

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

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

	<b>Sept. 30, 2008</b>	<b>Dec. 31, 2007</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 349	\$ 430
Price risk management assets - current	630	319
Assets held for sale	328	318
Other current assets	2,043	2,101
Investments	572	608
Property, plant and equipment		
Electric plant	20,321	20,109
Gas and oil plant	68	66
Other property	184	202
	20,573	20,377
Less: accumulated depreciation	7,871	7,772
	12,702	12,605
Recoverable transition costs	357	574
Goodwill and other intangibles	1,439	1,326
Price risk management assets - noncurrent	970	587
Other noncurrent assets	1,116	1,104
Total assets	\$ 20,506	\$ 19,972
<b>Liabilities and Equity</b>		
Short-term debt (including current portion of long-term debt)	\$ 1,275	\$ 770
Price risk management liabilities – current	722	423
Liabilities held for sale	40	68
Other current liabilities	1,468	1,621
Long-term debt (less current portion)	6,714	6,890
Deferred income taxes and investment tax credits	2,006	2,192
Price risk management liabilities – noncurrent	1,144	916
Other noncurrent liabilities	1,233	1,216
Minority interest	19	19
Preferred securities of a subsidiary	301	301
Earnings reinvested	3,725	3,448
Common stock and capital in excess of par value	2,189	2,176
Accumulated other comprehensive loss	(330)	(68)
Total liabilities and equity	\$ 20,506	\$ 19,972

(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)**

	<b>3 Months Ended Sept. 30,</b>		<b>9 Months Ended Sept. 30,</b>	
	<b>2008(a)</b>	<b>2007(a)(b)</b>	<b>2008(a)</b>	<b>2007(a)(b)</b>
<b>Operating Revenues</b>				
Utility	\$ 1,007	\$ 1,016	\$ 3,108	\$ 3,074
Unregulated retail electric and gas	43	28	110	73
Wholesale energy marketing (c)				
Realized	758	517	1,639	1,244
Unrealized economic activity	1,157	0	361	(99)
Net energy trading margins	(132)	20	(82)	38
Energy-related businesses	148	193	395	563
	<u>2,981</u>	<u>1,774</u>	<u>5,531</u>	<u>4,893</u>
<b>Operating Expenses</b>				
Fuel	267	257	718	692
Energy purchases (c)				
Realized	500	228	1,126	677
Unrealized economic activity	1,058	7	173	(127)
Other operation and maintenance	364	324	1,101	996
Amortization of recoverable transition costs	73	78	217	229
Depreciation	117	108	347	334
Taxes, other than income	77	73	224	223
Energy-related businesses	134	178	361	581
	<u>2,590</u>	<u>1,253</u>	<u>4,267</u>	<u>3,605</u>
<b>Operating Income</b>	391	521	1,264	1,288
Other Income – net	1	23	17	71
Interest Expense	120	117	338	357
<b>Income from Continuing Operations Before Income Taxes, Minority Interest and Dividends on Preferred Securities of a Subsidiary</b>				
	272	427	943	1,002
Income Taxes	59	88	285	188
Minority Interest	0	1	1	2
Dividends on Preferred Securities of a Subsidiary	5	5	14	14
	<u>208</u>	<u>333</u>	<u>643</u>	<u>798</u>
<b>Income from Continuing Operations</b>	208	333	643	798
(Loss) Income from Discontinued Operations (net of income taxes)	(5)	(11)	10	72
	<u>203</u>	<u>322</u>	<u>653</u>	<u>870</u>
<b>Net Income</b>	<u>\$ 203</u>	<u>\$ 322</u>	<u>\$ 653</u>	<u>\$ 870</u>
<b>Earnings per share of common stock – basic</b>				
Earnings from ongoing operations	\$ 0.45	\$ 0.73	\$ 1.57	\$ 2.03
Special items	0.09	0.12	0.18	0.24
	<u>0.54</u>	<u>0.85</u>	<u>1.75</u>	<u>2.27</u>
<b>Earnings per share of common stock – diluted</b>				
Earnings from ongoing operations	\$ 0.45	\$ 0.72	\$ 1.56	\$ 2.00
Special items	0.09	0.12	0.17	0.25
	<u>0.54</u>	<u>0.84</u>	<u>1.73</u>	<u>2.25</u>
<b>Average shares outstanding (thousands)</b>				
Basic	374,291	379,896	373,394	383,036
Diluted	376,685	384,575	376,582	387,658

