PPL Completes Final Transfer of Shares in Brazilian Electric Distribution Company

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PPL Corporation (NYSE: PPL) today announced the transfer of its entire ownership interest in its former electric distribution company in Brazil.

PPL transferred its interest in Companhia Energetica do Maranhao S.A., commonly known as CEMAR, to Brazil Development Equity Investments and SVM Participacoes e Empreendimentos Ltda., companies controlled by a private equity fund managed by GP Investimentos, a Brazilian private equity firm.

The transaction will result in a non-cash, unusual credit of approximately $22 million, or 12 cents per share, to PPL's earnings in the second quarter of 2004. This credit results from the reversal of the negative carrying value, created by previous consolidated operating losses for this investment.

John R. Biggar, PPL's executive vice president and chief financial officer, reaffirmed PPL's previously announced 2004 forecast of earnings from ongoing operations of $3.45 to $3.75 per share. Unusual items are not included in earnings from ongoing operations.

Earlier this year, PPL sold its minority interest in Compania General de Electricidad, or CGE, in Chile, which resulted in a non-cash, unusual charge of approximately $7.5 million, or $0.04 per share, to the corporation's earnings in the first quarter of 2004. Including these two unusual items, plus an unusual charge of $0.01 for a discontinued telecommunications operation in El Salvador, PPL's forecast of reported earnings for 2004 is $3.52 to $3.82 per share.

The transfer in ownership of CEMAR was sponsored by the Brazilian electricity regulator, which assumed full operational and financial control of CEMAR in August 2002 and since that time has been attempting to transfer CEMAR to a new owner. PPL acquired CEMAR in June 2000.

In 2001, PPL had concluded that the long-term viability of its investment in CEMAR was jeopardized and that the probability of positive cash flows was minimal due to a prolonged drought, electricity rationing, an uncertain regulatory climate and a malfunctioning wholesale electricity market in Brazil. Accordingly, PPL wrote down its investment in CEMAR from approximately $300 million to zero.

PPL suspended recording CEMAR's financial results in August 2002, because it no longer controlled the entity as a result of the intervention by the regulator.

PPL Corporation, headquartered in Allentown, Pa., controls about 11,500 megawatts of generating capacity in the United States, sells energy in key U.S. markets and delivers electricity to nearly 5 million customers in Pennsylvania, the United Kingdom and Latin America. More information is available at www.pplweb.com.

"Earnings from ongoing operations" excludes the impact of unusual items. Earnings from ongoing operations should not be considered as an alternative to net income, which is an indicator of operating performance determined in accordance with generally accepted accounting principles (GAAP). PPL believes that earnings from ongoing operations, although a non-GAAP measure, is also useful and meaningful to investors because it provides them with PPL's underlying earnings performance as another criterion in making their investment decisions. PPL's management also uses earnings from ongoing operations in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

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; competition; accounting requirements; operating performance and costs of plants and other facilities; political, regulatory or economic developments and conditions; the liquidity of PPL Corporation and its subsidiaries; capital markets; and foreign exchange rates. 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.

SOURCE: PPL Corporation

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