

# PPL Corporation to Expense Future Stock Options; Reaffirms 2002, 2003 Core Earnings Forecasts

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ALLENTOWN, Pa.

PPL Corporation (NYSE: PPL) today announced that, beginning Jan. 1, 2003, it will expense the value of any new stock options granted to PPL employees. This decision does not change the company's 2003 earnings forecast.

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

"PPL has a long-standing commitment to clearly communicate its financial results, including the value of stock options granted, to its shareowners," said William F. Hecht, PPL's chairman, president and chief executive officer. "That commitment led us to review our practices and to conclude that recording the value of options as an expense will provide investors with an even clearer picture of PPL's financial results."

Hecht said that, although PPL will be expensing options beginning in 2003, the company will not be changing its 2003 forecast of between \$3.60 and \$3.80 per share in earnings from core operations. Hecht also reaffirmed the company's 2002 forecast of \$3.30 to \$3.50 per share from core operations. Over the longer term, PPL also is reaffirming its forecast of 5 to 8 percent compound annual growth in core earnings per share, using the midpoint of its existing 2002 forecast of earnings from core operations as the starting point.

PPL's stock options give the owner the right to purchase company stock in the future at the actual price on the date the options are granted. Therefore, an option only has value to the owner if the stock price rises above this fixed price in the future. Stock options are a part of employee compensation at PPL because they directly tie the employee's interest with that of the company's shareowners.

Because the actual value of stock options cannot be known at the time the option is granted, it is necessary to make a number of assumptions to determine their value. PPL, following guidance provided by the Financial Accounting Standards Board, will expense any new options granted based on a widely used formula, called the Black-Scholes valuation model. The Black-Scholes formula, which takes into account a number of factors including the historic performance of the stock on which the option is offered, will be used to establish an estimated value for the options at the time they are granted.

PPL has decided to make no change in the accounting for previously awarded stock options.

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 states, regions or countries where PPL Corporation or its subsidiaries conduct business; receipt of necessary governmental approvals; capital market conditions; credit rankings; 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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CONTACT: media - George Biechler, +1-610-774-5997 or For financial analysts, Tim Paukovits, +1-610-774-4124, both of PPL Corporation, Fax +1-610-774-5281

Web site: <http://www.pplweb.com/>

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