

U. S. TREASURY DEPARTMENT
WASHINGTON 25

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

OCT 13 1955

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
WASHINGTON 25, D. C.

AND REFER TO
T:R:C
TFG

Pennsylvania Power & Light Co.
Ninth and Hamilton Streets
Allentown, Pennsylvania

Attention: F. H. Markley, Treasurer

Gentlemen:

This is in further reply to your letter dated September 6, 1955, in which you requested approval of a proposed method of allocating the tax liability of the group of which your company is the common parent.

You have proposed to allocate the consolidated tax of your affiliated group under the provisions of section 1552(a)(1) of the 1954 Code, but with the limitations provided under Securities and Exchange Commission Rule U-45(b)(6) as follows:

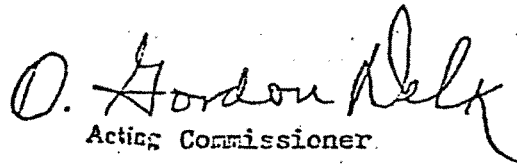
- (1) That the tax allocated to each subsidiary company shall not exceed the amount of tax of such company based upon a separate return computed as if such company had always filed its tax returns on a separate return basis; and
- (2) That any excess of liability over a separate return tax which would be allocated to a subsidiary company but for clause (1) above shall be apportioned among the other members of the group, including the holding company (or other parent company), in direct proportion to the reduction in tax liability to such members as measured by the difference between their tax liabilities computed on a separate return basis and their allocated portion of the consolidated tax liability.

Your proposed method was approved by telegram on September 13, 1955, subject to the condition that the limitation with respect to the tax allocated to your subsidiaries shall be based upon the tax of such members for the taxable year computed as if separate returns had been filed by each for such taxable year without regard to net operating losses sustained by such members in prior or subsequent taxable years.

2 - Pennsylvania Power & Light Co.

This letter and our telegram of September 13, 1955, are evidences of your authority for the adoption of such method.

Very truly yours,


Acting Commissioner

Enclosure:
Copy of this letter

PPL CORPORATION AND SUBSIDIARY COMPANIES
ALLOCATION OF 2009 FEDERAL INCOME TAX

	<u>Taxable</u> <u>Income</u>	<u>Tax</u> <u>35%</u>	<u>Less</u> <u>Credits</u>	<u>Tax</u> <u>35%</u>
PPL Electric Utilities Corporation	\$ 346,717,098	\$ 121,350,985	\$ 20,340	\$ 121,330,645
Burns Mechanical, Inc.	1,010,446	353,656		353,656
CEP Lending, Inc.	3,874,810	1,356,184		1,356,184
CEP Reserves, Inc.	18,321,315	6,412,460		6,412,460
H.T. Lyons, Inc.	6,033,170	2,111,610		2,111,610
Lady Jane Collieries, Inc.	(47,419)	(16,597)		(16,597)
McCarl's Inc.	4,637,695	1,623,193		1,623,193
McClure Company	1,865,122	652,793		652,793
Ninth Street and Hamilton Corporation	14,664	5,132		5,132
Penobscot Hydro Co., Inc.	699,613	244,865		244,865
PPL Capital Funding, Inc.	(100)	(35)		(35)
PPL Corporation	37,307,871	13,057,755		13,057,755
PPL Energy Funding Corporation	(170,745,516)	(59,760,932)	99,992,083	(159,753,015)
PPL Energy Services Northeast, Inc.	4,546,824	1,591,388		1,591,388
PPL Fuels Asset Management, Inc.	6,758,809	2,365,583		2,365,583
PPL Interstate Energy Company	427,307	149,557		149,557
PPL Investment Corporation	158,360,114	55,426,040		55,426,040
PPL Montana Holdings, LLC	136,607,020	47,812,457	336,252	47,476,205
PPL Power Insurance, Ltd.	1,071,165	374,908		374,908
PPL Properties, Inc.	39,663,050	13,882,068		13,882,068
PPL Receivables Corporation	34,755,705	12,164,497		12,164,497
PPL Services Corporation	2,293,800	802,830		802,830
PPL Spectrum, Inc.	(137,038)	(47,963)		(47,963)
Realty Company of Pennsylvania	322,191	112,767		112,767
Total Consolidated	\$ 634,357,716	\$ 222,025,201	\$ 100,348,675	\$ 121,676,526