- (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)**

	9 Months Ended	
	Sept. 30,	
	2008	2007
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 653	\$ 870
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	347	345
Amortization-recoverable transition costs and other	286	327
Pre-tax gain from the sale of a Latin American business	0	(94)
Deferred income taxes and investment tax credits	(56)	(95)
Impairment of assets	65	98
Gain on the sale of emission allowances	(1)	(85)
Unrealized gain on derivatives and other hedging activities	(83)	(68)
Changes in working capital	(69)	(31)
Other	19	(15)
Net cash provided by operating activities	<u>1,161</u>	<u>1,252</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(979)	(1,119)
Proceeds from the sale of Latin American businesses	0	191
Proceeds from the sale of telecommunication operations	0	47
Net (expenditures for) sales of intangible assets	(272)	62
Net (purchases) sales of other investments	(14)	58
Net increase in restricted cash and cash equivalents	(70)	(35)
Other investing activities	(15)	(1)
Net cash used in investing activities	<u>(1,350)</u>	<u>(797)</u>
<b>Cash Flows from Financing Activities</b>		
Net issuances (retirements) of long-term debt	400	(49)
Repurchase of common stock	(38)	(565)
Payment of common stock dividends	(365)	(343)
Net increase in short-term debt	109	150
Other financing activities	10	8
Net cash provided by (used in) financing activities	<u>116</u>	<u>(799)</u>
<b>Effect of Exchange Rates on Cash and Cash Equivalents</b>	<u>(5)</u>	<u>2</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(78)	(342)
Cash and cash equivalents at beginning of period	430	794
Cash and cash equivalents included in assets held for sale	(3)	(13)
Cash and cash equivalents at end of period	<u>\$ 349</u>	<u>\$ 439</u>

## Key Indicators

### Financial

	<b>12 Months Ended <u>Sept. 30, 2008</u></b>	<b>12 Months Ended <u>Sept. 30, 2007</u></b>
Dividends declared per share	\$1.31	\$1.19
Book value per share (a)	\$14.91	\$13.75
Market price per share (a)	\$37.02	\$46.30
Dividend yield (a)	3.5%	2.6%
Dividend payout ratio (b)	46%	44%
Dividend payout ratio - earnings from ongoing operations (b)(c)	61%	48%
Price/earnings ratio (a)(b)	13.0	17.1
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	17.1	18.8
Return on average common equity	19.68%	20.08%
Return on average common equity - earnings from ongoing operations (c)	15.62%	18.29%

(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)

### 3rd 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
	<b>Earnings from Ongoing Operations</b>	\$ 59	\$ 36	\$ 73	\$ 168	\$ 0.16	\$ 0.09	\$ 0.20
Special Items								
MTM adj's from energy-related, non-trading economic hedges		67		67	0.18			0.18
Impairment of emission allowances	(27)			(27)	(0.07)			(0.07)
Impairment of nuclear decommissioning trust investments	(1)			(1)	(0.01)			(0.01)
Sale of gas and propane businesses		(4)		(4)		(0.01)		(0.01)
Total special items	39	(4)		35	0.10	(0.01)		0.09
<b>Reported earnings</b>	<b>\$ 98</b>	<b>\$ 32</b>	<b>\$ 73</b>	<b>\$ 203</b>	<b>\$ 0.26</b>	<b>\$ 0.08</b>	<b>\$ 0.20</b>	<b>\$ 0.54</b>

### Year-to-Date Sept. 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
	<b>Earnings from Ongoing Operations</b>	\$ 225	\$ 128	\$ 233	\$ 586	\$ 0.60	\$ 0.34	\$ 0.62
Special Items								
MTM adj's from energy-related, non-trading economic hedges		121		121	0.32			0.32
Impairment of emission allowances (Q3, '08)	(27)			(27)	(0.07)			(0.07)
Impairment of nuclear decom. trust investments (Q2, '08; Q3, '08)	(5)			(5)	(0.02)			(0.02)
Sale of gas and propane businesses (Q2, '08; Q3, '08)		(5)		(5)		(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	72	(5)		67	0.18	(0.01)		0.17
<b>Reported earnings</b>	<b>\$ 297</b>	<b>\$ 123</b>	<b>\$ 233</b>	<b>\$ 653</b>	<b>\$ 0.78</b>	<b>\$ 0.33</b>	<b>\$ 0.62</b>	<b>\$ 1.73</b>

### 12 Months Ended Sept. 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
	<b>Earnings from Ongoing Operations</b>	\$ 333	\$ 163	\$ 315	\$ 811	\$ 0.90	\$ 0.43	\$ 0.83
Special Items								
MTM adj's from energy-related, non-trading economic hedges		133		133	0.35			0.35
Impairment of emission allowances (Q3, '08)	(27)			(27)	(0.07)			(0.07)
Impairment of nuclear decom. trust investments (Q2, '08; Q3, '08)	(5)			(5)	(0.02)			(0.02)
Sale of gas and propane businesses (Q4, '07; Q2, '08; Q3, '08)		(26)		(26)		(0.07)		(0.07)
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)
Workforce reduction (Q4, '07)	(4)	(1)	(4)	(9)	(0.01)		(0.01)	(0.02)
Sale of Latin American businesses (Q4, '07)			213	213			0.57	0.57
Impairment of certain transmission rights (Q4, '07)	(1)			(1)				
Total special items	79	(27)	209	261	0.20	(0.07)	0.56	0.69
<b>Reported earnings</b>	<b>\$ 412</b>	<b>\$ 136</b>	<b>\$ 524</b>	<b>\$ 1,072</b>	<b>\$ 1.10</b>	<b>\$ 0.36</b>	<b>\$ 1.39</b>	<b>\$ 2.85</b>

