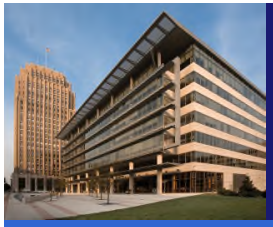
2nd Quarter Earnings Call
August 5, 2011

PPL Corporation



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.

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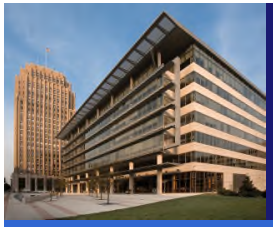

Agenda

Second Quarter 2011 Earnings and Outlook	J. H. Miller
Segment Results and Financial Overview	P. A. Farr
Operational Review	W. H. Spence
Q&A	

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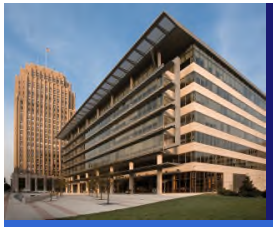
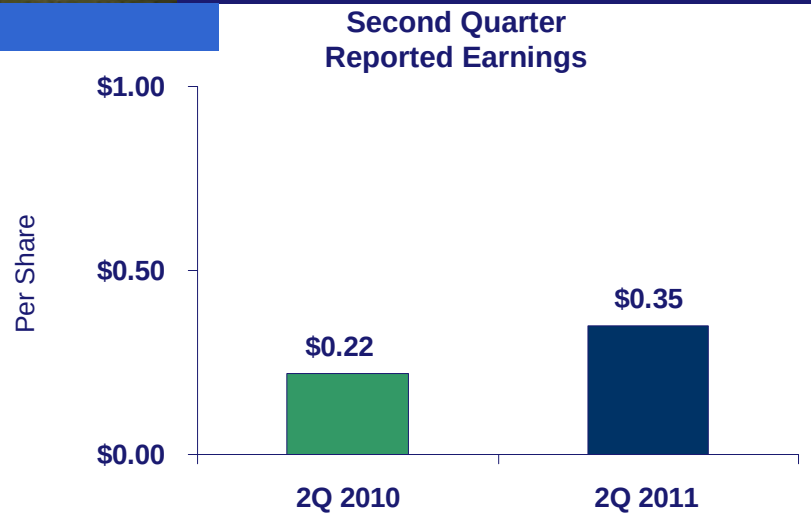
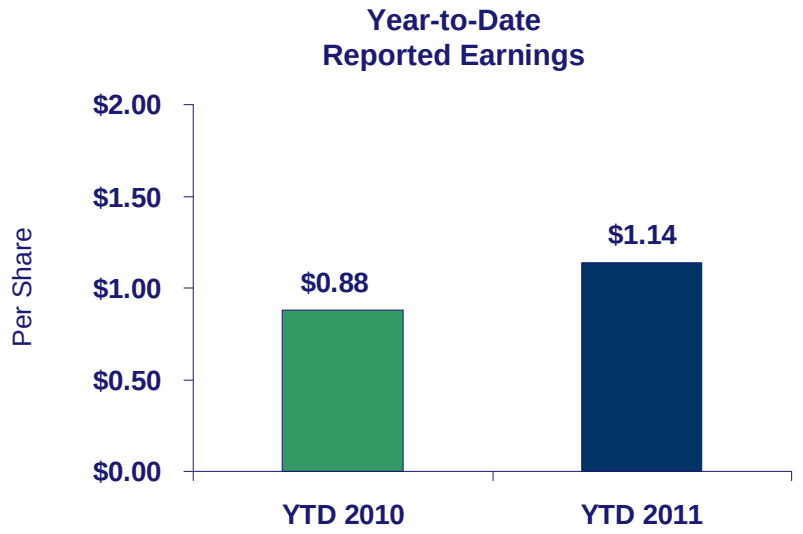
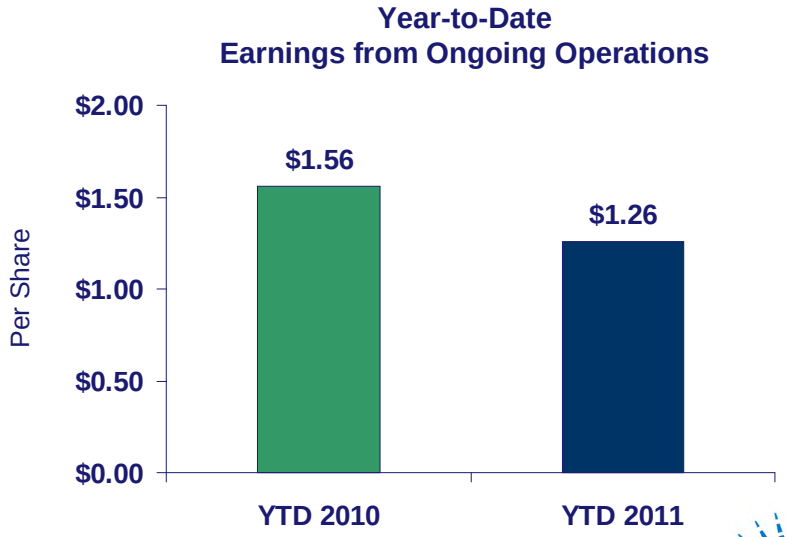


Earnings Results







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

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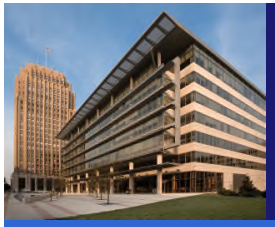
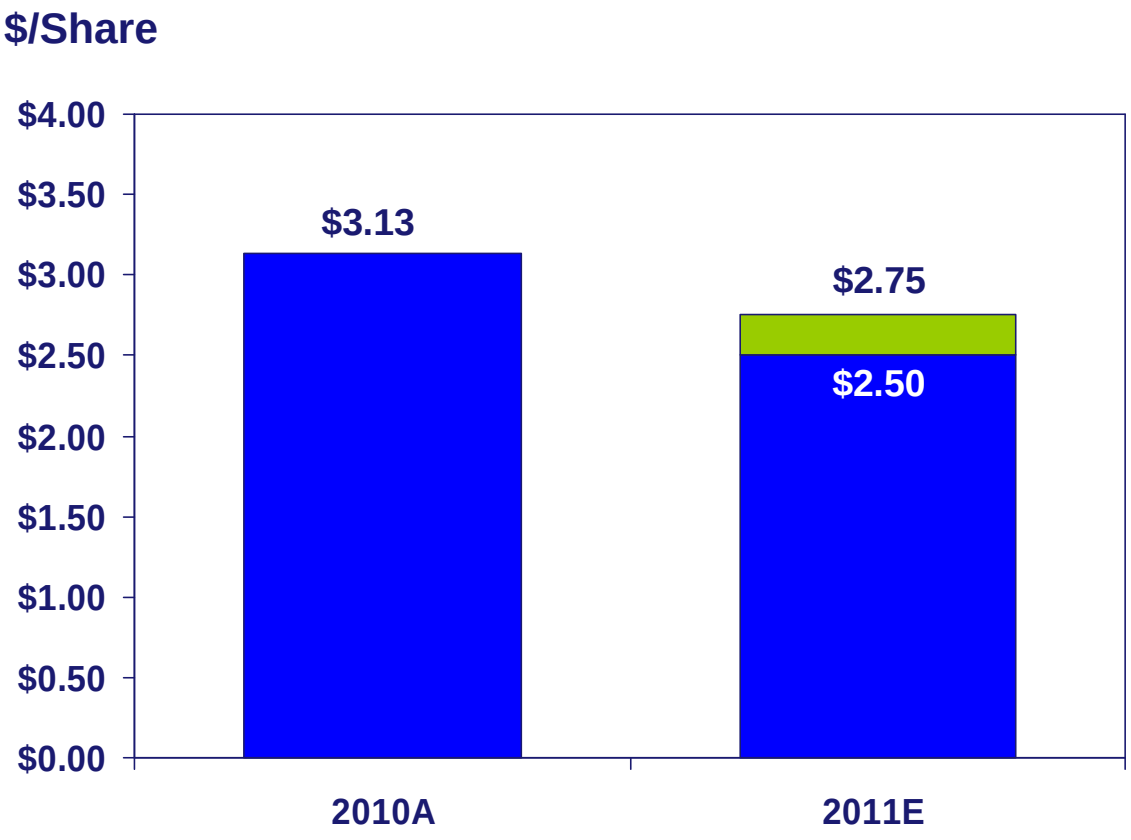
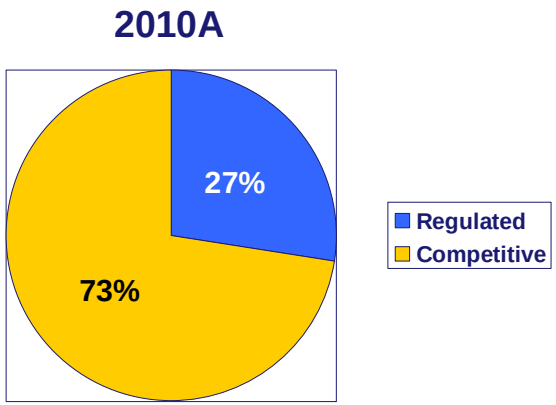
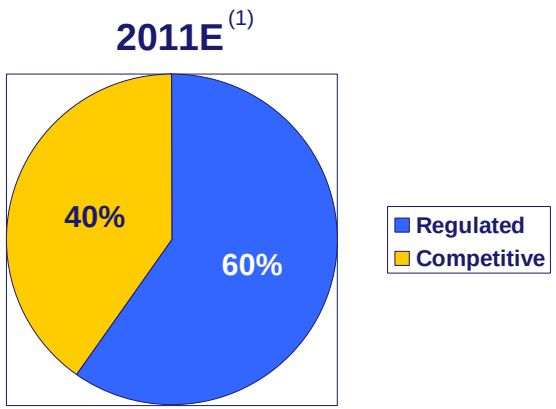


