

**Fourth Quarter Earnings Call
February 4, 2009**

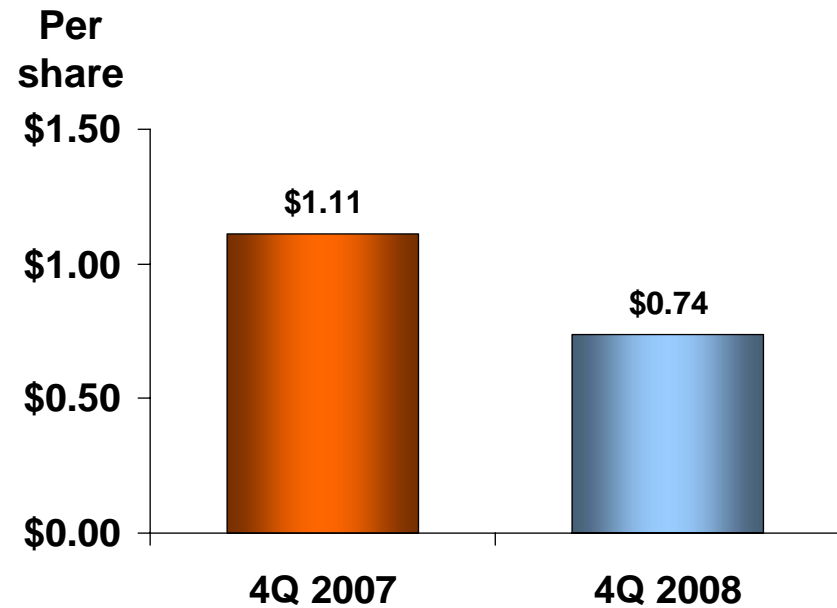
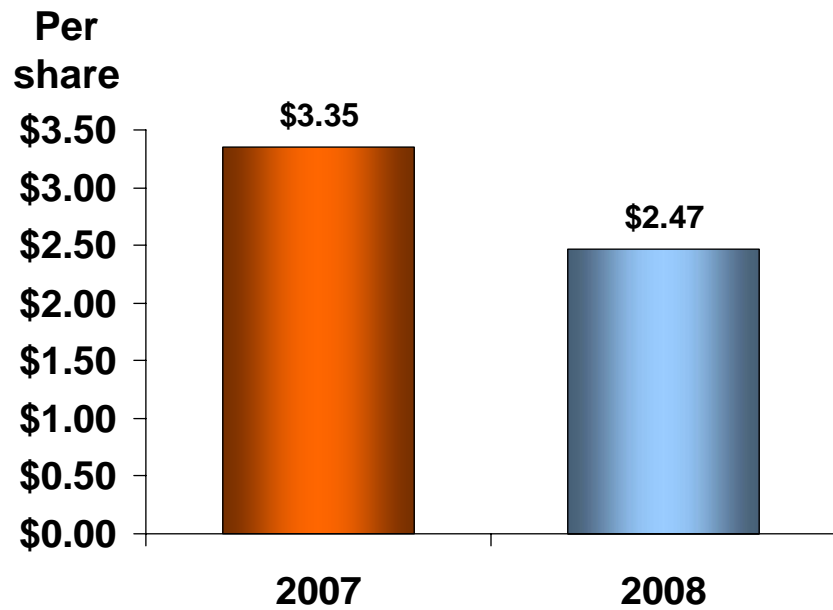
Cautionary Statements And Factors That May Affect Future Results

Any statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.

Agenda

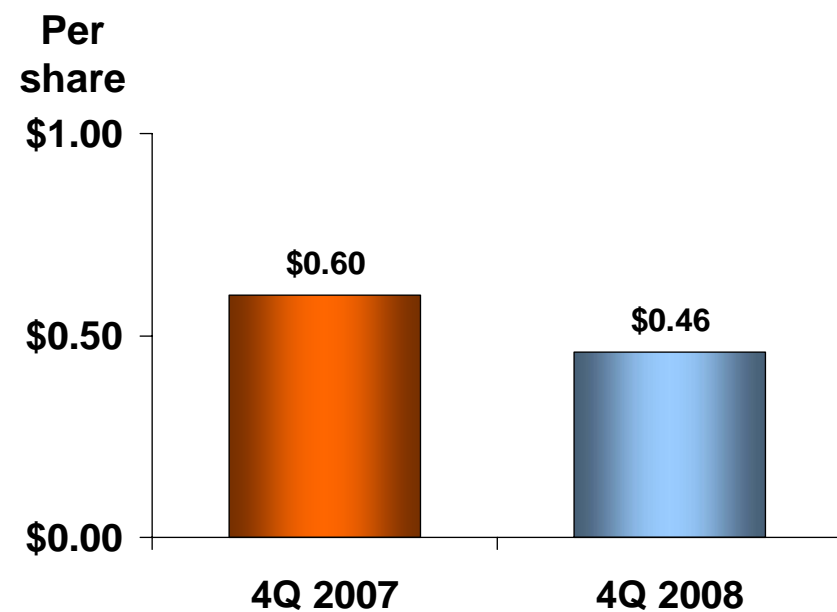
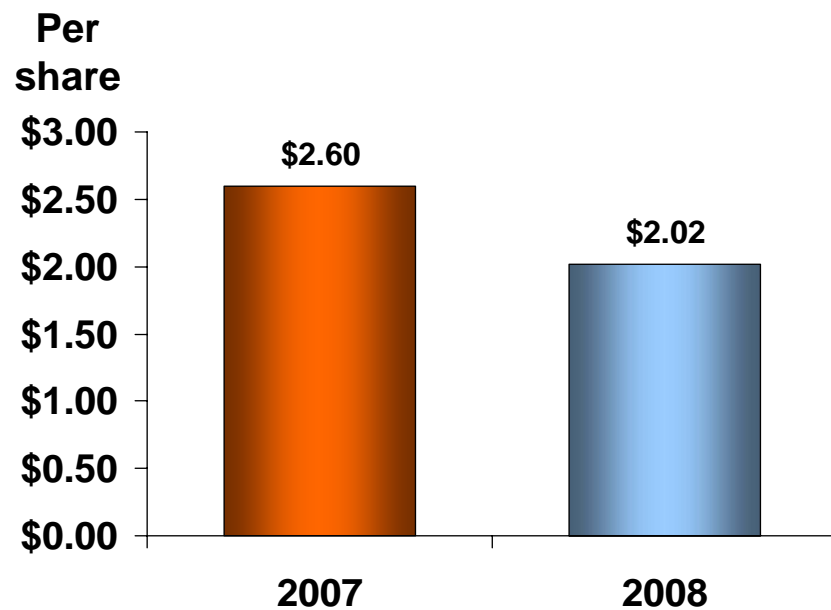
- **2008 Earnings, 2009 and 2010 Earnings Forecast and Outlook** **J. H. Miller**
- **Segment Results and Financial Overview** **P. A. Farr**
- **Operational Review** **W. H. Spence**
- **Q&A**

Reported Earnings



Note: See Appendix for the reconciliation of reported earnings and earnings from ongoing operations.

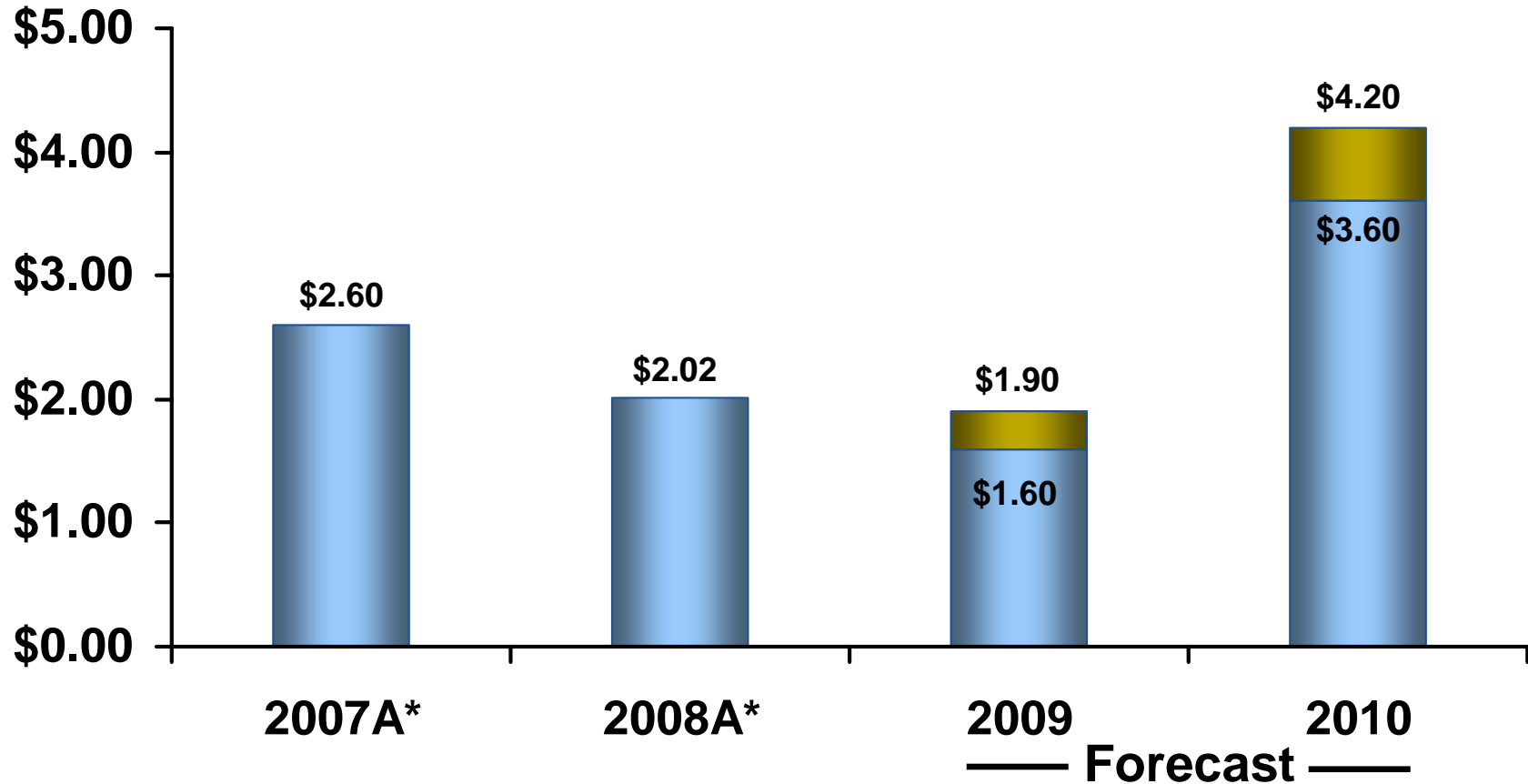
Earnings From Ongoing Operations



Note: See Appendix for the reconciliation of reported earnings and earnings from ongoing operations.

