

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

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

	<u>Sept. 30, 2006</u>	<u>Dec. 31, 2005(b)</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 800	\$ 555
Other current assets	2,510	2,355
Investments	539	508
Property, plant and equipment		
Electric plant	18,833	17,977
Gas and oil plant	369	349
Other property	304	289
	<u>19,506</u>	<u>18,615</u>
Less: accumulated depreciation	7,960	7,699
	11,546	10,916
Recoverable transition costs	955	1,165
Goodwill and other intangibles	1,461	1,482
Regulatory and other assets	1,046	945
Total assets	<u>\$ 18,857</u>	<u>\$ 17,926</u>
<b>Liabilities and Equity</b>		
Short-term debt (including current portion of long-term debt)	\$ 1,217	\$ 1,340
Other current liabilities	2,082	2,000
Long-term debt (less current portion)	6,105	6,044
Deferred income taxes and investment tax credits	2,282	2,197
Other noncurrent liabilities	1,722	1,820
Minority interest	58	56
Preferred securities of a subsidiary	301	51
Earnings reinvested	2,553	2,182
Common equity and capital stock in excess of par value	2,802	2,768
Accumulated other comprehensive loss	(265)	(532)
Total liabilities and equity	<u>\$ 18,857</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)**

	<b>3 Months Ended Sept. 30,</b>		<b>9 Months Ended Sept. 30,</b>	
	<b>2006(a)</b>	<b>2005(a)(b)</b>	<b>2006(a)</b>	<b>2005(a)(b)</b>
<b>Operating Revenues</b>				
Utility	\$ 1,124	\$ 1,067	\$ 3,427	\$ 3,234
Unregulated retail electric	23	25	68	73
Wholesale energy marketing	446	336	1,164	865
Net energy trading margins	15	19	26	33
Energy-related businesses	144	173	490	480
	<u>1,752</u>	<u>1,620</u>	<u>5,175</u>	<u>4,685</u>
<b>Operating Expenses</b>				
Fuel and energy purchases	620	484	1,691	1,388
Other operation and maintenance	335	331	1,019	1,030
Amortization of recoverable transition costs	75	71	210	199
Depreciation	107	108	326	315
Taxes, other than income	74	73	214	214
Energy-related businesses	161	170	469	486
	<u>1,372</u>	<u>1,237</u>	<u>3,929</u>	<u>3,632</u>
<b>Operating Income</b>	380	383	1,246	1,053
Other Income - net	21	5	63	23
Interest Expense	125	127	365	387
<b>Income from Continuing Operations Before Income Taxes, Minority Interest and Dividends on Preferred Securities of a Subsidiary</b>	276	261	944	689
Income Taxes	41	64	219	138
Minority Interest	4	1	8	5
Dividends on Preferred Securities of a Subsidiary	5	1	10	2
<b>Income from Continuing Operations</b>	226	195	707	544
Loss (Income) from Discontinued Operations (net of income taxes)	0	(2)	20	51
<b>Net Income</b>	<u>\$ 226</u>	<u>\$ 197</u>	<u>\$ 687</u>	<u>\$ 493</u>
<b>Earnings per share of common stock – basic</b>				
Earnings from ongoing operations	\$ 0.56	\$ 0.57	\$ 1.79	\$ 1.57
Unusual items	0.03	(0.05)	0.02	(0.27)
Net Income	<u>\$ 0.59</u>	<u>\$ 0.52</u>	<u>\$ 1.81</u>	<u>\$ 1.30</u>
<b>Earnings per share of common stock – diluted</b>				
Earnings from ongoing operations	\$ 0.55	\$ 0.56	\$ 1.76	\$ 1.56
Unusual items	0.03	(0.05)	0.02	(0.27)
Net Income	<u>\$ 0.58</u>	<u>\$ 0.51</u>	<u>\$ 1.78</u>	<u>\$ 1.29</u>
<b>Average shares outstanding (thousands)</b>				
Basic	380,806	379,660	380,269	378,955
Diluted	387,602	385,509	386,273	383,349

- (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.