2011 Earnings from Ongoing Operations Forecast







(1) Based on mid-point of forecasted earnings range.

Note: See appendix for reconciliation of earnings from ongoing operations to reported earnings.

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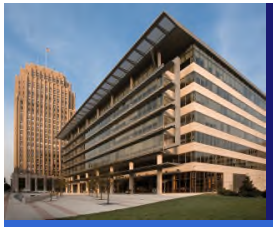

Ongoing Earnings Overview

	Q2 2011	Q2 2010	Change
Kentucky Regulated	$0.06	$ -	$0.06
International Regulated	0.21	0.15	0.06
Pennsylvania Regulated	0.06	0.04	0.02
Supply	0.12	0.43	(0.31)
Total	$0.45	$0.62	($0.17)

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

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International Regulated Segment Earnings Drivers

	2nd Quarter	
2010 EPS – Ongoing Earnings		$0.15
Delivery Revenue	0.03	
Financing	(0.01)	
Income Taxes & Other	(0.02)	
Midlands	0.16	
Dilution	(0.10)	
Total		0.06
2011 EPS – Ongoing Earnings		$0.21

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

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Pennsylvania Regulated Segment Earnings Drivers

		2nd Quarter
2010 EPS – Ongoing Earnings		$0.04
Electric Delivery Margins	0.03	
O&M	0.01	
Income taxes & other	0.01	
Dilution	(0.03)	
Total		0.02
2011 EPS – Ongoing Earnings		$0.06

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

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Supply Segment Earnings Drivers

	2nd Quarter	
2010 EPS – Ongoing Earnings		$0.43
Margins – East	(0.20)	
O&M	(0.06)	
Discontinued Operations	0.01	
Dilution	(0.06)	
Total		(0.31)
2011 EPS – Ongoing Earnings		$0.12

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

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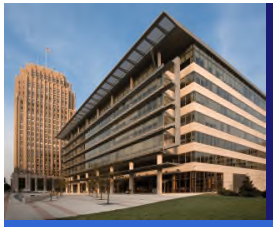
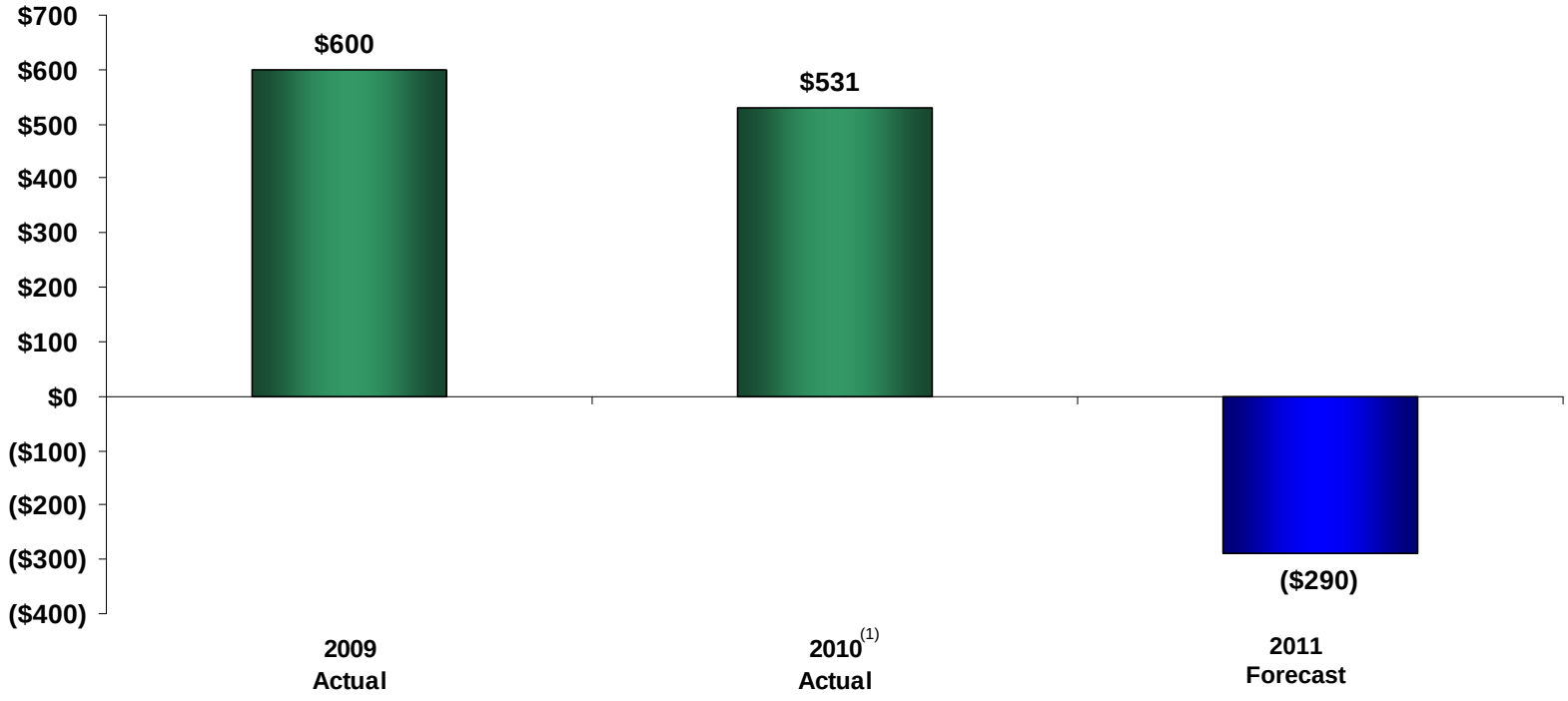


Free Cash Flow before Dividends

Millions of Dollars



(1) 2010 Free Cash Flow includes two months of the results of the Kentucky Regulated segment.

Note: See Appendix for reconciliation of free cash flow before dividends to cash from operations.

