PPL Announces Sale Proposal For Its Brazilian Electric Distribution Company

PRNewswire-FirstCall
ALLENTOWN, Pa.

PPL Corporation (NYSE: PPL) today announced a proposal for the sale of its 90 percent interest in Companhia Energetica do Maranhao (CEMAR) to Franklin Park Energy, LLC of McLean, Va. CEMAR is PPL's Brazilian electric distribution company.

(Photo: http://www.newscom.com/cgi-bin/prnh/19981015/PHTH025)

In a filing submitted today, CEMAR has asked Brazil's National Electrical Energy Agency (ANEEL) to approve the sale. To expedite the transaction, CEMAR has requested that ANEEL act by August 15 on the sale proposal. If the transaction is approved by ANEEL and completed, Franklin Park would purchase CEMAR for a nominal price and would assume the responsibility to operate CEMAR.

The eventual transfer of CEMAR to Franklin Park also is subject to the negotiation and execution of a definitive purchase and sale agreement between Franklin Park and PPL Global, a subsidiary of PPL Corporation. The transfer of PPL's ownership to Franklin Park is not expected to change CEMAR's day-to-day operations, and CEMAR will be held to the same standards of high-quality customer service that has characterized PPL's ownership of CEMAR.

"We are pleased to enter into this proposal with Franklin Park, and we are hopeful that ANEEL will approve the sale and change of ownership as soon as possible to remove any uncertainty for the customers, creditors and employees of CEMAR," said William F. Hecht, chairman, president and chief executive officer of PPL.

"Franklin Park brings the potential of a future additional equity investment in CEMAR, and Franklin Park is in a good position to do the financial restructuring of CEMAR that is necessary for the restoration of CEMAR to financial health," Hecht said.

Hecht noted that the proposed transaction would not have any impact on PPL's financial results.

Hecht said that the possible sale of CEMAR has been under discussion with interested parties since before ANEEL refused the company's request for an extraordinary tariff review in early June of 2002.

"Our CEMAR team worked closely with government officials, creditors and bondholders for nearly a year to return CEMAR to financial health following the impact of the prolonged drought, government-mandated electricity rationing and a non-functioning wholesale energy market in Brazil. Unfortunately, the denial of the tariff review by ANEEL left us with no choice, short of filing for bankruptcy, but to seek a buyer for the company. CEMAR's advisor has contacted more than 40 potential purchasers, and Franklin Park has emerged from that process," said Hecht.

Franklin Park is a private investment group focused on owning and operating utilities in the United States and Latin America. Franklin Park is led by Thomas A. Tribone.

CEMAR provides electricity delivery service to more than 1 million customers in the northeastern Brazilian state of Maranhao. PPL's other Latin American electricity distribution companies, located in Chile, Bolivia and El Salvador, are unaffected by the situation in Brazil.

PPL Corporation, headquartered in Allentown, Pa., controls or owns more than 10,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity to customers in Pennsylvania, the United Kingdom and Latin America.

Certain statements contained in this news release, including statements with respect to future financial results and business disposition, 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 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 Corporation 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 Corporation 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 Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.

NOTE TO EDITORS: The subject of this news release, as well as PPL Corporation's second-quarter earnings results and general business outlook, will be discussed during a conference call with financial analysts starting at 9 a.m. (EDT) on Tuesday, July 23. This call will be available online live, in audio format, on PPL's Internet Web site at http://www.pplweb.com/. For those who cannot listen to the live Webcast, a replay will be accessible via PPL's Web site for 30 days. Interested individuals also can access the live conference call via telephone at 719-867-0640.

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SOURCE: PPL Corporation

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