

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

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

	<u>June 30, 2008</u>	<u>Dec. 31, 2007</u>
Assets		
Cash and cash equivalents	\$ 466	\$ 430
Price risk management assets - current	2,431	319
Assets held for sale	315	318
Other current assets	2,474	2,101
Investments	594	608
Property, plant and equipment		
Electric plant	20,391	20,109
Gas and oil plant	67	66
Other property	193	202
	<u>20,651</u>	<u>20,377</u>
Less: accumulated depreciation	<u>7,812</u>	<u>7,772</u>
	12,839	12,605
Recoverable transition costs	430	574
Goodwill and other intangibles	1,515	1,326
Price risk management assets - noncurrent	1,697	587
Other noncurrent assets	1,140	1,104
Total assets	<u>\$ 23,901</u>	<u>\$ 19,972</u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$ 1,162	\$ 770
Price risk management liabilities - current	2,312	423
Liabilities held for sale	46	68
Other current liabilities	1,942	1,621
Long-term debt (less current portion)	7,019	6,890
Deferred income taxes and investment tax credits	1,735	2,192
Price risk management liabilities - noncurrent	2,943	916
Other noncurrent liabilities	1,239	1,216
Minority interest	19	19
Preferred securities of a subsidiary	301	301
Earnings reinvested	3,647	3,448
Common stock and capital in excess of par value	2,184	2,176
Accumulated other comprehensive loss	(648)	(68)
Total liabilities and equity	<u>\$ 23,901</u>	<u>\$ 19,972</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 June 30,		6 Months Ended June 30,	
	2008(a)	2007(a)(b)	2008(a)	2007(a)(b)
Operating Revenues				
Utility	\$ 981	\$ 977	\$ 2,101	\$ 2,058
Unregulated retail electric and gas	33	23	67	45
Wholesale energy marketing (c)				
Realized	443	371	881	727
Unrealized economic activity	(616)	8	(796)	(99)
Net energy trading margins	52	9	50	18
Energy-related businesses	131	185	247	370
	<u>1,024</u>	<u>1,573</u>	<u>2,550</u>	<u>3,119</u>
Operating Expenses				
Fuel	208	202	451	435
Energy purchases (c)				
Realized	309	207	626	449
Unrealized economic activity	(623)	(14)	(885)	(134)
Other operation and maintenance	360	347	737	672
Amortization of recoverable transition costs	68	70	144	151
Depreciation	118	110	230	226
Taxes, other than income	72	72	147	150
Energy-related businesses	119	201	227	403
	<u>631</u>	<u>1,195</u>	<u>1,677</u>	<u>2,352</u>
Operating Income	<u>393</u>	<u>378</u>	<u>873</u>	<u>767</u>
Other Income – net	8	21	16	48
Interest Expense	110	120	218	240
Income from Continuing Operations Before Income Taxes, Minority Interest and Dividends on Preferred Securities of a Subsidiary				
	291	279	671	575
Income Taxes	97	31	226	100
Minority Interest	1	-	1	1
Dividends on Preferred Securities of a Subsidiary	4	4	9	9
	<u>4</u>	<u>4</u>	<u>9</u>	<u>9</u>
Income from Continuing Operations	189	244	435	465
Income from Discontinued Operations (net of income taxes)	1	101	15	83
	<u>1</u>	<u>101</u>	<u>15</u>	<u>83</u>
Net Income	<u>\$ 190</u>	<u>\$ 345</u>	<u>\$ 450</u>	<u>\$ 548</u>
Earnings per share of common stock – basic				
Earnings from ongoing operations	\$ 0.51	\$ 0.64	\$ 1.13	\$ 1.30
Special items	-	0.25	0.08	0.12
	<u>0.51</u>	<u>0.89</u>	<u>1.21</u>	<u>1.42</u>
Earnings per share of common stock – diluted				
Earnings from ongoing operations	\$ 0.50	\$ 0.63	\$ 1.11	\$ 1.28
Special items	-	0.25	0.08	0.13
	<u>0.50</u>	<u>0.88</u>	<u>1.19</u>	<u>1.41</u>
Average shares outstanding (thousands)				
Basic	373,158	385,300	373,009	385,053
Diluted	376,507	390,109	376,593	389,645

- (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. This includes the reclassification of PPL Gas Utilities Corporation accounts to Discontinued Operations.
- (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)