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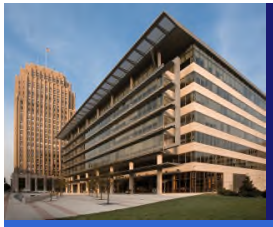
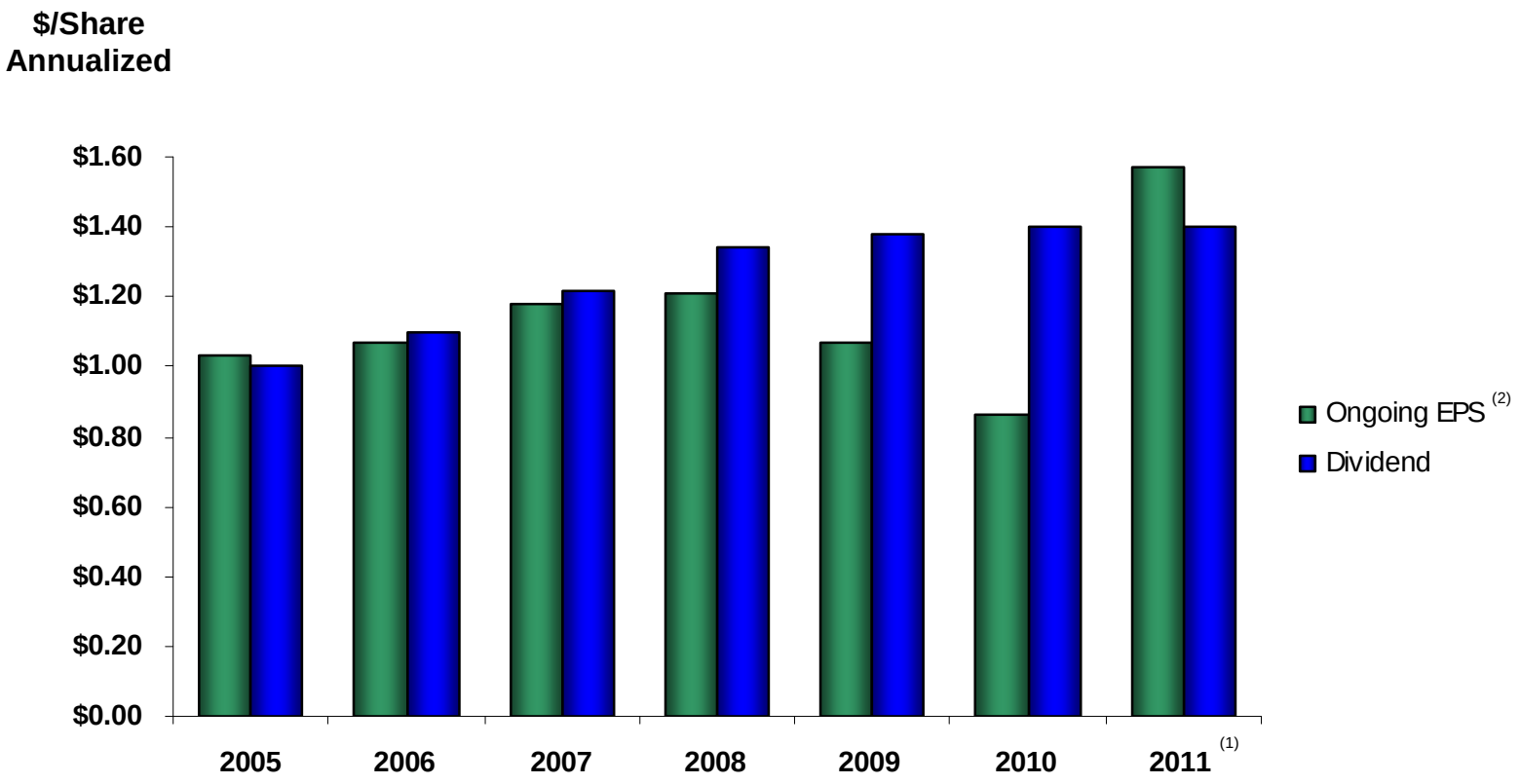


Dividend Profile

A significantly more rate-regulated business mix provides strong support for current dividend and a platform for future growth



(1) Ongoing EPS based on mid-point of forecast. Annualized dividend based on 1st quarter declaration. Actual dividends to be determined by Board of Directors.

(2) From only regulated segments.

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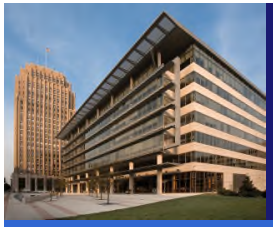

Operational Review

Kentucky Regulated Segment

- Environmental Cost Recovery (ECR) filing with Kentucky PSC
  - Filed in June 2011
  - Discovery phase in process
  - PSC order to be received by year-end 2011

Supply Segment

- Susquehanna Units 1 & 2 return to service after turbine blade replacement
- Generation fleet well-positioned post final EPA regulations

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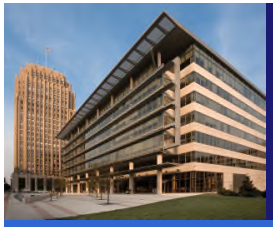

Operational Review (continued)

International Regulated Segment

- Synergy plan for Midlands integration on track
- Organizational structure and Reorganization plan have been determined
- Transition from a functional structure to a regional structure under way and will result in:
  - Smaller support structure
  - Elimination of duplicate work
  - Implementation of more efficient procedures

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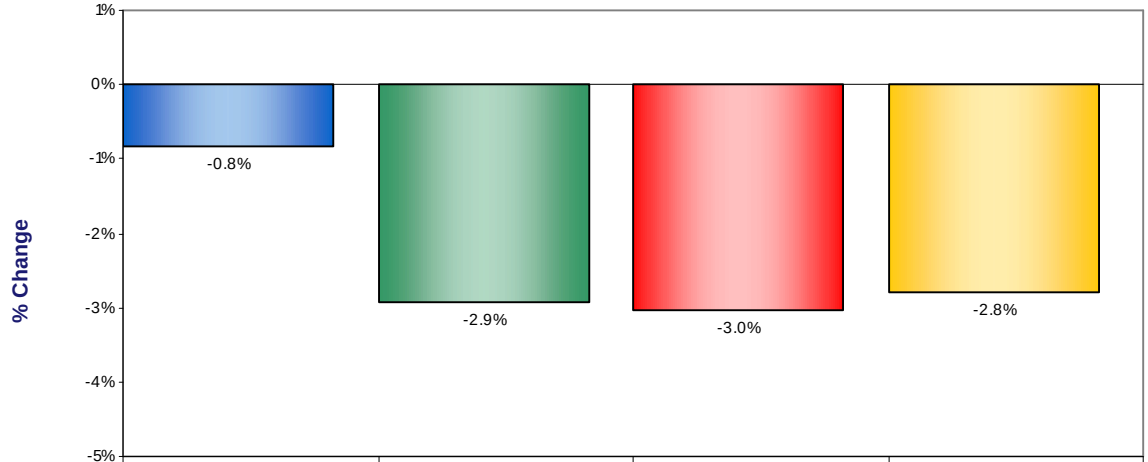
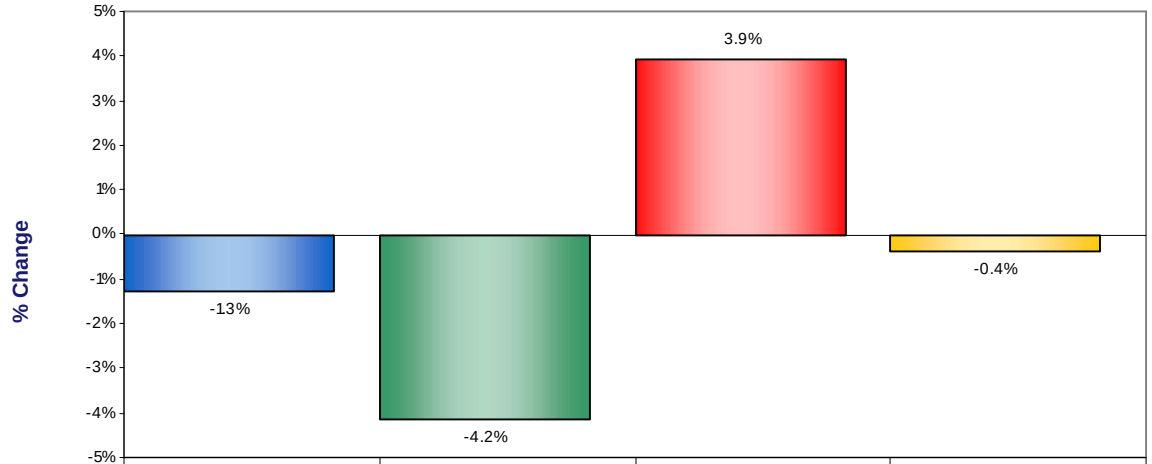
Kentucky Regulated Volume Variances

3-months Ended 06/30/2011 vs. 06/30/2010



	Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	-0.8%	-2.9%	-3.0%	-2.8%
Actual	-6.3%	-7.0%	-3.8%	-6.0%

12-months Ended 06/30/2011 vs. 06/30/2010



	Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	-1.3%	-4.2%	3.9%	-0.4%
Actual	1.5%	-1.0%	3.9%	1.4%

Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other", which is not depicted on the charts above.