Strong Long-Term Earnings Growth

Per Share



* Earnings from ongoing operations – See Appendix for the per share reconciliation of reported earnings and earnings from ongoing operations.

Ongoing Earnings Overview

| | Q4 2008 | Q4 2007 | Change |
|------------------------|------------|------------|-----------|
| Supply | \$0.21 | \$0.29 | \$ (0.08) |
| Pennsylvania Delivery | 0.10 | 0.09 | 0.01 |
| International Delivery | 0.15 | 0.22 | (0.07) |
| Total | \$0.46 | \$0.60 | \$(0.14) |

| | 2008 | 2007 | Change |
|------------------------|--------|--------|-----------|
| Supply | \$0.81 | \$1.42 | \$ (0.61) |
| Pennsylvania Delivery | 0.44 | 0.40 | 0.04 |
| International Delivery | 0.77 | 0.78 | (0.01) |
| Total | \$2.02 | \$2.60 | \$(0.58) |

Note: See Appendix for the per share reconciliation of reported earnings and earnings from ongoing operations.

Supply Segment Earnings Drivers

| | 2008 |
|-----------------------------|---------------|
| 2007 EPS – Ongoing Earnings | <u>\$1.42</u> |
| Energy Margins - East | \$(0.38) |
| Energy Margins - West | 0.01 |
| Synfuel | (0.18) |
| Financing | (0.09) |
| O&M | 0.04 |
| Other | <u>(0.01)</u> |
| Total | <u>(0.61)</u> |
| 2008 EPS – Ongoing Earnings | <u>\$0.81</u> |

Note: See Appendix for the per share reconciliation of reported earnings and earnings from ongoing operations, and per share reconciliation of operating income and energy margins.

Pennsylvania Delivery Segment Earnings Drivers

| | <u>2008</u> |
|---------------------------------|-------------------|
| 2007 EPS – Ongoing Earnings | \$0.40 |
| Delivery Margins ^(a) | \$ 0.09 |
| O&M | (0.02) |
| Income taxes and other | <u>(0.03)</u> |
| Total | <u>0.04</u> |
| 2008 EPS – Ongoing Earnings | <u>\$0.44</u> |

(a) Net of CTC/ITC amortization, interest expense on transition bonds and ancillary charges.

Note: See Appendix for the per share reconciliation of reported earnings and earnings from ongoing operations.

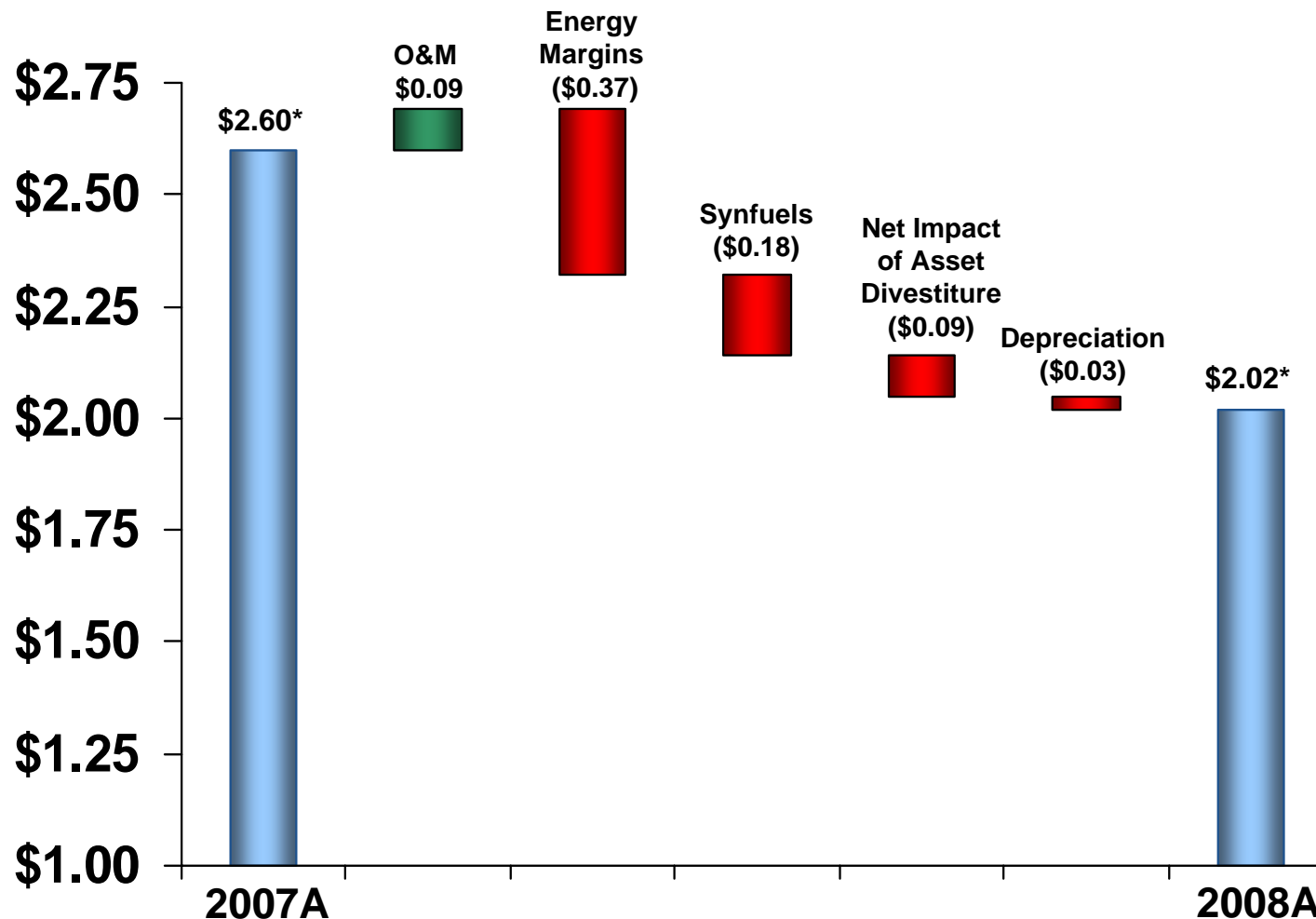
International Delivery Segment Earnings Drivers

| | <u>2008</u> |
|-----------------------------|---------------|
| 2007 EPS – Ongoing Earnings | \$0.78 |
| Delivery Margins | \$0.03 |
| O&M | 0.07 |
| Effect of Exchange Rates | (0.02) |
| Income taxes & other | 0.02 |
| Latin American Operations | <u>(0.11)</u> |
| Total | <u>(0.01)</u> |
| 2008 EPS – Ongoing Earnings | <u>\$0.77</u> |

Note: See Appendix for the per share reconciliation of reported earnings and earnings from ongoing operations.

