PPL's Earnings Leap by 54 Percent for First Quarter; Company Forecasts Increased Earnings for 2001, 2002, Through Mid-Decade

PRNewswire

ALLENTOWN, Pa., April 24 /PRNewswire Interactive News Release/ -- For the sixth straight quarter, PPL Corporation (NYSE: PPL) has achieved record earnings. First-quarter earnings, announced Tuesday (4/24), were $1.52 per diluted share, a 54 percent increase over the same period a year ago and 36 percent higher than the Wall Street consensus estimate.

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

PPL also has significantly increased its earnings forecasts for 2001 and 2002, based on the following factors:

-- The first securitization of a U.S. electricity delivery company, which is a unique strategic initiative that more than doubles the company's generating capacity available for sale in wholesale electricity markets, while lowering its cost of capital (see accompanying news release for more details of this plan).
-- The record earnings performance in the first quarter of 2001.
-- Increased margins on energy transactions.
-- Increased supply of electricity to sell in the competitive wholesale markets, including a new natural gas-powered plant in Illinois.
-- Strong growth in the electricity delivery business in Pennsylvania.
-- Higher earnings from the company's international businesses.
-- Success in continuing to reduce costs.

Using conservative assumptions about future business conditions, PPL now forecasts earnings in excess of $4.00 per share for 2001 and $4.55 to $4.65 per share for 2002. Earnings per share of $4.00 in 2001 would represent an increase of about 22 percent over 2000's adjusted, diluted earnings of $3.28 per share. Earnings per share of $4.55 to $4.65 in 2002 would represent an increase of about 15 percent over earnings now forecast for 2001.

"We are confident that our strong asset base, combined with our proven operating, marketing and development capabilities, will lead to additional growth in earnings through the middle of this decade," said William F. Hecht, PPL's chairman, president and chief executive officer. "For that period, we expect a compound annual earnings per share growth rate of 12 to 15 percent, based on our 2000 adjusted earnings."

The major drivers of PPL's earnings growth for the first quarter were: increased margins on wholesale energy transactions; positive results from the company's regulated energy delivery business in Pennsylvania and from the company's international operations; and success in continuing to control costs.

Hecht said PPL's corporate strategy of concentrating on the generation and sale of competitively priced energy in key U.S. markets while operating high- quality energy delivery businesses in selected regions around the world has led to record-breaking, sustainable growth.

Adjusted earnings per diluted share for the 12 months ended March 31, 2001, were $3.81, compared to $2.54 reported in the same period last year.

Actual earnings per diluted share for the 12 months ended March 31, 2001, were $3.97, including a nonrecurring benefit of 16 cents per share from a settlement with various insurers for environmental and other liabilities. Actual earnings per diluted share for the same period of 2000 were $3.04, reflecting one-time gains from the sale of a generation plant in Sunbury, Pa., a gain from the sale of the supply portion of the company's electricity business in the United Kingdom, and a net gain from the sale of transition bonds in the securitization process. Partially offsetting these benefits during the period a year ago was a one-time adjustment to write down the carrying value of certain investments made by PPL Global, the company's international energy development subsidiary.

PPL now operates nearly 10,000 megawatts of generation capacity in Pennsylvania, Maine and Montana. PPL has more than 4,600 megawatts under development including:

-- A 225-megawatt plant in Wallingford, Conn., expected to be in service by mid-2001.
-- A 600-megawatt plant near Kingman, Ariz., expected to be in service by mid-2001 (PPL owns 50 percent of this facility).
-- A 450-megawatt plant near Phoenix, Ariz., expected to be in service in summer 2002.
-- A 540-megawatt plant near Chicago, Ill., expected to be in service in summer 2002.
-- A 600-megawatt plant in Lower Mount Bethel, Pa., expected to be in service in 2003.
-- More than 900 megawatts of capacity at five small plant sites in eastern Pennsylvania, expected to be in service by 2003.
-- About 300 megawatts of capacity located on Long Island near Smithtown, N.Y., expected to be in service in summer 2003.
-- An extra 100 megawatts of capacity at PPL's existing Susquehanna nuclear plant, near Berwick, Pa., through turbine upgrades in the spring of 2003 and 2004.
-- A 1,200-megawatt plant located near Starbuck, Wash., expected to come online in late 2004 or early 2005.

