

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

Condensed Consolidated Balance Sheet
(Millions of Dollars)

	<u>March 31, 2005</u>	<u>Dec. 31, 2004 (a)</u>
Assets		
Cash	\$ 754	\$ 616
Other current assets	1,945	1,688
Investments	471	472
Property, plant and equipment – net		
Electric plant	10,795	10,715
Gas and oil plant	213	213
Other property	219	221
	11,227	11,149
Recoverable transition costs	1,363	1,431
Goodwill and other intangibles	1,478	1,463
Regulatory and other assets	940	942
Total assets	<u>\$ 18,178</u>	<u>\$ 17,761</u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$ 1,146	\$ 908
Other current liabilities	1,655	1,387
Long-term debt (less current portion)	6,639	6,881
Deferred income taxes and investment tax credits	2,429	2,426
Other noncurrent liabilities	1,885	1,813
Minority interest	55	56
Preferred stock	51	51
Earnings reinvested	1,951	1,870
Other common equity	3,583	3,530
Accumulated other comprehensive loss	(378)	(323)
Treasury stock	(838)	(838)
Total liabilities and equity	<u>\$ 18,178</u>	<u>\$ 17,761</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,	
	2005	2004(a)(b)	2005(a)	2004(a)(b)
Operating Revenues				
Utility	\$ 1,151	\$ 1,085	\$ 3,966	\$ 3,783
Unregulated retail electric and gas	25	31	108	122
Wholesale energy marketing	271	278	1,240	1,200
Net energy trading margins	16	6	32	23
Energy-related businesses	139	119	549	491
	<u>1,602</u>	<u>1,519</u>	<u>5,895</u>	<u>5,619</u>
Operating Expenses				
Fuel and purchased power	514	472	1,739	1,624
Other operation and maintenance	364	316	1,291	1,240
Amortization of recoverable transition costs	69	71	255	260
Depreciation	105	99	418	384
Energy-related businesses	148	138	576	507
Taxes, other than income	73	57	266	248
Workforce reduction	0	0	0	9
	<u>1,273</u>	<u>1,153</u>	<u>4,545</u>	<u>4,272</u>
Operating Income	329	366	1,350	1,347
Other Income - net	9	11	39	62
Interest Expense	<u>135</u>	<u>124</u>	<u>534</u>	<u>490</u>
Income from Continuing Operations Before Income Taxes, Minority Interest and Distributions on Preferred Securities				
	203	253	855	919
Income Taxes	32	72	155	173
Minority Interest	2	2	8	8
Distributions on Preferred Securities	<u>1</u>	<u>1</u>	<u>2</u>	<u>17</u>
Income from Continuing Operations	168	178	690	721
Loss from Discontinued Operations (net of income taxes)	<u>0</u>	<u>1</u>	<u>1</u>	<u>21</u>
Income Before Cumulative Effect of a Change in Accounting Principle				
	168	177	689	700
Cumulative Effect of a Change in Accounting Principle (net of income taxes)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(28)</u>
Net Income	<u>\$ 168</u>	<u>\$ 177</u>	<u>\$ 689</u>	<u>\$ 672</u>
Earnings per share of common stock - basic				
Ongoing earnings	\$ 1.06	\$ 1.04	\$ 3.78	\$ 3.72
Unusual items	<u>(0.17)</u>	<u>(0.04)</u>	<u>(0.09)</u>	<u>0.12</u>
Net Income	<u>\$ 0.89</u>	<u>\$ 1.00</u>	<u>\$ 3.69</u>	<u>\$ 3.84</u>
Earnings per share of common stock - diluted				
Ongoing earnings	\$ 1.05	\$ 1.03	\$ 3.76	\$ 3.70
Unusual items	<u>(0.17)</u>	<u>(0.04)</u>	<u>(0.09)</u>	<u>0.12</u>
Net Income	<u>\$ 0.88</u>	<u>\$ 0.99</u>	<u>\$ 3.67</u>	<u>\$ 3.82</u>
Average shares outstanding (thousands)				
Basic	189,060	177,150	187,022	175,327
Diluted	190,675	177,757	188,004	175,949

- (a) Earnings in the 2005 and 2004 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.

Key Indicators

Financial

	<u>12 Months Ended March 31, 2005</u>	<u>12 Months Ended March 31, 2004</u>
Dividends declared per share	\$1.69	\$1.565
Book value per share (a)	\$22.75	\$19.31
Market price per share (a)	\$53.99	\$45.60
Dividend yield (a)	3.1%	3.4%
Dividend payout ratio (b)	46%	41%
Dividend payout ratio - earnings from ongoing operations (b)(c)	45%	42%
Price/earnings ratio (a)(b)	14.7	11.9
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	14.4	12.3
Return on average common equity	16.94%	22.32%
Return on average common equity - earnings from ongoing operations (c)	17.45%	21.65%

(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 (Diluted)

