

PPL CORPORATION AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Condensed Consolidated Balance Sheet
(Millions of Dollars)

	<u>March 31, 2004</u>	<u>Dec. 31, 2003 (a)</u>
Assets		
Cash	\$ 572	\$ 476
Other current assets	1,720	1,563
Investments	608	742
Property, plant and equipment – net		
Electric plant	10,349	10,024
Gas and oil plant	207	205
Other property	<u>213</u>	<u>221</u>
	10,769	10,450
Recoverable transition costs	1,616	1,687
Goodwill and other intangibles	1,366	1,298
Regulatory and other assets	<u>932</u>	<u>907</u>
Total assets	<u><u>\$ 17,583</u></u>	<u><u>\$ 17,123</u></u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$ 603	\$ 451
Other current liabilities	1,429	1,318
Long-term debt (less current portion)	7,963	8,145
Deferred income taxes and investment tax credits	2,282	2,205
Other noncurrent liabilities	1,766	1,640
Minority interest	57	54
Preferred stock	51	51
Earnings reinvested	1,582	1,478
Other common equity	2,934	2,915
Accumulated other comprehensive loss	(247)	(297)
Treasury stock	<u>(837)</u>	<u>(837)</u>
Total liabilities and equity	<u><u>\$ 17,583</u></u>	<u><u>\$ 17,123</u></u>

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

Condensed Consolidated Income Statement
(Millions of Dollars, Except per Share Data)

	3 Months Ended March 31		12 Months Ended March 31	
	2004(a)	2003(a)(b)	2004(a)	2003(a)(b)
Operating Revenues				
Utility	\$ 1,085	\$ 1,019	\$ 3,776	\$ 3,744
Unregulated retail electric and gas	31	51	132	184
Wholesale energy marketing	278	298	1,194	1,141
Net energy trading margins	7	(7)	26	(2)
Energy-related businesses	119	127	491	548
	<u>1,520</u>	<u>1,488</u>	<u>5,619</u>	<u>5,615</u>
Operating Expenses				
Fuel and purchased power	473	499	1,621	1,654
Other operation and maintenance	316	277	1,243	1,139
Amortization of recoverable transition costs	71	71	260	244
Depreciation	99	96	383	377
Energy-related businesses	138	121	508	535
Taxes, other than income	57	65	248	235
Other charges				
Write-down of international energy projects	0	0	0	107
Workforce reduction	0	0	9	75
Write-down of generation assets	0	0	0	44
	<u>1,154</u>	<u>1,129</u>	<u>4,272</u>	<u>4,410</u>
Operating Income	366	359	1,347	1,205
Other Income – net	12	8	64	31
Interest Expense (c)	125	108	492	539
Income from Continuing Operations Before				
Income Taxes, Minority Interest and				
Distributions on Preferred Securities	253	259	919	697
Income Taxes	72	69	173	193
Minority Interest	2	1	8	53
Distributions on Preferred Securities (c)	1	13	17	62
Income from Continuing Operations	178	176	721	389
Loss from Discontinued Operations (net of income taxes)	1	0	21	2
Income Before Cumulative Effects of Changes in				
Accounting Principles	177	176	700	387
Cumulative Effects of Changes in Accounting Principles (net of income taxes)	0	63	(28)	63
Net Income	<u>\$ 177</u>	<u>\$ 239</u>	<u>\$ 672</u>	<u>\$ 450</u>
Earnings per share of common stock – basic				
Ongoing earnings	\$ 1.04	\$ 1.06	\$ 3.72	\$ 3.61
Unusual items	(0.04)	0.37	0.12	(0.74)
Net Income	<u>\$ 1.00</u>	<u>\$ 1.43</u>	<u>\$ 3.84</u>	<u>\$ 2.87</u>
Earnings per share of common stock – diluted				
Ongoing earnings	\$ 1.03	\$ 1.06	\$ 3.70	\$ 3.60
Unusual items	(0.04)	0.37	0.12	(0.74)
Net Income	<u>\$ 0.99</u>	<u>\$ 1.43</u>	<u>\$ 3.82</u>	<u>\$ 2.86</u>
Average shares outstanding (thousands)				
Basic	177,150	166,506	175,327	156,679