2008 Earnings Contributions

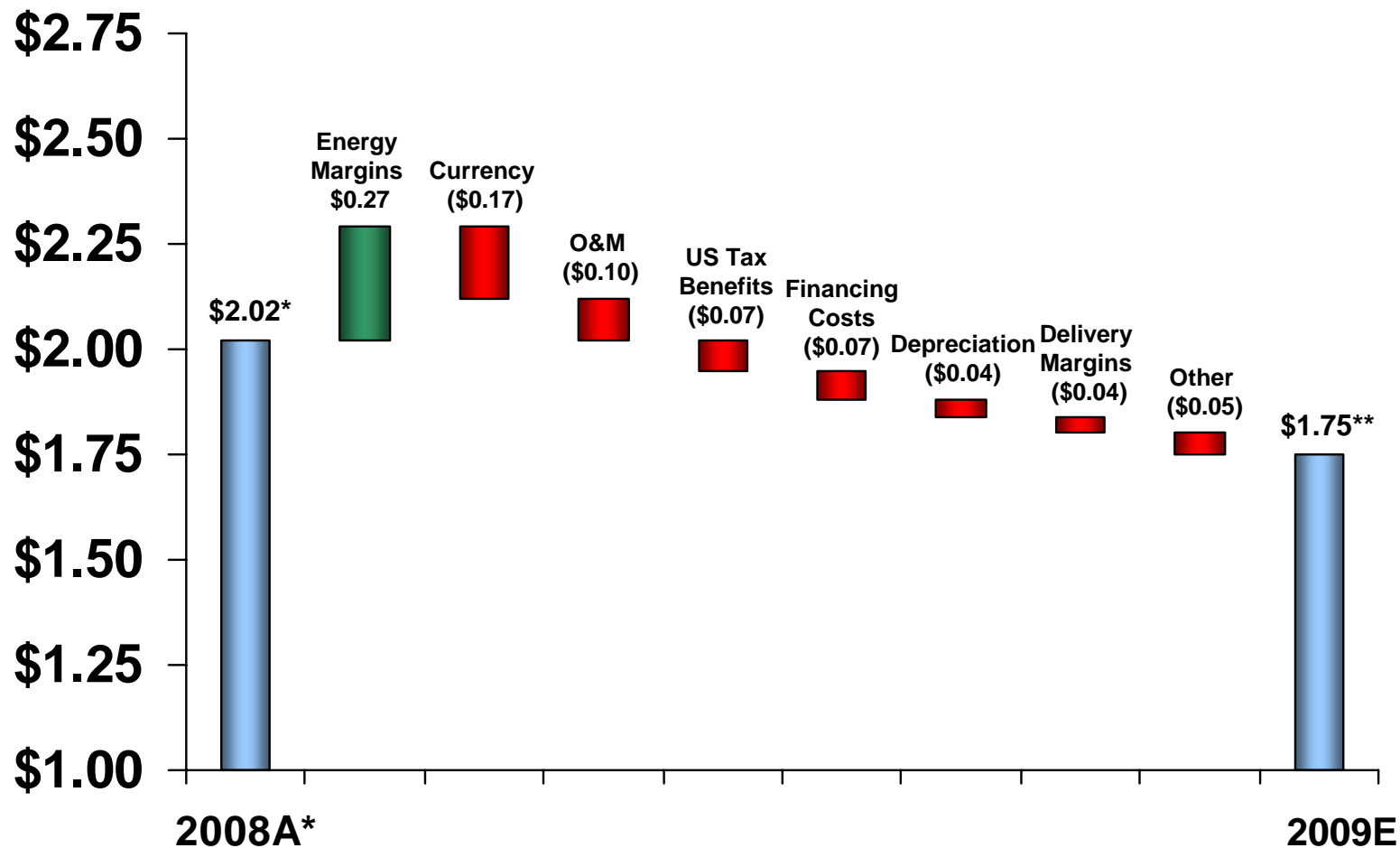
Per Share



*Earnings from ongoing operations – See Appendix for the per share reconciliation of reported earnings and earnings from ongoing operations.

Expected 2009 Earnings Contributions

Per Share

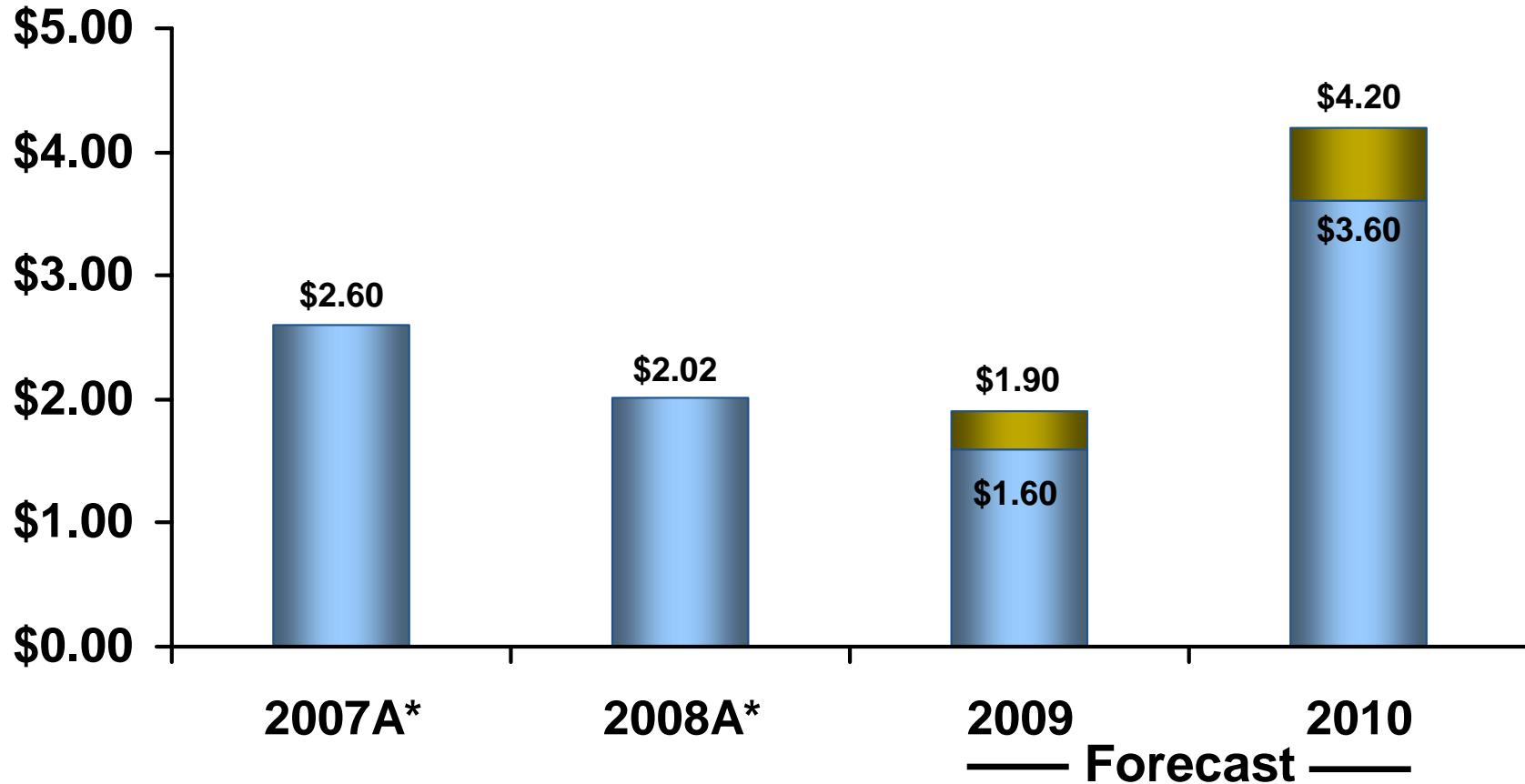


* Earnings from ongoing operations – See Appendix for the per share reconciliation of reported earnings and earnings from ongoing operations.

**Midpoint of forecast

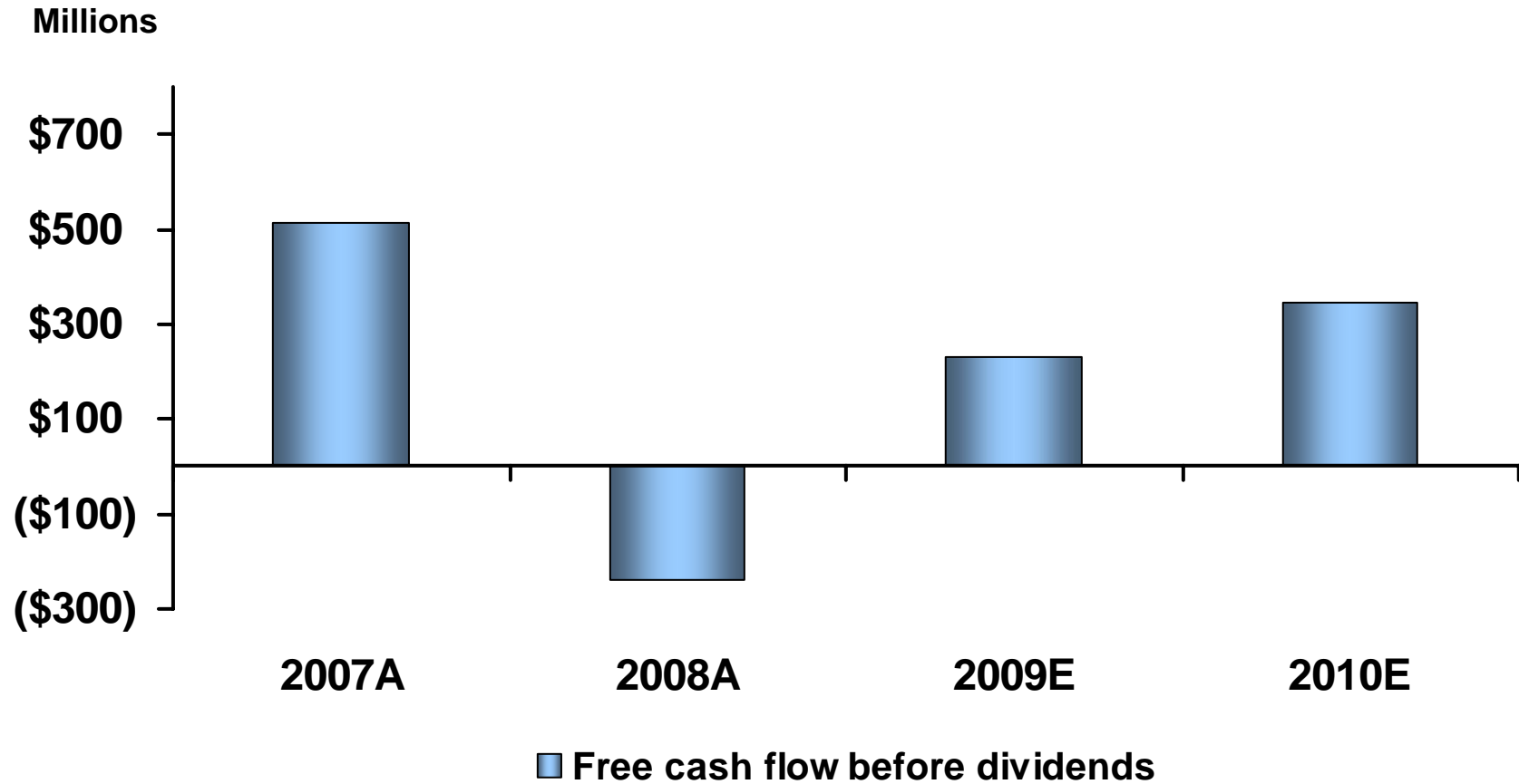
Strong Long-Term Earnings Growth

Per Share



* Earnings from ongoing operations – See Appendix for the per share reconciliation of reported earnings and earnings from ongoing operations.

Cash Flow Forecast



Note: See Appendix for the reconciliation of cash flow measures.

