

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

Condensed Consolidated Balance Sheet (Unaudited)
(Millions of Dollars)

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Assets		
Cash and cash equivalents	\$1,100	\$430
Price risk management assets - current	1,224	319
Assets held for sale		318
Other current assets	2,100	2,101
Investments	522	608
Property, plant and equipment		
Electric plant	20,075	20,109
Gas and oil plant	68	66
Other property	156	202
	<u>20,299</u>	<u>20,377</u>
Less: accumulated depreciation	<u>7,883</u>	<u>7,772</u>
	12,416	12,605
Recoverable transition costs	281	574
Goodwill and other intangibles	1,318	1,326
Price risk management assets - noncurrent	1,392	587
Other noncurrent assets	<u>1,052</u>	<u>1,104</u>
Total assets	<u><u>\$21,405</u></u>	<u><u>\$19,972</u></u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$1,366	\$770
Price risk management liabilities - current	1,324	423
Liabilities held for sale		68
Other current liabilities	1,603	1,621
Long-term debt (less current portion)	7,151	6,890
Deferred income taxes and investment tax credits	1,764	2,192
Price risk management liabilities - noncurrent	836	916
Accrued pension obligations	899	59
Other noncurrent liabilities	1,066	1,157
Minority interest	18	19
Preferred securities of a subsidiary	301	301
Earnings reinvested	3,875	3,448
Common stock and capital in excess of par value	2,187	2,176
Accumulated other comprehensive loss	<u>(985)</u>	<u>(68)</u>
Total liabilities and equity	<u><u>\$21,405</u></u>	<u><u>\$19,972</u></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.

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

	3 Months Ended December 31,		Year Ended December 31,	
	2008 (a)	2007 (a)(b)	2008 (a)	2007 (a)(b)
Operating Revenues				
Utility	\$1,006	\$1,040	\$4,114	\$4,114
Unregulated retail electric and gas	41	29	151	102
Wholesale energy marketing (c)				
Realized	686	373	2,325	1,617
Unrealized economic activity	695	(46)	1,056	(145)
Net energy trading margins	(39)	3	(121)	41
Energy-related businesses	124	206	519	769
	<u>2,513</u>	<u>1,605</u>	<u>8,044</u>	<u>6,498</u>
Operating Expenses				
Fuel	293	214	1,011	906
Energy purchases (c)				
Realized	508	241	1,634	918
Unrealized economic activity	453	(71)	626	(198)
Other operation and maintenance	329	377	1,430	1,373
Amortization of recoverable transition costs	76	81	293	310
Depreciation	114	112	461	446
Taxes, other than income	65	75	289	298
Energy-related businesses	120	181	481	762
	<u>1,958</u>	<u>1,210</u>	<u>6,225</u>	<u>4,815</u>
Operating Income	555	395	1,819	1,683
Other Income - net	5	24	22	95
Interest Expense	121	117	459	474
Income from Continuing Operations Before Income Taxes, Minority Interest and Dividends on Preferred Securities of a Subsidiary	439	302	1,382	1,304
Income Taxes	155	82	440	270
Minority Interest	1	1	2	3
Dividends on Preferred Securities of a Subsidiary	4	4	18	18
Income from Continuing Operations	279	215	922	1,013
(Loss) Income from Discontinued Operations (net of income taxes)	(2)	203	8	275
Net Income	<u>\$277</u>	<u>\$418</u>	<u>\$930</u>	<u>\$1,288</u>
Earnings per share of common stock - basic				
Earnings from ongoing operations	\$0.46	\$0.60	\$2.04	\$2.63
Special items	0.28	0.52	0.45	0.76
Net Income	<u>\$0.74</u>	<u>\$1.12</u>	<u>\$2.49</u>	<u>\$3.39</u>
Earnings per share of common stock - diluted				
Earnings from ongoing operations	\$0.46	\$0.60	\$2.02	\$2.60
Special items	0.28	0.51	0.45	0.75
Net Income	<u>\$0.74</u>	<u>\$1.11</u>	<u>\$2.47</u>	<u>\$3.35</u>
Average shares outstanding (thousands)				
Basic	374,388	372,943	373,626	380,563
Diluted	376,425	377,270	376,526	385,111

(a) Earnings in the 2008 and 2007 periods were impacted by several special items, as described in the text and tables of this news release. Earnings from ongoing operations excludes the impact of these special items.

(b) Certain amounts from 2007 have been reclassified to conform to the current year presentation.