	6 Months Ended	
	June 30,	
	2008	2007
Cash Flows from Operating Activities		
Net income	\$ 450	\$ 548
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	230	236
Amortization-recoverable transition costs and other	178	209
Pre-tax gain from the sale of a Latin American business		(94)
Deferred income taxes and investment tax credits	(38)	(38)
Impairment of assets held for sale	1	70
Unrealized gain on derivatives and other hedging activities	(84)	(35)
Changes in working capital	164	(235)
Other	32	(42)
Net cash provided by operating activities	<u>933</u>	<u>619</u>
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(661)	(687)
Proceeds from the sale of a Latin American business		180
Net (expenditures for) sales of intangible assets	(249)	26
Net (purchases) sales of other investments	(14)	9
Net increase in restricted cash and cash equivalents	(281)	(72)
Other investing activities	(11)	2
Net cash used in investing activities	<u>(1,216)</u>	<u>(542)</u>
Cash Flows from Financing Activities		
Net issuances (retirements) of long-term debt	182	(63)
Repurchase of common stock	(38)	(77)
Payment of common stock dividends	(239)	(225)
Net increase in short-term debt	400	61
Other financing activities	18	13
Net cash provided by (used in) financing activities	<u>323</u>	<u>(291)</u>
Effect of Exchange Rates on Cash and Cash Equivalents	<u>(2)</u>	<u>1</u>
Net Increase (Decrease) in Cash and Cash Equivalents	38	(213)
Cash and cash equivalents at beginning of period	430	794
Cash and cash equivalents included in assets held for sale	(2)	(14)
Cash and cash equivalents at end of period	<u>\$ 466</u>	<u>\$ 567</u>

Key Indicators

Financial

	12 Months Ended <u>June 30, 2008</u>	12 Months Ended <u>June 30, 2007</u>
Dividends declared per share	\$1.28	\$1.16
Book value per share (a)	\$13.84	\$13.95
Market price per share (a)	\$52.27	\$46.79
Dividend yield (a)	2.4%	2.5%
Dividend payout ratio (b)	41%	47%
Dividend payout ratio - earnings from ongoing operations (b)(c)	53%	50%
Price/earnings ratio (a)(b)	16.6	19.1
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	21.6	20.2
Return on average common equity	22.16%	18.52%
Return on average common equity - earnings from ongoing operations (c)	17.81%	17.49%

(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.

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

2nd Quarter 2008

	<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	\$ 96	\$ 32	\$ 62	\$ 190	\$ 0.26	\$ 0.08	\$ 0.16	\$ 0.50
Special Items								
MTM adj's from energy-related, non-trading economic hedges	4			4	0.01			0.01
Impairment of nuclear decom. trust investments	(4)			(4)	(0.01)			(0.01)
Off-site remediation of ash basin leak	1			1				
Impairment of gas and propane businesses		(1)		(1)				
Total special items	1	(1)						
Reported Earnings	<u>\$ 97</u>	<u>\$ 31</u>	<u>\$ 62</u>	<u>\$ 190</u>	<u>\$ 0.26</u>	<u>\$ 0.08</u>	<u>\$ 0.16</u>	<u>\$ 0.50</u>

Year-to-Date June 30, 2008

	<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	\$ 166	\$ 92	\$ 160	\$ 418	\$ 0.45	\$ 0.24	\$ 0.42	\$ 1.11
Special Items								
MTM adj's from energy-related, non-trading economic hedges	54			54	0.14			0.14
Impairment of nuclear decom. trust investments (Q2, '08)	(4)			(4)	(0.01)			(0.01)
Off-site remediation of ash basin leak (Q2, '08)	1			1				
Impairment of gas and propane businesses (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	33	(1)		32	0.08			0.08
Reported Earnings	<u>\$ 199</u>	<u>\$ 91</u>	<u>\$ 160</u>	<u>\$ 450</u>	<u>\$ 0.53</u>	<u>\$ 0.24</u>	<u>\$ 0.42</u>	<u>\$ 1.19</u>

12 Months Ended June 30, 2008

	<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	\$ 466	\$ 159	\$ 293	\$ 918	\$ 1.23	\$ 0.42	\$ 0.77	\$ 2.42
Special Items								
MTM adj's from energy-related, non-trading economic hedges	60			60	0.17			0.17
Impairment of nuclear decom. trust investments (Q2, '08)	(4)			(4)	(0.01)			(0.01)
Off-site remediation of ash basin leak (Q2, '08)	1			1				
Impairment of gas and propane businesses (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)
Workforce reduction (Q4, '07)	(4)	(1)	(4)	(9)	(0.01)		(0.01)	(0.02)
Sale of Latin American businesses (Q3, '07; Q4, '07)			216	216			0.57	0.57
Sale of domestic telecommunication operations (Q3, '07; Q4, '07)	(3)			(3)	(0.01)			(0.01)
Sale of gas and propane businesses (Q3, '07; Q4, '07)		(44)		(44)		(0.12)		(0.12)
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; Q4, '07)			54	54			0.14	0.14
Total special items	52	(46)	266	272	0.14	(0.12)	0.70	0.72
Reported Earnings	<u>\$ 518</u>	<u>\$ 113</u>	<u>\$ 559</u>	<u>\$ 1,190</u>	<u>\$ 1.37</u>	<u>\$ 0.30</u>	<u>\$ 1.47</u>	<u>\$ 3.14</u>