Liquidity Profile

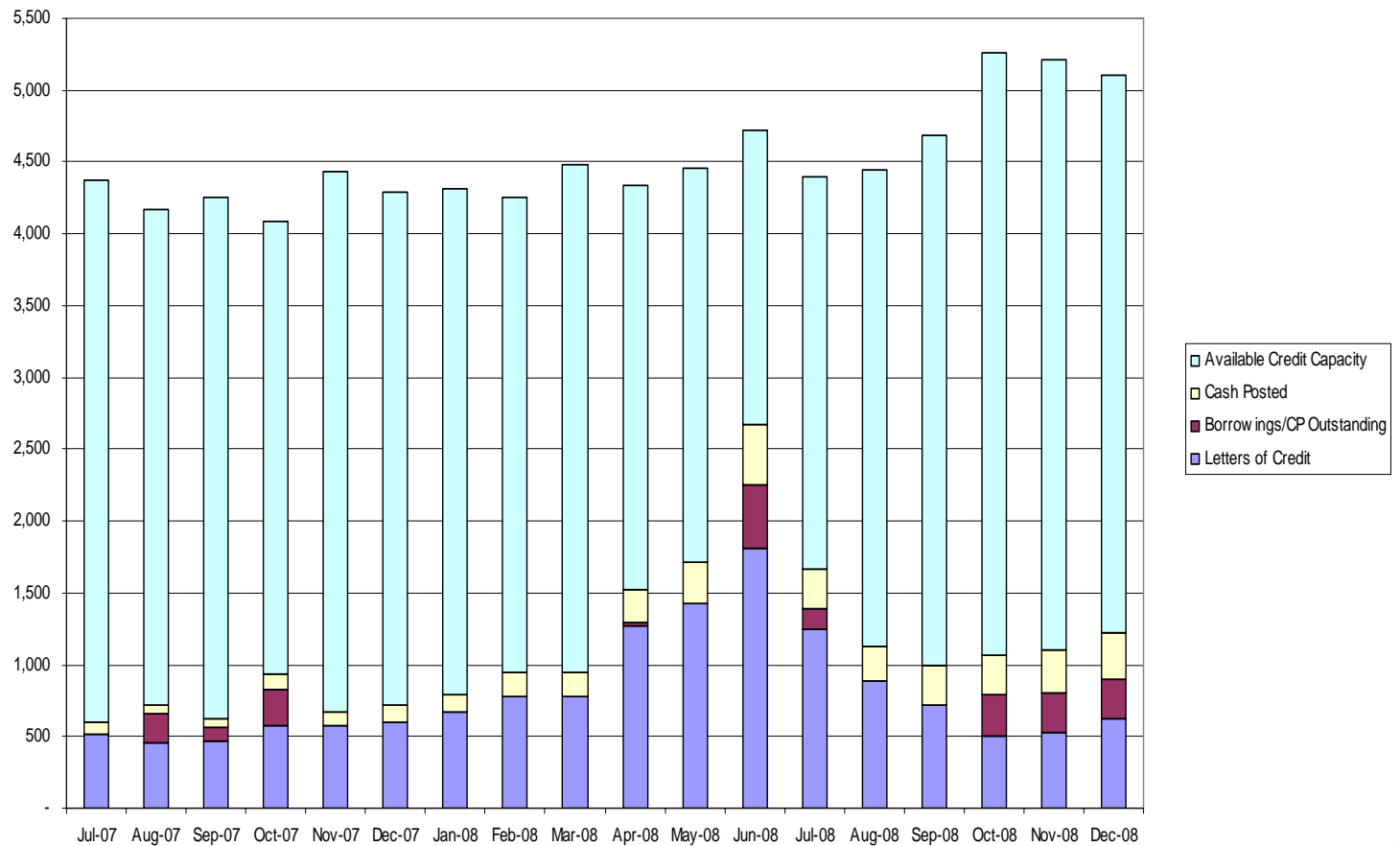
| <u>Institution</u> | <u>Facility</u> | <u>Expiration Date</u> | <u>Total Facility (Millions)</u> | <u>Letters of Credit Outstanding ⁽¹⁾ (Millions)</u> | <u>Drawn ⁽¹⁾ (Millions)</u> | <u>Availability (Millions)</u> |
|-------------------------------|-----------------------------------|------------------------|----------------------------------|--|--|--------------------------------|
| PPL Energy Supply | 5-year Credit Facility | Jun-2012 | \$3,225 | \$255 | \$285 | \$2,685 |
| | Bilateral Credit Facility | Mar-2009 | 300 | 96 | 0 | 204 |
| | 5-year Structured Credit Facility | Mar-2011 | 300 | 269 | 0 | 31 |
| | 364-day Credit Facility | Sep-2009 | 385 | 0 | 0 | 385 |
| | | | <u>\$4,210</u> | <u>\$620</u> | <u>\$285</u> | <u>\$3,305</u> |
| PPL Electric Utilities | 5-year Credit Facility | May-2012 | \$190 | \$1 | \$95 | \$94 |
| | Asset-backed Credit Facility | Jul-2009 | 150 | 0 | 0 | 150 |
| | | | <u>\$340</u> | <u>\$1</u> | <u>\$95</u> | <u>\$244</u> |
| WPD | 5-year Credit Facility | Oct-2009 | £150 | £0 | £37 | £113 |
| | 5-year Credit Facility | Jan-2013 | 150 | 0 | 121 | 29 |
| | Uncommitted Credit Facilities | | 65 | 0 | 8 | 57 |
| | Letter of Credit Facility | Mar-2009 | 5 | 4 | 0 | 1 |
| | | | <u>£370</u> | <u>£4</u> | <u>£166</u> | <u>£200</u> |

Diverse bank group consisting of 23 banks committed under domestic facilities, with no bank having more than 14% of commitments.

⁽¹⁾ Reported as of 12/31/2008

PPL Energy Supply Collateral Profile

(Millions of Dollars)



Debt Maturities

| (\$Millions) | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|-------------------------------|-----------------------------|-------------|--------------|-------------|----------------|
| PPL Energy Supply | \$0 | \$0 | \$500 | \$0 | \$737 |
| PPL Capital Funding | 201 | 0 | 0 | 0 | 0 |
| PPL Electric Utilities | 486 ⁽¹⁾ | 0 | 0 | 0 | 500 |
| WPD Group | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Sub Total | <u>\$687</u> | <u>\$0</u> | <u>\$500</u> | <u>\$0</u> | <u>\$1,237</u> |
| Prefunding | <u>\$400</u> ⁽¹⁾ | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total | <u>\$287</u> | <u>\$0</u> | <u>\$500</u> | <u>\$0</u> | <u>\$1,237</u> |

(1) PPL Electric Utilities prefunding done in 10/2008 for 2009 maturity

As of 12/31/2008

PA and International Delivery Operational Update

PA Delivery

- PPLEU completed 4 of 6 RFPs
- Bids due for 5th RFP March 30 with PUC approval expected April 2
- 2011-2013 Procurement Plan
 - Evidentiary Hearings Scheduled for February 11-13
- 10% of eligible customers enrolled in Rate Phase-In Plan

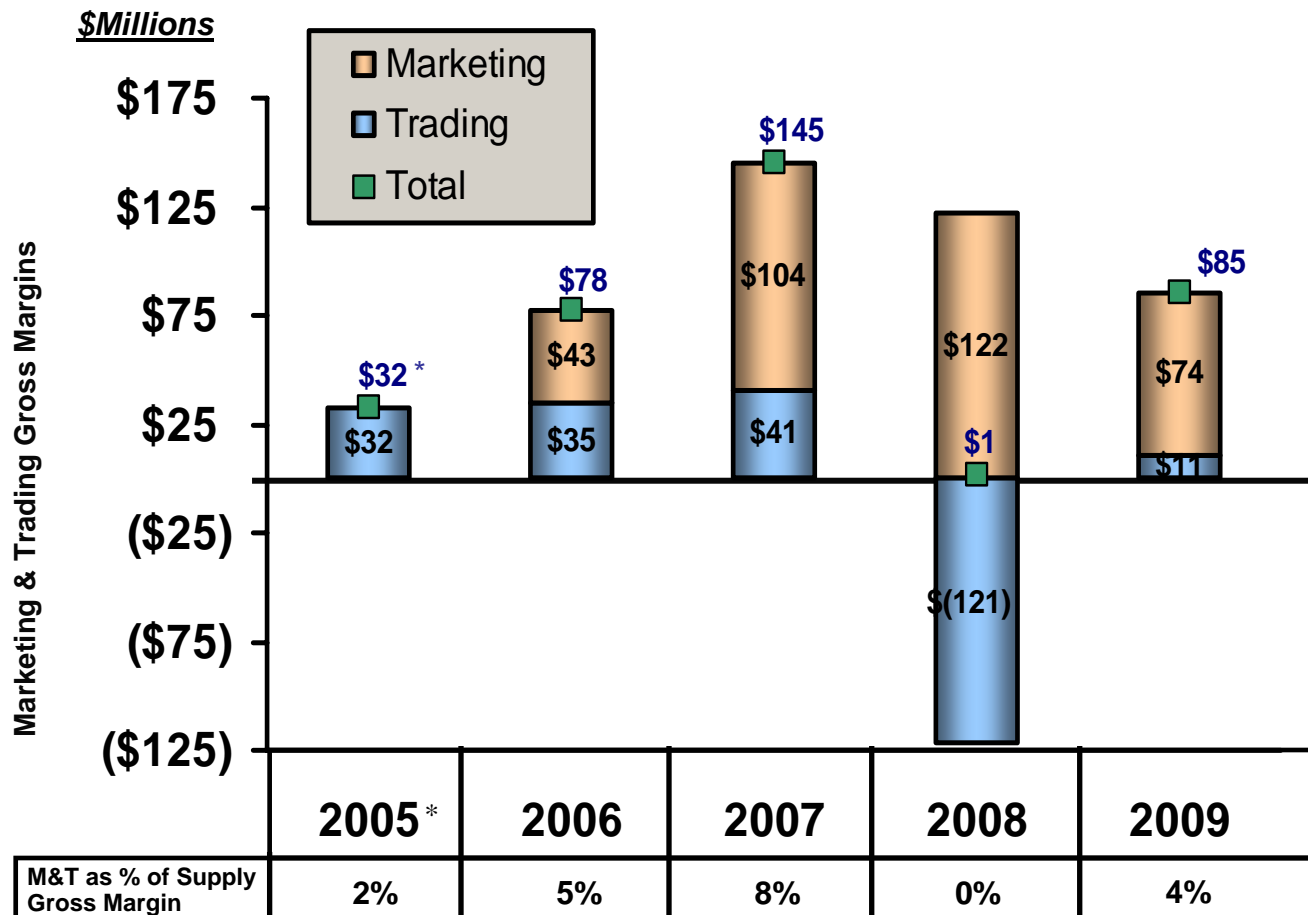
International Delivery

- Distribution Price Control Review (DPCR5) is underway

Supply Segment Operational Update

- Completed work on Montour cooling tower sub-structure and unit went back in service in November 2008
- Susquehanna set generation record in 4Q08
- Susquehanna Unit 2 up-rate of 69 MW to be completed in Spring 2009
- Federal court reversed its decision vacating CAIR program