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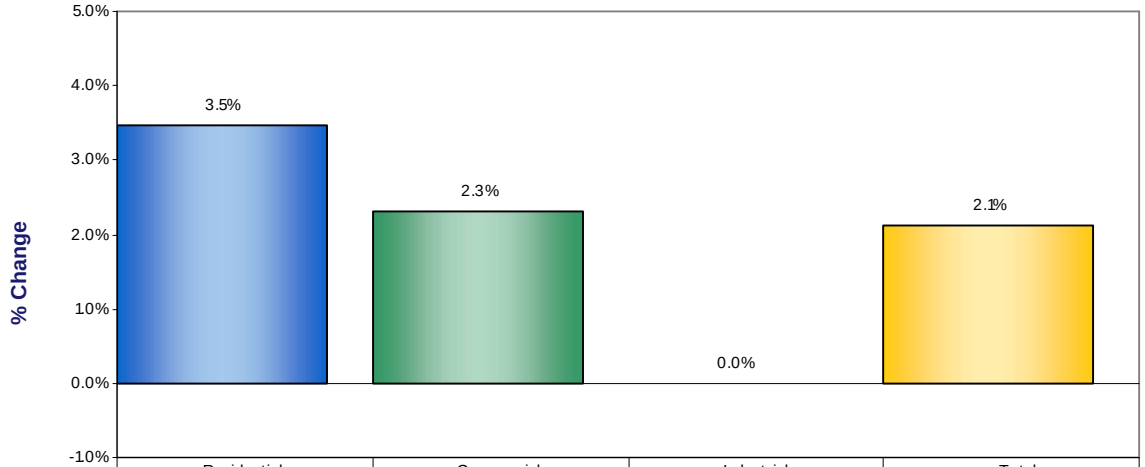
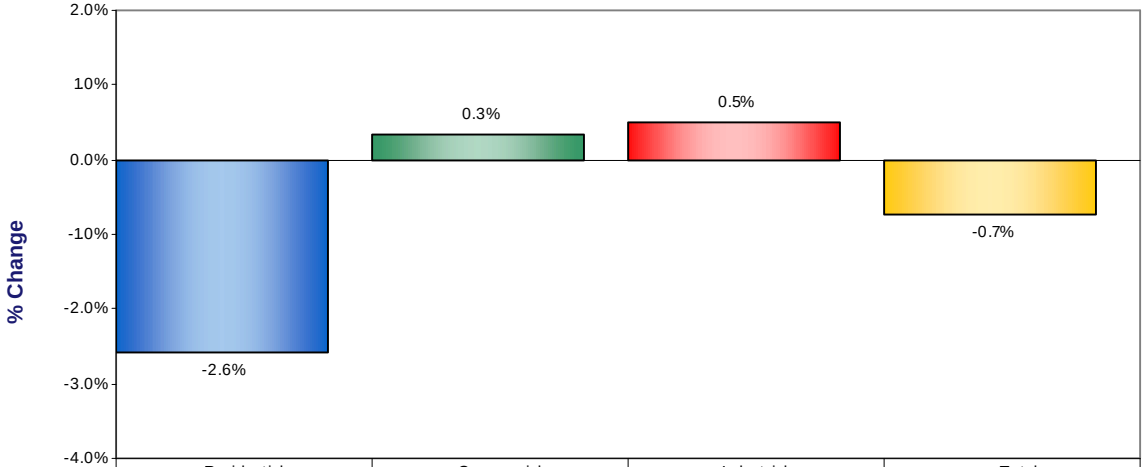
PA Regulated Volume Variances

3-months Ended 6/30/2011 vs. 06/30/2010



	Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	3.5%	2.3%	0.0%	2.1%
Actual	7.5%	3.6%	0.0%	4.0%

12-months Ended 6/30/2011 vs. 06/30/2010



	Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	-2.6%	0.3%	0.5%	-0.7%
Actual	4.3%	2.8%	0.5%	2.9%

Note: Total includes Residential, Commercial and Industrial customer classes as well as “Other”, which is not depicted on the charts above.

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Enhancing Value Through Active Hedging

	2011[4]	2012	2013
Baseload			
Expected Generation[1] (Million MWhs)	**47.9**	**54.7**	**54.4**
East	40.1	46.2	46.0
West	7.8	8.5	8.4
Current Hedges (%)	**98%**	**97%**	**69%**
East	99%	98%	69%
West	97%	95%	72%
Average Hedged Price (Energy Only) ($/MWh)[2] [3]			
East	$57	$54-55	$53-56
West	$54	$53-54	$50-51
Current Coal Hedges (%)	**100%**	**96%**	**88%**
East	100%	95%	91%
West	100%	100%	79%
Average Hedged Consumed Coal Price (Delivered $/Ton)			
East	$73-74	$76-80	[5]
West	$23-27	$23-29	$23-30
Intermediate/Peaking			
Expected Generation[1] (Million MWhs)	7.6	6.2	6.3
Current Hedges (%)	87%	32%	19%

Capacity revenues are expected to be $430 million, $385 million and $590 million for 2011, 2012 and 2013, respectively.

As of June 30, 2011
(1) Represents expected sales based on current business plan assumptions.
(2) The 2011 average hedge energy prices are based on the fixed price swaps as of June 30, 2011; the prior collars have all been converted to fixed swaps.
(3) The 2012 and 2013 ranges of average energy prices for existing hedges were estimated by determining the impact on the existing collars resulting from 2012 and 2013 power prices at the 5th and 95th percentile confidence levels.
(4) Includes six months of actual results.
(5) Transportation contract in negotiation.

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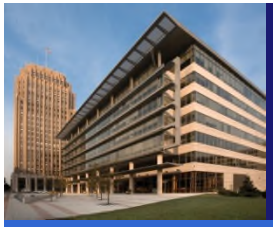
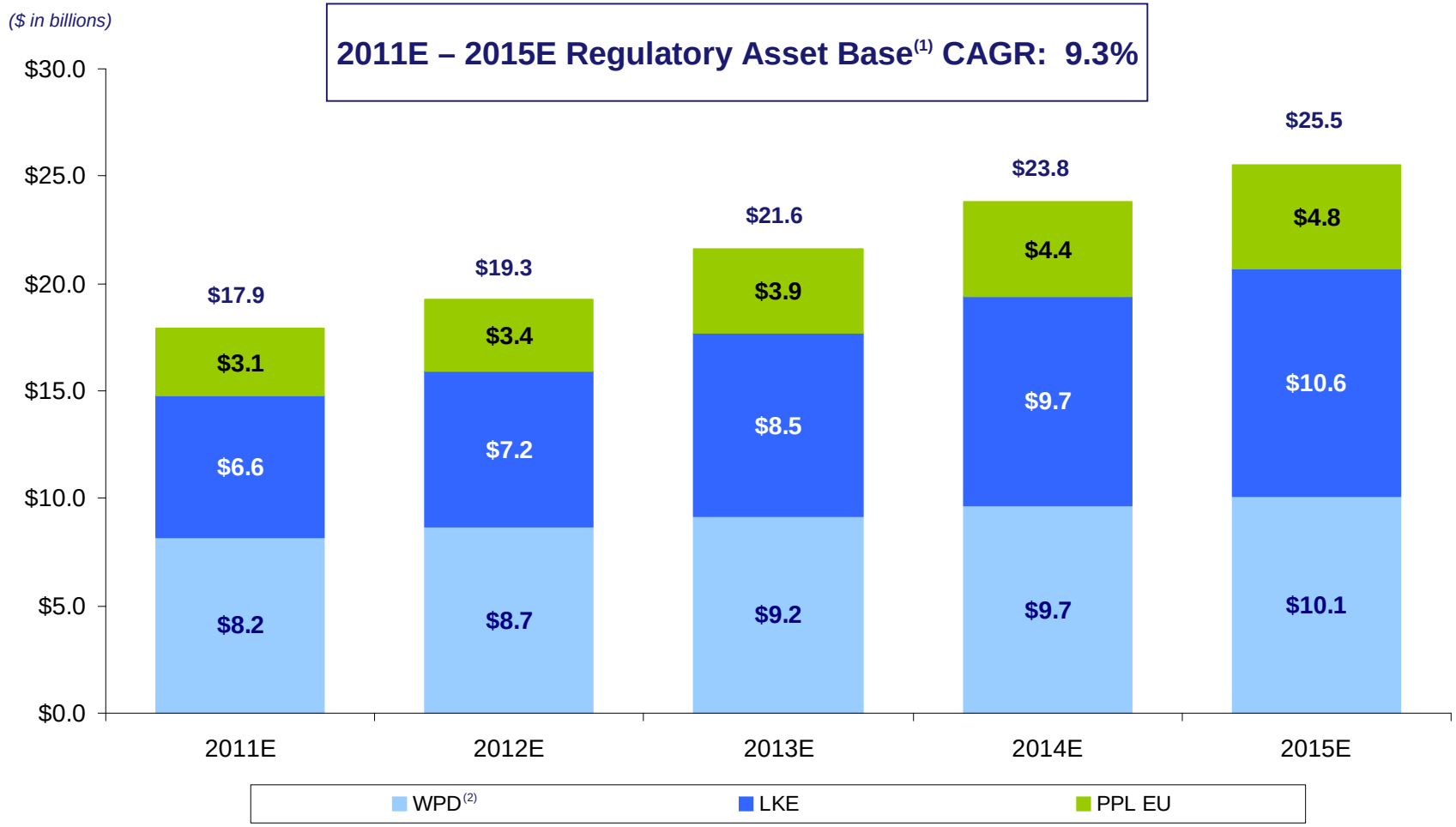
Appendix



