

# PPL Corporation Reports 12 Percent Growth in Core Businesses For Record Second-Quarter Earnings

PRNewswire  
ALLENTOWN, Pa.

PPL Corporation (NYSE: PPL) today (7/24) reported a 12 percent increase in per share earnings in its core businesses for the second quarter of 2001. PPL earned a record \$0.72 per share during the second quarter from its core business operations of energy generation, marketing, and distribution and transmission as compared to \$0.64 per share a year ago.

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

Additionally, PPL recorded \$0.08 per share in the second quarter related to benefits of tax credits from synfuel operations, for total reported earnings of \$0.80 per share. The contributions from synfuels were not previously included in the company's published forecasts. PPL recorded the benefits in the second quarter following an evaluation of the recent Internal Revenue Service revenue procedures as they apply to the company's synfuel projects.

"We experienced solid results in the second quarter," said William F. Hecht, PPL's chairman, president and chief executive officer. "The major drivers of our second-quarter earnings were increased margins on unregulated wholesale energy transactions conducted by our energy marketing and trading units, positive results from our regulated energy delivery business in Pennsylvania and favorable results from our portfolio of international investments."

Hecht said PPL's second-quarter earnings rose solidly above a year ago, even when compared to last year's second quarter, which included a \$0.17 per share benefit from the sale of emission allowances in last year's second quarter, a sale that was not repeated in this year's second quarter.

Hecht reiterated PPL's prior forecast of earnings in excess of \$4.00 per share for 2001. The 2001 forecast reflects a strategic initiative the company terms "securitization" of PPL Electric Utilities, the regulated electricity delivery subsidiary. All necessary approvals for this initiative have been received, including those of PPL Electric Utilities' shareowners, the Pennsylvania Public Utility Commission and the Federal Energy Regulatory Commission.

Later this summer, PPL anticipates completing this strategic initiative, which will enable PPL to lock in a market for a significant portion of its eastern generation through 2009 at very favorable prices.

PPL's earnings per diluted share for the first half of 2001 were \$2.31, a 42 percent increase over the earnings of \$1.63 per diluted share for the same period of 2000. This strong growth in earnings resulted primarily from improved margins in wholesale energy operations and increased contributions from international activities. In addition, the company's sales of energy delivered to residential and small business customers reflected above-average growth for both the quarter and for the year to date.

PPL Corp., 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)

June 30, 2001 Dec. 31, 2000

<b>Assets</b>		
Current Assets	\$1,680	\$1,945
Investments	1,191	1,161
Property, plant and equipment -- net		
Transmission and distribution	2,811	2,841
Generation	2,341	2,177
General and intangible	295	294
Construction work in progress	258	261
Nuclear fuel	114	123
Electric utility plant	5,819	5,696
Gas and oil utility plant	190	177
Other property	72	75
	6,081	5,948
Recoverable transition costs	2,299	2,425
Regulatory and other assets	911	881
Total assets	\$12,162	\$12,360
<b>Liabilities and Equity</b>		
Current liabilities	\$1,940	\$2,511
Long-term debt (less current portion)	4,081	4,467
Deferred income taxes and ITC	1,409	1,412
Liability for above market NUG purchases	537	581
Other noncurrent liabilities	964	976
Minority interest	58	54
Company-obligated mandatorily redeemable securities	825	250
Preferred stock	96	97
Earnings reinvested	1,260	999
Other common equity	1,828	1,849
Treasury stock	(836)	(836)
Total liabilities and equity	\$12,162	\$12,360

Consolidated Income Statement  
(Millions of Dollars)

3 Months Ended		6 Months Ended		12 Months Ended	
June 30		June 30		June 30	
2001	2000(a)	2001	2000(a)	2001	2000(a)

**Operating Revenues**

Retail electric and gas	\$792	\$711	\$1,748	\$1,556	\$3,359	\$3,108
Wholesale energy marketing and trading	437	491	906	953	2,033	1,761
Energy-related businesses	180	95	321	201	556	360
	1,409	1,297	2,975	2,710	5,948	5,229

