PPL CORP
Form 11-K
June 26, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _________ to ___________

Commission file number 001-11459

A. Full title of the plan and the address of the plan if different from that of the issuer named below.

PPL EMPLOYEE STOCK OWNERSHIP PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PPL CORPORATION
TWO NORTH NINTH STREET
ALLENTOWN, PENNSYLVANIA 18101-1179

PPL SERVICES CORPORATION

PPL EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006
&
REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM
&
SUPPLEMENTAL SCHEDULE

PPL EMPLOYEE STOCK OWNERSHIP PLAN

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Report of Independent Registered
Public Accounting Firm

To the Participants and Administrator of
PPL Employee Stock Ownership Plan:

We have audited the accompanying statements of net assets available for benefits of PPL Employee Stock Ownership Plan (the "Plan") as of December 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2007 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Parente Randolph, LLC
Center Valley, Pennsylvania
June 25, 2008

PPL EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AT DECEMBER 31, 2007 AND 2006
(Thousands of Dollars)

		2007		2006
Assets:				
Investments, at fair value:				
PPL Corporation common stock	$	415,915	$	298,994
Mutual funds		1,610		341
Money market funds		76		9
Plan interest in PPL Defined Contribution Master Trust (Note 5)		469		109
Total investments		418,070		299,453
Receivables:				
Employer contribution receivable		6,966		6,581
Dividends receivable		2,443		2,303
Securities sold		-		12
Total receivables		9,409		8,896
Total assets		427,479		308,349
Liabilities:				
Dividends payable to participants		2,443		2,303
Administrative fees payable		27		27
Total liabilities		2,470		2,330
Net assets available for benefits at fair value	$	425,009	$	306,019
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (Note 6)		(4)		-
Net assets available for benefits	$	425,005	$	306,019

The accompanying notes are an integral part of these financial statements.

PPL EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Thousands of Dollars)

	2007	2006
Additions to net assets attributed to:		
Investment Income:		
Net appreciation in fair value of investments	$ 134,766	$ 55,136
Dividend income	10,010	9,427
Interest income	-	2
Plan interest in investment gains of PPL Defined Contribution Master Trust (Note 5)	13	1
Employer contributions	6,999	6,581
Total additions	151,788	71,147
Deductions from net assets attributed to:		
Distributions of dividends to participants	(5,129)	(8,492)
Distributions of stock and cash to participants	(27,565)	(16,390)
Administrative expenses	(108)	(46)
Total deductions	(32,802)	(24,928)
Net increase	118,986	46,219
Net assets available for benefits:		
Beginning of year	306,019	259,800
End of year	$ 425,005	$ 306,019

The accompanying notes are an integral part of these financial statements.

PPL EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

1. PLAN DESCRIPTION

The PPL Employee Stock Ownership Plan (the "Plan") was adopted effective January 1, 1975 to provide for employee ownership in PPL Corporation (PPL). The Plan is currently sponsored by PPL Services Corporation (the "Company"), an unregulated subsidiary of PPL. Amounts contributed to the Plan are used to purchase shares of PPL Corporation common stock ("Common Stock"). The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan provisions.

Employees of participating PPL companies, as defined in the Plan agreement, are eligible to participate in the Plan on the first day of the month following their date of hire.

The shares of Common Stock allocated to a participant's account may not exceed the maximum permitted by law. All shares of Common Stock credited to a participant's account are 100% vested and nonforfeitable, but cannot be pledged as security by the employee. Common Stock certificates ("Shares") are held by Fidelity Management Trust Company (the "Trustee").

The Plan allows for dividends on Shares held to be re-invested in the Plan or paid in cash. Under existing income tax laws, PPL is permitted to deduct the amount of those dividends for income tax purposes on its consolidated federal income tax return and to contribute the resulting tax savings (dividend-based contribution) to the Plan. The dividend-based contribution is used to buy Shares of PPL's common stock and is expressly conditioned upon the deductibility of the contribution for federal income tax purposes. Shares are allocated to participants' accounts, 75% on the basis of Shares held in a participant's account and 25% on the basis of the participant's compensation.

Participants may elect to withdraw from their accounts Common Stock which has been allocated with respect to a Plan year ending at least 36 months prior to the end of the Plan year in which the election is made. Participants so electing may receive cash or stock certificates for the number of whole Shares, cash for any fractional Shares available for withdrawal or may make a rollover to a qualified plan.

