PPL Corporation Reports 28 Percent Increase in Third-Quarter Earnings; Company Confirms Earnings Forecast for 2001, Revises 2002 Forecast

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ALLENTOWN, Pa.

PPL Corporation (NYSE: PPL) today (10/24) reported the strongest third quarter earnings in company history, a 28 percent increase in earnings per share over the same period in 2000. PPL earned $1.04 per share during the third quarter of 2001 as compared to $0.81 per share a year ago, when adjusted to exclude the benefit of nonrecurring items.

(Photo: http://www.newscom.com/cgi-bin/prnh/19981015/PHTH025)
PPL's record third-quarter earnings were driven primarily by:

- -- increased margins on wholesale energy activities in markets in the Eastern United States, compared to a year ago.
- -- success in continuing to reduce operating costs.
- -- higher volumes of electricity delivered in PPL Electric Utilities' franchised service territory.
- -- improved earnings contributions from energy-related businesses including the company's mechanical contracting subsidiaries and the company's synfuels operations.

These factors offset lower margins from PPL's wholesale energy activities in the Western United States and lower returns from the company's international operations.

"Excellent operating performance during the third quarter allowed us to offset the lower margins from our Western wholesale energy sales," said William F. Hecht, PPL's chairman, president and chief executive officer. "The strength of our integrated growth strategy and our strong business fundamentals are leading to record PPL earnings for 2001 despite the precipitous decline in energy prices."

For the first nine months of 2001, PPL reported a significant 39 percent increase in earnings per share over a year ago. PPL reported earnings of $3.35 per share for that period of 2001, compared to $2.41 per share reported a year ago, when adjusted to exclude the benefit of nonrecurring items. Actual earnings for the third quarter of 2000 benefited from the nonrecurring impact of 13 cents per share from a settlement with various insurers for environmental and other liabilities.

The strong growth in PPL's earnings for the first nine months of 2001 resulted primarily from the following factors: increased margins on energy activities in markets in both the Eastern and Western United States; improved earnings contributions from energy-related businesses including the company's mechanical contracting subsidiaries and the company's synfuel operations; success in continuing to control operating costs; and higher returns from the company's international operations.

Company Confirms 2001 Earnings Forecast, Revises 2002 Forecast

Based on the excellent results in the third quarter, the company confirmed that it still forecasts earnings in excess of $4.00 per share for 2001, which would be the highest annual earnings in the company's history.

For 2002, PPL now forecasts little, if any, change from the level of earnings per share currently forecast for 2001. The change from the previous 2002 forecast of $4.55 to $4.65 is essentially due to the significant decline in wholesale energy margins, offset by reductions in operating and financing costs.

The 2002 earnings forecast represents a compound annual growth rate of 19 percent based on adjusted earnings per share for 1999, the first full year of deregulation in Pennsylvania. About 80 percent of PPL's 2002 earnings are expected to come from its energy supply business and the balance from its domestic and international delivery businesses.

"Our 2001 performance through the first three quarters of 2001 provides a firm base from which we expect continued long-term growth," said Hecht. "This base has been solidified through a concerted effort by our wholesale energy marketing operation to maximize the value of our generation capacity through long-term contracts in key U.S. markets."

PPL's most recent major long-term contract is an agreement to provide 450 megawatts of electricity supply to The Montana Power Company over a five-year period beginning July 1, 2002. "This contract, at prices comparable to the current market in the Northwestern United States, ends the uncertainty about our power supply arrangements in Montana," Hecht said. As a result of this agreement and other wholesale and retail agreements, Hecht said, PPL will have the majority of the output of its Montana power plants under long-term contracts beginning in July 2002.

During the third quarter of 2001, PPL also completed the strategic initiative the company terms "securitization" of PPL Electric Utilities, the regulated electricity delivery subsidiary. In connection with this initiative, PPL EnergyPlus, PPL's energy marketing and trading affiliate, won the competitive bid to provide the energy sufficient for PPL Electric Utilities to meet its needs through 2009. This contract permits PPL to sell a substantial portion of its Eastern U.S. generation over the next eight years at attractive margins when compared to current market prices.

Hecht also pointed out that the company's electricity and natural gas distribution businesses -- in the United States and overseas -- provide a stable, reliable source of earnings for PPL as it continues to pursue a targeted generation-building strategy.

PPL Corporation, headquartered in Allentown, Pa., generates electricity at power plants in Pennsylvania, Maine and Montana; markets wholesale or retail energy in 42 U.S. states and Canada; and delivers energy to nearly 6 million customers in Pennsylvania, the United Kingdom and Latin America.

PPL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Consolidated Balance Sheet
(Millions of Dollars)

	Sept. 30, 2001	Dec. 31, 2000
Assets		
Current Assets	$2,276	$1,945
Investments	1,195	1,161
Property, plant and equipment -- net		
Transmission and distribution	2,797	2,841
Generation	2,329	2,177
General and intangible	302	294
Construction work in progress	330	261
Nuclear fuel and other leased property	104	123
Electric utility plant	5,862	5,696
Gas and oil utility plant	193	177
Other property	68	75
	6,123	5,948
Recoverable transition costs	2,234	2,425
Regulatory and other assets	965	881
Total assets	$12,793	$12,360
Liabilities and Equity		
Current liabilities	$1,938	$2,511
Long-term debt (less current portion)	4,675	4,467
Deferred income taxes and ITC	1,433	1,412
Liability for above market NUG purchases	516	581
Other noncurrent liabilities	918	976
Minority interest	52	54
Company-obligated mandatorily redeemable securities	825	250
Preferred stock	96	97
Earnings reinvested	1,374	999
Other common equity	1,802	1,849