**Operating Expenses**

Fuel and purchased power	554	593	1,137	1,201	2,397	2,366
Other operation and maintenance	286	221	524	439	1,051	914
Amortization of recoverable transition costs	55	46	126	109	244	217
Depreciation	64	70	127	138	250	274
Other	201	126	356	262	660	451
	1,160	1,056	2,270	2,149	4,602	4,222
Operating income	249	241	705	561	1,346	1,007
Other income and (deductions)	5	8	9	7	(13)	97
Income before interest, income taxes and minority interest	254	249	714	568	1,333	1,104
Interest expense	88	92	192	180	388	334
Income taxes	35	58	161	140	315	200
Minority interest	1	0	3	1	6	15
Income before extraordinary						

items	130	99	358	247	624	555
Extraordinary items (net of tax)	0	0	0	0	11	(46)
Income before dividends on preferred securities	130	99	358	247	635	509
Dividends - preferred securities	13	7	19	13	32	26
Net Income	\$117	\$92	\$339	\$234	\$603	\$483

Earnings per share of common stock - basic						
Income before nonrecurring items	\$0.80	\$0.60	\$2.33	\$1.59	\$4.02	\$2.76
Nonrecurring items (net of tax)	0.00	0.04	0.00	0.04	0.13	0.55
Net Income	\$0.80	\$0.64	\$2.33	\$1.63	\$4.15	\$3.31

Earnings per share of common stock - diluted						
Income before nonrecurring items	\$0.80	\$0.60	\$2.31	\$1.59	\$4.00	\$2.76
Nonrecurring items (net of tax)	0.00	0.04	0.00	0.04	0.13	0.55
Net Income	\$0.80	\$0.64	\$2.31	\$1.63	\$4.13	\$3.31

Average number of shares outstanding (thousands)	145,901	144,137	145,608	143,948	145,187	145,985
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(a) Certain amounts have been reclassified to conform to the current year presentation.

#### Key Indicators

##### Financial

	12 Months Ended June 30, 2001	12 Months Ended June 30, 2000
Dividends declared per share	\$1.06	\$1.03
Book value per share (a)	\$15.42	\$12.31
Market price per share (a)	\$55.00	\$21.9375
Dividend yield	1.9%	4.7%
Dividend payout ratio - diluted (b)	27%	37%
Price/earnings ratio - diluted (b)	13.8	7.9
Return on average common equity (b)	30.25%	24.87%

(a) End of period

(b) Excluding nonrecurring items

##### Operating - Domestic Energy

	3 Months Ended June 30	6 Months Ended June 30
PPL Corp. (millions of kwh)		
	Percent	Percent
	2001	2000
Retail		
Delivered (a)	8,082	7,821
Supplied	8,928	9,181
Wholesale		
East	4,259	8,015
West		

Montana Power						
Company (b)	1,048	1,245	-15.8%	2,247	2,586	-13.1%
Other	743	1,346	-44.8%	1,769	2,253	-21.5%

12 Months Ended June 30

	2001	2000	Percent Change	
Retail				
Delivered (a)	34,567	33,483	3.2%	
Supplied	38,192	35,988	6.1%	
Wholesale				
East	23,305	33,483	-30.4%	
West				
Montana Power Company (b)	4,757	2,586	(c)	
Other	3,760	2,253	(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 six months of sales are reflected in the 12 months ended June 30, 2000.

[PPL invites interested parties to listen to the live Internet Webcast of management's second- quarter earnings teleconference with financial analysts at 4:15 p.m. Tuesday, July 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 913-981-5522.]

Certain statements contained in this news release, including statements with respect to future earnings, energy prices, supply, sales, margins and deliveries, financing costs, taxes, 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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Contact: Media: Dan McCarthy, +1-610-774-5758, or Financial Analysts:  
Tim Paukovits, +1-610-774-4124, both of PPL Corporation, or fax,  
+1-610-774-5281

Website: <http://www.pplweb.com/>