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)

	March 31, 2001	Dec. 31, 2000(a)
Assets		
Current Assets	$1,933	$1,945
Investments	1,292	1,161
Property, plant and equipment -- net		
Transmission and distribution	2,832	2,841
Generation	2,252	2,177
General and intangible	278	294
Construction work in progress	323	261
Nuclear fuel and other leased property	122	123
Electric utility plant	5,807	5,696
Gas and oil utility plant	188	177
Other property	73	75
	6,068	5,948
Recoverable transition costs	2,353	2,425
Regulatory and other assets	900	881
Total assets	$12,546	$12,360
Liabilities and Equity		
Current liabilities	$3,022	$2,511
Long-term debt (less current portion)	4,196	4,467
Deferred income taxes and ITC	1,428	1,412
Liability for above market NUG purchases	559	581
Other noncurrent liabilities	938	976
Minority interest	60	54
Company-obligated mandatorily redeemable securities	250	250
Preferred stock	97	97
Earnings reinvested	1,182	999
Other common equity	1,650	1,849
Treasury stock	(836)	(836)
Total liabilities and equity	$12,546	$12,360

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

Consolidated Income Statement
(Millions of Dollars)

	3 Months Ended March 31 2001	3 Months Ended March 31 2000(a)	12 Months Ended March 31 2001	12 Months Ended March 31 2000(a)
Operating Revenues				
Retail electric and gas	$956	$845	$3,278	$3,005
Wholesale energy marketing and trading	469	462	2,087	1,606
Energy-related businesses	141	106	471	325
	1,566	1,413	5,836	4,936
Operating Expenses				
Fuel and purchased power	583	608	2,436	2,227
Other operation and maintenance	238	209	980	873
Amortization of recoverable transition costs	71	63	235	212
Depreciation	63	68	256	265
Other	155	145	591	429
	1,110	1,093	4,498	4,006
Operating income	456	320	1,338	930
Other income and (deductions)	4	(1)	(10)	96
Income before interest, income taxes and minority interest	460	319	1,328	1,026
Interest expense	104	88	392	303
Income taxes	126	82	338	182
Minority interest	2	1	5	15
Income before extraordinary items	228	148	593	526
Extraordinary items (net of taxes)	0	0	11	(46)
Income before dividends on preferred stock	228	148	604	480
Preferred stock dividend requirements	6	6	26	26
Net income	$222	$142	$578	$454
Earnings per share of common stock - basic				
Income before nonrecurring items	$1.53	$0.99	$3.83	$2.54
Nonrecurring items (net of tax)	0.00	0.00	0.16	0.50
Net income	$1.53	$0.99	$3.99	$3.04
Earnings per share of common stock - diluted				
Income before nonrecurring items	$1.52	$0.99	$3.81	$2.54
Nonrecurring items (net of tax)	0.00	0.00	0.16	0.50
Net income	$1.52	$0.99	$3.97	$3.04
Average number of shares outstanding (thousands)	145,317	143,697	144,746	149,080

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

Key Indicators

Financial

	12 Months Ended March 31, 2001	12 Months Ended March 31, 2000
Dividends declared per share	$1.060	$1.015
Book value per share (a)	$13.71	$12.09

Market price per share (a)	$43.960	$20.938
Dividend yield (a)	2.4%	4.8%
Dividend payout ratio - basic and diluted (b)	28%	40%
Price/earnings ratio - basic and diluted (a, b)	11.5	8.2
Return on average common equity (b)	30.4%	20.3%

(a) End of period
(b) Excluding nonrecurring items

Operating - Domestic Energy

PPL Corp. (millions of kwh)	3 Months Ended March 31 2001	2000	Percent Change	12 Months Ended March 31 2001	2000	Percent Change
Retail						
Delivered (a)	9,881	9,481	4.2	34,305	33,335	2.9
Supplied	10,552	9,864	7.0	38,446	34,675	10.9
Wholesale						
East	5,244	9,769	-46.3	27,060	32,864	-17.7
West						
Montana Power (b)	1,199	1,341	-10.6	4,954	1,341	(c)
Other	1,026	907	13.1	4,363	907	(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 resale to 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 three months of sales are reflected in the 12 months ended March 31, 2000.

PPL invites interested parties to listen to the live Internet Webcast of management's first quarter earnings teleconference with financial analysts at 8 a.m. Wednesday, April 25. 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 913-981-5591.

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 and performance, 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: This news release is part of a package of materials being released by PPL Corporation Tuesday (4/24). The company also is issuing a news release regarding a major new strategic initiative. All material is available at PPL's news media Web site, pplnewsroom.com. First quarter earnings, the major new strategic initiative and the company's overall strategic direction will be the subjects of an analyst meeting and conference call at 8 a.m. Wednesday. A Webcast of the call is available at pplweb.com. Alternatively, a listen-only dial-in is available at 913-981-5591.

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