

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

**Condensed Consolidated Balance Sheet**  
**(Millions of Dollars)**

	<u>Sept. 30, 2003</u>	<u>Dec. 31, 2002 (a)</u>	
<b>Assets</b>			
Cash		\$587	\$245
Other current assets	1,482	1,592	
Investments	688	656	
Property, plant and equipment -- net			
Electric plant	9,390	9,113	
Gas and oil plant	204	201	
Other property	<u>261</u>	<u>252</u>	
	9,855	9,566	
Recoverable transition costs	1,754	1,946	
Regulatory and other assets	<u>1,560</u>	<u>1,542</u>	
Total assets	<u>\$15,926</u>	<u>\$15,547</u>	
<b>Liabilities and Equity</b>			
Short-term debt (including current portion of long-term debt)	\$412	\$1,309	
Other current liabilities	1,360	1,304	
Long-term debt (less current portion) (b)	7,130	5,901	
Deferred income taxes and investment tax credits	2,400	2,371	
Other noncurrent liabilities	1,574	1,659	
Minority interest	35	36	
Company-obligated mandatorily redeemable securities (b)	0	661	
Preferred stock	51	82	
Earnings reinvested	1,339	1,013	
Other common equity	2,908	2,493	
Accumulated other comprehensive loss	(446)	(446)	
Treasury stock	<u>(837)</u>	<u>(836)</u>	
Total liabilities and equity	<u>\$15,926</u>	<u>\$15,547</u>	

- (a) Certain amounts have been reclassified to conform to the current year presentation.
- (b) PPL adopted Statement of Financial Accounting Standards 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity," effective July 1, 2003. This required the reclassification of Company-obligated mandatorily redeemable preferred securities to Long-term debt on a prospective basis.

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

	<u>3 Months Ended Sept. 30.</u>		<u>9 Months Ended Sept. 30.</u>		<u>12 Months Ended Sept. 30.</u>	
	<u>2003</u>	<u>2002(a)</u>	<u>2003</u>	<u>2002(a)</u>	<u>2003</u>	<u>2002(a)</u>
<b>Operating Revenues</b>						
Utility	\$897	\$935	\$2,778	\$2,774	\$3,680	\$3,520
Unregulated retail electric and gas	32	45	117	136	163	190
Wholesale energy marketing	406	378	1,007	792	1,251	1,019
Net energy trading margins	2	(3)	9	13	15	14
Energy-related businesses	<u>119</u>	<u>137</u>	<u>370</u>	<u>430</u>	<u>499</u>	<u>600</u>
	<u>1,456</u>	<u>1,492</u>	<u>4,281</u>	<u>4,145</u>	<u>5,608</u>	<u>5,343</u>
<b>Operating Expenses</b>						
Fuel and purchased power	450	459	1,337	1,145	1,692	1,491
