

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

Condensed Consolidated Balance Sheets (unaudited)
(Millions of Dollars)

	<u>June 30, 2006</u>	<u>Dec. 31, 2005 (b)</u>
Assets		
Cash and cash equivalents	\$ 468	\$ 555
Other current assets	2,571	2,355
Investments	516	508
Property, plant and equipment		
Electric plant	18,435	17,977
Gas and oil plant	357	349
Other property	299	289
	<u>19,091</u>	<u>18,615</u>
Less: accumulated depreciation	7,858	7,699
	<u>11,233</u>	<u>10,916</u>
Recoverable transition costs	1,030	1,165
Goodwill and other intangibles	1,456	1,482
Regulatory and other assets	1,065	945
Total assets	<u>\$ 18,339</u>	<u>\$ 17,926</u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$ 975	\$ 1,340
Other current liabilities	1,992	2,000
Long-term debt (less current portion)	6,008	6,044
Deferred income taxes and investment tax credits	2,272	2,197
Other noncurrent liabilities	1,845	1,820
Minority interest	56	56
Preferred securities of a subsidiary	301	51
Earnings reinvested	2,433	2,182
Common equity and capital stock in excess of par value	2,790	2,768
Accumulated other comprehensive loss	<u>(333)</u>	<u>(532)</u>
Total liabilities and equity	<u>\$ 18,339</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) Certain amounts have been reclassified to conform to the current year presentation.

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

	3 Months Ended June 30,		6 Months Ended June 30,	
	2006(a)	2005(a)(b)	2006(a)	2005(a)(b)
Operating Revenues				
Utility	\$ 1,071	\$ 1,016	\$ 2,303	\$ 2,167
Unregulated retail electric	20	23	45	48
Wholesale energy marketing	383	263	718	529
Net energy trading margins	1	(2)	11	14
Energy-related businesses	167	167	346	307
	<u>1,642</u>	<u>1,467</u>	<u>3,423</u>	<u>3,065</u>
Operating Expenses				
Fuel and energy purchases	526	398	1,071	904
Other operation and maintenance	351	334	684	699
Amortization of recoverable transition costs	63	59	135	128
Depreciation	111	104	219	207
Taxes, other than income	69	68	140	141
Energy-related businesses	145	170	308	316
	<u>1,265</u>	<u>1,133</u>	<u>2,557</u>	<u>2,395</u>
Operating Income	377	334	866	670
Other Income - net	33	11	42	18
Interest Expense	121	125	240	260
	<u>129</u>	<u>220</u>	<u>668</u>	<u>428</u>
Income from Continuing Operations Before Income Taxes, Minority Interest and Dividends on Preferred Securities of a Subsidiary	289	220	668	428
Income Taxes	83	40	178	74
Minority Interest	2	2	4	4
Dividends on Preferred Securities of a Subsidiary	4	0	5	1
	<u>198</u>	<u>132</u>	<u>481</u>	<u>349</u>
Income from Continuing Operations	200	178	481	349
Loss from Discontinued Operations (net of income taxes)	19	50	20	53
	<u>181</u>	<u>128</u>	<u>461</u>	<u>296</u>
Net Income	<u>\$ 181</u>	<u>\$ 128</u>	<u>\$ 461</u>	<u>\$ 296</u>
Earnings per share of common stock – basic (c)				
Earnings from ongoing operations	\$ 0.52	\$ 0.46	\$ 1.23	\$ 1.00
Unusual items	(0.04)	(0.12)	(0.02)	(0.22)
	<u>0.48</u>	<u>0.34</u>	<u>1.21</u>	<u>0.78</u>
Net Income	<u>\$ 0.48</u>	<u>\$ 0.34</u>	<u>\$ 1.21</u>	<u>\$ 0.78</u>
Earnings per share of common stock – diluted (c)				
Earnings from ongoing operations	\$ 0.51	\$ 0.45	\$ 1.21	\$ 0.99
Unusual items	(0.04)	(0.12)	(0.02)	(0.22)
	<u>0.47</u>	<u>0.33</u>	<u>1.19</u>	<u>0.77</u>
Net Income	<u>\$ 0.47</u>	<u>\$ 0.33</u>	<u>\$ 1.19</u>	<u>\$ 0.77</u>
Average shares outstanding (thousands) (c)				
Basic	380,141	379,252	379,981	378,634
Diluted	385,590	383,354	385,589	382,301

- (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.
- (c) Per share data and shares outstanding for prior periods have been adjusted to reflect the August 2005 2-for-1 stock split.