PPL CORPORATION AND SUBSIDIARY COMPANIES
ALLOCATION OF 2008 FEDERAL INCOME TAX

	<u>Taxable</u> <u>Income</u>	<u>Tax</u> <u>35%</u>	<u>Less</u> <u>Credits</u>	<u>Tax</u> <u>35%</u>
PPL Electric Utilities Corporation	\$ (57,136,595)	\$ (19,997,808)	\$ 26,557	\$ (20,024,365)
BDW Corp.	(2,700)	(945)		(945)
Burns Mechanical, Inc.	158,463	55,462		55,462
CEP Lending, Inc.	12,371,675	4,330,086		4,330,086
CEP Reserves, Inc.	270,610,957	94,713,835		94,713,835
G.O.P. Inc. of Delaware	44,405	15,542		15,542
H.T. Lyons, Inc.	7,199,953	2,519,984		2,519,984
Lady Jane Collieries, Inc.	(15,202)	(5,321)		(5,321)
McCarl's Inc.	4,714,307	1,650,007		1,650,007
McClure Company	1,800,225	630,079		630,079
Ninth Street and Hamilton Corporation	4,180	1,463		1,463
Penobscot Hyrdro Co., Inc.	2,558,542	895,490		895,490
PPL Capital Funding, Inc.	(295,152)	(103,303)		(103,303)
PPL Corporation	7,598,788	2,659,575		2,659,575
PPL Energy Funding Corporation	(328,068,794)	(114,824,079)	54,016,058	(168,840,137)
PPL Energy Services Northeast, Inc.	11,948,650	4,182,028		4,182,028
PPL Fuels Asset Management, Inc.	29,397,470	10,289,115		10,289,115
PPL Gas Utilities Corporation	91,630,267	32,070,594		32,070,594
PPL Interstate Energy Company	449,484	157,319		157,319
PPL Investment Corporation	165,683,327	57,989,164		57,989,164
PPL Montana Holdings, LLC	88,287,254	30,900,539	313,823	30,586,716
PPL Power Insurance, Ltd.	3,088,716	1,081,051		1,081,051
PPL Properties, Inc.	48,219,400	16,876,790		16,876,790
PPL Receivables Corporation	110,117,214	38,541,025		38,541,025
PPL Services Corporation	(23,992,918)	(8,397,521)	12,528	(8,410,049)
PPL Spectrum, Inc.	(456,697)	(159,844)		(159,844)
Realty Company of Pennsylvania	350,612	122,714		122,714
	<u>\$ 446,265,831</u>	<u>\$ 156,193,041</u>	<u>\$ 54,368,966</u>	<u>\$ 101,824,075</u>
Total Consolidated				

PPL CORPORATION AND SUBSIDIARY COMPANIES
ALLOCATION OF 2007 FEDERAL INCOME TAX

	<u>Taxable</u> <u>Income</u>	<u>Tax</u> <u>35%</u>	<u>Less</u> <u>Credits</u>	<u>Tax</u> <u>35%</u>
PPL Electric Utilities Corporation	\$ 38,436,685	\$ 13,452,840	\$ 0	\$ 13,452,840
Burns Mechanical, Inc.	1,189,553	416,344		416,344
CEP Lending, Inc.	19,515,018	6,830,256		6,830,256
CEP Reserves, Inc.	373,380,310	130,683,109		130,683,109
G.O.P. Inc. of Delaware	14,743	5,160	46,573	(41,413)
H.T. Lyons, Inc.	2,527,305	884,557		884,557
Lady Jane Collieries, Inc.	(315,036)	(110,263)		(110,263)
McCarl's Inc.	3,252,511	1,138,379		1,138,379
McClure Company	1,907,832	667,741		667,741
Ninth Street and Hamilton Corporation	(9,330)	(3,266)		(3,266)
Penobscot Hyrdro Co., Inc.	2,065,902	723,066		723,066
PPL Capital Funding, Inc.	1	0		0
PPL Coal Holdings Corporation	2,515,291	880,352		880,352
PPL Corporation	(18,426,965)	(6,449,438)		(6,449,438)
PPL Energy Funding Corporation	160,440,324	56,154,113	121,723,880	(65,569,767)
PPL Energy Services Northeast, Inc.	6,868,559	2,403,996		2,403,996
PPL Fuels Asset Management, Inc.	46,379,964	16,232,987	34,000,000	(17,767,013)
PPL Gas Utilities Corporation	7,701,332	2,695,466	59,395	2,636,071
PPL Interstate Energy Company	1,308,730	458,056		458,056
PPL Investment Corporation	196,712,314	68,849,310		68,849,310
PPL Montana Holdings, LLC	94,357,898	33,025,264	233,521	32,791,743
PPL Power Insurance, Ltd.	1,056,092	369,632		369,632
PPL Properties, Inc.	39,204,766	13,721,668		13,721,668
PPL Receivables Corporation	145,922,373	51,072,831		51,072,831
PPL Services Corporation	(61,408,473)	(21,492,966)		(21,492,966)
PPL Spectrum, Inc.	(204,535)	(71,587)		(71,587)
Realty Company of Pennsylvania	401,983	140,694		140,694
Total Consolidated	<u>\$ 1,064,795,147</u>	<u>\$ 372,678,301</u>	<u>\$ 156,063,369</u>	<u>\$ 216,614,932</u>