Other operation and maintenance	287	293	885	831	1,182	1,086
Amortization of recoverable transition costs	66	62	193	165	254	225
Depreciation	99	92	287	269	385	335
Energy-related businesses	119	137	375	416	502	556
Taxes, other than income	64	54	189	172	249	207
Other charges						
Write-down of international energy projects	0	0	0	100	13	436
Workforce reduction	9	1	9	75	9	75
Write-down of generation assets	0	0	0	0	44	0
Cancellation of generation projects	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150</u>
	<u>1,094</u>	<u>1,098</u>	<u>3,275</u>	<u>3,173</u>	<u>4,330</u>	<u>4,561</u>
<b>Operating Income</b>	362	394	1,006	972	1,278	782
Other income – net	15	11	46	22	54	19
Interest expense	<u>119</u>	<u>168</u>	<u>355</u>	<u>430</u>	<u>485</u>	<u>534</u>
<b>Income Before Income Taxes and Minority Interest</b>	258	237	697	564	847	267
Income taxes	82	79	200	194	217	208
Minority interest	<u>3</u>	<u>20</u>	<u>5</u>	<u>76</u>	<u>7</u>	<u>70</u>
<b>Income (Loss) Before Cumulative Effect of a Change in Accounting Principles</b>	173	138	492	294	623	(11)
Cumulative Effect of a Change in Accounting Principle (net of tax)	<u>0</u>	<u>0</u>	<u>63</u>	<u>(150)</u>	<u>63</u>	<u>(140)</u>
<b>Income (Loss) Before Dividends and Distributions on Preferred Securities</b>	173	138	555	144	686	(151)
Dividends and Distributions on Preferred securities	<u>2</u>	<u>16</u>	<u>29</u>	<u>52</u>	<u>44</u>	<u>69</u>
<b>Net Income (Loss)</b>	<u>\$171</u>	<u>\$122</u>	<u>\$526</u>	<u>\$92</u>	<u>\$642</u>	<u>(\$220)</u>
<b>Earnings per share of common stock – basic</b>						
Income from core operations (b)	\$1.00	\$0.96	\$2.74	\$2.73	\$3.56	\$3.61
Non-core items	<u>(0.03)</u>	<u>(0.15)</u>	<u>0.33</u>	<u>(2.11)</u>	<u>0.23</u>	<u>(5.09)</u>
Net Income (loss)	<u>\$0.97</u>	<u>\$0.81</u>	<u>\$3.07</u>	<u>\$0.62</u>	<u>\$3.79</u>	<u>(\$1.48)</u>
<b>Earnings per share of common stock – diluted</b>						
Income from core operations (b)	\$1.00	\$0.95	\$2.73	\$2.72	\$3.54	\$3.61
Non-core items	<u>(0.03)</u>	<u>(0.15)</u>	<u>0.33</u>	<u>(2.10)</u>	<u>0.23</u>	<u>(5.09)</u>
Net Income (loss)	<u>\$0.97</u>	<u>\$0.80</u>	<u>\$3.06</u>	<u>\$0.62</u>	<u>\$3.77</u>	<u>(\$1.48)</u>
<b>Average shares outstanding (thousands)</b>						
Basic	176,397	151,565	171,577	148,758	169,776	148,226
Diluted	177,051	151,847	172,181	149,084	170,372	148,226

