PPL Exceeds Second-Quarter Consensus Estimate for Core Earnings, Reaffirms $3.30 to $3.50 Per Share Earnings Forecast from Core Operations

PRNewswire-FirstCall
ALLENTOWN, Pa.

Due to two unusual charges, PPL Corporation (NYSE: PPL) today reported a loss per share of $0.18 for the second quarter of 2002. The charges, primarily non-cash in nature, relate to CEMAR, PPL's Brazilian distribution company ($94 million or $0.64 per share), and to expenses incurred with regard to the seven percent reduction in the company's workforce announced last month ($74 million or $0.29 per share).

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PPL reported second-quarter earnings from its core business operations of $0.75 per share, exceeding Thomson Financial's First Call consensus earnings estimate of $0.60 per share from core operations. PPL reported record second- quarter earnings of $0.80 per share from core operations a year ago.

This performance keeps PPL on track to achieve its 2002 earnings forecast of between $3.30 and $3.50 per share from core operations. In addition, PPL reaffirmed its projection, announced earlier this year, for mid-single-digit growth in earnings per share from core operations for 2003.

Second-quarter earnings per share from core operations were $0.05 lower than last year, primarily due to lower margins on energy sales in the western United States. The positive drivers for second-quarter core earnings were increased margins on energy transactions in the eastern United States and success in continuing to reduce operating costs.

"The continued relatively strong performance of PPL's earnings from core operations has demonstrated the value of our hedging strategy," said William F. Hecht, PPL's chairman, president and chief executive officer. "There continue to be many unanswered questions regarding the structure of our industry, and this has reinforced our belief in the value of multi-year sales contracts to reduce unpredictability in earnings, to reduce risk and to improve returns."

PPL's integrated corporate strategy encompasses generating and selling energy in key U.S. markets through an optimum balance of energy supply and customer load under multi-year contracts and operating high-quality energy delivery businesses in select regions. "Our solid performance in core operations in the second quarter and our reaffirmation of PPL's growth rate validate our strategy," Hecht said. "Our plans also call for maintaining a strong liquidity and credit-quality position to give us the flexibility to respond to changing business conditions, while serving as a platform to pursue disciplined growth opportunities," said Hecht.

About 82 percent of PPL's earnings from core operations in 2002 are expected to come from electricity generation that is dedicated to supplying energy under long-term contracts, from its regulated energy delivery business in Pennsylvania and from short-term energy sales in the first half of 2002.

By the end of this month, the company expects to place more than 1,000 megawatts of electricity generating capacity into commercial operation in new generating facilities in Illinois, Arizona and New York. Hecht said, "The new plants are uniquely positioned to serve the growing demands of the Chicago, Phoenix and Long Island metropolitan areas, where power imports are restricted because of transmission congestion."

PPL reported a loss of $0.20 per share for the first half of 2002, due primarily to several unusual charges. The company recorded a first-quarter charge of $1.02 per share related to changes in accounting rules for goodwill that affect its Latin American investments. Also affecting PPL's earnings for the first half of 2002 were the second-quarter charges associated with its Brazilian investment and its workforce reduction program.

Earnings from PPL's core operations in the first half of 2002 were $1.77 per share compared to $2.31 per share for the first half of 2001. While reflecting the lower margins on energy sales in the western United States from a year ago, this year-to-date performance keeps PPL on track to achieve its forecast for core earnings per share for 2002. The positive drivers of PPL's core earnings for the first half of 2002 were: increased margins on energy transactions in the eastern United States, improved earnings contributions from energy-related businesses such as PPL's synthetic fuel operations, and success in continuing to reduce operating costs.

For the 12 months ended June 30, 2002, PPL reported a loss of $1.29 per share due to impairment charges on PPL's Latin American and United Kingdom electricity delivery businesses, changes in accounting rules for goodwill that affect its Latin American investments, the decision to cancel several domestic power plant projects, staffing cuts associated with its workforce reduction program, and charges associated with the bankruptcy of Enron. These charges were partially offset by a credit to earnings relating to a change in pension accounting. PPL's 12-month earnings from core operations were $3.68 per share compared to $4.00 per share for the same period of 2001.

In late January 2002, PPL announced that it had taken an impairment charge of $217 million, for December 2001, with respect to CEMAR and also said it would provide no additional funding for CEMAR. That impairment charge represented the net asset value of CEMAR at the end of 2001.