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2008 or tax year beginning _____ ending _____

▶ See separate instructions.

OMB No. 1545-0123

2008

A Check if: 1a Consolidated return (attach Form 961). <input checked="" type="checkbox"/> Use IRS label. b Life/non-life consolidated return Personal holding co. (attach Sch. PH) <input type="checkbox"/> Otherwise, print or type. 3 Personal service corp. (see instructions) <input type="checkbox"/>		Name PPL Corporation and Subsidiaries Number, street, and room or suite no. If a P.O. box, see instructions. Two North Ninth Street City or town, state, and ZIP code Allentown, PA 18101		B Employer identification number 23-2758192	
4 Schedule M-3 attached <input checked="" type="checkbox"/>		Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change <input type="checkbox"/>		C Date incorporated 03/15/1994	
				D Total assets (see instructions) \$ 21,173,078,895.	

Income		Deductions (See instructions for limitations on deductions.)		Tax, Refundable Credits, and Payments	
1a	Gross receipts or sales	6,379,651,283.	b	Less returns and allowances	
1c			c	Balance	6,379,651,283.
2	Cost of goods sold (Schedule A, line 8)				479,365,466.
3	Gross profit. Subtract line 2 from line 1c				5,900,285,817.
4	Dividends (Schedule C, line 19)				223,204,716.
5	Interest				27,190,716.
6	Gross rents				25,827,193.
7	Gross royalties				986,171.
8	Capital gain net income (attach Schedule D (Form 1120))				29,504,702.
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)				47,564,468.
10	Other income (see instructions - attach schedule)	See Statement, 8.			2,856,107,183.
11	Total income. Add lines 3 through 10				9,110,670,966.
12	Compensation of officers (Schedule E, line 4)				63,430,293.
13	Salaries and wages (less employment credits)				294,881,439.
14	Repairs and maintenance				412,423,918.
15	Bad debts				34,685,537.
16	Rents				56,911,325.
17	Taxes and licenses				241,510,865.
18	Interest				388,652,092.
19	Charitable contributions	See Statement, 15.			4,792,546.
20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)				558,935,773.
21	Depletion				147,476.
22	Advertising				10,354,762.
23	Pension, profit-sharing, etc., plans				37,972,897.
24	Employee benefit programs				100,530,461.
25	Domestic production activities deduction (attach Form 8903)				28,485,053.
26	Other deductions (attach schedule)	See Statement, 23.			6,428,886,701.
27	Total deductions. Add lines 12 through 26				8,662,601,138.
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				448,069,828.
29a	Less: a Net operating loss deduction (see instructions)		29b	b Special deductions (Schedule C, line 20)	1,803,997.
29c					1,803,997.
30	Taxable income. Subtract line 29c from line 28 (see instructions)				446,265,831.
31	Total tax (Schedule J, line 10)				101,824,075.
32a	2007 overpayment credited to 2008	32a	86,411,106.	32d	299,411,106.
32b	2008 estimated tax payments	32b	213,000,000.	32e	NONE
32c	2008 refund applied for on Form 4468	32c	()	32f	
32d				32g	
32e				32h	299,411,106.
32f					
32g					
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>				
34	Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed				
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid				197,587,031.
36	Enter amount from line 35 you want credited to 2009 estimated tax	56,000,000.	Refunded		141,587,031.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here: *Alexander J. Torok* | 09/10/2009 | Assistant Treasurer
 Signature of officer: Alexander J. Torok Date: 09/10/2009 Title: Assistant Treasurer

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code		EIN	Phone no.