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

2nd Quarter 2007

	<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	\$ 118	\$ 30	\$ 100	\$ 248	\$ 0.30	\$ 0.07	\$ 0.26	\$ 0.63
Special Items								
MTM adj's from energy-related, non-trading economic hedges	16			16	0.04			0.04
Sale of Latin American businesses			83	83			0.21	0.21
Sale of domestic telecommunication operations	(2)			(2)				
Total special items	14		83	97	0.04		0.21	0.25
Reported Earnings	\$ 132	\$ 30	\$ 183	\$ 345	\$ 0.34	\$ 0.07	\$ 0.47	\$ 0.88

Year-to-Date June 30, 2007

	<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	\$ 244	\$ 88	\$ 168	\$ 500	\$ 0.62	\$ 0.23	\$ 0.43	\$ 1.28
Special Items								
MTM adj's from energy-related, non-trading economic hedges	26			26	0.07			0.07
Sale of Latin American businesses (Q1, '07; Q2, '07)			43	43			0.11	0.11
Sale of domestic telecommunication operations (Q1, '07; Q2, '07)	(20)			(20)	(0.05)			(0.05)
PJM billing dispute (Q1, '07)	(1)			(1)				
Total special items	5		43	48	0.02		0.11	0.13
Reported Earnings	\$ 249	\$ 88	\$ 211	\$ 548	\$ 0.64	\$ 0.23	\$ 0.54	\$ 1.41

12 Months Ended June 30, 2007

	<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	\$ 476	\$ 150	\$ 276	\$ 902	\$ 1.22	\$ 0.39	\$ 0.71	\$ 2.32
Special Items								
MTM adj's from energy-related, non-trading economic hedges	15			15	0.04			0.04
Sale of Latin American businesses (Q1, '07; Q2, '07)			43	43			0.11	0.11
Sale of domestic telecommunication operations (Q1, '07; Q2, '07)	(20)			(20)	(0.05)			(0.05)
PJM billing dispute (Q4, '06; Q1, '07)	(18)	20		2	(0.04)	0.05		0.01
Sale of interest in Griffith (Q4, '06)	1			1				
Workforce reduction (Q4, '06)	(3)			(3)	(0.01)			(0.01)
Impairment of nuclear decom. trust investments (Q4, '06)	(3)			(3)	(0.01)			(0.01)
Reversal of cost recovery – Hurricane Isabel (Q3, '06)		(6)		(6)		(0.02)		(0.02)
Realization of benefits related to Black Lung Trust assets (Q3, '06)		21		21		0.06		0.06
Total special items	(28)	35	43	50	(0.07)	0.09	0.11	0.13
Reported Earnings	\$ 448	\$ 185	\$ 319	\$ 952	\$ 1.15	\$ 0.48	\$ 0.82	\$ 2.45

Operating - Domestic and International Electricity Sales

(millions of kwh)

	3 Months Ended June 30			6 Months Ended June 30		
	2008	2007	Percent Change	2008	2007	Percent Change
Domestic Retail						
Delivered (a)	8,832	8,872	(0.5%)	19,401	19,180	1.2%
Supplied	9,404	9,395	0.1%	20,526	20,236	1.4%
International Delivered						
United Kingdom	6,949	6,840	1.6%	14,703	14,565	0.9%
Domestic Wholesale						
East	6,535	4,563	43.2%	12,463	8,811	41.4%
West						
NorthWestern Energy	669	836	(20.0%)	1,236	1,669	(25.9%)
Other West	3,109	2,590	20.0%	6,639	5,320	24.8%

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

“Earnings from ongoing operations” excludes the impact of special items. Special items include charges, credits or gains that are unusual or nonrecurring. Special items also include the mark-to-market impact of energy-related, non-trading economic hedges and impairments of securities in PPL's nuclear decommissioning trust funds. The mark-to-market impact of these hedges is economically neutral to the company because the mark-to-market gains or losses on the energy hedges will reverse as the hedging contracts settle in the future. Earnings from ongoing operations should not be considered as an alternative to reported earnings, or net income, 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 measure, is also useful and meaningful to investors because it provides them with PPL's underlying earnings performance as another criterion in making their 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, including statements with respect to future earnings, energy prices, margins and sales, growth, revenues, expenses and pension costs, marketing performance, regulation, corporate strategy, and generating capacity and performance, 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 involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: market demand and prices for energy, capacity and fuel; weather conditions affecting customer energy usage and operating costs; competition in power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation and its subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; environmental conditions and requirements and the related costs of compliance, including environmental capital expenditures and emission allowance and other expenses; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset acquisitions and dispositions; any impact of hurricanes or other severe weather

on our business, including any impact on fuel prices; receipt of necessary government permits, approvals and rate relief; capital market conditions and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation against PPL Corporation and its subsidiaries; stock price performance; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation or its subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; foreign exchange rates; new state, federal or foreign legislation, including new tax legislation; and the commitments and liabilities of PPL Corporation and its subsidiaries. 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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