for new executive officers is consistent with that of current executives in similar positions. Incentive awards for the year of hire are generally prorated for the period of service during the executive's initial year of employment and paid out after the end of the year. One-time awards may be made in restricted stock or restricted stock units to replace awards a new executive may be losing from a former employer or as part of a sign-on award to encourage an executive to join the company.

In limited circumstances, generally involving mid-career hiring or as part of a merger or acquisition, the company may enter into retention agreements with key executives to encourage their long-term employment with the company. The intention is to retain key executives for the long term and focus the executive's attention on stock price growth during the retention period. These agreements typically involve the grant of restricted stock or restricted stock units on which the restrictions lapse after a period of time that may vary on a case-by-case basis.

Individual awards vary based on an executive's level, company service and the need for retention, as well as the market demand for an executive's talent. The amount of an award is typically a multiple of salary converted to a special equity grant based on the closing price of PPL common stock on the NYSE as of the grant date. For specific details on retention agreements that are outstanding for named executive officers, see Retention Agreements on page 71.

**Employment Agreements.** We generally do not enter into traditional employment agreements with executive officers. There are no specific agreements pertaining to length of employment that would commit the company to pay an executive for a specific period. Generally, our executive officers are employees-at-will whose employment is conditioned on performance and subject to termination by the company at any time.

**Change in Control Protections.** The company believes executive officers who are terminated without cause or who resign for good reason (as defined in Change in Control Arrangements below at page 68) in connection with a change in control of PPL Corporation should be provided separation benefits. These benefits are intended to ensure that executives focus on serving the company and shareowner interests without the distraction of possible job and income loss. All of our named executive officers have separation benefits in the event of a change in control.

---

## Table of Contents

The major components of the company's change in control protections are:

accelerated vesting of specific outstanding equity awards in order to protect executives' equity-based award value from an acquirer;

severance benefits; and

trusts to fund promised obligations in order to protect executive compensation from an acquirer.

The 2012 Stock Incentive Plan eliminated the acceleration of the vesting of outstanding equity awards granted under the plan upon a change in control, unless there is a qualifying termination of employment.

The company's change in control benefits are consistent with the practices of companies with whom PPL competes for talent and assist in retaining executives and recruiting new executives to the company.

***Accelerated Vesting of Equity Awards.*** As of the close of a transaction that results in a change in control of PPL Corporation, all outstanding equity awards granted under the former Incentive Compensation Plan, or ICP, as part of the company's compensation program (excluding restricted stock and restricted stock units issued pursuant to retention agreements) become available to executives. As a result, the vesting and exercisability of stock awards and option awards granted as part of the long-term incentive program accelerate—in other words, restrictions on all outstanding restricted stock units lapse, a pro rata portion of performance units become payable and all unexercisable stock options become exercisable. Under the 2012 Stock Incentive Plan, equity awards granted under this plan do not automatically become available to executives as of a change in control, unless the executive is terminated (a "double trigger"). Stock options granted prior to 2007 are exercisable for 36 months following a qualifying termination of employment in connection with a change in control; options granted in 2007 and thereafter under the ICP are, after a change in control, exercisable for the remaining term of the stock option. Stock options granted under the 2012 Stock Incentive Plan are exercisable for the remaining term of the stock option or five years after retirement, whichever is earlier.

***Severance Benefits.*** To continue to retain and protect our executives, the company adopted an Executive Severance Plan in 2012 that provides severance benefits for officers, including the named executive officers, terminated for reasons other than cause. The key features of the plan that apply to all of the named executive officers include (1) two years of base pay; (2) an allowance for benefit continuation; and (3) outplacement or career services support. Severance benefits payable under this program are conditioned on the executive officer agreeing to release the company from any liability arising from the employment relationship. Additional details on current arrangements for named executive officers are discussed under "Termination Benefits" below at page 72.

The company has change in control agreements with all of the named executive officers that provide benefits to the executives upon specified terminations of employment in connection with a change in control of PPL Corporation. The benefits provided under these agreements replace any other severance benefits provided to these officers by PPL Corporation, including the Executive Severance Plan or any prior severance agreement. Additional details on the terms of these agreements are described in "Change in Control Arrangements" at page 68.

***Rabbi Trust.*** The company has entered into trust arrangements that currently cover some PPL compensation programs, namely the SERP, the Executive Deferred Compensation Plan, the change in control agreements and the Directors

Deferred Compensation Plan. These trust arrangements provide

**Table of Contents**

that specified trusts are to be funded when a change in control occurs. See *Change in Control Arrangements* at page 68 for a description of change in control events.