PPL Corporation and Subsidiaries

Form 1120 (2008)

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	1,835,952.
2	Purchases	2	101,377,346.
3	Cost of labor	3	148,578,231.
4	Additional section 263A costs (attach schedule)	4	-8,485.
5	Other costs (attach schedule)	5	See Statement 37.
6	Total. Add lines 1 through 5	6	481,454,230.
7	Inventory at end of year	7	2,088,764.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	479,365,466.

9 a Check all methods used for valuing closing inventory:

- (i) Cost
- (ii) Lower of cost or market
- (iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Schedule C Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	2,223.
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80	1,392,000.
3	Dividends on debt-financed stock of domestic and foreign corporations	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	80	
8	Dividends from wholly owned foreign subsidiaries	100	
9	Total. Add lines 1 through 8. See instructions for limitation Stmt. 51.		1,394,223.
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from affiliated group members	100	
12	Dividends from certain FSCs	100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		409,774.
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4		223,204,716.
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b		1,803,997.

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1 See Statement 52		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers					63,430,293.
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					63,430,293.

PPL Corporation and Subsidiaries

Form 1120 (2008)

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))		
2	Income tax. Check if a qualified personal service corporation (see instructions) . Stmt. 58.		156,193,041.
3	Alternative minimum tax (attach Form 4626)		NONE
4	Add lines 2 and 3		156,193,041.
5a	Foreign tax credit (attach Form 1118)	5a	52,295,450.
b	Credit from Form 8834	5b	
c	General business credit (attach Form 3800)	5c	2,073,516.
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e	6	54,368,966.
7	Subtract line 6 from line 4	7	101,824,075.
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8811 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8868 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)	9	
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31	10	101,824,075.

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. ▶ 551112		
b	Business activity ▶ Holding Company		
c	Product or service ▶		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), or trust own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote?		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote?	Yes	No
	For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv).		X

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

PPL Corporation and Subsidiaries

Form 1120 (2008)

Page 4

Schedule K *Continued*

5 At the end of the tax year, did the corporation:
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions . . . Yes No
 If "Yes," complete (i) through (iv).

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock
Safe Harbor Water Power Corporation	23-1473893	US	50.00

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions . . . Yes No
 If "Yes," complete (i) through (iv).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . Yes
 If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.
 If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? . . . Yes
 For rules of attribution, see section 318. If "Yes," enter:
 (i) Percentage owned ► _____ and (ii) Owner's country ► _____
 (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ► _____

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount . . .
 If checked, the corporation may have to file Form 9281, Information Return for Publicly Offered Original Issue Discount Instruments.

9 Enter the amount of tax-exempt interest received or accrued during the tax year ► \$ 1,610,135

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ► _____

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . .
 If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ► \$ _____

Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? . . . Yes
 If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ► \$ _____

PPL Corporation and Subsidiaries

Form 1120 (2008)

