

PPL CORPORATION AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) (a)

Condensed Consolidated Balance Sheet
(Millions of Dollars)

	<u>Dec. 31, 2006 (b)</u>	<u>Dec. 31, 2005(c)</u>
Assets		
Cash and cash equivalents	\$ 794	\$ 555
Other current assets	2,850	2,355
Investments	564	508
Property, plant and equipment		
Electric plant	19,395	17,977
Gas and oil plant	373	349
Other property	311	289
	<u>20,079</u>	<u>18,615</u>
Less: accumulated depreciation	<u>8,010</u>	<u>7,699</u>
	12,069	10,916
Recoverable transition costs	884	1,165
Goodwill and other intangibles	1,511	1,482
Regulatory and other assets	<u>1,072</u>	<u>945</u>
Total assets	<u>\$ 19,744</u>	<u>\$ 17,926</u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$ 1,149	\$ 1,340
Other current liabilities	2,199	2,014
Long-term debt (less current portion)	6,728	6,044
Deferred income taxes and investment tax credits	2,328	2,197
Other noncurrent liabilities	1,857	1,806
Minority interest	60	56
Preferred securities of a subsidiary	301	51
Earnings reinvested	2,629	2,182
Common stock and capital in excess of par value	2,814	2,768
Accumulated other comprehensive loss	<u>(321)</u>	<u>(532)</u>
Total liabilities and equity	<u>\$ 19,744</u>	<u>\$ 17,926</u>

- (a) The Financial Statements in this news release have been condensed and summarized for purposes of this presentation. Please refer to PPL Corporation's periodic filings with the Securities and Exchange Commission for full financial statements, including note disclosure.
- (b) Reflects implementation of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans, an Amendment of FASB Statements No. 87, 88, 106 and 132 (R)." This increased assets by \$158 million, increased liabilities by \$358 million and decreased equity by \$200 million.
- (c) Certain amounts have been reclassified to conform to the current year presentation.

Condensed Consolidated Income Statement
(Millions of Dollars, Except per Share Data)

	<u>3 Months Ended Dec. 31,</u>		<u>Year Ended Dec. 31,</u>	
	<u>2006(a)</u>	<u>2005(a)(b)</u>	<u>2006(a)</u>	<u>2005(a)(b)</u>
Operating Revenues				
Utility	\$ 1,146	\$ 1,095	\$ 4,573	\$ 4,329
Unregulated retail electric	23	28	91	101
Wholesale energy marketing	368	226	1,532	1,091
Net energy trading margins	9	(1)	35	32
Energy-related businesses	178	146	668	626
	<u>1,724</u>	<u>1,494</u>	<u>6,899</u>	<u>6,179</u>
Operating Expenses				
Fuel and energy purchases	528	419	2,219	1,807
Other operation and maintenance	392	377	1,411	1,407
Amortization of recoverable transition costs	72	69	282	268
Depreciation	120	105	446	420
Taxes, other than income	68	65	282	279
Energy-related businesses	191	163	660	649
	<u>1,371</u>	<u>1,198</u>	<u>5,300</u>	<u>4,830</u>
Operating Income	353	296	1,599	1,349
Other Income – net	11	6	74	29
Interest Expense	117	121	482	508
Income from Continuing Operations Before Income Taxes, Minority Interest and Dividends on Preferred Securities of a Subsidiary	247	181	1,191	870
Income Taxes	59	(16)	278	122
Minority Interest	3	2	11	7
Dividends on Preferred Securities of a Subsidiary	4	0	14	2
Income from Continuing Operations	181	195	888	739
Loss from Discontinued Operations (net of income taxes)	0	2	20	53
Income Before Cumulative Effect of a Change in Accounting Principle	181	193	868	686
Cumulative Effect of a Change in Accounting Principle (net of income taxes)	0	(8)	0	(8)
Net Income	<u>\$ 181</u>	<u>\$ 185</u>	<u>\$ 868</u>	<u>\$ 678</u>
Earnings per share of common stock – basic				
Earnings from ongoing operations	\$ 0.48	\$ 0.53	\$ 2.25	\$ 2.10
Unusual items	0.00	(0.04)	0.03	(0.31)
Net Income	<u>\$ 0.48</u>	<u>\$ 0.49</u>	<u>\$ 2.28</u>	<u>\$ 1.79</u>
Earnings per share of common stock – diluted				
Earnings from ongoing operations	\$ 0.47	\$ 0.52	\$ 2.22	\$ 2.08
Unusual items	0.00	(0.04)	0.03	(0.31)
Net Income	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 2.25</u>	<u>\$ 1.77</u>
Average shares outstanding (thousands)				
Basic	382,060	379,723	380,754	379,132
Diluted	388,110	384,959	386,769	383,737

- (a) Earnings in the 2006 and 2005 periods were impacted by several unusual items, as described in the text and tables of this news release. Earnings from ongoing operations excludes the impact of these unusual items.
- (b) Certain amounts have been reclassified to conform to the current year presentation.

