

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

Condensed Consolidated Balance Sheet
(Millions of Dollars)

	<u>Dec. 31, 2004</u>	<u>Dec. 31, 2003 (a)</u>
Assets		
Cash	\$ 682	\$ 476
Other current assets	1,622	1,544
Investments	472	586
Property, plant and equipment – net		
Electric plant	10,771	10,167
Gas and oil plant	213	205
Other property	<u>225</u>	<u>221</u>
	11,209	10,593
Recoverable transition costs	1,431	1,687
Goodwill and other intangibles	1,403	1,311
Regulatory and other assets	<u>942</u>	<u>926</u>
Total assets	<u>\$ 17,761</u>	<u>\$ 17,123</u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$ 908	\$ 451
Other current liabilities	1,349	1,321
Long-term debt (less current portion)	6,881	8,145
Deferred income taxes and investment tax credits	2,426	2,205
Other noncurrent liabilities	1,851	1,637
Minority interest	56	54
Preferred stock	51	51
Earnings reinvested	1,870	1,478
Other common equity	3,530	2,915
Accumulated other comprehensive loss	(323)	(297)
Treasury stock	<u>(838)</u>	<u>(837)</u>
Total liabilities and equity	<u>\$ 17,761</u>	<u>\$ 17,123</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 Dec. 31,		12 Months Ended Dec. 31,	
	2004	2003(a)(b)	2004(a)	2003(a)(b)
Operating Revenues				
Utility	\$ 984	\$ 933	\$ 3,900	\$ 3,717
Unregulated retail electric and gas	27	33	114	148
Wholesale energy marketing	301	208	1,247	1,222
Net energy trading margins	4	2	22	10
Energy-related businesses	149	123	529	499
	1,465	1,299	5,812	5,596
Operating Expenses				
Fuel and purchased power	416	309	1,697	1,659
Other operation and maintenance	314	314	1,243	1,201
Amortization of recoverable transition costs	65	67	257	260
Depreciation	106	94	412	380
Energy-related businesses	160	116	566	491
Taxes, other than income	63	67	250	256
Workforce reduction	0	0	0	9
	1,124	967	4,425	4,256
Operating Income	341	332	1,387	1,340
Other Income - net	(8)	12	41	58
Interest Expense (c)	132	118	523	473
Income from Continuing Operations Before Income Taxes, Minority Interest and Distributions on Preferred Securities	201	226	905	925
Income Taxes	22	(31)	195	170
Minority Interest	2	2	8	7
Distributions on Preferred Securities (c)	0	0	2	29
Income from Continuing Operations	177	255	700	719
Loss from Discontinued Operations (net of income taxes)	0	19	2	20
Income Before Cumulative Effects of Changes in Accounting Principles	177	236	698	699
Cumulative Effects of Changes in Accounting Principles (net of income taxes)	0	(28)	0	35
Net Income	\$ 177	\$ 208	\$ 698	\$ 734
Earnings per share of common stock - basic				
Ongoing earnings	\$ 0.94	\$ 0.98	\$ 3.72	\$ 3.72
Unusual items	0	0.19	0.05	0.53
Net Income	\$ 0.94	\$ 1.17	\$ 3.77	\$ 4.25
Earnings per share of common stock - diluted				
Ongoing earnings	\$ 0.93	\$ 0.98	\$ 3.71	\$ 3.71
Unusual items	0	0.19	0.05	0.53
Net Income	\$ 0.93	\$ 1.17	\$ 3.76	\$ 4.24
Average shares outstanding (thousands)				
Basic	188,683	176,849	184,841	172,795
Diluted	189,830	177,424	185,606	173,392

- (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

	12 Months Ended Dec. 31, 2004	12 Months Ended Dec. 31, 2003
Dividends declared per share	\$1.64	\$1.54
Book value per share (a)	\$22.42	\$18.38
Market price per share (a)	\$53.28	\$43.75
Dividend yield (a)	3.1%	3.5%
Dividend payout ratio (b)	44%	36%
Dividend payout ratio - earnings from ongoing operations (b)(c)	44%	42%
Price/earnings ratio (a)(b)	14.2	10.3
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	14.4	11.8
Return on average common equity	18.14%	26.55%
Return on average common equity - earnings from ongoing operations (c)	18.09%	22.67%

(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 the news release of Feb. 2, 2005.