(c) PPL enters into certain non-trading energy or energy-related contracts to hedge future cash flows that are not eligible for hedge accounting, or where hedge accounting is not elected. Consistent with the treatment of the hedged item, unrealized and realized gains and losses on these transactions are reflected in "Wholesale energy marketing" or "Energy purchases."

Condensed Consolidated Statements of Cash Flows (Unaudited)
(Millions of Dollars)

	Year Ended	
	December 31,	
	2008	2007
Cash Flows from Operating Activities		
Net income	\$930	\$1,288
Adjustments to reconcile net income to net cash provided by operating activities:		
Pre-tax gain from the sale of the Latin American businesses		(400)
Depreciation	461	458
Amortizations - recoverable transition costs and other	383	433
Defined benefits	(100)	(39)
Impairment of assets	114	124
Gain on the sale of emission allowances	(6)	(109)
Deferred income taxes and investment tax credits	43	42
Unrealized gains on derivatives and other hedging activities	(279)	(22)
Changes in working capital	(81)	(178)
Other	52	(26)
Net cash provided by operating activities	<u>1,517</u>	<u>1,571</u>
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(1,429)	(1,657)
Proceeds from the sale of the Latin American businesses		851
Proceeds from the sale of telecommunication operations		47
Proceeds from the sale of gas and propane businesses	303	
Net (expenditures for) sales of intangible assets	(302)	46
Net (purchases) sales of other investments	(95)	259
Net decrease (increase) in restricted cash and cash equivalents	1	(125)
Other investing activities	(33)	(35)
Net cash used in investing activities	<u>(1,555)</u>	<u>(614)</u>
Cash Flows from Financing Activities		
Net issuances (retirements) of long-term debt	667	(231)
Repurchase of common stock	(38)	(712)
Payment of common stock dividends	(491)	(459)
Net increase in short-term debt	588	61
Other financing activities	(5)	15
Net cash provided by (used in) financing activities	<u>721</u>	<u>(1,326)</u>
Effect of Exchange Rates on Cash and Cash Equivalents		
	<u>(13)</u>	<u>5</u>
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	430	794
Cash and cash equivalents at end of period	<u>\$1,100</u>	<u>\$430</u>

Key Indicators

Financial

	<u>Year Ended</u> <u>December 31, 2008</u>	<u>Year Ended</u> <u>December 31, 2007</u>
Dividends declared per share	\$1.34	\$1.22
Book value per share (a)	\$13.55	\$14.88
Market price per share (a)	\$30.69	\$52.09
Dividend yield (a)	4.4%	2.3%
Dividend payout ratio (b)	54%	36%
Dividend payout ratio - earnings from ongoing operations (b)(c)	66%	47%
Price/earnings ratio (a)(b)	12.4	15.5
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	15.2	20.0
Return on average common equity	16.88%	24.47%
Return on average common equity - earnings from ongoing operations (c)	14.46%	19.21%

(a) End of period.

(b) Based on diluted earnings per share.

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

Operating - Domestic & International Electricity Sales

(millions of kwh)	<u>3 Months Ended December 31,</u>			<u>Year Ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>Percent</u> <u>Change</u>	<u>2008</u>	<u>2007</u>	<u>Percent</u> <u>Change</u>
Domestic Retail						
Delivered (a)	9,032	9,071	(0.4%)	38,058	37,950	0.3%
Supplied	9,631	9,602	0.3%	40,374	40,080	0.7%
International Delivered						
United Kingdom	6,835	6,997	(2.3%)	27,724	27,888	(0.6%)
Domestic Wholesale						
East	7,367	5,179	42.2%	28,614	20,816	37.5%
West						
NorthWestern Energy	622	571	8.9%	2,491	2,809	(11.3%)
Other West	2,848	2,817	1.1%	11,607	9,890	17.4%

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

PPL CORPORATION AND SUBSIDIARY COMPANIES

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

4th Quarter 2008

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	<u>Supply</u>	PA	Int'l	<u>Total</u>	<u>Supply</u>	PA	Int'l	<u>Total</u>
		<u>Delivery</u>	<u>Delivery</u>			<u>Delivery</u>	<u>Delivery</u>	
Earnings from Ongoing Operations	\$78	\$39	\$58	\$175	\$0.21	\$0.10	\$0.15	\$0.46
Special Items								
MTM adj's from energy-related, non-trading economic hedges	130			130	0.35			0.35
Asset impairments	(16)		(1)	(17)	(0.05)			(0.05)
Impairments & other impacts - emission allowances	2			2	0.01			0.01
Impairment of nuclear decom. trust investments	(12)			(12)	(0.03)			(0.03)
Sale of gas and propane businesses		(1)		(1)				
Total Special Items	104	(1)	(1)	102	0.28			0.28
Reported Earnings	\$182	\$38	\$57	\$277	\$0.49	\$0.10	\$0.15	\$0.74