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

	<b>Nine Months Ended</b>	
	<b>Sept. 30,</b>	
	<b>2006</b>	<b>2005</b>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 687	\$ 493
Adjustments to reconcile net income to net cash provided by operating activities:		
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	326	318
Amortization-recoverable transition costs and other	234	223
Deferred income tax benefits and investment tax credits	(81)	(42)
Pension and other postretirement benefits	(28)	(34)
Realization of benefits related to Black Lung Trust assets	(36)	0
Accrual for remediation of ash basin leak	(11)	33
Changes in working capital	62	5
Other	65	55
Net cash provided by operating activities	1,258	1,123
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(859)	(538)
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	(26)	(75)
Other investing activities	(48)	24
Net cash used in investing activities	(818)	(399)
<b>Cash Flows from Financing Activities</b>		
Net issuances (retirements) of long-term debt	43	(953)
Payment of common stock dividends	(304)	(252)
Net (decrease) increase in short-term debt	(172)	80
Issuance of preference stock, net of issuance costs	245	0
Other financing activities	(8)	16
Net cash used in financing activities	(196)	(1,109)
<b>Effect of Exchange Rates on Cash and Cash Equivalents</b>	1	4
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	245	(381)
Cash and cash equivalents at beginning of period	555	616
Cash and cash equivalents at end of period	\$ 800	\$ 235
<b>Free Cash Flow Before Dividends: (a)</b>		
Cash Flows from Operating Activities	\$ 1,258	\$ 1,123
(Decrease) Increase in cash due to:		
Transition bond repayments	(210)	(202)
Capital expenditures	(859)	(538)
Other investing activities-net	41	139
	\$ 230	\$ 522

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

## Key Indicators

### Financial

	<b>12 Months Ended <u>Sept. 30, 2006</u></b>	<b>12 Months Ended <u>Sept. 30, 2005</u></b>
Dividends declared per share	\$1.075	\$0.915
Book value per share (a)	\$13.34	\$11.33
Market price per share (a)	\$32.90	\$32.33
Dividend yield (a)	3.3%	2.8%
Dividend payout ratio (b)	48%	52%
Dividend payout ratio - earnings from ongoing operations (b)(c)	47%	45%
Price/earnings ratio (a)(b)	14.6	18.5
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	14.4	16.0
Return on average common equity	18.60%	15.63%
Return on average common equity - earnings from ongoing operations (c)	18.45%	17.91%

(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.

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

### 3rd 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
<b>Earnings from Ongoing Operations</b>	\$ 120	\$ 33	\$ 59	\$ 212	\$ 0.31	\$ 0.09	\$ 0.15	\$ 0.55
Unusual Items								
Reversal of cost recovery-Hurricane Isabel (Q3, '06)		(7)		(7)		(0.02)		(0.02)
Realization of benefits related to Black Lung Trust assets (Q3, '06)		21		21		0.05		0.05
Total unusual items		14		14		0.03		0.03
<b>Reported Earnings</b>	<u>\$ 120</u>	<u>\$ 47</u>	<u>\$ 59</u>	<u>\$ 226</u>	<u>\$ 0.31</u>	<u>\$ 0.12</u>	<u>\$ 0.15</u>	<u>\$ 0.58</u>

### Year-to-Date Sept. 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
<b>Earnings from Ongoing Operations</b>	\$ 343	\$ 117	\$ 218	\$ 678	\$ 0.88	\$ 0.31	\$ 0.57	\$ 1.76
Unusual Items								
Off-site remediation of ash basin leak (Q1, '06; Q2, '06)	6			6	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)
Reversal of cost recovery-Hurricane Isabel (Q3, '06)		(7)		(7)		(0.02)		(0.02)
Realization of benefits related to Black Lung Trust assets (Q3, '06)		21		21		0.05		0.05
Total unusual items	(6)	14	1	9	(0.01)	0.03		0.02
<b>Reported Earnings</b>	<u>\$ 337</u>	<u>\$ 131</u>	<u>\$ 219</u>	<u>\$ 687</u>	<u>\$ 0.87</u>	<u>\$ 0.34</u>	<u>\$ 0.57</u>	<u>\$ 1.78</u>

### 12 Months Ended Sept. 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
<b>Earnings from Ongoing Operations</b>	\$ 432	\$ 165	\$ 282	\$ 879	\$ 1.11	\$ 0.44	\$ 0.73	\$ 2.28
Unusual Items								
Off-site remediation of ash basin leak (Q3, '05; Q4, '05; Q1, '06; Q2, '06)	(2)			(2)				
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)
Reversal of cost recovery-Hurricane Isabel (Q3, '06)		(7)		(7)		(0.02)		(0.02)
Realization of benefits related to Black Lung Trust assets (Q3, '06)		21		21		0.05		0.05
Total unusual items	(22)	14	1	(7)	(0.05)	0.03		(0.02)
<b>Reported Earnings</b>	<u>\$ 410</u>	<u>\$ 179</u>	<u>\$ 283</u>	<u>\$ 872</u>	<u>\$ 1.06</u>	<u>\$ 0.47</u>	<u>\$ 0.73</u>	<u>\$ 2.26</u>