Condensed Consolidated Statements of Cash Flows
(Millions of Dollars)

	Year Ended Dec. 31,	
	2006	2005
Cash Flows from Operating Activities		
Net income	\$ 868	\$ 678
Adjustments to reconcile net income to net cash provided by operating activities:		
Pre-tax loss from the sale of the Sundance plant	0	72
Pre-tax loss from the sale of interest in the Griffith plant	39	0
Depreciation	446	423
Amortization-recoverable transition costs and other	309	298
Deferred income taxes (benefits) and investment tax credits	(22)	(66)
Pension and other postretirement benefits	(115)	(41)
Realization of benefits related to Black Lung Trust assets	(36)	0
Accrual for remediation of ash basin leak	(11)	32
Changes in working capital	161	(91)
Other	119	83
Net cash provided by operating activities	<u>1,758</u>	<u>1,388</u>
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(1,394)	(811)
Proceeds from the sale of the Sundance plant	0	190
Proceeds from the sale of interest in the Griffith plant	110	0
Net purchases of emission allowances	(30)	(105)
Net (purchases) sales of short-term investments	(296)	2
Other investing activities	(7)	(55)
Net cash used in investing activities	<u>(1,617)</u>	<u>(779)</u>
Cash Flows from Financing Activities		
Net issuances (retirements) of long-term debt	450	(524)
Payment of common stock dividends	(411)	(347)
Net (decrease) increase in short-term debt	(173)	184
Issuance of preference stock, net of issuance costs	245	0
Other financing activities	(16)	11
Net cash provided by (used in) financing activities	<u>95</u>	<u>(676)</u>
Effect of Exchange Rates on Cash and Cash Equivalents	<u>3</u>	<u>6</u>
Net Increase (Decrease) in Cash and Cash Equivalents	239	(61)
Cash and cash equivalents at beginning of year	555	616
Cash and cash equivalents at end of year	<u>\$ 794</u>	<u>\$ 555</u>
Free Cash Flow Before Dividends: (a)		
Cash Flows from Operating Activities	\$ 1,758	\$ 1,388
(Decrease) Increase in cash due to:		
Transition bond repayments	(282)	(272)
Capital expenditures	(1,394)	(811)
Other investing activities	85	64
	<u>\$ 167</u>	<u>\$ 369</u>

(a) "Free Cash Flow Before Dividends" is a non-GAAP financial measure and its use is discussed in the text at the end of this news release.

Key Indicators

Financial

	<u>Year Ended Dec. 31, 2006</u>	<u>Year Ended Dec. 31, 2005</u>
Dividends declared per share	\$1.10	\$0.96
Book value per share (a)	\$13.30	\$11.62
Market price per share (a)	\$35.84	\$29.40
Dividend yield (a)	3.1%	3.3%
Dividend payout ratio (b)	49%	54%
Dividend payout ratio - earnings from ongoing operations (b)(c)	50%	46%
Price/earnings ratio (a)(b)	15.9	16.6
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	16.1	14.1
Return on average common equity	17.87%	15.65%
Return on average common equity - earnings from ongoing operations (c)	17.47%	18.16%

(a) End of period.

(b) Based on diluted earnings per share.

(c) Calculated using earnings from ongoing operations, which excludes the impact of unusual items, as described in the text and tables of this news release.

2006 Reconciliation of Business Segment Earnings from Ongoing Operations and Reported Earnings (Diluted)

4th Quarter 2006

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 102	\$ 29	\$ 49	\$ 180	\$ 0.27	\$ 0.07	\$ 0.13	\$ 0.47
Unusual Items								
PJM billing dispute	(18)	21		3	(0.05)	0.06		0.01
Sale of interest in Griffith plant	1			1	0.00			0.00
Susquehanna workforce reduction	(3)			(3)	(0.01)			(0.01)
Total unusual items	(20)	21	0	1	(0.06)	0.06	0.00	0.00
Reported earnings	<u>\$ 82</u>	<u>\$ 50</u>	<u>\$ 49</u>	<u>\$ 181</u>	<u>\$ 0.21</u>	<u>\$ 0.13</u>	<u>\$ 0.13</u>	<u>\$ 0.47</u>