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

### 3rd Quarter 2007

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	PA		Int'l	Total	PA		Int'l	Total
	Supply	Delivery	Delivery		Supply	Delivery	Delivery	
<b>Earnings from Ongoing Operations</b>	\$ 193	\$ 32	\$ 51	\$ 276	\$ 0.50	\$ 0.09	\$ 0.13	\$ 0.72
Special Items								
MTM adj's from energy-related, non-trading economic hedges	(6)			(6)	(0.02)			(0.02)
Sale of Latin American businesses			3	3			0.01	0.01
Sale of domestic telecommunication operations	(3)			(3)	(0.01)			(0.01)
Sale of gas and propane businesses		(23)		(23)		(0.06)		(0.06)
Settlement of Wallingford cost-based rates	33			33	0.09			0.09
Impairment of certain transmission rights	(12)			(12)	(0.03)			(0.03)
Change in U.K. tax rate			54	54			0.14	0.14
Total special items	12	(23)	57	46	0.03	(0.06)	0.15	0.12
<b>Reported earnings</b>	<b>\$ 205</b>	<b>\$ 9</b>	<b>\$ 108</b>	<b>\$ 322</b>	<b>\$ 0.53</b>	<b>\$ 0.03</b>	<b>\$ 0.28</b>	<b>\$ 0.84</b>

### Year-to-Date Sept. 30, 2007

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	PA		Int'l	Total	PA		Int'l	Total
	Supply	Delivery	Delivery		Supply	Delivery	Delivery	
<b>Earnings from Ongoing Operations</b>	\$ 437	\$ 120	\$ 219	\$ 776	\$ 1.12	\$ 0.31	\$ 0.57	\$ 2.00
Special Items								
MTM adj's from energy-related, non-trading economic hedges	20			20	0.05			0.05
Sale of gas and propane businesses (Q3, '07)		(23)		(23)		(0.06)		(0.06)
Settlement of Wallingford cost-based rates (Q3, '07)	33			33	0.09			0.09
Impairment of certain transmission rights (Q3, '07)	(12)			(12)	(0.03)			(0.03)
Change in U.K. tax rate (Q3, '07)			54	54			0.14	0.14
Sale of Latin American businesses (Q1, '07; Q2, '07; Q3, '07)			46	46			0.12	0.12
Sale of domestic telecommunication operations (Q1, '07; Q2, '07; Q3, '07)	(23)			(23)	(0.06)			(0.06)
PJM billing dispute (Q1, '07)	(1)			(1)				
Total special items	17	(23)	100	94	0.05	(0.06)	0.26	0.25
<b>Reported earnings</b>	<b>\$ 454</b>	<b>\$ 97</b>	<b>\$ 319</b>	<b>\$ 870</b>	<b>\$ 1.17</b>	<b>\$ 0.25</b>	<b>\$ 0.83</b>	<b>\$ 2.25</b>

### 12 Months Ended Sept. 30, 2007

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	PA		Int'l	Total	PA		Int'l	Total
	Supply	Delivery	Delivery		Supply	Delivery	Delivery	
<b>Earnings from Ongoing Operations</b>	\$ 536	\$ 150	\$ 268	\$ 954	\$ 1.38	\$ 0.39	\$ 0.69	\$ 2.46
Special Items								
MTM adj's from energy-related, non-trading economic hedges	23			23	0.06			0.06
Sale of gas and propane businesses (Q3, '07)		(23)		(23)		(0.06)		(0.06)
Settlement of Wallingford cost-based rates (Q3, '07)	33			33	0.09			0.09
Impairment of certain transmission rights (Q3, '07)	(12)			(12)	(0.03)			(0.03)
Change in U.K. tax rate (Q3, '07)			54	54			0.14	0.14
Sale of Latin American businesses (Q1, '07; Q2, '07; Q3, '07)			46	46			0.12	0.12
Sale of domestic telecommunication operations (Q1, '07; Q2, '07; Q3, '07)	(23)			(23)	(0.06)			(0.06)
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)
Total special items	(2)	(3)	100	95		(0.01)	0.26	0.25
<b>Reported earnings</b>	<b>\$ 534</b>	<b>\$ 147</b>	<b>\$ 368</b>	<b>\$ 1,049</b>	<b>\$ 1.38</b>	<b>\$ 0.38</b>	<b>\$ 0.95</b>	<b>\$ 2.71</b>

## Operating - Domestic and International Electricity Sales

(millions of kwh)

	3 Months Ended Sept. 30,			9 Months Ended Sept. 30,		
	2008	2007	Percent Change	2008	2007	Percent Change
Domestic Retail						
Delivered (a)	9,624	9,699	(0.8%)	29,025	28,880	0.5%
Supplied	10,207	10,249	(0.4%)	30,732	30,486	0.8%
International Delivered						
United Kingdom	6,186	6,326	(2.2%)	20,889	20,891	0.0%
Domestic Wholesale						
East	8,783	6,826	28.7%	21,246	15,637	35.9%
West						
NorthWestern Energy	633	569	11.2%	1,869	2,238	(16.5%)
Other West	3,602	3,251	10.8%	10,488	8,696	20.6%

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