Regulated Rate Base Growth



(1) *Represents capitalization for LKE, as LG&E and KU rate constructs are based on capitalization. Represents Regulatory Asset Value (RAV) for WPD.*
(2) *Includes RAV for WPD Midlands. Figures based on assumed exchange rate of $1.60 / GBP and are as of year-end December 31.*

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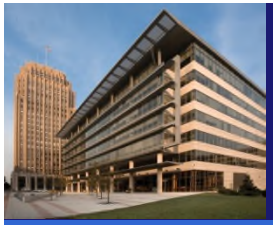
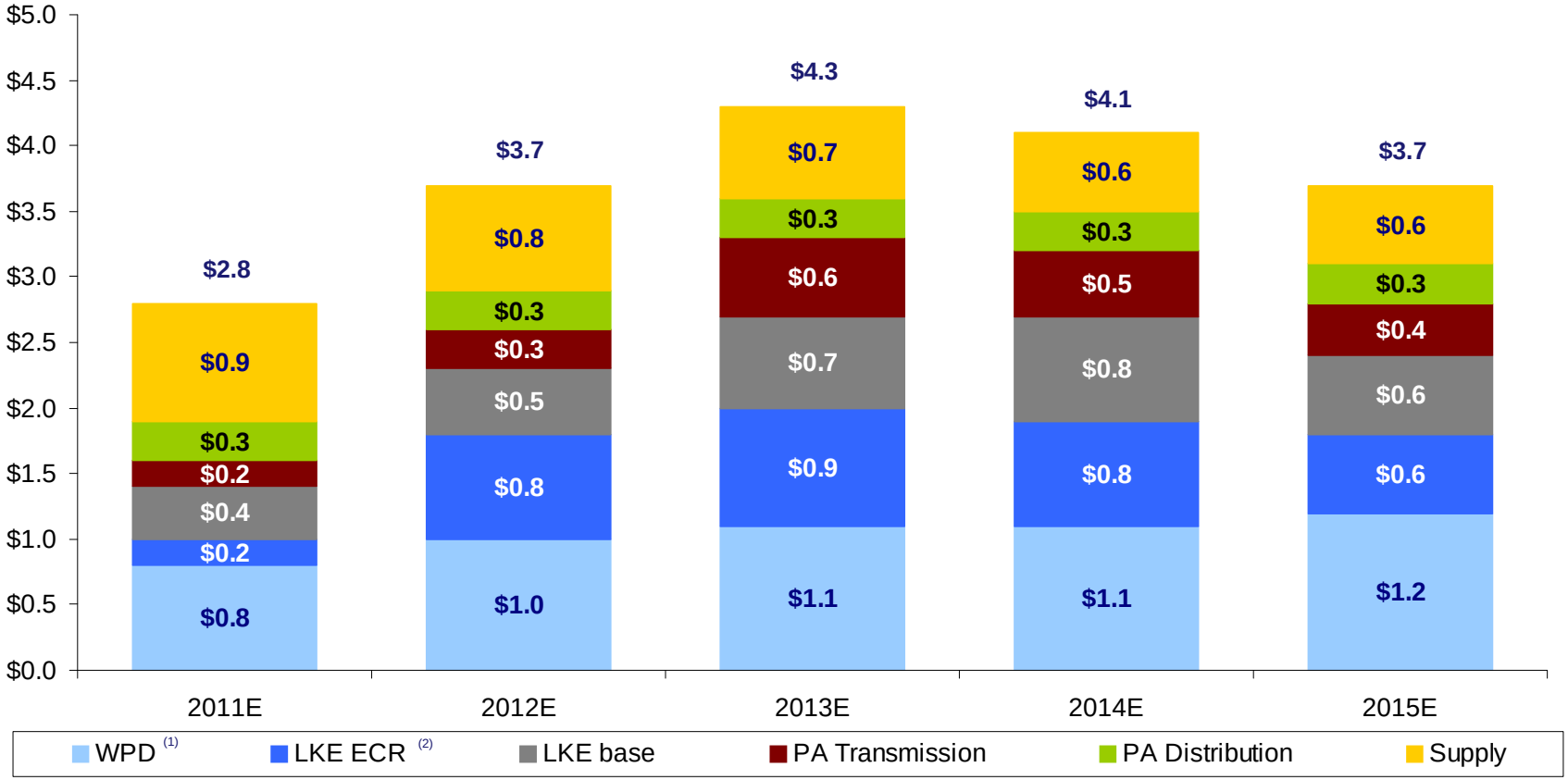


Capital Expenditures

($ in billions)



(1) Includes capex for WPD Midlands. Figures based on assumed exchange rate of $1.60 / GBP.
(2) Expect approximately 85% to receive timely returns via ECR mechanism based on historical experience.

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Market Prices

	Balance of 2011	2012	2013
ELECTRIC			
PJM			
On-Peak	$54	$54	$55
Off-Peak	$38	$39	$41
ATC[1]	$46	$46	$48
Mid-Columbia			
On-Peak	$38	$39	$44
Off-Peak	$26	$28	$31
ATC[1]	$31	$34	$38
GAS[2]			
NYMEX	$4.47	$4.84	$5.16
TZ6NNY	$4.98	$5.57	$5.88
PJM MARKET			
HEAT RATE[3]	10.9	9.6	9.4
CAPACITY PRICES *(Per MWD)*	$136.79	$123.63	$187.49
EQA	91.0%	89.8%	91.3%

(1) 24-hour average.

(2) NYMEX and TZ6NNY forward gas prices on 6/30/2011.

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

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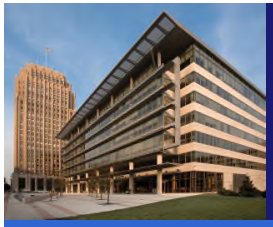

Debt Maturities

(Millions)

	2011	2012	2013	2014	2015
PPL Capital Funding	$0	$0	$0 (1)	$0 (3)	$0
LG&E and KU Energy (Holding Co LKE)	2	0	0	0	400
Louisville Gas & Electric	0	0	0	0	250
Kentucky Utilities	0	0	0	0	250
PPL Electric Utilities	0	0	400 (2)	10 (4)	100
PPL Energy Supply	500	0	737	300	300 (5)
WPD	0	0	0	0	0
Total	$502	$0	$1,137	$310	$1,300

Note: As of June 30, 2011

(1) Excludes $1.15 billion of junior subordinated notes due 2018 that are a component of PPL's 2010 Equity Units and may be put back to PPL Capital Funding if the remarketing in 2013 is not successful.