The trusts, which specifically relate to programs managed by PPL and do not currently cover the LKE programs, are currently unfunded but would become funded upon the occurrence of a change in control. The trust arrangements provide for immediate funding of benefits upon the occurrence of a potential change in control, and further provide that the trusts, which are funded upon a potential change in control, can be revoked and the contributions returned if a change in control in fact does not occur. There are no current plans to fund any of the trusts.

***Tax and Accounting Considerations***

*Section 162(m).* Section 162(m) of the Internal Revenue Code generally provides that publicly held corporations may not deduct in any taxable year specified compensation in excess of \$1,000,000 paid to the principal executive officer and the next three most highly compensated executive officers (excluding the principal financial officer).

Performance-based compensation in excess of \$1,000,000 is deductible if specified criteria are met, including shareowner approval of applicable plans. In this regard, the PPL Corporation Short-term Incentive Plan is designed to enable us to make cash awards to officers that are deductible under Section 162(m). Similarly, the PPL Corporation Incentive Compensation Plan and the 2012 Stock Incentive Plan are structured to enable grants of equity-based incentive awards to be deductible under Section 162(m). The Committee generally seeks ways to limit the impact of Section 162(m). However, the Committee believes that the tax deduction limitation should not compromise our ability to establish and implement incentive programs that support the compensation objectives discussed above.

Accordingly, achieving these objectives and maintaining required flexibility in this regard may result in payments of compensation or grants of awards that are not deductible for federal income tax purposes.

*Sections 280G and 4999.* Several years ago, we entered into change in control agreements with Messrs. Spence, Farr, Grey and DeCampli that provide benefits to the executives upon specified terminations of employment in connection with a change in control of PPL Corporation. The agreements provide for tax protection in the form of a gross-up payment to reimburse the executive for any excise tax under Section 4999 of the Internal Revenue Code, as well as any additional income and employment taxes resulting from such reimbursement.

Section 4999 imposes a 20% non-deductible excise tax on the recipient of an excess parachute payment, and Section 280G disallows the tax deduction to the payor of any amount that is considered an excess parachute payment. Payments as a result of a change in control must equal or exceed three times the executive's base amount, a five-year average of the executive officer's compensation as defined by the IRS, in order to be considered excess parachute payments, and then the lost deduction and excise tax is imposed on the parachute payments that exceed the executive's base amount. The intent of the tax gross-up under the separation protection agreements is to make the executive officers whole for a tax penalty they may incur when receiving their contractual separation payments in the event of their displacement in connection with a change in control. We believe the provision of tax protection for the adverse tax consequences imposed on the executive under these rules was consistent with market practice, has been an important executive retention component of our program and remains consistent with our compensation objectives.

For executives hired in 2012 or later, however, PPL will not provide executives with a gross-up payment in connection with Section 4999. The company entered into a new change in control agreement with Mr. Staffieri in 2013 in which there is no provision for gross-up payments.

**Table of Contents**

*ASC Topic 718*. Under the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Compensation – Stock Compensation (formerly, FASB Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, which was known as SFAS 123(R)), the following methods are used by PPL to determine the aggregate grant date fair value of PPL’s stock-based awards: (1) the closing market price of PPL common stock at the date of grant is used to value its restricted stock and restricted stock unit awards; (2) a Monte Carlo pricing model that considers both implied and historical volatility over three years using daily stock price observations for PPL and all companies that are in the Philadelphia Stock Exchange Utility Index is used to determine the fair value of each of its performance unit awards made through 2013; and (3) the Black-Scholes stock option pricing model is used to determine the fair value of its stock option awards.

**Table of Contents****Executive Compensation Tables**

The following table summarizes all compensation for our chief executive officer, our chief financial officer and our next three most highly compensated executives, or named executive officers, for the last three fiscal years, for service to PPL and its subsidiaries. Mr. Spence also served as a director but received no compensation for board service.

