PPL Chairman: Strategic Moves Have Fundamentally Changed Company

PPL Corporation (NYSE: PPL) is a fundamentally different company compared with two years ago, having changed its business mix, nearly doubled its asset base and grown its market capitalization by 40 percent, the company's top executive told shareowners Wednesday (5/16) at PPL's annual meeting.

William H. Spence, PPL chairman, president and chief executive officer

"We are forecasting that 70 percent of PPL's 2012 ongoing earnings will come from our rate-regulated businesses in the United Kingdom, Kentucky and Pennsylvania," said William H. Spence, PPL's chairman, president and chief executive officer.

"In 2010, 73 percent of our ongoing earnings came from our supply business, which is driven by the ups and downs of wholesale electricity prices. And, over the past couple of years, the fluctuations in wholesale electricity prices have been decidedly down," Spence said.

He said this repositioning of PPL was completed in a remarkably short time through the acquisition of regulated utility operations in Kentucky in 2010 and the United Kingdom in 2011 at a combined cost of about $14 billion. Even though the repositioning was accomplished with extraordinary speed, Spence said, the continuation of depressed wholesale electricity prices has proven that the company acted none too soon.

"The bottom line is this: Without the additional earnings from these rate-regulated operations, PPL's earnings per share would be significantly depressed for 2012 and the foreseeable future," Spence said. "The fundamental driver of our acquisitions in 2010 and 2011 was reducing risk for the company at a time of unprecedented turmoil in competitive electricity markets."

For 2011, PPL's earnings from ongoing operations were $2.73 per share, attaining the high end of the company's 2011 forecast of $2.55 to $2.75 per share. In April 2011, PPL completed the acquisition of the former Central Networks electricity distribution businesses in central England and successfully integrated those operations into its Western Power Distribution affiliate in the U.K. by the first quarter of 2012. PPL's U.K. affiliate, with more than 7.8 million customers across central and southwest England and south Wales, led the way in PPL's earnings performance in both the fourth quarter of 2011 and the first quarter of 2012.

At the meeting, shareowners re-elected all PPL directors to one-year terms: Frederick M. Bernthal, retired president, Universities Research Association; John W. Conway, chairman, president and chief executive officer of Crown Holdings, Inc.; Steven G. Elliott, retired senior vice chairman of The Bank of New York Mellon Corporation; Louise K. Goeser, president and chief executive officer, Grupo Siemens S.A. de C.V.; Stuart E. Graham, retired president and chief executive officer of Skanska AB; Stuart Heydt, retired chief executive officer of Geisinger Health System; Raja Rajamannar, executive vice president, senior business, and chief transformation officer of Wellpoint, Inc.; Craig A. Rogerson, chairman, president and chief executive officer of Chemtura Corporation; PPL Chairman Spence; Natica von Althann, founding partner of C&A Advisors; and Keith H. Williamson, senior vice president, secretary and general counsel of Centene Corporation.

During the meeting, held at Lehigh University's Zoellner Arts Center, PPL shareowners also voted on three other management proposals. They approved the 2011 compensation of PPL's executive officers named in this year's proxy statement; approved PPL's 2012 stock incentive plan; and ratified the appointment of Ernst & Young LLP as the company's independent auditing firm for the year ending Dec. 31, 2012. They also approved a shareowner proposal that requested the board to amend PPL's governance documents to eliminate plurality voting for directors and provide for directors to be elected by a majority of votes cast at an annual meeting of shareowners. Although this last vote is non-binding, PPL's board is expected to review the issue again before next year's annual meeting.

PPL Corporation, headquartered in Allentown, Pa., through its affiliates, owns or controls about 19,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity and natural gas to about 10 million customers in the United States and the United Kingdom. More information is available at www.pplweb.com.

"Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income attributable to PPL, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that "earnings from ongoing operations," although a non-GAAP financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making investment decisions. PPL's management also uses "earnings from ongoing operations" in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

Statements contained in this news release with respect to future earnings are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.

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