- (a) Certain amounts have been reclassified to conform to the current year presentation.
- (b) Income in the 2003 and 2002 periods was impacted by several non-core items, as described in the text and tables of this news release. Income from core operations excludes the impact of these non-core items.

## Key Indicators

### Financial

	<b>12 Months Ended Sept. 30, 2003</b>	<b>12 Months Ended Sept. 30, 2002</b>
Dividends declared per share	\$1.515	\$1.345
Book value per share (a)	\$16.71	\$14.83
Market price per share (a)	\$40.95	\$32.54
Dividend yield (a)	3.7%	4.1%
Dividend payout ratio (b)	40%	(d)
Dividend payout ratio – core operations (b)(c)	43%	37%
Price/earnings ratio (a)(b)	10.9	(d)
Price/earnings ratio – core operations (a)(b)(c)	11.6	9.0
Return on average common equity	24.76%	(10.89%)
Return on average common equity – core operations (c)	21.12%	21.49%

- (a) End of period.
- (b) Based on diluted earnings per share.
- (c) Calculated using income from core operations, which excludes the impact of non-core items, as described in the text and tables of this news release.
- (d) Calculation not meaningful due to net loss for the 12 months ended September 30, 2002.

**Reconciliation of Business Segment Core and Reported Earnings**

	<b>Current Year - 2003</b>				<b>Last Year - 2002</b>			
	<u>Supply</u>	<u>International</u>	<u>Delivery</u>	<u>Total</u>	<u>Supply</u>	<u>International</u>	<u>Delivery</u>	<u>Total</u>
<i>(millions of dollars)</i>								
<b>Income from core operations – 3<sup>rd</sup> Qtr</b>	<b>\$160</b>	<b>\$19</b>	<b>\$(3)</b>	<b>\$176</b>	<b>\$112</b>	<b>\$11</b>	<b>\$22</b>	<b>\$145</b>
<u>Non-core Items:</u>								
Unusual Items			(5)	(5)		(23)		(23)
<b>Earnings – reported 3<sup>rd</sup> Qtr</b>	<b>\$160</b>	<b>\$19</b>	<b>\$(8)</b>	<b>\$171</b>	<b>\$112</b>	<b>\$(12)</b>	<b>\$22</b>	<b>\$122</b>
<b>Income from core operations – YTD</b>	<b>\$338</b>	<b>\$96</b>	<b>\$34</b>	<b>\$468</b>	<b>\$311</b>	<b>\$37</b>	<b>\$59</b>	<b>\$407</b>
<u>Non-core Items:</u>								
Accounting Changes	63			63		(150)		(150)
Unusual Items			(5)	(5)	(25)	(121)	(19)	(165)
<b>Earnings – reported YTD</b>	<b>\$401</b>	<b>\$96</b>	<b>\$29</b>	<b>\$526</b>	<b>\$286</b>	<b>\$(234)</b>	<b>\$40</b>	<b>\$92</b>
<i>(per share)</i>								
<b>Income from core operations – 3<sup>rd</sup> Qtr</b>	<b>\$0.91</b>	<b>\$0.11</b>	<b>\$(0.02)</b>	<b>\$1.00</b>	<b>\$0.74</b>	<b>\$0.06</b>	<b>\$0.15</b>	<b>\$0.95</b>
<u>Non-core Items:</u>								
Unusual Items			(0.03)	(0.03)		(0.15)		(0.15)
<b>Earnings – reported 3<sup>rd</sup> Qtr</b>	<b>\$0.91</b>	<b>\$0.11</b>	<b>\$(0.05)</b>	<b>\$0.97</b>	<b>\$0.74</b>	<b>\$(0.09)</b>	<b>\$0.15</b>	<b>\$0.80</b>
<b>Income from core operations – YTD</b>	<b>\$1.97</b>	<b>\$0.56</b>	<b>\$0.20</b>	<b>\$2.73</b>	<b>\$2.07</b>	<b>\$0.24</b>	<b>\$0.41</b>	<b>\$2.72</b>
<u>Non-core Items:</u>								
Accounting Changes	.36			.36		(1.01)		(1.01)
Unusual Items			(0.03)	(0.03)	(0.16)	(0.80)	(0.13)	(1.09)
<b>Earnings – reported YTD</b>	<b>\$2.33</b>	<b>\$0.56</b>	<b>\$0.17</b>	<b>\$3.06</b>	<b>\$1.91</b>	<b>\$(1.57)</b>	<b>\$0.28</b>	<b>\$0.62</b>

**Operating – Domestic Electricity Sales**

(millions of kwh)	<u>3 Months Ended Sept. 30,</u>			<u>9 Months Ended Sept. 30,</u>			<u>12 Months Ended Sept. 30,</u>		
	<u>2003</u>	<u>2002</u>	<u>Percent Change</u>	<u>2003</u>	<u>2002</u>	<u>Percent Change</u>	<u>2003</u>	<u>2002</u>	<u>Percent Change</u>
Retail									
Delivered (a)	8,921	9,108	(2.1%)	26,890	26,484	1.5%	35,514	34,429	3.2%
Supplied	9,319	9,605	(3.0%)	27,861	27,924	(0.2%)	36,759	36,464	0.8%
Wholesale									
East	8,624	8,650	(0.3%)	22,878	18,557	23.3%	28,991	23,325	24.3%
West									
NorthWestern Energy/ Montana Power (b)	842	846	(0.5%)	2,507	3,413	(26.5%)	3,354	4,614	(27.3%)
Other	2,306	2,240	3.0%	6,580	5,715	15.1%	8,760	6,827	28.3%

- (a) Electricity delivered to retail customers represents the kwh delivered to customers within PPL Electric Utilities' 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.