(2) Bonds were redeemed at make-whole redemption price in July 2011.

(3) Excludes $978 million of junior subordinated notes due 2019 that are a component of PPL's 2011 Equity Units and may be put back to PPL Capital Funding if the remarketing in 2014 is not successful.

(4) Bonds defeased in substance in 2008 by depositing sufficient funds with the trustee.

(5) Represents REset Put Securities due 2035 that are required to be put by the holders in October 2015 either for (a) purchase and remarketing by a remarketing dealer or (b) repurchase by PPL Energy Supply.

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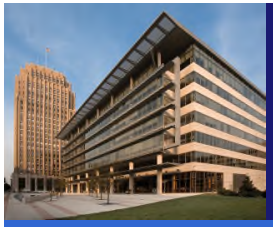

Liquidity Profile

Institution	Facility	Expiration Date	Total Facility (Millions)	Letters of Credit Outstanding (Millions)	Drawn (Millions)	Availability (Millions)
PPL Energy Supply	Syndicated Credit Facility	Dec-2014	$3,000	$122	$250	$2,628
	Letter of Credit Facility	Mar-2013	200	55	0	145
			$3,200	$177	$250	$2,773
PPL Electric Utilities	Syndicated Credit Facility	Dec-2014	$200	$13	$0	$187
	Asset-backed Credit Facility	Jul-2011	150	0	0	150
			$350	$13	$0	$337
Louisville Gas & Electric	Syndicated Credit Facility	Dec-2014	$400	$0	$0	$400
Kentucky Utilities	Syndicated Credit Facility	Dec-2014	$400	$0	$0	$400
	Letter of Credit Facility	Apr-2014	198	198	0	0
			$598	$198	$0	$400
WPD	PPL WW Syndicated Credit Facility	Jan-2013	£150	£0	£113	£37
	WPD (South West) Syndicated Credit Facility	Jul-2012	210	0	0	210
	WPD (East Midlands) Syndicated Credit Facility	Apr-2016	300	70	0	230
	WPD (West Midlands) Syndicated Credit Facility	Apr-2016	300	71	0	229
	Uncommitted Credit Facilities		113	3	0	110
			£1,073	£144	£113	£816

Note: As of June 30, 2011

- Credit facilities consist of a diverse bank group, with no bank and its affiliates providing an aggregate commitment of more than 9% of the total committed capacity for the domestic facilities and 17% of the total committed capacity for WPD's facilities.
- In July 2011, PPL Electric Utilities extended the expiration date of its Asset-backed Credit Facility to July 2012.

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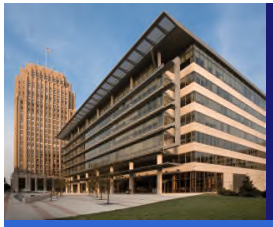

Reconciliation of Second Quarter Earnings from Ongoing Operations to Reported Earnings

(Millions of Dollars, After-Tax)

Quarter Ending June 30, 2011	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	$ 31	$ 118	$ 36	$ 68		$ 253
Special Items:						
Energy-related economic activity				(3)		(3)
Foreign currency-related economic hedges		1				1
Sales of assets:						
Non-core generation facilities				(2)		(2)
WPD Midlands acquisition-related costs:						
2011 Bridge Facility costs		(25)				(25)
Foreign currency loss on 2011 Bridge Facility		(39)				(39)
Net hedge gains		43				43
Hedge ineffectiveness		(9)				(9)
U.K. stamp duty tax		(21)				(21)
Other acquisition-related costs		(30)				(30)
Other:						
Montana hydroelectric litigation				(1)		(1)
Litigation settlement - spent nuclear fuel storage				29		29
Total Special Items		(80)		23		(57)
Reported Earnings*	$ 31	$ 38	$ 36	$ 91		$ 196

Quarter Ending June 30, 2010	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	$ 59	$ 16	$ 164		$ 239
Special Items:					
Energy-related economic activity			(54)		(54)
Foreign currency-related economic hedges	(1)				(1)
Sales of assets:					
Sundance indemnification			1		1
Impairments:					
Emission allowances			(5)		(5)
LKE acquisition-related costs:					
Monetization of certain full-requirement sales contracts			(75)		(75)
2010 Bridge Facility costs				$ (13)	(13)
Other acquisition-related costs				(6)	(6)
Other:					
Montana hydroelectric litigation			(1)		(1)
Total Special Items	(1)		(134)	(19)	(154)
Reported Earnings*	$ 58	$ 16	$ 30	$ (19)	$ 85

* Represents net income attributable to PPL Corporation

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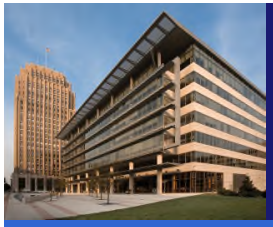

Reconciliation of Second Quarter Earnings from Ongoing Operations to Reported Earnings

(Per Share)

Quarter Ending June 30, 2011	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	$ 0.06	$ 0.21	$ 0.06	$ 0.12		$ 0.45
Special Items:						
Energy-related economic activity				(0.01)		(0.01)
WPD Midlands acquisition-related costs:						
2011 Bridge Facility costs		(0.04)				(0.04)
Foreign currency loss on 2011 Bridge Facility		(0.07)				(0.07)
Net hedge gains		0.08				0.08
Hedge ineffectiveness		(0.02)				(0.02)
U.K. stamp duty tax		(0.04)				(0.04)
Other acquisition-related costs		(0.05)				(0.05)
Other:						
Litigation settlement - spent nuclear fuel storage				0.05		0.05
Total Special Items		(0.14)		0.04		(0.10)
Reported Earnings	$ 0.06	$ 0.07	$ 0.06	$ 0.16		$ 0.35

Quarter Ending June 30, 2010	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	$ 0.15	$ 0.04	$ 0.43		$ 0.62
Special Items:					
Energy-related economic activity			(0.14)		(0.14)
Impairments:					
Emission allowances			(0.01)		(0.01)
LKE acquisition-related costs:					
Monetization of certain full-requirement sales contracts			(0.20)		(0.20)
2010 Bridge Facility costs				$ (0.03)	(0.03)
Other acquisition-related costs				(0.02)	(0.02)
Total Special Items			(0.35)	(0.05)	(0.40)
Reported Earnings	$ 0.15	$ 0.04	$ 0.08	$ (0.05)	$ 0.22

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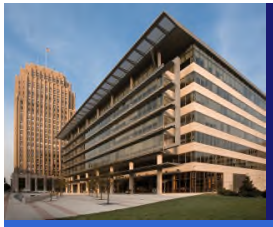

Reconciliation of Year-to-Date Earnings from Ongoing Operations to Reported Earnings

(Millions of Dollars, After-Tax)

Year-to-Date June 30, 2011	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	$ 106	$ 193	$ 88	$ 273		$ 660
Special Items:						
Energy-related economic activity				14		14
Sales of assets						
Non-core generation facilities				(3)		(3)
Impairments						
Emission allowances				(1)		(1)
Renewable energy credits				(2)		(2)
Adjustments - nuclear decommissioning trust investments				1		1
WPD Midlands acquisition-related costs:						
2011 Bridge Facility costs		(30)				(30)
Foreign currency loss on 2011 Bridge Facility		(39)				(39)
Net hedge gains		39				39
Hedge ineffectiveness		(9)				(9)
U.K. stamp duty tax		(21)				(21)
Other acquisition-related costs		(40)				(40)
Other:						
Montana hydroelectric litigation				(1)		(1)
Litigation settlement - spent nuclear fuel storage				29		29
Total Special Items		(100)		37		(63)
Reported Earnings*	$ 106	$ 93	$ 88	$ 310		$ 597