Reconciliation of Earnings from Ongoing Operations and Reported Earnings

(Millions of dollars)

	Current Year – 2004		Last Year – 2003	
	<u>4th Qtr</u>	<u>Dec. YTD</u>	<u>4th Qtr</u>	<u>Dec. YTD</u>
Earnings from Ongoing Operations	\$177	\$690	\$174	\$642
Unusual Items (net of tax):				
Impairment of investment in technology supplier (Q2, '04)		(6)		
Sale of CGE (Q1, '04)		(7)		
Asset retirement obligation (Q1, '03)				63
Consolidation of variable interest entities (Q4, '03)			(27)	(27)
Sale of CEMAR (Q2, '04)		23		
Discontinued operations (Q4, '03; Q2, '04)		(2)	(20)	(20)
CEMAR-related net tax benefit (Q4, '03)			81	81
Workforce reduction (Q3, '03)				(5)
Total Unusual Items		8	34	92
Earnings - Reported	\$177	\$698	\$208	\$734

Reconciliation of Earnings from Ongoing Operations and Reported Earnings per Share (*Diluted*)

	Current Year – 2004		Last Year – 2003	
	<u>4th Qtr</u>	<u>Dec. YTD</u>	<u>4th Qtr</u>	<u>Dec. YTD</u>
Earnings from Ongoing Operations	\$0.93	\$3.71	\$0.98	\$3.71
Unusual Items (net of tax):				
Impairment of investment in technology supplier (Q2, '04)		(0.03)		
Sale of CGE (Q1, '04)		(0.04)		
Asset retirement obligation (Q1, '03)				0.36
Consolidation of variable interest entities (Q4, '03)			(0.15)	(0.16)
Sale of CEMAR (Q2, '04)		0.13		
Discontinued operations (Q4, '03; Q2, '04)		(0.01)	(0.11)	(0.11)
CEMAR-related net tax benefit (Q4, '03)			0.45	0.47
Workforce reduction (Q3, '03)				(0.03)
Total Unusual Items		0.05	0.19	0.53
Earnings – Reported	\$0.93	\$3.76	\$1.17	\$4.24

Reconciliation of Business Segment Earnings from Ongoing Operations and Reported Earnings

	Current Year - 2004				Prior Year - 2003			
	Supply	International	Delivery	Total	Supply	International	Delivery	Total
<i>(millions of dollars)</i>								
Earnings from ongoing operations - 4th Qtr	\$106	\$46	\$25	\$177	\$128	\$39	\$7	\$174
Unusual Items					(27)	61		34
Earnings – reported 4th Qtr	\$106	\$46	\$25	\$177	\$101	\$100	\$7	\$208
Earnings from ongoing operations – YTD	\$427	\$183	\$80	\$690	\$466	\$135	\$41	\$642
Unusual Items	(6)	14	8	8	36	61	(5)	92
Earnings – reported YTD	\$421	\$197	\$80	\$698	\$502	\$196	\$36	\$734
<i>(per share)</i>								
Earnings from ongoing operations - 4th Qtr	\$0.56	\$0.24	\$0.13	\$0.93	\$0.72	\$0.22	\$0.04	\$0.98
Unusual Items					(0.15)	0.34		0.19
Earnings – reported 4th Qtr	\$0.56	\$0.24	\$0.13	\$0.93	\$0.57	\$0.56	\$0.04	\$1.17
Earnings from ongoing operations – YTD	\$2.30	\$0.98	\$0.43	\$3.71	\$2.70	\$0.77	\$0.24	\$3.71
Unusual Items	(0.03)	0.08	0.05	0.05	0.20	0.36	(0.03)	0.53
Earnings – reported YTD	\$2.27	\$1.06	\$0.43	\$3.76	\$2.90	\$1.13	\$0.21	\$4.24

Operating - Domestic Electricity Sales

(millions of kwh)

	3 Months Ended Dec. 31,			12 Months Ended Dec. 31,		
	2004	2003	Percent Change	2004	2003	Percent Change
Retail						
Delivered (a)	8,539	8,429	1.3%	35,825	35,407	1.2%
Supplied	9,009	8,822	2.1%	37,664	36,775	2.4%
Wholesale						
East (b)	6,378	6,148	3.7%	25,040	25,439	(1.6%)
West						
Northwestern Energy	840	841	(0.1%)	3,341	3,348	(0.2%)
Other Montana	2,025	2,227	(9.1%)	7,747	7,651	1.3%
PPL EnergyPlus	202	247	(18.2%)	1,266	1,403	(9.8%)

- (a) Electricity delivered to retail customers represents the kwh delivered to customers within PPL Electric Utilities Corporation's service territory.
- (b) Certain amounts have been reclassified to conform to the current year presentation.