Diluted 177,757 167,016 175,949 157,225

- (a) Earnings in the 2004 and 2003 periods were impacted by several unusual items, as described in the text and tables of this news release. Earnings from ongoing operations excludes the impact of these unusual items.
- (b) Certain amounts have been reclassified to conform to the current year presentation.
- (c) Impacted by the adoption in mid-2003 of Statement of Financial Accounting Standards 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." This required the reclassification of company-obligated, mandatorily redeemable preferred securities to long-term debt.

Key Indicators

Financial

	<u>12 Months Ended March 31, 2004</u>	<u>12 Months Ended March 31, 2003</u>
Dividends declared per share	\$1.565	\$1.465
Book value per share (a)	\$19.31	\$14.73
Market price per share (a)	\$45.60	\$35.61
Dividend yield (a)	3.4%	4.1%
Dividend payout ratio (b)	41%	51%
Dividend payout ratio – earnings from ongoing operations (b)(c)	42%	41%
Price/earnings ratio (a)(b)	11.9	12.5
Price/earnings ratio – earnings from ongoing operations (a)(b)(c)	12.3	9.9
Return on average common equity	22.33%	20.93%
Return on average common equity – earnings from ongoing operations (c)	21.65%	20.91%

- (a) End of period.
- (b) Based on diluted earnings per share.
- (c) Calculated using earnings from ongoing operations, which excludes the impact of unusual items, as described in the text and tables of this news release.

Reconciliation of Business Segment Earnings from Ongoing Operations and Reported Earnings

	<u>Current Year - 2004</u>				<u>Last Year - 2003</u>			
	<u>Supply</u>	<u>Internation al</u>	<u>Delivery</u>	<u>Total</u>	<u>Supply</u>	<u>Internation al</u>	<u>Delivery</u>	<u>Total</u>
<i>(millions of dollars)</i>								
Earnings from ongoing operations – 1 st Qtr	\$89	\$56	\$40	\$185	\$88	\$51	\$37	\$176
Unusual Items		(8)		(8)	63			63
Earnings – reported	<u>\$89</u>	<u>\$48</u>	<u>\$40</u>	<u>\$177</u>	<u>\$151</u>	<u>\$51</u>	<u>\$37</u>	<u>\$239</u>
<i>(per share)</i>								
Earnings from ongoing operations – 1 st Qtr	\$0.50	\$0.31	\$0.22	\$1.03	\$0.54	\$0.30	\$0.22	\$1.06
Unusual Items		(0.04)		(0.04)	0.37			0.37
Earnings – reported	<u>\$0.50</u>	<u>\$0.27</u>	<u>\$0.22</u>	<u>\$0.99</u>	<u>\$0.91</u>	<u>\$0.30</u>	<u>\$0.22</u>	<u>\$1.43</u>

Operating – Domestic Electricity Sales

(millions of kwh)

	3 Months Ended March 31			12 Months Ended March 31		
	2004	2003	Percent Change	2004	2003	Percent Change
Retail						
Delivered (a)	9,921	9,997	(0.8%)	35,330	35,924	(1.7%)
Supplied	10,368	10,253	1.1%	36,888	37,366	(1.3%)
Wholesale						
East	5,689	5,754	(1.1%)	25,374	24,774	2.4%
West						
NorthWestern Energy/Montana Power (b)	834	827	0.8%	3,355	3,820	(12.2%)
Other	2,401	2,189	9.7%	9,265	8,420	10.0%

- (a) Electricity delivered to retail customers represents the kwh delivered to customers within PPL Electric Utilities Corporation's service territory.
- (b) NorthWestern Corporation purchased The Montana Power Company's electric delivery business in February 2002, including Montana Power's rights under a power supply agreement with PPL Montana that expired on June 30, 2002. In July 2002, PPL EnergyPlus, on behalf of PPL Montana, began selling energy to NorthWestern Corporation under a new five-year agreement.