Marketing and Trading



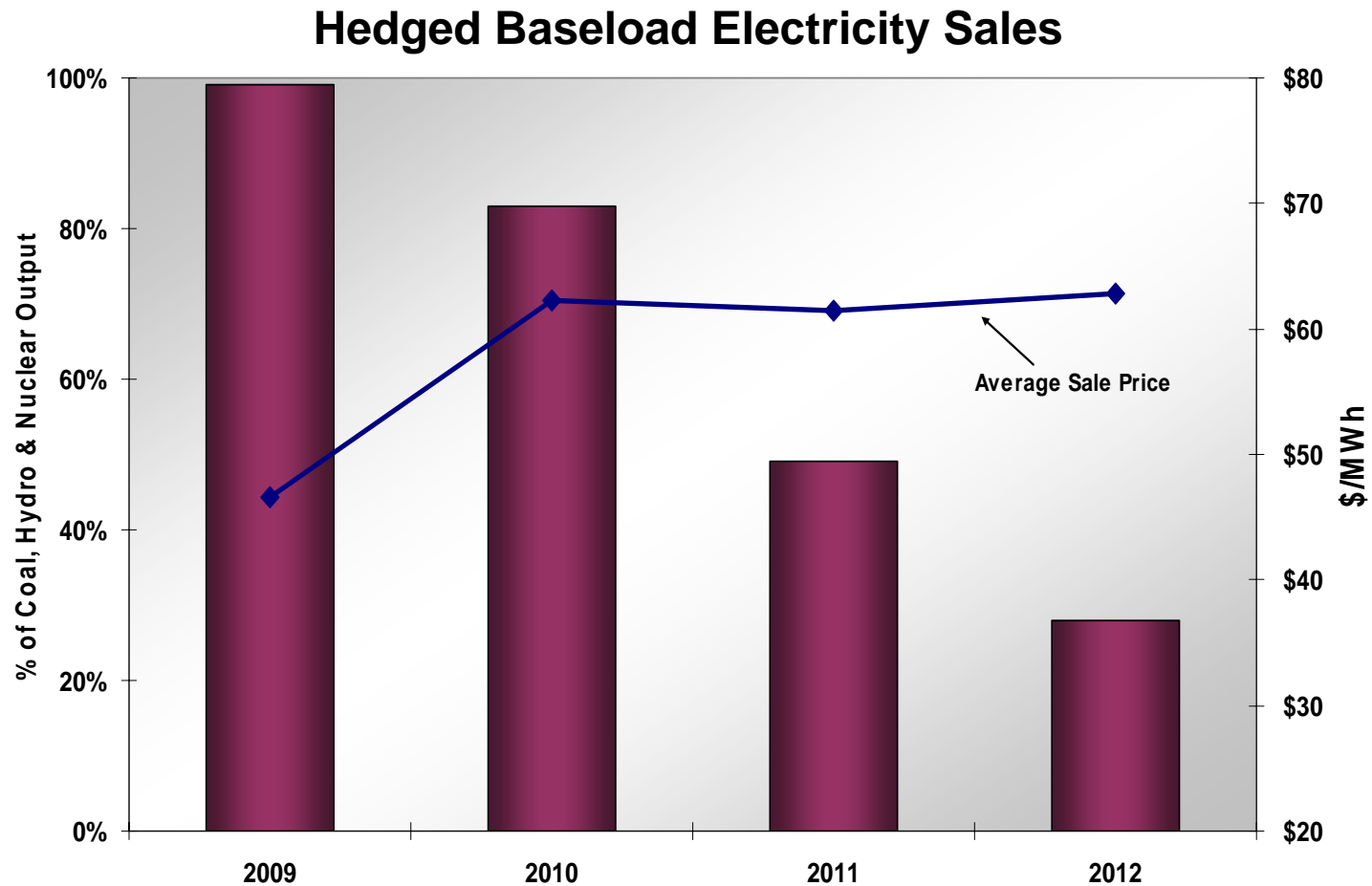
* Marketing included as part of total generation gross margins in 2005.

Current Hedge Positions - Electricity and Fuel

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|
| <u>Electricity Sales</u> | | | | |
| East | 95% | 80% | 43% | 23% |
| West | 93% | 72% | 66% | 46% |
| Total | 95% | 79% | 47% | 26% |
| <u>Uranium</u> | 100% | 100% | 100% | 100% |
| <u>Coal</u> | | | | |
| East | 100% | 84% | 71% | 49% |
| West | 100% | 100% | 86% | 77% |
| Total | 100% | 89% | 75% | 57% |
| <u>Unhedged Coal</u> – <i>million tons</i> | | | | |
| Brunner & Montour | 0.0 | 0.9 | 1.9 | 3.5 |
| Keystone & Conemaugh | 0.2 | 0.5 | 0.8 | 1.2 |

Note: As of 12/31/2008

Hedged Baseload Electricity 2009-2012



Open EBITDA

| | <u>2010E</u> | <u>2011E</u> | <u>2012E</u> |
|--|--------------|--------------|--------------|
| | | (Millions) | |
| Generation Output - MWh | 55.5 | 55.8 | 56.7 |
| Unhedged Gross Margin* | 2,637 | 2,732 | 2,741 |
| O&M | (859) | (899) | (929) |
| Open EBITDA | 1,778 | 1,833 | 1,812 |
| Fuel | 309 | 239 | 190 |
| Power | 214 | 92 | 166 |
| Other | 7 | 5 | 8 |
| Above/(Below) Market Value of Hedges* | 530 | 336 | 364 |
| Expected Margin | 3,167 | 3,068 | 3,105 |

* Based on forward market prices as of December 31, 2008

2009 - 2012 Sensitivities

EPS Impact

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|-------------|-------------|-------------|-------------|
| \$10/MW-Day Capacity Price Change → | >\$0.00 | >\$0.00 | >\$0.00 | ±\$0.03 |
| \$1/MWh of Unhedged Baseload Sales → | ±<\$0.01 | ±\$0.01 | ±\$0.04 | ±\$0.06 |
| \$1/MWh of Unhedged Total Sales → | ±<\$0.01 | ±\$0.02 | ±\$0.05 | ±\$0.07 |
| 1% Generation Availability → | ±\$0.02 | ±\$0.03 | ±\$0.03 | ±\$0.03 |
| \$0.05 between USD and British Pound → | ±\$0.02 | ±\$0.02 | ±\$0.02 | ±\$0.02 |

Note: Discrete sensitivities based on changes to individual item, but which ultimately may be interrelated.

See Appendix A-1 for market price assumptions



Market Prices

| | Actual | Forward ⁽¹⁾ | | | |
|---------------------------------|--------------|------------------------|--------------|--------------|--------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| <u>ELECTRIC</u> | | | | | |
| <i>PJM</i> | | | | | |
| On-Peak | \$81 | \$63 | \$69 | \$69 | \$69 |
| Off-Peak | \$49 | \$47 | \$51 | \$52 | \$52 |
| ATC ⁽²⁾ | \$69 | \$55 | \$59 | \$60 | \$60 |
| <i>Mid-Columbia</i> | | | | | |
| On-Peak | \$65 | \$48 | \$57 | \$59 | \$59 |
| Off-Peak | \$51 | \$38 | \$44 | \$46 | \$46 |
| ATC ⁽²⁾ | \$59 | \$43 | \$52 | \$53 | \$56 |
| <u>GAS⁽³⁾</u> | | | | | |
| NYMEX | \$8.84 | \$6.11 | \$7.13 | \$7.31 | \$7.20 |
| TZ6NNY | \$9.85 | \$7.10 | \$8.16 | \$8.31 | \$8.19 |
| <u>PJM MARKET</u> | | | | | |
| HEAT RATE ⁽⁴⁾ | 8.3 | 8.9 | 8.4 | 8.3 | 8.4 |
| CAPACITY PRICES (Per MWD) | \$82.00 | \$158.24 | \$181.39 | \$136.79 | \$157.63 |
| <u>EQA</u> | 89.6% | 90.7% | 92.2% | 90.9% | 92.1% |

(1) Market prices based on the average of broker quotes as of 12/31/2008.