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		531,420,627.		1,345,202,489.
	Trade notes and accounts receivable	3,998,048,812.	Stmt 73	3,661,938,908.	
	Less allowance for bad debts	(38,254,380.)	3,959,794,432.	(32,028,518.)	3,629,910,390.
3	Inventories		309,139,972.		331,123,055.
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)	Stmt 77	1,143,915,742.		1,888,312,635.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)	Stmt 90	3,744,858,343.		1,551,265,450.
10a	Buildings and other depreciable assets	14,882,741,924.		15,681,047,932.	
b	Less accumulated depreciation	(7,226,563,447.)	7,656,178,477.	(7,363,858,184.)	8,317,189,748.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)		668,260.		674,569.
13a	Intangible assets (amortizable only)	154,830,776.		302,136,969.	
b	Less accumulated amortization	(7,687,553.)	147,143,223.	(8,033,151.)	294,103,818.
14	Other assets (attach schedule)	Stmt 103	3,268,191,920.		3,815,296,741.
15	Total assets		20,761,310,996.		21,173,078,895.
Liabilities and Shareholders' Equity					
16	Accounts payable	Stmt 116	682,769,351.		739,336,642.
17	Mortgages, notes, bonds payable in less than 1 year		3,736,625,461.		4,305,899,145.
18	Other current liabilities (attach schedule)	Stmt 121	1,722,561,410.		2,019,800,133.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more	Stmt 134	4,840,459,812.		5,480,395,512.
21	Other liabilities (attach schedule)	Stmt 136	3,268,764,367.		3,617,312,461.
22	Capital stock: a Preferred stock	300,518,900.		300,518,900.	
	b Common stock	4,124,953.	304,643,853.	207,998,636.	508,517,536.
23	Additional paid-in capital	Stmt 149	2,700,912,543.		1,023,655,664.
24	Retained earnings-Appropriated (attach schedule)	Stmt 162			319,568,581.
25	Retained earnings - Unappropriated		3,584,344,008.		3,912,704,043.
26	Adjustments to shareholders' equity (attach schedule)	Stmt 175	-79,769,809.		-754,110,822.
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		20,761,310,996.		21,173,078,895.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1	Net income (loss) per books	930,318,853.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	319,754,693.		Tax-exempt interest \$	1,610,135.
3	Excess of capital losses over capital gains			See Statement 209	609,292,628.
4	Income subject to tax not recorded on books this year (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
	See Statement 195	56,747,454.	a	Depreciation	565,490,801.
5	Expenses recorded on books this year not deducted on this return (itemize):		b	Charitable contributions	
a	Depreciation	320,506,384.		See Statement 216	428,956,947.
b	Charitable contributions		9	Add lines 7 and 8	1,605,350,511.
c	Travel and entertainment	1,594,584.	10	Income (page 1, line 28) - line 6 less line 9	448,069,828.
	See Statement 202	424,498,371.			
6	Add lines 1 through 5	2,053,420,339.			

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	3,584,344,008.	5	Distributions: a Cash	2,996,127,603.
2	Net income (loss) per books	930,318,853.		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	1,413,678,096.
			7	Add lines 5 and 6	4,409,805,699.
		3,807,846,881.	8	Balance at end of year (line 4 less line 7)	3,912,704,043.
4	Add lines 1, 2, and 3	8,322,509,742.			

Consolidated Schedules
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	Combined	PPL Corporation and Subsidiaries Eliminations	Adjustments	PPL Corporation and Subsidiaries
1a	8,755,237,663.	-2,375,586,380.		6,379,651,283.
1b	8,755,237,663.	-2,375,586,380.		6,379,651,283.
1c	479,365,466.			479,365,466.
2	8,275,872,197.	-499,215,631.		5,900,285,817.
3	722,420,347.	-309,987,892.		223,204,716.
4	337,178,608.	-86,948.		27,190,716.
5	25,914,141.	-48,329,457.		25,827,193.
6	49,315,628.			986,171.
7	145,633,601.		-116,128,899.	29,504,702.
8	-68,564,431.		116,128,899.	47,564,468.
9	2,859,847,542.	-3,740,359.		2,856,107,183.
10	12,347,617,633.	-3,236,946,667.		9,110,670,966.
11	63,430,293.			63,430,293.
12	294,881,439.			294,881,439.
13	412,423,918.			412,423,918.
14	34,698,777.	-13,240.		34,685,537.
15	56,801,566.	109,759.		56,911,325.
16	241,510,865.			241,510,865.
17	698,639,985.	-309,987,893.		388,652,092.
18	4,792,546.			4,792,546.
19	565,490,802.	-6,555,029.		558,935,773.
20	147,476.			147,476.
21	10,513,391.	-158,629.		10,354,762.
22	37,972,897.			37,972,897.
23	100,530,461.			100,530,461.
24	28,485,053.			28,485,053.
25	8,851,743,857.	-2,422,857,156.		6,428,886,701.
26	11,402,063,326.	-2,739,462,188.		8,662,601,138.
27	945,554,307.	-497,484,479.		448,069,828.
28	501,019,628.	-499,215,631.		1,803,997.
29a	444,534,679.	1,731,152.		446,265,831.
29b				
30				

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PPL Corporation and Subsidiaries

PPL Corporation

PPL Electric
Utilities
Corporation

B-G Mechanical
Contractors, Inc.