Treasury stock	(836)	(836)
Total liabilities and equity	$12,793	$12,360

Consolidated Income Statement
(Millions of Dollars)

	3 Months Ended Sept. 30		9 Months Ended Sept. 30		12 Months Ended Sept. 30	
	2001	2000(a)	2001	2000(a)	2001	2000(a)
Operating Revenues						
Retail electric and gas	$818	$751	$2,566	$2,307	$3,426	$3,033
Wholesale energy marketing and trading	454	620	1,360	1,573	1,867	1,886
Energy-related businesses	166	97	487	298	625	392
	1,438	1,468	4,413	4,178	5,918	5,311
Operating Expenses						
Fuel and purchased power	530	690	1,667	1,891	2,237	2,355
Other operation and maintenance	261	212	785	651	1,100	890
Amortization of recoverable transition costs	65	50	191	159	259	218
Depreciation	63	58	190	196	255	260
Other	180	145	536	407	695	507
	1,099	1,155	3,369	3,304	4,546	4,230
Operating income	339	313	1,044	874	1,372	1,081
Other income and (deductions)	7	1	16	8	(7)	98
Income before interest, income taxes and minority interest	346	314	1,060	882	1,365	1,179
Interest expense	91	94	283	274	385	348
Income taxes	86	75	247	215	326	297
Minority interest	1	3	4	4	4	5
Income before extraordinary items	168	142	526	389	650	529
Extraordinary items (net of tax)	0	0	0	0	11	13
Income before dividends on preferred securities	168	142	526	389	661	542
Dividends - preferred securities	16	6	35	19	42	26
Net Income	$152	$136	$491	$370	$619	$516
Earnings per share of common stock - basic						
Income before nonrecurring items	$1.04	$0.81	$3.37	$2.41	$4.25	$3.04
Nonrecurring items (net of tax)	0.00	0.13	0.00	0.16	0.00	0.55
Net Income	$1.04	$0.94	$3.37	$2.57	$4.25	$3.59
Earnings per share of common stock - diluted						
Income before nonrecurring items	$1.04	$0.81	$3.35	$2.41	$4.22	$3.04
Nonrecurring items						

(net of tax)	0.00	0.13	0.00	0.16	0.00	0.55
Net Income	$1.04	$0.94	$3.35	$2.57	$4.22	$3.59
Average number of shares outstanding (thousands)	146,241	144,578	145,818	144,165	145,597	144,056

(a) Certain amounts have been reclassified to conform to the current year presentation.

Key Indicators

Financial

	12 Months Ended Sept. 30, 2001	12 Months Ended Sept. 30, 2000
Dividends declared per share	$1.06	$1.045
Book value per share (a)	$15.97	$13.12
Market price per share (a)	$32.6000	$41.7500
Dividend yield	3.3%	2.5%
Dividend payout ratio - diluted (b)	25%	34%
Price/earnings ratio - diluted (b)	7.7	13.7
Return on average common equity (b)	30.17%	26.67%

(a) End of period
(b) Based on adjusted earnings

Operating _ Domestic Energy

3 Months Ended Sept. 30

PPL Corp. (millions of kwh)	2001	2000	Percent Change
Retail			
Delivered (a)	8,712	8,323	4.7%
Supplied	9,416	9,343	0.8%
Wholesale			
East	4,853	7,555	-35.8%
West			
Montana Power Company (b)	1,268	1,257	0.9%
Other	960	922	4.1%

9 Months Ended Sept. 30

PPL Corp. (millions of kwh)	2001	2000	Percent Change
Retail			
Delivered (a)	26,677	25,626	4.1%
Supplied	28,898	28,388	1.8%
Wholesale			
East	14,356	25,339	-43.3%
West			
Montana Power Company (b)	3,516	3,843	-8.5%
Other	2,729	3,175	-14.0%

12 Months Ended Sept. 30

PPL Corp. (millions of kwh)	2001	2000	Percent Change
Retail			
Delivered (a)	34,957	33,584	4.1%
Supplied	38,268	36,851	3.8%
Wholesale			

East	20,603	33,084	-37.7%
West			
Montana Power Company (b)	4,769	3,843	(c)
Other	3,798	3,175	(c)

(a) Electricity delivered to retail customers represents the kwh delivered to customers within PPL Electric Utilities Corp.'s service territory.
(b) Energy sold to Montana Power for retail customers under power sale agreements that expire on or before June 30, 2002.
(c) Assets pertaining to the wholesale sales in the West were acquired in December 1999. As a result, only nine months of sales are reflected in the 12 months ended September 30, 2000.

[PPL invites interested parties to listen to the live Internet Webcast of management's third-quarter earnings teleconference with financial analysts at 9 a.m. on Wednesday, Oct. 24. The teleconference is available online live, in audio format, on PPL's Internet Web site: http://www.pplweb.com/. The Webcast will be available for replay on the PPL Web site for 30 days. Interested individuals also can access the live conference call via telephone at 913-981-5509.]

Certain statements contained in this news release, including statements with respect to future earnings, energy prices, supply, sales, margins and deliveries, operating and financing costs, strategic initiatives, subsidiary performance, growth, project development, and generating capacity, are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corp. believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements involve 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 variations affecting customer energy usage; competition in retail and wholesale power markets; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corp. and its subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of plants and other facilities; environmental conditions and requirements; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; political, regulatory or economic conditions in countries where PPL Corp. or its subsidiaries conduct business; receipt of necessary governmental approvals; capital market conditions; stock price performance; foreign exchange rates; and the commitments and liabilities of PPL Corp. and its subsidiaries. Any such forward-looking statements should be considered in light of such factors and in conjunction with PPL Corp.'s Form 10-K and other reports on file with the Securities and Exchange Commission.

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