# PPL's Brazilian Affiliate Files for Debt Protection, Reorganization; PPL Reaffirms 2002 Forecast of Earnings from Core Operations

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Due to the recent denial of emergency rate relief and the inability to obtain support from creditors for a proposed sale, PPL Corporation's (NYSE: PPL) Brazilian electric distribution company, Companhia Energetica do Maranhao (CEMAR), today filed a concordata preventiva, the Brazilian equivalent of a U.S. Chapter 11 bankruptcy, with a state court in Brazil.

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

William Hecht, PPL's chairman, president and chief executive officer, said that today's action is consistent with PPL's previously announced plans to exit CEMAR. "This action will have no impact upon PPL's previously announced earnings guidance for 2002, of between $3.30 and $3.50 per share from core operations," said Hecht.

In January of this year, PPL announced that it intended to write off its entire investment in CEMAR as the result of a prolonged drought, electricity rationing, an uncertain regulatory climate and a malfunctioning wholesale electricity market. The company wrote off $217 million in reporting its fourth quarter 2001 earnings and then the remaining $100 million in the first two quarters of this year. As a result, Hecht said, the company has written down its investment in Brazil to zero.

In announcing the write-offs, the company said that it was pursuing a workout plan, which included a possible sale of CEMAR, but that this workout would not extend beyond the end of 2002.

The workout plan included a request for emergency tariff relief, which was turned down by Brazil's National Electrical Energy Agency (ANEEL), and a proposed sale of CEMAR. "During the concordata period, PPL will continue to explore the possible sale of CEMAR," Hecht said.

Last month, PPL announced a proposal for the sale of its 90 percent interest in CEMAR to Franklin Park Energy LLC of McLean, Va.

While that transaction still is under review by ANEEL, the concordata filing has been precipitated by conditions imposed on the sale by CEMAR's creditors, according to Hecht. "Unfortunately, these conditions have left CEMAR with no choice but to pursue a concordata," said Hecht.

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 nearly 11,500 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 earnings, 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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