**3rd 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
<b>Earnings from Ongoing Operations</b>	\$ 131	\$ 49	\$ 36	\$ 216	\$ 0.34	\$ 0.13	\$ 0.09	\$ 0.56
Unusual Items								
Off-site remediation of ash basin leak (Q3, '05)	(19)			(19)	(0.05)			(0.05)
Total unusual items	(19)			(19)	(0.05)			(0.05)
<b>Reported Earnings</b>	<u>\$ 112</u>	<u>\$ 49</u>	<u>\$ 36</u>	<u>\$ 197</u>	<u>\$ 0.29</u>	<u>\$ 0.13</u>	<u>\$ 0.09</u>	<u>\$ 0.51</u>

**Year-to-Date Sept. 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
<b>Earnings from Ongoing Operations</b>	\$ 313	\$ 132	\$ 152	\$ 597	\$ 0.82	\$ 0.34	\$ 0.40	\$ 1.56
Unusual Items								
PJM billing dispute (Q1, '05)		(27)		(27)		(0.07)		(0.07)
NorthWestern litigation (Q1, '05)	(6)			(6)	(0.02)			(0.02)
Sale of Sundance (Q2, '05)	(47)			(47)	(0.12)			(0.12)
Stock-based compensation adjustment (Q1, '05)	(3)	(2)		(5)	(0.01)			(0.01)
Off-site remediation of ash basin leak (Q3, '05)	(19)			(19)	(0.05)			(0.05)
Total unusual items	(75)	(29)		(104)	(0.20)	(0.07)		(0.27)
<b>Reported Earnings</b>	<u>\$ 238</u>	<u>\$ 103</u>	<u>\$ 152</u>	<u>\$ 493</u>	<u>\$ 0.62</u>	<u>\$ 0.27</u>	<u>\$ 0.40</u>	<u>\$ 1.29</u>

**12 Months Ended Sept. 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
<b>Earnings from Ongoing Operations</b>	\$ 420	\$ 157	\$ 197	\$ 774	\$ 1.10	\$ 0.41	\$ 0.51	\$ 2.02
Unusual Items								
PJM billing dispute (Q1, '05)		(27)		(27)		(0.07)		(0.07)
NorthWestern litigation (Q1, '05)	(6)			(6)	(0.02)			(0.02)
Sale of Sundance (Q2, '05)	(47)			(47)	(0.12)			(0.12)
Stock-based compensation adjustment (Q1, '05)	(3)	(2)		(5)	(0.01)			(0.01)
Off-site remediation of ash basin leak (Q3, '05)	(19)			(19)	(0.05)			(0.05)
Total unusual items	(75)	(29)		(104)	(0.20)	(0.07)		(0.27)
<b>Reported Earnings</b>	<u>\$ 345</u>	<u>\$ 128</u>	<u>\$ 197</u>	<u>\$ 670</u>	<u>\$ 0.90</u>	<u>\$ 0.34</u>	<u>\$ 0.51</u>	<u>\$ 1.75</u>

## Operating - Domestic & International Electricity Sales

(millions of kwh)

	3 Months Ended Sept. 30,			9 Months Ended Sept. 30,		
	2006	2005	Percent Change	2006	2005	Percent Change
Domestic Retail						
Delivered (a)(b)	9,735	9,685	0.5%	28,076	28,391	(1.1%)
Supplied (b)	10,275	10,223	0.5%	29,700	29,938	(0.8%)
International delivered						
United Kingdom	6,345	6,507	(2.5%)	21,774	21,666	0.5%
Latin America	1,116	1,038	7.5%	3,424	3,196	7.1%
Domestic Wholesale						
East	5,143	6,282	(18.1%)	15,010	15,862	(5.4%)
West						
NorthWestern Energy	850	836	1.7%	2,518	2,491	1.1%
Other Montana	2,028	2,041	(0.6%)	7,151	5,909	21.0%
PPL EnergyPlus	223	480	(53.5%)	529	936	(43.5%)

- (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.