Year-to-Date December 31, 2008

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	<u>Supply</u>	PA	Int'l	<u>Total</u>	<u>Supply</u>	PA	Int'l	<u>Total</u>
		<u>Delivery</u>	<u>Delivery</u>			<u>Delivery</u>	<u>Delivery</u>	
Earnings from Ongoing Operations	\$303	\$167	\$291	\$761	\$0.81	\$0.44	\$0.77	\$2.02
Special Items								
MTM adj's from energy-related, non-trading economic hedges	251			251	0.67			0.67
Asset impairments (Q4, '08)	(16)		(1)	(17)	(0.05)			(0.05)
Impairments & other impacts - emission allowances (Q3, '08; Q4, '08)	(25)			(25)	(0.07)			(0.07)
Impairment of nuclear decom. trust investments (Q2, '08; Q3, '08; Q4, '08)	(17)			(17)	(0.04)			(0.04)
Sale of gas and propane businesses (Q2, '08; Q3, '08; Q4, '08)		(6)		(6)		(0.01)		(0.01)
Off-site remediation of ash basin leak (Q2, '08)	1			1				
Colstrip groundwater litigation (Q1, '08; Q2, '08)	(5)			(5)	(0.01)			(0.01)
Synfuel tax adjustment (Q1, '08)	(13)			(13)	(0.04)			(0.04)
Total Special Items	176	(6)	(1)	169	0.46	(0.01)		0.45
Reported Earnings	\$479	\$161	\$290	\$930	\$1.27	\$0.43	\$0.77	\$2.47

4th Quarter 2007

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	<u>Supply</u>	PA	Int'l	<u>Total</u>	<u>Supply</u>	PA	Int'l	<u>Total</u>
		<u>Delivery</u>	<u>Delivery</u>			<u>Delivery</u>	<u>Delivery</u>	
Earnings from Ongoing Operations	\$107	\$35	\$82	\$224	\$0.29	\$0.09	\$0.22	\$0.60
Special Items								
MTM adj's from energy-related, non-trading economic hedges	12			12	0.03			0.03
Sale of Latin American businesses			213	213			0.56	0.56
Sale of gas and propane businesses		(21)		(21)		(0.06)		(0.06)
Impairment of certain transmission rights	(1)			(1)				
Workforce reductions	(4)	(1)	(4)	(9)	(0.01)		(0.01)	(0.02)
Total Special Items	7	(22)	209	194	0.02	(0.06)	0.55	0.51
Reported Earnings	\$114	\$13	\$291	\$418	\$0.31	\$0.03	\$0.77	\$1.11

Year-to-Date December 31, 2007

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	<u>Supply</u>	PA	Int'l	<u>Total</u>	<u>Supply</u>	PA	Int'l	<u>Total</u>
		<u>Delivery</u>	<u>Delivery</u>			<u>Delivery</u>	<u>Delivery</u>	
Earnings from Ongoing Operations	\$544	\$155	\$301	\$1,000	\$1.42	\$0.40	\$0.78	\$2.60
Special Items								
MTM adj's from energy-related, non-trading economic hedges	32			32	0.08			0.08
PJM billing dispute (Q1, '07)	(1)			(1)				
Sale of Latin American businesses (Q1, '07; Q2, '07; Q3, '07; Q4, '07)			259	259			0.67	0.67
Sale of telecommunication operations (Q1, '07; Q2, '07; Q3, '07; Q4, '07)	(23)			(23)	(0.06)			(0.06)
Sale of gas and propane businesses (Q3, '07; Q4, '07)		(44)		(44)		(0.11)		(0.11)
Settlement of Wallingford cost-based rates (Q3, '07)	33			33	0.09			0.09
Impairment of certain transmission rights (Q3, '07; Q4, '07)	(13)			(13)	(0.04)			(0.04)
Change in U.K. tax rate (Q3, '07)			54	54			0.14	0.14
Workforce reductions (Q4, '07)	(4)	(1)	(4)	(9)	(0.01)		(0.01)	(0.02)
Total Special Items	24	(45)	309	288	0.06	(0.11)	0.80	0.75
Reported Earnings	\$568	\$110	\$610	\$1,288	\$1.48	\$0.29	\$1.58	\$3.35