**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary <sup>(1)</sup>	Bonus <sup>(2)</sup>	Stock Awards <sup>(3)</sup>	Option Awards <sup>(4)</sup>	Non-Equity Incentive Plan Compensation <sup>(5)</sup>	Change in Pension Value and Nonqualified Deferred Compensation <sup>(6)</sup>	All Other Compensation <sup>(7)</sup>	Total
							Earnings <sup>(6)</sup>		
William H. Spence	2013	\$ 1,098,846		\$ 4,768,559	\$ 1,526,000	\$ 2,519,440	\$ 2,144,007	\$ 52,868	\$ 12,109,720
Chairman, President and Chief Executive Officer	2012	1,049,039		3,329,179	972,475	2,623,238	3,324,089	76,169	11,374,185
	2011	788,951		1,339,864	445,085	1,125,800	1,382,023	70,033	5,151,750
Paul A. Farr	2013	701,377		1,796,407	593,156	861,354	28,870	40,582	4,021,744
Executive Vice President and Chief Financial Officer	2012	673,967		1,607,302	328,835	1,154,172	1,375,340	54,363	5,193,980
	2011	620,314		952,841	306,576	690,100	689,724	56,642	3,316,190
Robert J. Grey	2013	499,292		837,779	251,463	531,806		30,729	2,151,069
Executive Vice President, General Counsel and Secretary	2012	464,812		846,916	173,215	683,646	1,166,686	36,648	3,371,922
	2011	449,848		531,366	170,949	433,300	567,556	40,193	2,193,212
Victor A. Staffieri	2013	811,220	20,000	1,597,735	479,774	923,574		134,265	3,966,568
Chairman of the Board, Chief Executive Officer and President LG&E and KU Energy LLC	2012	811,221	25,000	1,669,471	341,846	769,000	2,001,301	98,500	5,715,975
	2011	811,221		321,745	347,109	752,000	2,661,586	97,597	4,991,258
David G. DeCampli	2013	497,031		856,807	260,248	530,229	517,859	31,829	2,694,003
Executive Vice President PPL Energy Supply, LLC	2012	478,361		792,953	170,860	390,800	759,952	40,717	2,633,643
	2011	448,989		471,616	151,707	314,600	428,175	25,903	1,840,990

(1) Salary includes cash compensation deferred to the PPL Executive Deferred Compensation Plan or, for Mr. Staffieri, to the LG&E and KU Nonqualified Savings Plan. The following executive officers deferred salary in 2013 in the amounts indicated: Mr. Spence (\$32,965); Mr. Farr (\$140,275); Mr. Grey (\$14,979); Mr. Staffieri (\$46,015) and Mr. DeCampli (\$74,555). These amounts are included in the Nonqualified Deferred Compensation in 2013 table on page 67 as executive contributions for the last fiscal year.



- (2) Amounts paid to Mr. Staffieri in 2013 and 2012 reflect a cash payment in lieu of a salary increase.
- (3) This column represents the aggregate grant date fair value of restricted stock units and performance units as calculated under ASC Topic 718, without taking into account estimated forfeitures. Aggregate grant date fair value of restricted stock units is calculated using the closing price of PPL common stock on the NYSE on the date of grant. The grant date fair values of the performance units reflected in this column are the target payouts based on the probable outcome of the performance condition, determined as of the grant date, and are disclosed in the Grants of Plan-Based Awards During 2013 table on page 55. The maximum potential values of the performance units granted in 2013 would be as follows: Mr. Spence \$4,177,512; Mr. Farr \$1,623,905; Mr. Grey \$688,743; Mr. Staffieri \$1,313,322; and Mr. DeCampli \$712,634. For additional information on the assumptions made in the valuation of performance units, refer to Note 12 to the PPL financial statements in the Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the SEC. Further information regarding the 2013 awards is included in the Grants of Plan-Based Awards During 2013 and Outstanding Equity Awards at Fiscal Year-End 2013 tables elsewhere in this proxy statement.
- (4) This column represents the aggregate grant date fair value of stock options as calculated under ASC Topic 718, without taking into account estimated forfeitures. For additional information on the valuation assumptions with respect to the 2013 stock option grants, refer to Note 12 to the PPL

52 PPL Corporation 2014 Proxy Statement

**Table of Contents**

financial statements in the Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the SEC. See the Grants of Plan-Based Awards During 2013 table for further information on options granted in 2013.