B-G Mechanical
Services, Inc.

B-G Mechanical
Contractors, Inc.

Burns Mechanical,
Inc.

CEP Lending, Inc.

CEP Reserves, Inc

Consolidated Schedules

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	23-2758192	04-2535814	04-2982190	51-0116798	23-2968098	20-1467156	88-0415158
1a Gross receipts or sales	3,499,950,988.				52,226,564.		
1b Less returns & allowances							
1c Balance	3,499,950,988.				52,226,564.		
2 Cost of goods sold	3,499,950,988.				46,954,917.		
3 Gross profit					5,271,647.		
4 Dividends	499,215,631.						
5 Interest	236.						
6 Gross rents	3,342,316.						
7 Gross royalties	25,349,555.						
8 Capital gain net							
9 Income from Form 4797							
10 Other income	-36,619,962.						
	-85,809,569.						
11 Total income	3,406,213,328.				5,271,647.	12,407,037.	39,720,810.
12 Compensation of officers	1,029,547.						
13 Salaries and wages	33,290,210.						
14 Repairs and maintenance	145,324,301.					1,200.	2,400.
15 Bad debts	31,388,122.						
16 Rents	46,128.						
17 Taxes and licenses	299,233.					6,034.	7,866.
18 Interest	711,236.					137.	210.
19 Charitable contributions							
20 Depreciation	749,984.						
21 Depletion	224,090,313.					115.	
22 Advertising							
23 Pension, profit-sharing etc., plans	10,152,253.						
24 Employee benefit programs	7,042,261.						
25 Domestic production activities deduction	19,737,833.						
26 Other deductions	1,170,709.						
27 Total deductions	2,683,695,831.			2,700.	170,004.	27,876.	53,978.
28 Taxable income before NOL & Spec. Deductions	3,469,495,178.			2,700.	5,113,184.	35,362.	64,454.
29a NOL deduction	507,356,710.	NONE	NONE	-2,700.	158,463.	12,371,675.	270,610,957.
29b Special deductions	499,215,631.						
30 Taxable income	8,141,079.	NONE	NONE	-2,700.	158,463.	12,371,675.	270,610,957.

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PPL Corporation and Subsidiaries
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	04-3310368	13-1705778	04-1974770	51-0056772	14-1795181	14-1809541	14-1809540	14-1827856
1a	Gross receipts or sales							
1b	Less returns & allowances							
1c	Balance							
2	Cost of goods sold							
3	Gross profit							
4	Dividends							
5	Interest							
6	Gross rents							
7	Gross royalties							
8	Capital gain net							
9	Net gain or (loss) from Form 4797							
10	Other income							
11	Total income							
12	Compensation of officers							
13	Salaries and wages							
14	Repairs and maintenance							
15	Bad debts							
16	Rents							
17	Taxes and licenses							
18	Interest							
19	Charitable contributions							
20	Depreciation							
21	Depletion							
22	Advertising							
23	Pension, profit-sharing etc. plans							
24	Employee benefit programs							
25	Domestic production activities deduction							
26	Other deductions							
27	Total deductions							
28	Taxable income before NOL & Spec. Deductions							
29a	NOL deduction							
29b	Special deductions							
30	Taxable income							

Construction Safety Services, Inc.	04-3310368	13-1705778	04-1974770	51-0056772	14-1795181	14-1809541	14-1809540	14-1827856
Elmsford Sheet Metal Works, Inc.								
Fred Williams, Inc.								
UGI Petroleum Products of Delaware, Inc.								
General Control Systems, Inc.								
General Electrical Systems, Inc.								
General Mechanical Services, Inc.								

PPL Corporation and Subsidiaries
General Mechanical Systems, Inc.