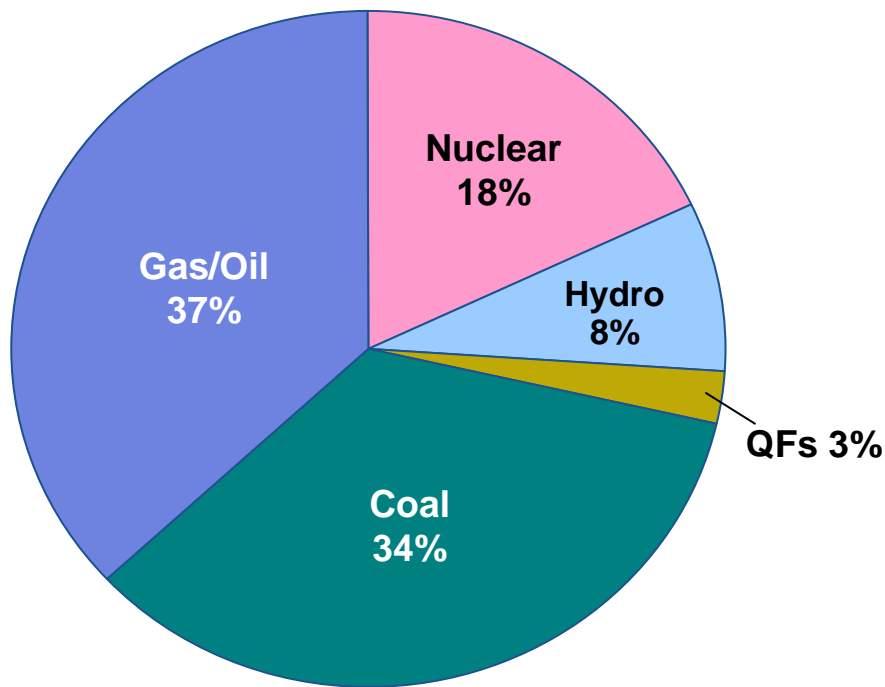
(2) 24-hour average.

(3) NYMEX and TZ6NNY forward gas prices on 12/31/2008.

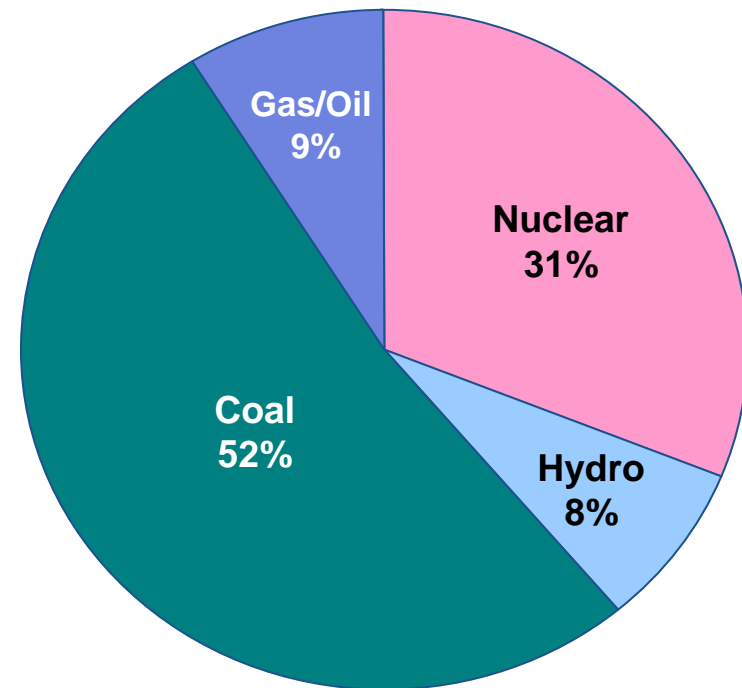
(4) Market Heat Rate = PJM on-peak power price divided by TZ6NNY gas price.

PPL Supply Business Overview

2009E
Installed Capacity MW



2009E
Production GWh

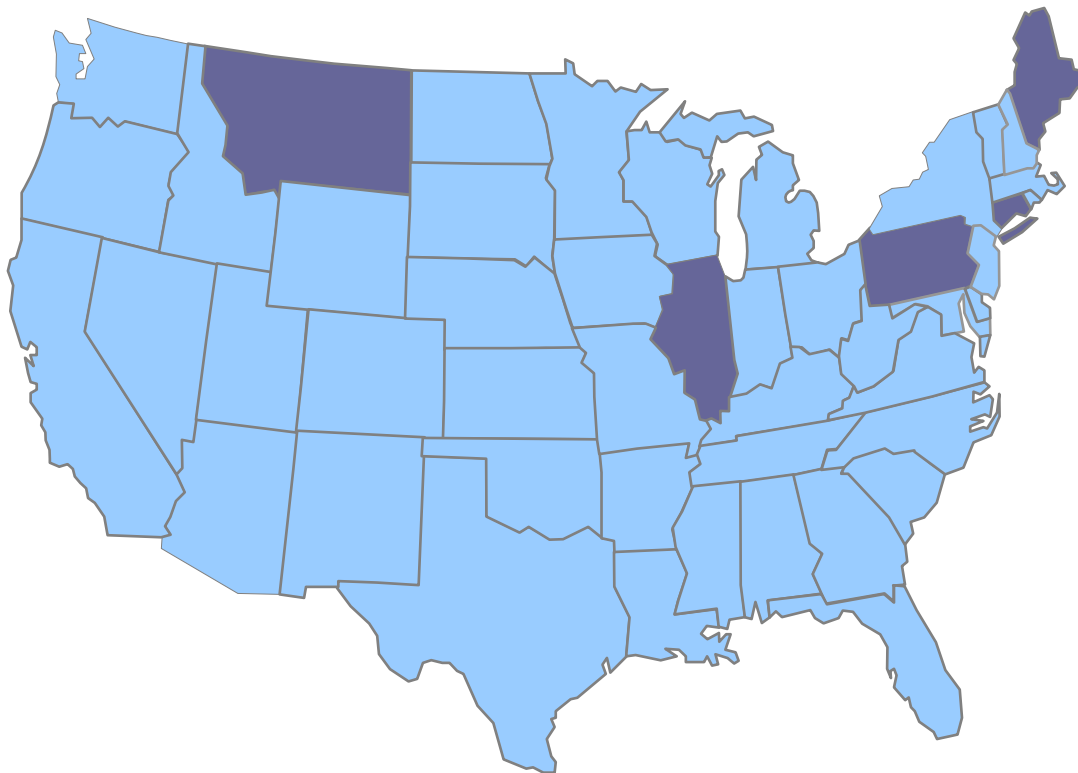


Note: Graphs include tolling agreements.

PPL's Generation Portfolio

Total Domestic Generation: 12,184 MW

Planned Uprate Projects or Additions: 148 MW



| | |
|-------------------------------------|----------------------|
| East | 10,897 MW |
| Coal | 3,500 ⁽¹⁾ |
| Nuclear | 2,165 |
| Oil | 1,817 |
| Gas | 2,282 ⁽²⁾ |
| Hydro | 366 |
| CTs | 462 |
| QFs | 305 |
| Nuclear Uprate (2009-2010) | 98 |
| Hydro Uprate (2009) | 3 |
| Coal Uprate (2009) | 11 |
| Landfill Gas Addition (2009) | 8 |
| West | 1,287 MW |
| Coal | 683 |
| Hydro | 604 |
| Hydro Uprate (2011) | 28 |

(1) Reflects reduction of 60 MW expected loss due to increased plant usage during scrubber operation.

(2) Includes tolling agreements.

2007 Synfuel and Divested Assets Ongoing Earnings Contributions

| <i>Synfuel</i> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>2007</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Synfuel Earnings | \$0.07 | \$0.01 | \$0.02 | \$0.04 | \$0.14 |
| Fuel Costs | <u>0.01</u> | <u>0.01</u> | <u>0.01</u> | <u>0.01</u> | <u>0.04</u> |
| Total Synfuel Contribution | <u>\$0.08</u> | <u>\$0.02</u> | <u>\$0.03</u> | <u>\$0.05</u> | <u>\$0.18</u> |
| <i>Net Impact of Asset Divestitures</i> | <u>\$0.03</u> | <u>\$0.03</u> | <u>\$0.02</u> | <u>\$0.00</u> | <u>\$0.08</u> |

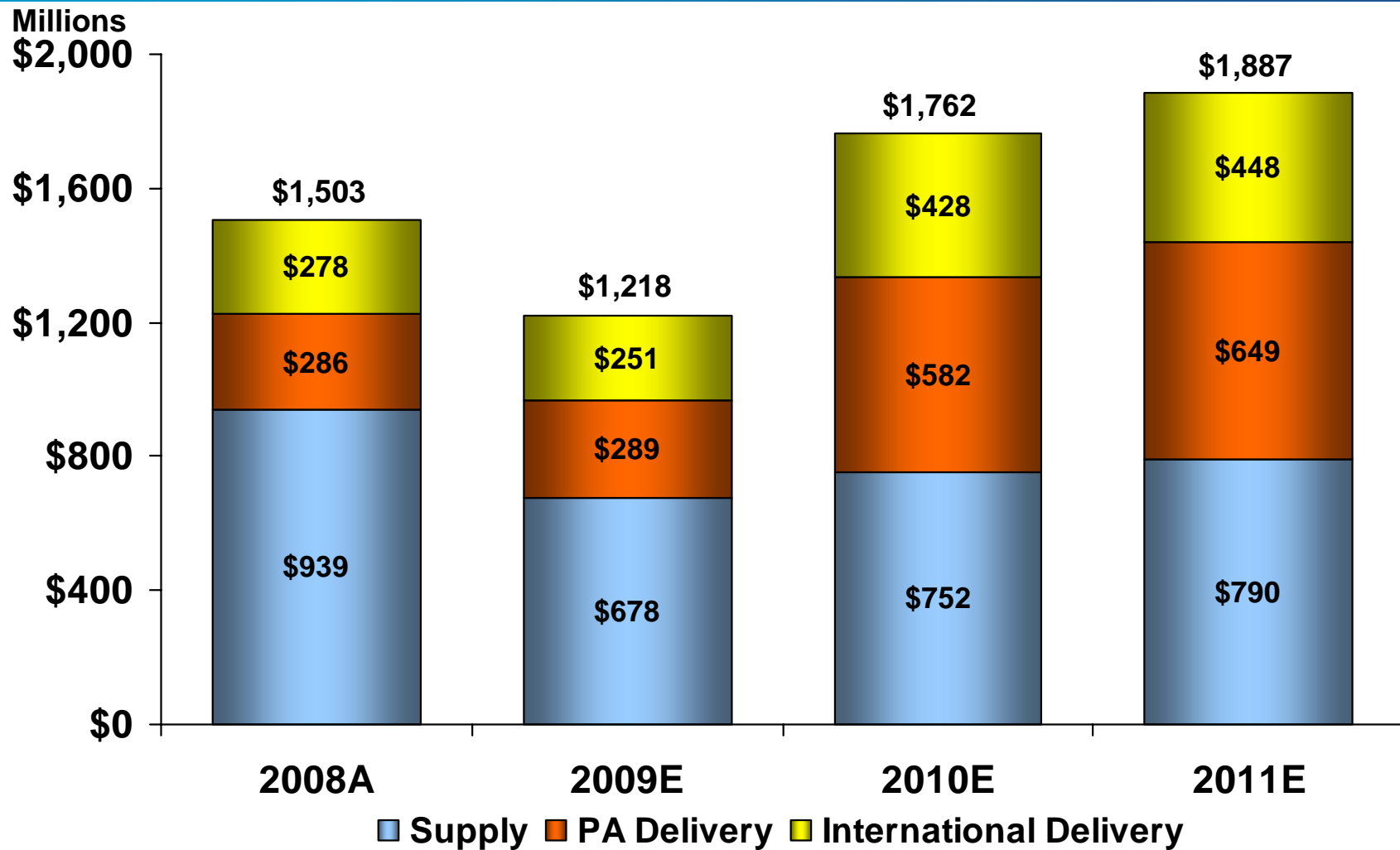
Reconciliation of Cash from Operations to Free Cash Flow before Dividends