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

	Six Months Ended June 30,	
	2006	2005
Cash Flows from Operating Activities		
Net income	\$ 461	\$ 296
Pre-tax loss from the sale of the Sundance plant	0	72
Pre-tax loss from the sale of interest in the Griffith plant	40	0
Depreciation	219	211
Amortization-recoverable transition costs and other	151	136
Deferred income tax benefits and investment tax credits	(51)	(31)
Pension funding	(41)	(19)
Changes in working capital	(98)	(86)
Other adjustments to reconcile net income to net cash provided by operating activities	14	72
Net cash provided by operating activities	695	651
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(478)	(359)
Proceeds from the sale of the Sundance plant	0	190
Proceeds from the sale of interest in the Griffith plant	115	0
Net purchases of emission allowances	(25)	(33)
Other investing activities	(9)	2
Net cash used in investing activities	(397)	(200)
Cash Flows from Financing Activities		
Net retirements of long-term debt	(263)	(683)
Payment of common stock dividends	(200)	(165)
Net (decrease) increase in short-term debt	(171)	128
Issuance of preference stock, net of issuance costs	245	0
Other financing activities	3	16
Net cash used in financing activities	(386)	(704)
Effect of Exchange Rates on Cash and Cash Equivalents	1	3
Net Decrease in Cash and Cash Equivalents	(87)	(250)
Cash and cash equivalents at beginning of period	555	616
Cash and cash equivalents at end of period	\$ 468	\$ 366
Free Cash Flow Before Dividends (a):		
Cash Flows from Operating Activities	\$ 695	\$ 651
(Decrease)/Increase in cash due to:		
Transition bond repayments	(136)	(130)
Capital expenditures	(478)	(359)
Other investing activities-net	81	159
	\$ 162	\$ 321

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

Key Indicators

Financial

	12 Months Ended <u>June 30, 2006</u>	12 Months Ended <u>June 30, 2005</u>
Dividends declared per share (d)	\$1.05	\$0.87
Book value per share (a)(d)	\$12.84	\$11.34
Market price per share (a)(d)	\$32.30	\$29.69
Dividend yield (a)	3.3%	2.9%
Dividend payout ratio (b)	48%	49%
Dividend payout ratio - earnings from ongoing operations (b)(c)	46%	44%
Price/earnings ratio (a)(b)	14.7	16.9
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	14.1	15.0
Return on average common equity	18.58%	15.81%
Return on average common equity - earnings from ongoing operations (c)	19.10%	17.80%

(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.

(d) Prior period amounts have been adjusted to reflect the August 2005 2-for-1 stock split.

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

2nd 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	\$ 90	\$ 28	\$ 79	\$ 197	\$ 0.23	\$ 0.08	\$ 0.20	\$ 0.51
Unusual Items								
Off-site remediation of ash basin leak (Q2, '06)	5			5	0.01			0.01
Enron reserve adjustment (Q2, '06)	2			2	0.01			0.01
Sale of Griffith (Q2, '06)	(17)			(17)	(0.05)			(0.05)
Synfuels impairment (Q2, '06)	(6)			(6)	(0.01)			(0.01)
Total unusual items	(16)			(16)	(0.04)			(0.04)
Reported Earnings	\$ 74	\$ 28	\$ 79	\$ 181	\$ 0.19	\$ 0.08	\$ 0.20	\$ 0.47

Year-to-Date June 30, 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	\$ 223	\$ 84	\$ 159	\$ 466	\$ 0.58	\$ 0.22	\$ 0.41	\$ 1.21
Unusual Items								
Off-site remediation of ash basin leak (Q1, '06; Q2, '06)	6			6	0.01			0.01
Enron reserve adjustment (Q1, '06; Q2, '06)	11		1	12	0.03			0.03
Sale of Griffith (Q2, '06)	(17)			(17)	(0.05)			(0.05)
Synfuels impairment (Q2, '06)	(6)			(6)	(0.01)			(0.01)
Total unusual items	(6)		1	(5)	(0.02)			(0.02)
Reported Earnings	\$ 217	\$ 84	\$ 160	\$ 461	\$ 0.56	\$ 0.22	\$ 0.41	\$ 1.19