Participants who have attained age 55 and have completed ten years of participation in the Plan may elect to withdraw Shares or diversify the value of Shares held into other investment options under the Plan. For the first five years after meeting the requirement, participants may withdraw or diversify up to an aggregate of 25% of such Shares. In the sixth year, qualified participants may withdraw or diversify up to an aggregate of 50% of such Shares. Participants who elect to diversify may direct the Trustee to invest their eligible diversification amounts into various mutual funds and investments, which are similar to those provided through PPL's 401(k) savings plans.

Upon termination of service with a participating PPL company, participants are entitled to receive cash or stock certificates for the number of whole Shares, cash for any fractional Shares allocated to them, or may make a rollover to a qualified plan. Participants who terminate service with a participating PPL company and whose account balance exceeds, or exceeded at the time of any prior distribution, $1,000, may defer distribution of the Shares in the account until April 1st of the calendar year following the year in which the participant reaches age 70-1/2. If a participant wishes to withdraw prior to age 70-1/2, the entire account balance must be withdrawn.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Provisions of the Plan regarding vesting, distributions, loans and other matters are more fully described in the Plan document and Summary Plan Description.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared under the accrual basis of accounting.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

The Plan's Common Stock investment is stated at fair value. Fair value is the quoted market price in an active market of PPL Corporation common stock at the end of the year. Realized gains and losses from the sale or distribution of Common Stock by the Trustee are based on the average cost of Common Stock held at the time of sale. Net appreciation/deprecia–tion as reported in the accompanying financial statements includes both realized and unrealized gains and losses.

Shares of mutual funds are valued at quoted market prices in an active market which represent the net asset value of shares held by the Plan at year-end.

Dividend income and dividend distributions to participants are recorded on dividend record dates.

The purchases and sales of securities are recorded on a trade-date basis.

The Plan provides for various investment options in various combinations of investment funds. Investment funds are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company (the “FSP”), investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. For the 2007 and 2006 plan years, the Plan invested in the Blended Interest Rate Fund, which holds guaranteed investment contracts which are subject to the FSP. The Plan adopted the financial statement presentation and disclosure requirements of the FSP effective December 31, 2006.

3. ADMINISTRATION

The Plan is administered by the Employee Benefit Plan Board (the "Plan Administrator"), composed of certain PPL officers and employees appointed by the Board of Directors of PPL.

Trustee fees, investment management fees and other expenses incurred in connection with the Plan are paid by the Plan.

4. INVESTMENTS

The Plan’s investments that represent 5% or more of the Plans total net assets are as follows:

December 31,

		2007	2006
PPL Corporation Common Stock*:			
	Number of shares	7,984,554	8,342,459
	Cost	$98,140,649	$93,965,488
	Fair value	$415,915,441	$298,993,736

* Non-participant directed

The fair value per share of PPL Corporation common stock at December 31, 2007 and 2006 was $52.09 and $35.84, respectively.

5. INTEREST IN PPL DEFINED CONTRIBUTION MASTER TRUST

PPL maintains a master trust with Fidelity Management Trust Company to pool the investments of its defined contribution benefit plans. The Plan's investments in the Blended Interest Rate Fund (the "Fund"), which is the only investment option of the Plan included in the master trust, were less than 1% of plan assets and master trust assets at December 31, 2007 and 2006. Therefore, no detailed disclosures on the master trust have been presented in these financial statements.

6. INVESTMENT CONTRACTS

Investments directed by participants to the Fund are combined with similar investments applicable to other plans participating in the master trust and invested in high-grade investment contracts issued by insurance companies and banks as well as other high-quality debt obligations and short-term money market instruments. Wrap contracts are purchased from another party, which are agreements that allow for the Fund to maintain a constant Net Asset Value ("NAV") and provide for participant transactions to be made at contract value. In a typical wrap contract, the wrap issuer agrees to pay the Fund the difference between the contract value and the market value of the covered assets if the market value becomes totally exhausted as a result of significant participant redemptions. Purchasing wrap contracts is similar to buying insurance, in that the Fund pays a relatively small amount to protect against the relatively unlikely event of participant redemption of most of the shares of the fund.