(Millions of Dollars)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------------------------------|--------------|----------------|--------------|--------------|
| Cash from Operations | \$1,571 | \$1,517 | \$1,431 | \$2,170 |
| Increase/(Decrease) in cash due to: | | | | |
| Transition Bond Repayment | (310) | (293) | - | - |
| Capital Expenditures | (1,685) | (1,503) | (1,218) | (1,762) |
| Investment in Energy Project | | (203) | | |
| Asset Sales | 898 | 303 | | |
| Other Investing Activities-net | 39 | (58) | 18 | (61) |
| Free Cash Flow before Dividends | <u>\$513</u> | <u>(\$237)</u> | <u>\$231</u> | <u>\$347</u> |

Note: Asset sales includes the net proceeds from the disposition of Latin American and domestic telecommunication operations in 2007 and the sale of gas and propane businesses in 2008.

Capital Expenditures by Segment



Reconciliation of Fourth Quarter Reported Earnings and Earnings from Ongoing Operations

(Millions of Dollars)

| | Supply | Pennsylvania Delivery | International Delivery | Total |
|--|--------|--------------------------|---------------------------|--------|
| <u>Qtr. Ending December 31, 2008</u> | | | | |
| Reported earnings | \$182 | \$38 | \$57 | \$277 |
| Special Items: | | | | |
| MTM adj's from energy-related, non-trading economic hedges | 130 | | | 130 |
| Asset impairments | (16) | | (1) | (17) |
| Impairments & other impacts - EAs | 2 | | | 2 |
| Impairment of nuclear decom. trust investments | (12) | | | (12) |
| Sale of gas and propane businesses | | (1) | | (1) |
| | 104 | (1) | (1) | 102 |
| Earnings from ongoing operations | \$78 | \$39 | \$58 | \$175 |
| <u>Qtr. Ending December 31, 2007</u> | | | | |
| Reported earnings | \$114 | \$13 | \$291 | \$418 |
| Special Items: | | | | |
| MTM adj's from energy-related, non-trading economic hedges | 12 | | | 12 |
| Sale of Latin American businesses | | | 213 | 213 |
| Sale of gas and propane businesses | | (21) | | (21) |
| Impairment of certain transmission rights | (1) | | | (1) |
| Workforce reductions | (4) | (1) | (4) | (9) |
| | 7 | (22) | 209 | 194 |
| Earnings from ongoing operations | \$107 | \$35 | \$82 | \$224 |
| Change excluding special items | (\$29) | \$4 | (\$24) | (\$49) |

Reconciliation of Fourth Quarter Reported Earnings and Earnings from Ongoing Operations

(Dollars Per Share)

| | Supply | Pennsylvania Delivery | International Delivery | Total |
|--|-----------------|--------------------------|---------------------------|-----------------|
| <u>Qtr. Ending December 31, 2008</u> | | | | |
| Reported earnings | \$0.49 | \$0.10 | \$0.15 | \$0.74 |
| Special Items: | | | | |
| MTM adj's from energy-related, non-trading economic hedges | 0.35 | | | 0.35 |
| Asset impairments | (0.05) | | | (0.05) |
| Impairments & other impacts - EAs | 0.01 | | | 0.01 |
| Impairment of nuclear decom. trust investments | (0.03) | | | (0.03) |
| | <u>0.28</u> | | | <u>0.28</u> |
| Earnings from ongoing operations | <u>\$0.21</u> | <u>\$0.10</u> | <u>\$0.15</u> | <u>\$0.46</u> |
| <u>Qtr. Ending December 31, 2007</u> | | | | |
| Reported earnings | \$0.31 | \$0.03 | \$0.77 | \$1.11 |
| Special Items: | | | | |
| MTM adj's from energy-related, non-trading economic hedges | 0.03 | | | 0.03 |
| Sale of Latin American businesses | | | 0.56 | 0.56 |
| Sale of gas and propane businesses | | (0.06) | | (0.06) |
| Workforce reductions | (0.01) | | (0.01) | (0.02) |
| | <u>0.02</u> | <u>(0.06)</u> | <u>0.55</u> | <u>0.51</u> |
| Earnings from ongoing operations | <u>\$0.29</u> | <u>\$0.09</u> | <u>\$0.22</u> | <u>\$0.60</u> |
| Change excluding special items | <u>(\$0.08)</u> | <u>\$0.01</u> | <u>(\$0.07)</u> | <u>(\$0.14)</u> |

Reconciliation of Year-to-Date Reported Earnings and Earnings from Ongoing Operations

(Millions of Dollars)

| | Supply | Pennsylvania Delivery | International Delivery | Total |
|--|----------------|--------------------------|---------------------------|----------------|
| <u>Year-to-Date December 31, 2008</u> | | | | |
| Reported earnings | \$479 | \$161 | \$290 | \$930 |
| Special Items: | | | | |
| MTM adj's from energy-related, non-trading economic hedges | 251 | | | 251 |
| Asset impairments | (16) | | (1) | (17) |
| Impairments & other impacts - EAs | (25) | | | (25) |
| Impairment of nuclear decom. trust investments | (17) | | | (17) |
| Sale of gas and propane businesses | | (6) | | (6) |
| Off-site remediation of ash basin leak | 1 | | | 1 |
| Colstrip groundwater litigation | (5) | | | (5) |
| Synfuel tax adjustment | (13) | | | (13) |
| | <u>176</u> | <u>(6)</u> | <u>(1)</u> | <u>169</u> |
| Earnings from ongoing operations | <u>\$303</u> | <u>\$167</u> | <u>\$291</u> | <u>\$761</u> |
| <u>Year-to-Date December 31, 2007</u> | | | | |
| Reported earnings | \$568 | \$110 | \$610 | \$1,288 |
| Special Items: | | | | |
| MTM adj's from energy-related, non-trading economic hedges | 32 | | | 32 |
| PJM billing dispute | (1) | | | (1) |
| Sale of Latin American businesses | | | 259 | 259 |
| Sale of telecommunication operations | (23) | | | (23) |
| Sale of gas and propane businesses | | (44) | | (44) |
| Settlement of Wallingford cost-based rates | 33 | | | 33 |
| Impairment of certain transmission rights | (13) | | | (13) |
| Change in U.K. tax rate | | | 54 | 54 |
| Workforce reductions | (4) | (1) | (4) | (9) |
| | <u>24</u> | <u>(45)</u> | <u>309</u> | <u>288</u> |
| Earnings from ongoing operations | <u>\$544</u> | <u>\$155</u> | <u>\$301</u> | <u>\$1,000</u> |
| Change excluding special items | <u>(\$241)</u> | <u>\$12</u> | <u>(\$10)</u> | <u>(\$239)</u> |

Reconciliation of Year-to-Date Reported Earnings and Earnings from Ongoing Operations

(Dollars Per Share)

| | Supply | Pennsylvania Delivery | International Delivery | Total |
|--|----------|--------------------------|---------------------------|----------|
| <u>Year-to-Date December 31, 2008</u> | | | | |
| Reported earnings | \$1.27 | \$0.43 | \$0.77 | \$2.47 |
| Special Items: | | | | |
| MTM adj's from energy-related, non-trading economic hedges | 0.67 | | | 0.67 |
| Asset impairments | (0.05) | | | (0.05) |
| Impairments & other impacts - EAs | (0.07) | | | (0.07) |
| Impairment of nuclear decom. trust investments | (0.04) | | | (0.04) |
| Sale of gas and propane businesses | | (0.01) | | (0.01) |
| Colstrip groundwater litigation | (0.01) | | | (0.01) |
| Synfuel tax adjustment | (0.04) | | | (0.04) |
| | 0.46 | (0.01) | | 0.45 |
| Earnings from ongoing operations | \$0.81 | \$0.44 | \$0.77 | \$2.02 |
| <u>Year-to-Date December 31, 2007</u> | | | | |
| Reported earnings | \$1.48 | \$0.29 | \$1.58 | \$3.35 |
| Special Items: | | | | |
| MTM adj's from energy-related, non-trading economic hedges | 0.08 | | | 0.08 |
| Sale of Latin American businesses | | | 0.67 | 0.67 |
| Sale of telecommunication operations | (0.06) | | | (0.06) |
| Sale of gas and propane businesses | | (0.11) | | (0.11) |
| Settlement of Wallingford cost-based rates | 0.09 | | | 0.09 |
| Impairment of certain transmission rights | (0.04) | | | (0.04) |
| Change in U.K. tax rate | | | 0.14 | 0.14 |
| Workforce reductions | (0.01) | | (0.01) | (0.02) |
| | 0.06 | (0.11) | 0.80 | 0.75 |
| Earnings from ongoing operations | \$1.42 | \$0.40 | \$0.78 | \$2.60 |
| Change excluding special items | (\$0.61) | \$0.04 | (\$0.01) | (\$0.58) |