In the first quarter of 2002, PPL recorded a $6 million pre-tax charge for an early-January investment made prior to its decision to invest no additional funds in CEMAR. In the second quarter of 2002, PPL recorded a charge for the balance of its exposure to CEMAR of about $94 million, an amount that was previously reported and that is primarily related to the cumulative translation adjustment (CTA). The CTA is the amount of currency devaluation of PPL's original investment in CEMAR since the date of purchase. That balance could not be written off previously because of applicable accounting rules.

On Monday, July 22, PPL announced a proposal to sell CEMAR to Franklin Park Energy LLC of McLean, Va. To expedite the transaction, CEMAR has requested that the Brazilian regulator act by mid-August on the sale proposal. If the transaction is approved, Franklin Park would purchase CEMAR for a nominal price and would assume the responsibility to operate CEMAR.

The proposed sale of CEMAR to Franklin Park does not affect PPL's earnings forecast. PPL has reiterated that any operating losses for CEMAR in 2002 would be offset accordingly upon exiting the investment in CEMAR.

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 nearly 6 million customers in Pennsylvania, the United Kingdom and Latin America.

(Note: All references to earnings per share in the text of this news release are stated in terms of diluted earnings per share.)

PPL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Consolidated Balance Sheet
(Millions of Dollars)

	June 30, 2002	Dec. 31, 2001 (a)
Assets		
Current assets	$1,777	$2,338
Investments	1,065	999
Property, plant and equipment -- net		
Transmission and distribution	2,677	2,566
Generation	2,521	2,464
General and intangible	311	310
Construction work in progress	315	181
Nuclear fuel and other leased property	116	127
Electric utility plant	5,940	5,648
Gas and oil utility plant	199	196
Other property	109	103
	6,248	5,947
Recoverable transition costs	2,069	2,172
Regulatory and other assets	1,111	1,118
Total assets	$12,270	$12,574
Liabilities and Equity		
Current liabilities	$1,856	$1,838
Long-term debt (less current portion)	4,882	5,081

Deferred income taxes and ITC	1,500	1,449
Liability for above market NUG purchases	390	493
Other noncurrent liabilities	927	911
Minority interest	38	38
Company-obligated mandatorily redeemable securities	725	825
Preferred stock	82	82
Earnings reinvested	887	1,023
Other common equity	1,819	1,670
Treasury stock	(836)	(836)
Total liabilities and equity	$12,270	$12,574

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

Consolidated Income Statement
(Millions of Dollars)

	3 Months Ended June 30		6 Months Ended June 30	
	2002	2001(a)	2002	2001(a)
Operating Revenues				
Utility	$741	$695	$1,547	$1,522
Unregulated retail electric and gas	42	104	91	243
Wholesale energy marketing and trading	353	431	620	889
Energy-related businesses	165	181	318	323
	1,301	1,411	2,576	2,977
Operating Expenses				
Fuel and purchased power	471	554	876	1,137
Other operation and maintenance	268	286	521	524
Amortization of recoverable transition costs	50	55	103	126
Depreciation	64	67	126	133
Energy-related businesses	146	162	272	275
Taxes, other than income	47	39	98	80
Other charges				
Write-down of international energy projects	94	0	100	0
Cancellation of generation projects	0	0	0	0
Workforce reduction	74	0	74	0
	1,214	1,163	2,170	2,275
Operating income	87	248	406	702
Other income - net	7	6	12	12
Interest expense	100	88	197	192
Income (loss) before income taxes and minority interest	(6)	166	221	522
Income taxes	4	35	66	161
Minority interest	2	1	3	3
Income (loss) before extraordinary items	(12)	130	152	358
Extraordinary item (net of tax)	0	0	0	0
Income (loss) before cumulative effect of a change in accounting principles	(12)	130	152	358
Cumulative effect of a change in accounting principles (net of tax)	0	0	(150)	0
Income (loss) before dividends on preferred				

securities	(12)	130	2	358
Dividends - preferred securities	15	13	32	19
Net Income (loss)	($27)	$117	($30)	$339
Earnings per share of common stock - basic				
Income from core operations	$0.75	$0.80	$1.78	$2.33
Unusual items	(0.93)	0.00	(1.98)	0.00
Net Income (loss)	($0.18)	$0.80	($0.20)	$2.33
Earnings per share of common stock - diluted				
Income from core operations	$0.75	$0.80	$1.77	$2.31
Unusual items	(0.93)	0.00	(1.97)	0.00
Net Income (loss)	($0.18)	$0.80	($0.20)	$2.31
Average shares outstanding (thousands)				
Basic	147,149	145,901	146,927	145,608
Diluted	147,508	146,700	147,275	146,471