Year-to-Date June 30, 2010	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	$ 135	$ 53	$ 408		$ 596
Special Items:					
Energy-related economic activity			(119)		(119)
Foreign currency-related economic hedges	(1)				(1)
Sales of assets:					
Sundance indemnification			1		1
Impairments					
Emission allowance			(7)		(7)
LKE acquisition-related costs:					
Monetization of certain full-requirement sales contracts			(75)		(75)
2010 Bridge Facility costs				$ (13)	(13)
Other acquisition-related costs				(6)	(6)
Other:					
Montana hydroelectric litigation			(33)		(33)
Health care reform - tax impact			(8)		(8)
Total Special Items	(1)		(241)	(19)	(261)
Reported Earnings*	$ 134	$ 53	$ 167	$ (19)	$ 335

* Represents net income attributable to PPL Corporation

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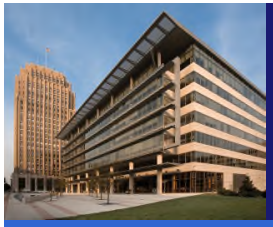

Reconciliation of Year-to-Date Earnings from Ongoing Operations to Reported Earnings

(Per Share)

Year-to-Date June 30, 2011	Kentucky Regulated	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	$ 0.20	$ 0.37	$ 0.17	$ 0.52		$ 1.26
Special Items:						
Energy-related economic activity				0.01		0.01
WPD Midlands acquisition-related costs:						
2011 Bridge Facility costs		(0.06)				(0.06)
Foreign currency loss on 2011 Bridge Facility		(0.07)				(0.07)
Net hedge gains		0.08				0.08
Hedge ineffectiveness		(0.02)				(0.02)
U.K. stamp duty tax		(0.04)				(0.04)
Other acquisition-related costs		(0.08)				(0.08)
Other:						
Litigation settlement - spent nuclear fuel storage				0.06		0.06
Total Special Items		(0.19)		0.07		(0.12)
Reported Earnings	$ 0.20	$ 0.18	$ 0.17	$ 0.59		$ 1.14

Year-to-Date June 30, 2010	International Regulated	Pennsylvania Regulated	Supply	Unallocated Costs	Total
Earnings from Ongoing Operations	$ 0.35	$ 0.14	$ 1.07		$ 1.56
Special Items:					
Energy-related economic activity			(0.30)		(0.30)
Impairments:					
Emission allowances			(0.02)		(0.02)
LKE acquisition-related costs:					
Monetization of certain full-requirement sales contracts			(0.20)		(0.20)
2010 Bridge Facility costs				$ (0.03)	(0.03)
Other acquisition-related costs				(0.02)	(0.02)
Other:					
Montana hydroelectric litigation			(0.09)		(0.09)
Health care reform - tax impact			(0.02)		(0.02)
Total Special Items			(0.63)	(0.05)	(0.68)
Reported Earnings	$ 0.35	$ 0.14	$ 0.44	$ (0.05)	$ 0.88

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

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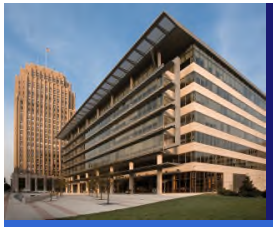

Reconciliation of PPL's Earnings from Ongoing Operations to Reported Earnings

(Per Share)

	Forecast		Actual	
	High 2011	Low 2011	2010	2009
Earnings from Ongoing Operations	$ 2.75	$ 2.50	$ 3.13	$ 1.95
Special Items:				
Energy-related economic activity	0.01	0.01	(0.27)	(0.59)
Sales of assets:				
Maine hydroelectric generation business			0.03	0.06
Long Island generation business				(0.09)
Latin American businesses				(0.07)
Interest in Wyman Unit 4				(0.01)
Impairments:				
Emission allowances			(0.02)	(0.05)
Other asset impairments				(0.01)
WPD Midlands acquisition-related costs:				
2011 Bridge Facility costs	(0.06)	(0.06)		
Foreign currency loss on 2011 Bridge Facility	(0.07)	(0.07)		
Net hedge gains	0.08	0.08		
Hedge ineffectiveness	(0.02)	(0.02)		
U.K. stamp duty tax	(0.04)	(0.04)		
Other acquisition-related costs	(0.08)	(0.08)		
LKE acquisition-related costs:				
Monetization of certain full-requirement sales contracts			(0.29)	
Anticipated sale of certain non-core generation facilities			(0.14)	
2010 Bridge Facility costs			(0.12)	
Discontinued cash flow hedges and ineffectiveness			(0.06)	
Reduction of credit facility			(0.01)	
Other acquisition-related costs			(0.05)	
Workforce reductions				(0.03)
Other:				
Montana hydroelectric litigation			(0.08)	(0.01)
Health care reform - tax impact			(0.02)	
Change in U.K. tax rate			0.04	
U.S. Tax Court ruling (U.K. Windfall Profits Tax)			0.03	
Litigation settlement - spent nuclear fuel storage	0.06	0.06		
Change in tax accounting method related to repairs				(0.07)
Total Special Items	(0.12)	(0.12)	(0.96)	(0.87)
Reported Earnings	$ 2.63	$ 2.38	$ 2.17	$ 1.08

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

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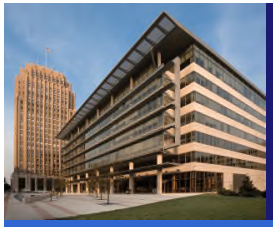

Gross Margins Summary

(Millions of Dollars)	Three Months Ended June 30,			
	2011	2010	Change	Per Share Diluted (after-tax) (a)
KY Gross Margins	$ 360		$ 360	$ 0.55
PA Gross Delivery Margins by Component				
Distribution	$ 173	$ 157	$ 16	$ 0.03
Transmission	45	42	3	-
Total	$ 218	$ 199	$ 19	$ 0.03
Unregulated Gross Energy Margins by Region				
Non-trading				
Eastern U.S.	$ 395	$ 528	$ (133)	$ (0.20)
Western U.S.	88	88	-	-
Net energy trading	10	5	5	-
Total	$ 493	$ 621	$ (128)	$ (0.20)

(a) Excludes dilution which is primarily associated with the June 2010 and April 2011 issuances of common stock.

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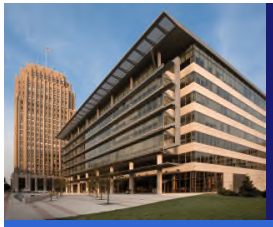

Reconciliation of Second Quarter Operating Income to Margins

(Millions of Dollars)	Three Months Ended June 30, 2011					Three Months Ended June 30, 2010				
	Kentucky Gross Margins	PA Gross Delivery Margins	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)	Kentucky Gross Margins	PA Gross Delivery Margins	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)
Operating Revenues										
Utility	$ 639	$ 436		$ 409 (c)	$ 1,484		$ 520		$ 172 (c)	$ 692
PLR intersegment Utility revenue (expense) (d)		(4)	$ 4				(64)	$ 64		
Unregulated retail electric and gas			180	1 (e)	181			103	(2) (e)	101
Wholesale energy marketing										
Realized			716	16 (e)	732			1,219	12 (e)	1,231
Unrealized economic activity				(44) (e)	(44)				(666) (e)	(666)
Net energy trading margins			10		10			5		5
Energy-related businesses				126	126				110	110
Total Operating Revenues	639	432	910	508	2,489		456	1,391	(374)	1,473
Operating Expenses										
Fuel	206		250	(42) (f)	414			252	6	258
Energy purchases										
Realized	40	169	150	75 (g)	434		209	529	(1) (g)	737
Unrealized economic activity				(109) (g)	(109)				(445) (g)	(445)
Other operation and maintenance	21	29	9	664	723		23	6	390	419
Depreciation	12			225	237				125	125
Taxes, other than income		20	7	48	75		27	4	22	53
Energy-related businesses				120	120				100	100
Intercompany eliminations		(4)	1	3			(2)		2	
Total Operating Expenses	279	214	417	984	1,894		257	791	199	1,247
Discontinued operations								21	(21) (h)	
Total	$ 360	$ 218	$ 493	$ (476)	$ 595		$ 199	$ 621	$ (594)	$ 226

Note: see next slide for footnotes

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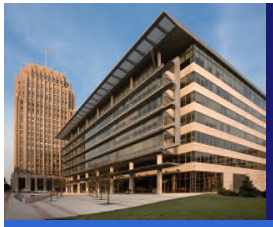