Wrap contracts accrue interest using a formula called the “crediting rate.” Wrap contracts use the crediting rate formula to convert market value changes in the covered assets into income distributions in order to minimize the difference between the market and contract value of the covered assets over time. Using the crediting rate formula, an estimated future market value is calculated by compounding the Fund’s current market value at the Fund’s current yield to maturity for a period equal to the Fund’s duration. The crediting rate is the discount rate that equates the estimated future market value with the Fund’s current contract value. Crediting rates are reset quarterly. The crediting rate, and hence the fund’s return, may be affected by many factors, including purchases and redemptions by shareholders. The precise impact on the fund depends on whether the market value of the covered assets is higher or lower than the contract value of those assets. If the market value of the covered assets is higher than their contract value, the crediting rate will ordinarily be higher than the yield of the covered assets. Under these circumstances, cash from new investors will tend to lower the crediting rate and the fund’s return, and redemptions by existing shareholders will tend to increase the crediting rate and the fund’s return.

If the market value of the covered assets is lower than their contract value, the crediting rate will ordinarily be lower than the yield of the covered assets. When market value is lower than contract value, the fund will have, for example, less than $10.00 in cash and bonds for every $10.00 in NAV. Under these circumstances, cash from new investors will tend to increase the market value attributed to the covered assets and to increase the crediting rate and the fund’s return. Redemptions by existing shareholders will have the opposite effect, and will tend to reduce the market value attributed to remaining covered assets and to reduce the crediting rate and the fund’s return. Generally, the market value of covered assets will tend to be higher than contract value after interest rates have fallen due to higher bond prices. Conversely, the market value of covered assets will tend to be lower than their contract value after interest rates have risen due to lower bond prices.

If the fund experiences significant redemptions when the market value is below the contract value, the fund's yield may be reduced significantly, to a level that is not competitive with other investment options. This may result in additional redemptions, which would tend to lower the crediting rate further. If redemptions continued, the fund's yield could be reduced to zero. If redemptions continued thereafter, the fund might have insufficient assets to meet redemption requests, at which point the fund would require payments from the wrap issuer to pay further shareholder redemptions. The wrap contracts provide a guarantee that the crediting rate will not fall below 0%.

The Fund is credited with earnings on the underlying investments and charged for plan withdrawals and administrative expenses charged by the contract issuers. The contracts are included in the financial statements at contract value, (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses), because they are fully benefit responsive. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The fair value for traditional, fixed rate investment contracts is calculated by projecting the future cash flows for the contract at the contractual crediting rate, and then discounting it by a rate that approximates the current market rates for a contract of equal credit quality and duration. The calculation assumes that future cash flows are predictable (i.e. no withdrawals will be made from contracts). For synthetic investment contracts, contract value consists of cost plus accrued interest.

Contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. Thus, the financial statements of a plan with investment contracts is required to present the adjustment from fair value to contract value, for those contracts that continue to qualify as fully benefit-responsive.

The fair values, contract values and the difference (representing the adjustment to the financial statements) of the investment contracts held in the Fund and the Plan's interest in those amounts for December 31, 2007 was as follows (thousands of dollars):

	2007			
Investment Contracts		Blended Interest Rate Fund		Plan Interest
Fair Value	$	240,907	$	458
Contract Value	$	238,925	$	454
Difference			$	(4)

Fair value approximated contract value of the investment contracts held in the Fund for the plan year ending December 31, 2006. Therefore, there were no adjustments made to the financial statements.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures, spin-offs of a subsidiary, or other events impacting a significant number of participants as defined in the contracts) that cause a significant withdrawal from the Plan, or (3) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the Employee Retirement Income Security Act of 1974. The Plan Administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable.

The investment contracts can be terminated by issuers and settled at amounts different from contract value if certain events occur. Such events include the following: (1) the Plan does not meet its obligations under the contract (2) the Plan does not meet the qualification requirements of Section 401(a) of the Internal Revenue Code, or (3) the Plan is terminated and assets distributed to participants. The Plan Administrator does not believe that the occurrence of any such event, which would result in termination of the contracts and limit the Plan's ability to transact at contract value with participants, is probable.

The average yield earned by the Fund and credited to participants' accounts was:

	2007	2006
Earned by the Fund	5.12%	4.90%
Credited to Participants	4.75%	4.53%

7. PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments held in the Plan are shares of mutual funds managed by Fidelity Investments. Fidelity Investments is an affiliate of the Trustee and therefore, transactions in these investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would receive distribution of their accounts.

9. NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. SFAS No. 157 applies to other accounting standards that require or permit fair value measurements. Accordingly, it does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. In February 2008, FASB issued FASB Staff Position ("FSP") FAS 157-2, "Effective Date of FASB Statement No. 157," which defers the effective date of SFAS No. 157 for all nonfinancial assets and liabilities, except those recognized or disclosed at fair value on an annual or more frequently recurring basis, until years beginning after November 15, 2008 and interim periods within those years. The impact of adoption is not expected to have a material impact on the Plan's financial statements.

In February 2007, FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," including an amendment of FASB Statement No. 115, which permits entities to choose to measure at fair value eligible financial instruments and certain other items that are not currently required to be measured at fair value. SFAS No. 159 requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings at each reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Plan does not expect to elect the provisions of this guidance.

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The adoption of FIN 48 did not have an impact on the Plan, as the Plan has received the required determination letter (Note 10) from the IRS regarding its tax-exempt status and continues to be operated in compliance with the Internal Revenue Code (the "Code").

10. TAX STATUS

The Plan obtained its latest determination letter dated March 1, 2008, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan has been amended since receiving the determination letter; however, the Plan's internal legal counsel and Plan Administrator believe that the Plan is designed in compliance with the applicable requirements of the Code and the Plan Administrator believes the Plan is currently being operated in compliance with the applicable requirements of the Code.

11. RECONCILIATION TO FORM 5500

The following reconciliation details the reporting differences from the Plan's 2007 financial statements to the 2007 Form 5500 for the Plan's adjustment for fair value reporting of fully benefit-responsive investment contracts.

Investment gain in Master Trust per the financial statements	$	13
Less adjustment from contract value to fair value for fully benefit-responsive investment contracts		(4)
Investment gain in Master Trust per the Form 5500	$	17

Plan Name	Plan Number
PPL Employee Stock Ownership Plan	002
Plan Sponsor	Sponsor EIN
PPL Services Corporation	23-3041441

Schedule H, Line 4i - SCHEDULE OF ASSETS (Held at End of Year)
DECEMBER 31, 2007

(a)	Identity of Issue, Borrower, Lessor, or Similar Party (b)	Description of Investment including maturity date, rate of interest, collateral, par, or maturity value (c)	Cost (d)	Current Value (e)
*	PPL Corporation	7,984,554 Shares of PPL Corp Common Stock - $0.01 par value	$98,140,649	$415,915,441
*	Fidelity Balanced Fund	Mutual Fund	504,493	492,005
*	Fidelity Freedom 2010 Fund	Mutual Fund	304,748	301,491
	Spartan International Index Fund	Mutual Fund	193,070	198,798
*	Fidelity Freedom 2015 Fund	Mutual Fund	170,284	169,364
	Spartan Total Market Index Fund	Mutual Fund	28,099	30,278
	MSIFT Value Adviser Fund	Mutual Fund	36,327	32,901
*	Fidelity Growth Company Fund	Mutual Fund	55,255	61,735
	Spartan US Equity Index Fund	Mutual Fund	97,204	97,347
*	Fidelity Retirement Government Money Market Fund	Money Market Fund	75,501	75,501
	Wells Fargo Advantage Government Securities Fund	Mutual Fund	72,609	74,075
*	Fidelity Freedom Income	Mutual Fund	71,780	70,743
*	Fidelity Freedom 2020 Fund	Mutual Fund	9,521	9,150
*	Fidelity Freedom 2025 Fund	Mutual Fund	28,366	27,412
*	Fidelity Freedom 2050 Fund	Mutual Fund	5,204	5,507

Templeton Foreign A	Mutual Fund		40,494	38,668
		Total	$99,833,604	$417,600,416

* Represents a Party-In-Interest

See Notes to Financial Statements

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Employee Benefit Plan Board has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PPL Employee Stock Ownership Plan

By: /s/ Dale M. Kleppinger
Dale M. Kleppinger
Chairman, Employee Benefit Plan Board
PPL Corporation

Dated: June 25, 2008

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-110372 of PPL Corporation on Form S-8 of our report dated June 25, 2008, appearing in this Annual Report on Form 11-K of PPL Employee Stock Ownership Plan for the year ended December 31, 2007.

/s/ Parente Randolph, LLC
Center Valley, Pennsylvania
June 25, 2008