Reconciliation of Year-to-Date Operating Income and Energy Margins

(Millions of Dollars)

| | Year Ended December 31, | | | | | |
|--|-------------------------|----------------|----------------|--------------------------|--------------------------------------|--------------------------------------|
| | 2008 | 2007 | Change | Per Share (after-tax) | Synfuel Tax Credit Reclass (a) | Per Share Adjusted (after-tax) |
| Eastern U.S., pre-tax | \$1,286 | \$1,555 | (\$269) | (\$0.42) | \$0.04 | (\$0.38) |
| Western U.S., pre-tax | 278 | 269 | 9 | 0.01 | | 0.01 |
| Domestic gross energy margins, pre-tax | <u>\$1,564</u> | <u>\$1,824</u> | <u>(\$260)</u> | <u>(\$0.41)</u> | <u>\$0.04</u> | <u>(\$0.37)</u> |

| | Year Ended December 31, | |
|--|-------------------------|----------------|
| | 2008 | 2007 |
| Operating Income | \$1,819 | \$1,683 |
| Adjustments: | | |
| Energy-related businesses, net | (38) | (7) |
| Other operation and maintenance | 1,430 | 1,373 |
| Amortization of recoverable transition costs | 293 | 310 |
| Depreciation | 461 | 446 |
| Taxes, other than income | 289 | 298 |
| Revenue adjustments (b) | (3,256) | (2,017) |
| Expense adjustments (b) | 566 | (262) |
| Domestic gross energy margins | <u>\$1,564</u> | <u>\$1,824</u> |

(a) Reclassified for presentation purposes.

(b) See additional information on the following slide.

Reconciliation of Year-to-Date Operating Income and Energy Margins

(Millions of Dollars)

| | Year Ended December 31, | |
|---|--------------------------------|------------------|
| | 2008 | 2007 |
| <u>Revenue adjustments</u> | | |
| WPD utility revenue | (\$824) | (\$863) |
| Domestic delivery component of utility revenue | (1,325) | (1,308) |
| Other utility revenue | (52) | (48) |
| RMR revenues | | (52) |
| Mark-to-market adjustments from certain economic activity | (1,061) | 145 |
| Gains from sale of emission allowances | 6 | 109 |
| Total revenue adjustments | <u>(\$3,256)</u> | <u>(\$2,017)</u> |
| <u>Expense adjustments</u> | | |
| Mark-to-market adjustments from certain economic activity | (\$631) | \$200 |
| Domestic electric ancillaries | (54) | (50) |
| Gross receipts tax | 113 | 112 |
| Other | 6 | |
| Total expense adjustments | <u>(\$566)</u> | <u>\$262</u> |

Reconciliation of PPL's Reported Earnings and Earnings from Ongoing Operations

| | Forecast | | Actual | | |
|--|--------------|-------------|--------|--------|--------|
| | High 2009 | Low 2009 | 2008 | 2007 | 2006 |
| Per Share Earnings from Ongoing Operations | \$1.90 | \$1.60 | \$2.02 | \$2.60 | \$2.25 |
| Special items (net of taxes): | | | | | |
| MTM adj's from energy-related, non-trading economic hedges | | | 0.67 | 0.08 | (0.03) |
| Reversal of cost recovery - Hurricane Isabel | | | | | (0.02) |
| Impairment of synfuel-related assets | | | | | (0.01) |
| Sale of interest in Griffith | | | | | (0.04) |
| Reduction in Enron reserve | | | | | 0.03 |
| Off-site remediation of ash basin leak | | | | | 0.02 |
| PJM billing dispute | | | | | 0.01 |
| Realization of benefits related to Black Lung Trust assets | | | | | 0.05 |
| Susquehanna workforce reduction | | | | | (0.01) |
| Impairment of nuclear decom. trust investments | | | (0.04) | | (0.01) |
| Sale of Latin American businesses | | | | 0.67 | |
| Sale of telecommunication operations | | | | (0.06) | |
| Sale of gas and propane businesses | | | (0.01) | (0.11) | |
| Settlement of Wallingford cost-based rates | | | | 0.09 | |
| Impairment of certain transmission rights | | | | (0.04) | |
| Change in U.K. tax rate | | | | 0.14 | |
| Workforce reductions | | | | (0.02) | |
| Synfuel tax adjustment | | | (0.04) | | |
| Colstrip groundwater litigation | | | (0.01) | | |
| Asset impairments | | | (0.05) | | |
| Impairments & other impacts - Emission Allowances | | | (0.07) | | |
| | 0.00 | 0.00 | 0.45 | 0.75 | (0.01) |
| Reported Earnings Per Share | \$1.90 | \$1.60 | \$2.47 | \$3.35 | \$2.24 |

Note: Per share amounts are based on diluted shares outstanding.

Credit Ratings

| | <u>Moody's</u> | <u>Standard & Poor's</u> | <u>Fitch</u> |
|-------------------------------|----------------|------------------------------|--------------|
| PPL Corporation | | | |
| Issuer Rating | Baa2 | BBB | BBB |
| Outlook | STABLE | NEGATIVE | STABLE |
| PPL Energy Supply | | | |
| Issuer Rating | | BBB | BBB |
| Tax-Exempt Bonds* | Aaa | AAA | |
| Senior Notes | Baa2 | BBB | BBB+ |
| Outlook | STABLE | NEGATIVE | STABLE |
| PPL Capital Funding | | | |
| Issuer Rating | | | BBB |
| Senior Unsecured Debt | Baa2 | BBB- | BBB |
| Subordinated Debt | Baa3 | BB+ | BBB- |
| Outlook | STABLE | STABLE | STABLE |
| PPL Electric Utilities | | | |
| Issuer Rating | Baa1 | A- | BBB |
| First Mortgage Bonds | A3 | A- | A- |
| Tax-Exempt Bonds** | Baa1 | AA | |
| Senior Secured Debt | A3 | A- | A- |
| Commercial Paper | P-2 | A-2 | F-2 |
| Preferred Stock | Baa3 | BBB | BBB |
| Preference Stock | Baa3 | BBB | BBB |
| Outlook | STABLE | NEGATIVE | STABLE |

* Letter of Credit-Backed Security

** Insured Security

Credit Ratings (cont.)

| | Moody's | Standard & Poor's | Fitch |
|---|---------|-------------------|----------|
| PPL Montana | | | |
| Pass-Through Certificates | Baa3 | BBB- | BBB |
| Outlook | STABLE | STABLE | |
| WPD Holdings Limited | | | |
| Issuer Rating | Baa3 | BBB- | BBB- |
| Senior Unsecured Debt | Baa3 | BBB- | BBB |
| Commercial Paper | | A-3 | |
| Outlook | STABLE | STABLE | POSITIVE |
| WPD Holdings LLP | | | |
| Issuer Rating | | BBB- | BBB |
| Commercial Paper | | A-3 | |
| Outlook | | STABLE | POSITIVE |
| Western Power Distribution (South Wales) PLC | | | |
| Issuer Rating | | BBB+ | BBB+ |
| Senior Unsecured Debt | Baa1 | BBB+ | A- |
| Commercial Paper | | A-2 | F2 |
| Outlook | STABLE | STABLE | POSITIVE |
| Western Power Distribution (South West) PLC | | | |
| Issuer Rating | Baa1 | BBB+ | BBB+ |
| Senior Unsecured Debt | Baa1 | BBB+ | A- |
| Commercial Paper | P-2 | A-2 | F2 |
| Outlook | STABLE | STABLE | POSITIVE |

Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, energy prices, margins, sales and supply, marketing performance, hedging, growth, revenues, expenses, rates, regulation, cash flows, credit profile, financing, dividends, business disposition, corporate strategy, capital additions and expenditures, 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; volatility in financial or commodities markets; 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.

Definitions of Financial Measures

“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. These energy-related, non-trading economic hedges are used to hedge a portion of the economic value of PPL’s generation assets and PPL’s load-following and retail activities. This economic value is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., coal and power). 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.

“Free cash flow before dividends” is derived by deducting capital expenditures and other investing activities-net, as well as the repayment of transition bonds, from cash flow from operations. Free cash flow before dividends should not be considered as an alternative to cash flow from operations, which is determined in accordance with GAAP. PPL believes that free cash flow before dividends, although a non-GAAP measure, is an important measure to both management and investors since it is an indicator of the company’s ability to sustain operations and growth without additional outside financing beyond the requirement to fund maturing debt obligations. Other companies may calculate free cash flow before dividends in a different manner.

“Domestic Gross Energy Margins” is intended to supplement the investors’ understanding of PPL’s domestic non-trading and trading activities by combining applicable income statement line items and related adjustments to calculate a single financial measure. PPL believes that “Domestic Gross Energy Margins” is useful and meaningful to investors because it provides them with the results of PPL’s domestic non-trading and trading activities as another criterion in making their investment decisions. “Domestic Gross Energy Margins” is not intended to replace “Operating Income,” which is determined in accordance with GAAP, as an indicator of overall operating performance. PPL’s management also uses “Domestic Gross Energy Margins” in measuring certain corporate performance goals used in determining variable compensation. Other companies may use different measures to present the results of their non-trading and trading activities.