23-2758192
McClure Company
Millennium Building
Inc.
Ninth Street &
Hamilton
Corporation
23-3091207

Consolidated Schedules
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	14-1642654	23-2677983	H. T. Lyons Co. Systems, Inc.	H. T. Lyons, Inc.	Lady Jane Collieries, Inc.	McCarl's, Inc.	23-1420865	25-0955049	23-1420865	04-3458589	12,093.
1a Gross receipts of sales											
1b Less returns & allowances											
1c Balance											
2 Cost of goods sold											
3 Gross profit											
4 Dividends											
5 Interest											
6 Gross rents											
7 Gross royalties											
8 Capital gain net											
9 Net gain or (loss) from Form 4797											
10 Other income											
11 Total Income											
12 Compensation of officers											
13 Salaries and wages											
14 Repairs and maintenance											
15 Bad debts											
16 Rents											
17 Taxes and licenses											
18 Interest											
19 Charitable contributions											
20 Depreciation											
21 Depletion											
22 Advertising											
23 Pension, profit-sharing etc., plans											
24 Employee benefit programs											
25 Domestic production activities deduction											
26 Other deductions											
27 Total deductions											
28 Taxable income before NOL & Spec. Deductions											
29a NOL deduction											
29b Special deductions											
30 Taxable income											

PPL Corporation and Subsidiaries

Pennscot Hydro Co PDC International
Inc. Holdings, Inc.

PPL Energy Funding
Corporation

PPL Energy
Services Northeast
Inc.

UGI Central Penn
Gas, Inc.

PPL Interstate
Energy Company

Consolidated Schedules

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01-0418137 51-0368426 23-1677278 04-3125706 23-1278755 74-1720208

1a	Gross receipts or sales					
1b	Less returns & allowances					
1c	Balance					
2	Cost of goods sold					
3	Gross profit					
4	Dividends	450,066.	4,194,705,552.	195,025,848.	154,753,601.	7,878,910.
5	Interest	70,983.	1,740,000.	35,906,126.	154,753,601.	7,878,910.
6	Gross rents	9,395.	5,863,724.	427,473.	28,617.	
7	Gross royalties		327,531.	5,627.		
8	Capital gain net		986,171.			
9	Income from Form 4797		29,426,537.	10,267.	116,118,632.	
10	Other income	3,220,643.	-28,108,051.	1,060,386.	-1,493,557.	116,815.
11	Total income	3,230,038.	2,655,247,221.	37,404,252.	269,686,153.	7,995,725.
12	Compensation of officers		6,860,188,685.			
13	Salaries and wages		24,832,333.	4,745,441.		
14	Repairs and maintenance		98,136,258.	6,663,551.	10,569,230.	1,916,795.
15	Bad debts		230,757,970.	370,014.	4,711,079.	371,819.
16	Rents		1,585,198.	174,579.	1,134,713.	
17	Taxes and licenses	255,260.	8,511,022.	1,332,639.	100,675.	7,800.
18	Interest	83,410.	3,394,278.	2,749,244.	7,532,461.	778,714.
19	Charitable contributions		433,998,103.	7,077.	3,410,596.	202,179.
20	Depreciation		1,111,865.	20,517.		
21	Depletion		275,783,679.	1,227,863.	10,391,471.	1,275,716.
22	Advertising etc. plans		147,476.			
23	Pension, profit-sharing etc. plans			105,283.	58,008.	
24	Employee benefit programs		11,551,830.	130,402.	304,915.	244,436.
25	Domestic production activities deduction		21,094,655.	332,503.	259,852.	
26	Other deductions	130,421. 202,405.	24,079,721. 6,197,991,836.	45,622. 7,550,867.		
27	Total deductions	671,496.	7,332,976,224.	25,455,602.	139,582,886.	2,748,782.
28	Taxable income before NOL & Spec. Deductions	2,558,542.	-472,787,539.	11,948,650.	91,630,267.	449,484.
29a	NOL deduction		1,392,000.			
29b	Special deductions					
30	Taxable income	2,558,542.	-474,179,539.	11,948,650.	91,630,267.	449,484.