12 Months Ended June 30, 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	\$ 443	\$ 182	\$ 258	\$ 883	\$ 1.15	\$ 0.47	\$ 0.67	\$ 2.29
Unusual Items								
Off-site remediation of ash basin leak (Q3, '05; Q4, '05; Q1, '06; Q2, '06)	(21)			(21)	(0.05)			(0.05)
Conditional asset retirement obligation (Q4, '05)	(8)			(8)	(0.02)			(0.02)
Enron reserve adjustment (Q1, '06; Q2, '06)	11		1	12	0.03			0.03
Sale of Griffith (Q2, '06)	(17)			(17)	(0.05)			(0.05)
Synfuels impairment (Q2, '06)	(6)			(6)	(0.01)			(0.01)
Total unusual items	(41)		1	(40)	(0.10)			(0.10)
Reported Earnings	\$ 402	\$ 182	\$ 259	\$ 843	\$ 1.05	\$ 0.47	\$ 0.67	\$ 2.19

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

2nd 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	\$ 87	\$ 34	\$ 54	\$ 175	\$ 0.22	\$ 0.09	\$ 0.14	\$ 0.45
Unusual Items								
Sale of Sundance (Q2, '05)	(47)			(47)	(0.12)			(0.12)
Total unusual items	(47)			(47)	(0.12)			(0.12)
Reported Earnings	<u>\$ 40</u>	<u>\$ 34</u>	<u>\$ 54</u>	<u>\$ 128</u>	<u>\$ 0.10</u>	<u>\$ 0.09</u>	<u>\$ 0.14</u>	<u>\$ 0.33</u>

Year-to-Date June 30, 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	\$ 182	\$ 83	\$ 116	\$ 381	\$ 0.48	\$ 0.21	\$ 0.30	\$ 0.99
Unusual Items								
PJM billing dispute (Q1, '05)		(27)		(27)		(0.07)		(0.07)
NorthWestern litigation (Q1, '05)	(6)			(6)	(0.02)			(0.02)
Stock-based compensation adjustment (Q1, '05)	(3)	(2)		(5)	(0.01)			(0.01)
Sale of Sundance (Q2, '05)	(47)			(47)	(0.12)			(0.12)
Total unusual items	(56)	(29)		(85)	(0.15)	(0.07)		(0.22)
Reported Earnings	<u>\$ 126</u>	<u>\$ 54</u>	<u>\$ 116</u>	<u>\$ 296</u>	<u>\$ 0.33</u>	<u>\$ 0.14</u>	<u>\$ 0.30</u>	<u>\$ 0.77</u>

12 Months Ended June 30, 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	\$ 434	\$ 121	\$ 199	\$ 754	\$ 1.15	\$ 0.31	\$ 0.52	\$ 1.98
Unusual Items								
PJM billing dispute (Q1, '05)		(27)		(27)		(0.07)		(0.07)
NorthWestern litigation (Q1, '05)	(6)			(6)	(0.02)			(0.02)
Stock-based compensation adjustment (Q1, '05)	(3)	(2)		(5)	(0.01)			(0.01)
Sale of Sundance (Q2, '05)	(47)			(47)	(0.12)			(0.12)
Total unusual items	(56)	(29)		(85)	(0.15)	(0.07)		(0.22)
Reported Earnings	<u>\$ 378</u>	<u>\$ 92</u>	<u>\$ 199</u>	<u>\$ 669</u>	<u>\$ 1.00</u>	<u>\$ 0.24</u>	<u>\$ 0.52</u>	<u>\$ 1.76</u>

Operating - Domestic & International Electricity Sales

(millions of kwh)

	3 Months Ended June 30,			6 Months Ended June 30,		
	2006	2005	Percent Change	2006	2005	Percent Change
Domestic Retail						
Delivered (a)(b)	8,407	8,402	0.1%	18,341	18,706	(2.0%)
Supplied (b)	8,946	8,913	0.4%	19,424	19,715	(1.5%)
International delivered						
United Kingdom	7,353	7,310	0.6%	15,430	15,159	1.8%
Latin America	1,155	1,081	6.8%	2,308	2,158	7.0%
Domestic Wholesale						
East	5,135	4,767	7.7%	9,867	9,579	3.0%
West						
NorthWestern Energy	845	839	0.7%	1,668	1,655	0.8%
Other Montana	2,546	1,799	41.5%	5,124	3,868	32.5%
PPL EnergyPlus	154	272	(43.4%)	306	456	(32.9%)

- (a) Electricity delivered to retail customers represents the kwh delivered to customers within PPL Electric Utilities Corporation's service territory.
- (b) Certain amounts have been reclassified to conform to the current year presentation.