- (5) This column represents cash awards made in January 2014 under PPL's Short-term Incentive Plan for performance under the company's annual cash incentive award program for 2013. These amounts include amounts executive officers have elected to defer to the PPL Executive Deferred Compensation Plan or, for Mr. Staffieri, to the LG&E and KU Nonqualified Savings Plan. The following executive officers deferred cash awards in the amounts indicated: Mr. Farr (\$344,542); Mr. Staffieri (\$72,910); and Mr. DeCampi (\$265,115). These amounts will be included in the Nonqualified Deferred Compensation in 2014 table as executive contributions in next year's proxy statement.
- (6) This column represents the sum of the changes in the actuarial present value of accumulated benefit in the PPL Retirement Plan and PPL Supplemental Executive Retirement Plan during 2013 for Messrs. Spence, Farr, Grey and DeCampi as well as the Subsidiary Retirement Plan for Mr. Farr. No amounts are shown under the Change in Pension Value and Nonqualified Deferred Compensation Earnings column for Messrs. Grey and Staffieri as their change in pension value during 2013 was a negative amount, resulting from increases in the discount rates used to calculate the actuarial present values of their obligations. Mr. Grey's net decrease in pension value for 2013 was (\$401,645), comprised of a decrease in the value of his accumulated benefit under the PPL Supplemental Executive Retirement Plan, or SERP, of (\$425,926) offset by an increase in the value of his accumulated benefit under PPL Retirement Plan of \$24,281. Mr. Staffieri's net decrease in pension value for 2013 was (\$957,057), comprised of a decrease in the value of his accumulated benefit under the LG&E and KU SERP of (\$948,457) and a decrease in the value of his accumulated benefit under LG&E and KU Retirement Plan of (\$8,600). In addition, the amount shown for Mr. Farr includes: net decreases in pension value for 2013 for certain plans. Mr. Farr's change in pension value for 2013 of \$28,870 includes an increase in the value of his accumulated benefit under the PPL SERP of \$48,385; a decrease of (\$8,403) under the PPL Subsidiary Retirement Plan; and a decrease of (\$11,112) under the PPL Retirement Plan. See the Pension Benefits in 2013 table on page 60 for additional information. No above-market or preferential earnings under the PPL Executive Deferred Compensation Plan are reportable for 2013. As to Mr. Staffieri, no above-market or preferential earnings under the LG&E and KU Nonqualified Savings Plan are reportable for 2013. See the Nonqualified Deferred Compensation in 2013 table on page 67 for additional information.
- (7) The table below reflects the components of this column for 2013, which include the company's matching contribution for each individual's 401(k) plan contributions under respective savings plans, the company's matching contribution for each individual's contributions under non-qualified deferred compensation plans, or NQDC, annual allocations under the PPL Employee Stock Ownership Plan, or ESOP, and the perquisites of financial planning and tax preparation services, company car, executive physical, vacation payments and a one-time lump-sum payment in lieu of benefits as described in the table below.

**Table of Contents**

Name	NQDC							Total
	401(k) Match	Employer Contribution	ESOP Allocation	Financial Planning	Company Car <sup>(a)</sup>	Benefits Paid <sup>(b)</sup>	Other	
W. H. Spence	\$ 7,650	\$29,265	\$453	\$10,500			\$ 5,000 <sup>(c)</sup>	\$ 52,868
P. A. Farr	7,650	18,492	490			\$13,500		40,582
R. J. Grey	7,650	13,304	775	9,000				30,729
V. A. Staffieri	10,710	56,499		8,382	\$8,674		50,000 <sup>(d)</sup>	134,265
D. G. DeCampli	7,650	13,367	437	10,375				31,829

- (a) Includes that portion of lease and fuel payments for vehicle leased for Mr. Staffieri by LKE attributed to personal use from January 1, 2013 through May 31, 2013. See footnote (d) below.
- (b) Payment to Mr. Farr for vacation earned but not taken.
- (c) Amount paid for an annual executive physical.
- (d) Lump-sum payment to Mr. Staffieri in lieu of LKE benefits that he agreed to forego in the future, beginning June 1, 2013, including premiums paid by LKE for supplemental executive term life insurance, as well as an automobile allowance that included lease and fuel payments for vehicle leased for Mr. Staffieri by LKE.

**Table of Contents**

**GRANTS OF PLAN-BASED AWARDS DURING 2013**

The following table provides information about equity and non-equity awards granted to the named executive officers in 2013.

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards <sup>(1)</sup>	Target	Maximum Threshold	Budget	Estimated Future Payouts under Equity Incentive Plan Awards <sup>(2)</sup>	Number of Shares of Stock of Underlying <sup>(5)</sup>	Option Awards <sup>(6)</sup>	Fair Value of Stock and Option Awards <sup>(6)</sup>
W. H. Spence	1/24/2013	\$770,000	\$1,540,000	\$3,080,000					