Year to date Dec. 31, 2006

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 445	\$ 146	\$ 267	\$ 858	\$ 1.15	\$ 0.38	\$ 0.69	\$ 2.22
Unusual Items								
Off-site remediation of ash basin leak (Q1, '06; Q2, '06)	6			6	0.02			0.02
Enron reserve adjustment (Q1, '06; Q2, '06)	11		1	12	0.03			0.03
Sale of interest in Griffith (Q2, '06; Q4, '06)	(16)			(16)	(0.04)			(0.04)
Synfuels impairment (Q2, '06)	(6)			(6)	(0.01)			(0.01)
Reversal of cost recovery – Hurricane Isabel (Q3, '06)		(7)		(7)		(0.02)		(0.02)
Realization of benefits related to Black Lung Trust assets (Q3, '06)		21		21		0.05		0.05
PJM billing dispute (Q4, '06)	(18)	21		3	(0.05)	0.06		0.01
Susquehanna workforce reduction (Q4, '06)	(3)			(3)	(0.01)			(0.01)
Total unusual items	(26)	35	1	10	(0.06)	0.09	0.00	0.03
Reported earnings	<u>\$ 419</u>	<u>\$ 181</u>	<u>\$ 268</u>	<u>\$ 868</u>	<u>\$ 1.09</u>	<u>\$ 0.47</u>	<u>\$ 0.69</u>	<u>\$ 2.25</u>

2005 Reconciliation of Business Segment Earnings from Ongoing Operations and Reported Earnings (Diluted)

4th Quarter 2005

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 89	\$ 49	\$ 63	\$ 201	\$ 0.23	\$ 0.13	\$ 0.16	\$ 0.52
Unusual Items								
Off-site remediation of ash basin leak (Q4, '05)	(8)			(8)	(0.02)			(0.02)
Conditional asset retirement obligation (Q4, '05)	(8)			(8)	(0.02)			(0.02)
Total unusual items	(16)	0	0	(16)	(0.04)	0.00	0.00	(0.04)
Reported earnings	<u>\$ 73</u>	<u>\$ 49</u>	<u>\$ 63</u>	<u>\$ 185</u>	<u>\$ 0.19</u>	<u>\$ 0.13</u>	<u>\$ 0.16</u>	<u>\$ 0.48</u>

Year to date Dec. 31, 2005

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 402	\$ 181	\$ 215	\$ 798	\$ 1.05	\$ 0.47	\$ 0.56	\$ 2.08
Unusual Items								
PJM billing dispute (Q1, '05)		(27)		(27)		(0.07)		(0.07)
NorthWestern litigation (Q1, '05)	(6)			(6)	(0.02)			(0.02)
Sale of Sundance (Q2, '05)	(47)			(47)	(0.12)			(0.12)
Stock-based compensation adjustment (Q1, '05)	(3)	(2)		(5)	(0.01)			(0.01)
Off-site remediation of ash basin leak (Q3, '05; Q4, '05)	(27)			(27)	(0.07)			(0.07)
Conditional asset retirement obligation (Q4, '05)	(8)			(8)	(0.02)			(0.02)
Total unusual items	(91)	(29)	0	(120)	(0.24)	(0.07)	0.00	(0.31)
Reported earnings	<u>\$ 311</u>	<u>\$ 152</u>	<u>\$ 215</u>	<u>\$ 678</u>	<u>\$ 0.81</u>	<u>\$ 0.40</u>	<u>\$ 0.56</u>	<u>\$ 1.77</u>

Operating - Domestic and International Electricity Sales

(millions of kwh)

	3 Months Ended Dec. 31			Year Ended Dec. 31		
	2006	2005	Percent Change	2006	2005	Percent Change
Domestic Retail						
Delivered (a)(b)	8,607	8,968	(4.0%)	36,683	37,358	(1.8%)
Supplied (b)	9,111	9,475	(3.8%)	38,810	39,413	(1.5%)
International delivered						
United Kingdom	7,001	7,219	(3.0%)	28,776	28,884	(0.4%)
Latin America	1,153	1,065	8.3%	4,576	4,262	7.4%
Domestic Wholesale						
East	4,371	5,190	(15.8%)	19,381	21,052	(7.9%)
West						
NorthWestern Energy	838	835	0.4%	3,356	3,326	0.9%
Other Montana	2,237	2,239	(0.1%)	9,388	8,148	15.2%
PPL EnergyPlus	178	306	(41.8%)	707	1,242	(43.1%)

(a) Electricity delivered to retail customers represents the kilowatt-hours delivered to customers within PPL Electric Utilities Corporation's service territory.

(b) Certain amounts have been reclassified to conform to the current year presentation.