	12 Months Ended June 30	
	2002	2001(a)
Operating Revenues		
Utility	$3,059	$2,856
Unregulated retail electric and gas	204	521
Wholesale energy marketing and trading	1,410	2,015
Energy-related businesses	651	558
	5,324	5,950
Operating Expenses		
Fuel and purchased power	1,867	2,397
Other operation and maintenance	1,021	1,051
Amortization of recoverable transition costs	228	244
Depreciation	247	256
Energy-related businesses	569	497
Taxes, other than income	173	162
Other charges		
Write-down of international energy projects	436	0
Cancellation of generation projects	150	0
Workforce reduction	74	0
	4,765	4,607
Operating income	559	1,343
Other income - net	12	(10)
Interest expense	392	388
Income (loss) before income taxes and minority interest	179	945
Income taxes	166	315
Minority interest	(2)	6
Income (loss) before extraordinary items	15	624
Extraordinary item (net of tax)	0	11
Income (loss) before cumulative effect of a change in accounting principles	15	635
Cumulative effect of a change in accounting principles (net of tax)	(140)	0
Income (loss) before dividends on preferred securities	(125)	635
Dividends - preferred securities	65	32
Net Income (loss)	($190)	$603
Earnings per share of common stock - basic		
Income from core operations	$3.69	$4.02
Unusual items	(4.99)	0.13
Net Income (loss)	($1.30)	$4.15
Earnings per share of common stock - diluted		
Income from core operations	$3.68	$4.00
Unusual items	(4.97)	0.13
Net Income (loss)	($1.29)	$4.13

Average shares outstanding (thousands)		
Basic	146,642	145,187
Diluted	147,025	145,977

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

Key Indicators

Financial

	12 Months Ended June 30, 2002	12 Months Ended June 30, 2001
Dividends declared per share	$1.25	$1.06
Book value per share (a)	$12.71	$15.42
Market price per share (a)	$33.08	$55.00
Dividend yield (a)	3.8%	1.9%
Dividend payout ratio - diluted (b)	34%	27%
Price/earnings ratio - diluted (a) (b)	9.0	13.8
Return on average common equity (b)	23.02%	30.26%

(a) End of period
(b) Based on earnings from core operations

Operating - Domestic Electricity Sales

PPL Corp. (millions of kwh)	3 Months Ended June 30 2002	2001	Percent Change	6 Months Ended June 30 2002	2001	Percent Change
Retail						
Delivered (a)	8,269	8,082	2.3%	17,372	17,963	-3.3%
Supplied	8,687	8,928	-2.7%	18,315	19,481	-6.0%
Wholesale						
East	5,288	4,259	24.2%	9,907	9,503	4.3%
West						
Northwestern Energy/Montana Power (b)	1,200	1,048	14.5%	2,566	2,247	14.2%
Other	1,811	743	143.7%	3,475	1,769	96.4%

PPL Corp. (millions of kwh)	12 Months Ended June 30 2002	2001	Percent Change
Retail			
Delivered (a)	34,018	34,567	-1.6%
Supplied	36,229	38,192	-5.1%
Wholesale			
East	19,528	23,305	-16.2%
West			
Northwestern Energy/ Montana Power (b)	5,036	4,757	5.9%
Other	5,547	3,760	47.5%

(a) Electricity delivered to retail customers represents the kwh delivered to customers within PPL Electric Utilities Corp.'s service territory.
(b) Northwestern Energy purchased Montana Power's electric delivery business in February 2002. PPL Montana's power agreement with Montana Power expired June 30, 2002. PPL EnergyPlus, on behalf of PPL Montana, began selling energy to Northwestern Energy on July 1, 2002.

Certain statements contained in this news release, including statements with respect to future earnings, energy marketing, prices and delivery, corporate strategy, subsidiary performance, business disposition, growth, project development, accounting impacts, liquidity, and generating capacity, 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.

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SOURCE: PPL Corporation

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