Margins footnotes

a) Represents amounts that are excluded from Margins.

b) As reported on the Statement of Income.

c) Represents WPD's utility revenue.

d) Primarily related to PLR supply sold by PPL EnergyPlus to PPL Electric.

e) Represents revenue associated with energy-related economic activity. This activity is described in the "Commodity Price Risk (Non-trading) - Economic Activity" section of Note 14 to the Financial Statements in the Form 10-Q for the Quarter Ended June 30, 2011. The three months ended June 30, 2011 includes a pre-tax gain of $6 million related to the amortization of option premiums and a pre-tax realized gain of $10 million related to the monetization of certain full-requirement sales contracts. In addition, the three months ended June 30, 2010 includes a pre-tax gain of $12 million related to the amortization of option premiums.

f) Primarily relates to the $50 million spent nuclear fuel litigation settlement and economic activity related to fuel.

g) Represents expenses associated with energy-related economic activity. This activity is described in the "Commodity Price Risk (Non-trading) - Economic Activity" section of Note 14 to the Financial Statements in the Form 10-Q for the Quarter Ended June 30, 2011. The three months ended June 30, 2011 includes a pre-tax loss of $76 million related to the monetization of certain full-requirement sales contracts. In addition, the three months ended June 30, 2010 includes a pre-tax loss of $1 million related to the amortization of option premiums.

h) Represents the net of certain revenues and expenses associated with certain businesses that are classified as discontinued operations. These revenues and expenses are not reflected in "Operating Income" on the Statements of Income.

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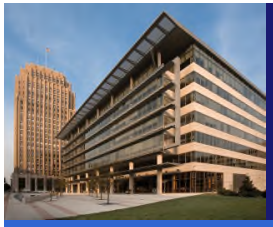

PPL Corporation Reconciliation of Cash from Operations to Free Cash Flow before Dividends

(Millions of Dollars)

	2009	2010	2011
Cash from Operations	$1,852	$2,034	$2,020
Increase (Decrease) in cash due to:			
Capital Expenditures	(1,265)	(1,644)	(2,805)
Sale of Assets	84	161	384
Other Investing Activities – Net	(71)	(20)	111
Free Cash Flow before Dividends	$ 600	$ 531	$ (290)

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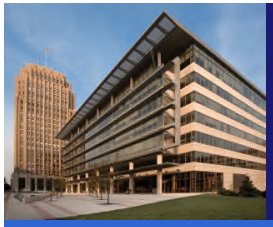

Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, cash flows, financing, regulation and corporate strategy 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 are subject to 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; the length of scheduled and unscheduled outages at our generating plants; 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 or business acquisitions and dispositions, and PPL Corporation's ability to realize the expected benefits from acquired businesses, including the 2010 acquisition of Louisville Gas and Electric Company and Kentucky Utilities Company and the 2011 acquisition of the Central Networks electricity distribution businesses in the U.K.; any impact of hurricanes or other severe weather on our business, including any impact on fuel prices; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; 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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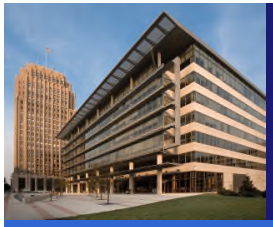

Definitions of Non-GAAP Financial Measures

"Earnings from ongoing operations" should not be considered as an alternative to reported earnings, or net income attributable to PPL, 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 financial measure, is also useful and meaningful to investors because it provides management's view of PPL's fundamental earnings performance as another criterion in making 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.

"Earnings from ongoing operations" is adjusted for the impact of special items. Special items include:

- *Energy-related economic activity (as discussed below).*
- *Foreign currency-related economic hedges.*
- *Gains and losses on sales of assets not in the ordinary course of business.*
- *Impairment charges (including impairments of securities in the company's nuclear decommissioning trust funds).*
- *Workforce reduction and other restructuring impacts.*
- *Acquisition-related costs and charges.*
- *Other charges or credits that are, in management's view, not reflective of the company's ongoing operations.*

Energy-related economic activity includes the changes in fair value of positions used economically to hedge a portion of the economic value of PPL's generation assets, full-requirement sales contracts 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., fuel and power) prior to the delivery period that was hedged. Also included in energy-related economic activity is the ineffective portion of qualifying cash flow hedges, the monetization of certain full-requirement sales contracts and premium amortization associated with options. This economic activity is deferred, with the exception of the full-requirement sales contracts that were monetized, and included in earnings from ongoing operations over the delivery period of the item that was hedged or upon realization. Management believes that adjusting for such amounts provides a better matching of earnings from ongoing operations to the actual amounts settled for PPL's underlying hedged assets. Please refer to the Notes to the Consolidated Financial Statements and MD&A in PPL Corporation's periodic filings with the Securities and Exchange Commission for additional information on energy-related economic activity.

"Free cash flow before dividends" is derived by deducting capital expenditures and other investing activities-net, 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, as 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.

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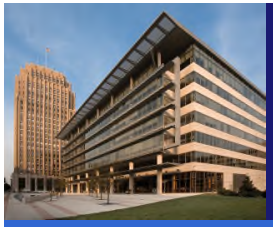

Definitions of Non-GAAP Financial Measures

"Kentucky Gross Margins" is a single financial performance measure of the Kentucky Regulated segment's electricity generation, transmission and distribution operations as well as its distribution and sale of natural gas. In calculating this measure, utility revenues and expenses associated with approved cost recovery tracking mechanisms are offset. Certain costs associated with these mechanisms, primarily ECR and DSM, are recorded as "Other operation and maintenance" expense and the depreciation associated with ECR equipment is recorded as "Depreciation" expense. These mechanisms allow for recovery of certain expenses, returns on capital investments associated with environmental regulations and performance incentives. As a result, this measure represents the net revenues from the Kentucky Regulated segment's operations.

"Pennsylvania Gross Delivery Margins" is a single financial performance measure of the Pennsylvania Regulated segment's electric delivery operations, which includes transmission and distribution activities. In calculating this measure, utility revenues and expenses associated with approved recovery mechanisms, including energy provided as a PLR, are offset with minimal impact on earnings. Costs associated with these mechanisms are recorded in "Energy purchases," "Other operation and maintenance," which is primarily Act 129 costs, and in "Taxes, other than income," which is primarily gross receipts tax. This performance measure includes PLR related energy purchases by PPL Electric from PPL EnergyPlus, which are reflected in "PLR intersegment utility revenue (expense)." These mechanisms allow for recovery of certain expenses; therefore, certain expenses and revenues offset with minimal impact on earnings. As a result, this measure represents the net revenues from the Pennsylvania Regulated segment's electric delivery operations.

"Unregulated Gross Energy Margins" is a single financial performance measure of the Supply segment's competitive energy non-trading and trading activities. In calculating this measure, the Supply segment's energy revenues, which include operating revenues associated with certain Supply segment businesses that are classified as discontinued operations, are offset by the cost of fuel, energy purchases, certain other operation and maintenance expenses, primarily ancillary charges, gross receipts tax, which is recorded in "Taxes, other than income," and operating expenses associated with certain Supply segment businesses that are classified as discontinued operations. This performance measure is relevant to PPL due to the volatility in the individual revenue and expense lines on the Statements of Income that comprise "Unregulated Gross Energy Margins." This volatility stems from a number of factors, including the required netting of certain transactions with ISOs and significant swings in unrealized gains and losses. Such factors could result in gains or losses being recorded in either "Wholesale energy marketing" or "Energy purchases" on the Statements of Income. This performance measure includes PLR revenues from energy sales to PPL Electric by PPL EnergyPlus, which are reflected in "PLR intersegment utility revenue (expense)." In addition, PPL excludes from "Unregulated Gross Energy Margins" the Supply segment's energy-related economic activity, which includes the changes in fair value of positions used to economically hedge a portion of the economic value of PPL's competitive generation assets, full-requirement sales contracts 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., fuel and power) prior to the delivery period that was hedged. Also included in this energy-related economic activity is the ineffective portion of qualifying cash flow hedges, the monetization of certain full-requirement sales contracts and premium amortization associated with options. This economic activity is deferred, with the exception of the full-requirement sales contracts that were monetized, and included in unregulated gross energy margins over the delivery period that was hedged or upon realization.

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