	<u>1st Quarter 2005</u>				<u>12 Months Ended March 31, 2005</u>			
	<u>Supply</u>	<u>PA Delivery</u>	<u>Int'l Delivery</u>	<u>Total</u>	<u>Supply</u>	<u>PA Delivery</u>	<u>Int'l Delivery</u>	<u>Total</u>
<i>(millions of dollars)</i>								
Earnings from Ongoing Operations	\$ 92	\$ 47	\$ 62	\$ 201	\$ 430	\$ 87	\$ 189	\$ 706
Unusual Items								
PJM billing dispute (Q1, '05)		(27)		(27)		(27)		(27)
NorthWestern litigation (Q1, '05)	(6)			(6)	(6)			(6)
Impairment of investment in technology supplier (Q2, '04)					(6)			(6)
Sale of CGE (Q1, '04)							1	1
Sale of CEMAR (Q2, '04)							23	23
Discontinued operations (Q4, '03, Q2, '04)							(2)	(2)
Total unusual items	(6)	(27)		(33)	(12)	(27)	22	(17)
Reported earnings	\$ 86	\$ 20	\$ 62	\$ 168	\$ 418	\$ 60	\$ 211	\$ 689
<i>(per share)</i>								
Earnings from Ongoing Operations	\$ 0.48	\$ 0.24	\$ 0.33	\$ 1.05	\$ 2.29	\$ 0.46	\$ 1.01	\$ 3.76
Unusual Items								
PJM billing dispute (Q1, '05)		(0.14)		(0.14)		(0.15)		(0.15)
NorthWestern litigation (Q1, '05)	(0.03)			(0.03)	(0.03)			(0.03)
Impairment of investment in technology supplier (Q2, '04)					(0.03)			(0.03)
Sale of CGE (Q1, '04)								0.00
Sale of CEMAR (Q2, '04)							0.13	0.13
Discontinued operations (Q4, '03, Q2, '04)							(0.01)	(0.01)
Total unusual items	(0.03)	(0.14)		(0.17)	(0.06)	(0.15)	0.12	(0.09)
Reported earnings	\$ 0.45	\$ 0.10	\$ 0.33	\$ 0.88	\$ 2.23	\$ 0.31	\$ 1.13	\$ 3.67

Reconciliation of Business Segment Earnings from Ongoing Operations and Reported Earnings (Diluted)

	1st Quarter 2004				12 Months Ended March 31, 2004			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
<i>(millions of dollars)</i>								
Earnings from Ongoing Operations	\$ 89	\$ 40	\$ 56	\$ 185	\$ 467	\$ 44	\$ 140	\$ 651
Unusual Items								
Consolidation of variable interest entities (Q4, '03)					(27)			(27)
Workforce reduction (Q3, '03)						(5)		(5)
Sale of CGE (Q1, '04)			(8)	(8)			(8)	(8)
CEMAR-related tax benefit (Q3, '03)							81	81
Discontinued operations (Q4, '03, Q2, '04)							(20)	(20)
Total unusual items			(8)	(8)	(27)	(5)	53	21
Reported earnings	\$ 89	\$ 40	\$ 48	\$ 177	\$ 440	\$ 39	\$ 193	\$ 672
<i>(per share)</i>								
Earnings from Ongoing Operations	\$ 0.50	\$ 0.22	\$ 0.31	\$ 1.03	\$ 2.65	\$ 0.25	\$ 0.80	\$ 3.70
Unusual Items								
Consolidation of variable interest entities (Q4, '03)					(0.16)			(0.16)
Workforce reduction (Q3, '03)						(0.03)		(0.03)
Sale of CGE (Q1, '04)			(0.04)	(0.04)			(0.04)	(0.04)
CEMAR-related tax benefit (Q3, '03)							0.46	0.46
Discontinued operations (Q4, '03, Q2, '04)							(0.11)	(0.11)
Total unusual items			(0.04)	(0.04)	(0.16)	(0.03)	0.31	0.12
Reported earnings	\$ 0.50	\$ 0.22	\$ 0.27	\$ 0.99	\$ 2.49	\$ 0.22	\$ 1.11	\$ 3.82

Operating - Domestic and International Electricity Sales

(millions of kwh)

	3 Months Ended March 31,			12 Months Ended March 31,		
	2005	2004	Percent Change	2005	2004	Percent Change
Domestic Retail						
Delivered (a)	10,292	9,921	3.7%	36,301	35,330	2.7%
Supplied	10,790	10,368	4.1%	38,192	36,888	3.5%
International Delivered						
WPD	7,849	7,960	(1.4%)	28,736	28,418	1.1%
Latin America	1,077	1,009	6.7%	4,068	3,873	5.0%
Domestic Wholesale						
East (b)	4,812	5,689	(15.4%)	24,163	25,374	(4.8%)
West						
NorthWestern Energy	816	834	(2.2%)	3,322	3,355	(1.0%)
Other Montana	2,069	2,208	(6.3%)	7,607	7,805	(2.5%)
PPL EnergyPlus	184	193	(4.7%)	1,460	1,460	0.0%

- (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.