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PPL Corporation and Subsidiaries
 PPL Investment Corporation
 Consolidated Schedules
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	PPL Investment Corporation 88-0491205	PPL Montana Holdings, LLC 54-1929267	PPL Power Insurance Ltd. 98-0389197	PPL Properties, Inc. 88-0498454	PPL Receivables Corporation 20-0897190	PPL SavageALERT, Inc. 04-3546904	PPL Spectrum, Inc. 23-2816389	PPL Synfuel Management Corporation 23-3049292
1a	Gross receipts or sales	322,294,274.	12,981,755.	88,049,454	20,089,7190	04-3546904	23-2816389	96,983.
1b	Less returns & allowances							
1c	Balance	322,294,274.	12,981,755.	12,981,755.	12,981,755.	12,981,755.	12,981,755.	96,983.
2	Cost of goods sold	322,294,274.	12,981,755.	12,981,755.	12,981,755.	12,981,755.	12,981,755.	96,983.
3	Gross profit							
4	Dividends	322,294,274.	12,981,755.	12,981,755.	12,981,755.	12,981,755.	12,981,755.	96,983.
5	Interest	165,857,488.						
6	Gross rents	165,857,488.						
7	Gross royalties	44,617.						
8	Capital gain net	100,612.						
9	Net gain or (loss) from Form 4797	-1,098,948.						
10	Other income	399,383.						
11	Total income	165,756,594.	14,694,636.	48,655,881.	73.	73.	14,721.	111,704.
12	Compensation of officers	1,445,679.						
13	Salaries and wages	9,453,075.						
14	Repairs and maintenance	26,634,121.		1,200.	1,200.			
15	Bad debts							
16	Rents	4,135.						
17	Taxes and licenses	105.						
18	Interest	4,135.		3,731.	5,584.		347,999.	
19	Charitable contributions	105.		105.	113.		3,097.	
20	Depreciation	-926,891.			763,376.			
21	Depletion	806.						
22	Advertising	182.			115.			
23	Pension, profit-sharing etc., plans							
24	Employee benefit programs							
25	Domestic production activities deduction							
26	Other deductions	67,645.	11,605,920.	431,445.	-110,887,529.		217,305.	
27	Total deductions	73,267.	11,605,920.	436,481.	-110,117,141.		568,401.	
28	Taxable income before NOL & Spec. Deductions	165,683,327.	3,088,716.	48,219,400.	110,117,214.	NONE	-456,697.	NONE
29a	NOL deduction							
29b	Special deductions							
30	Taxable income	165,683,327.	3,088,716.	48,219,400.	110,117,214.	NONE	-456,697.	NONE
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PPL Corporation and Subsidiaries

Realty Company of Pennsylvania
Titan Mechanical Contractors, Inc.

Trystate Mechanical, Inc.

Westech International, Inc

PPL UK Holdings, LLC
PDC Chile, Inc.
PPL Services Corporation

Consolidated Schedules

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23-1612742	06-1409341	13-2853805	13-3714912	71-0874986	54-1834340	23-3041441
1a Gross receipts or sales	1,062,852.					50,000.
1b Less returns & allowances						
1c Balance	1,062,852.					50,000.
2 Cost of goods sold						
3 Gross profit	1,062,852.					50,000.
4 Dividends						3,175.
5 Interest	4,841.			44,568,463.	176,350,367.	161,667.
6 Gross rents	159,322.			7,029,962.	19,961,212.	9,876.
7 Gross royalties						
8 Capital gain net income						
9 Net gain or (loss) from Form 4797						
10 Other income	NONE			1,654,477.	121,660.	-3,006,166.
11 Total income	1,227,015.			53,252,902.	196,433,239.	-2,768,609.
12 Compensation of officers						27,257,385.
13 Salaries and wages					406,567.	123,269,489.
14 Repairs and maintenance						3,948,439.
15 Bad debts						-42.
16 Rents						4,945,205.
17 Taxes and licenses	504,172.					-1,194,645.
18 Interest						-148,801.
19 Charitable contributions				99,917,309.		2,816,991.
20 Depreciation	113,057.					17,542,978.
21 Depletion						
22 Advertising						
23 Pension, profit-sharing etc. plans						
24 Employee benefit programs						
25 Domestic production activities deduction						
26 Other deductions	259,174.			23,997,454.	10,469,195.	-220,730,302.
27 Total deductions	876,403.			123,914,763.	10,875,762.	21,222,086.
28 Taxable income before NOL & Spec. Deductions	350,612.	NONE	NONE	-70,661,861.	185,557,477.	-23,990,695.
29a NOL deduction						
29b Special deductions						
30 Taxable income	350,612.	NONE	NONE	-70,661,861.	185,557,477.	-23,992,918.

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