

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

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

|   | <u>Dec. 31, 2002 (a)</u> | <u>Dec. 31, 2001 (b)</u> |
|---|--------------------------|--------------------------|
| <b>Assets</b>   |                          |                          |
| Cash  | \$245                    | \$933                    |
| Other current assets  | 1,603                    | 1,397                    |
| Investments   | 669                      | 999                      |
| Property, plant and equipment -- net                              |                          |                          |
| Electric plant  | 9,110                    | 5,648                    |
| Gas and oil plant   | 204                      | 196                      |
| Other property  | <u>252</u>               | <u>103</u>               |
|   | 9,566                    | 5,947                    |
| Recoverable transition costs                                      | 1,946                    | 2,172                    |
| Regulatory and other assets                                       | <u>1,545</u>             | <u>1,118</u>             |
| Total assets  | <u>\$15,574</u>          | <u>\$12,566</u>          |
| <b>Liabilities and Equity</b>                                     |                          |                          |
| Short-term debt (including current portion of long-term debt) (c) | \$1,309                  | \$616                    |
| Other current liabilities   | 1,327                    | 1,214                    |
| Long-term debt (less current portion)                             | 5,901                    | 5,081                    |
| Deferred income taxes and investment tax credits                  | 2,372                    | 1,449                    |
| Other noncurrent liabilities                                      | 1,673                    | 1,404                    |
| Minority interest   | 36                       | 38                       |
| Company-obligated mandatorily redeemable securities               | 661                      | 825                      |
| Preferred stock   | 82                       | 82                       |
| Earnings reinvested   | 1,013                    | 1,023                    |
| Other common equity   | 2,493                    | 1,921                    |
| Accumulated other comprehensive loss                              | (457)                    | (251)                    |
| Treasury stock  | <u>(836)</u>             | <u>(836)</u>             |
| Total liabilities and equity                                      | <u>\$15,574</u>          | <u>\$12,566</u>          |

- (a) The Dec. 31, 2002, balance sheet includes the consolidation of the accounts of Western Power Distribution (WPD), of which PPL Global achieved operational control in September 2002, when it purchased Mirant Corporation's interest in WPD.
- (b) Certain amounts have been reclassified to conform to the current year presentation.
- (c) The Dec. 31, 2002, balance sheet includes \$389 million under a short-term WPD bridge facility, expected to be refinanced with long-term debt in 2003.

**Condensed Consolidated Income Statement**  
(Millions of Dollars)

|  | <u>3 Months Ended Dec. 31,</u> |                   | <u>12 Months Ended Dec. 31,</u> |                   |
|--|--------------------------------|-------------------|---------------------------------|-------------------|
|  | <u>2002(a)(b)</u>              | <u>2001(b)(c)</u> | <u>2002(a)(b)</u>               | <u>2001(b)(c)</u> |
| <b>Operating Revenues</b>  |                                |                   |                                 |                   |
| Utility  | \$901                          | \$745             | \$3,676                         | \$3,034           |
| Unregulated retail electric and gas  | 46                             | 54                | 182                             | 356               |
| Wholesale energy marketing   | 231                            | 190               | 993                             | 989               |
| Net energy trading margins   | 6                              | 1                 | 19                              | 37                |
| Energy-related businesses  | <u>130</u>                     | <u>170</u>        | <u>559</u>                      | <u>661</u>        |
|  | <u>1,314</u>                   | <u>1,160</u>      | <u>5,429</u>                    | <u>5,077</u>      |
| <b>Operating Expenses</b>  |                                |                   |                                 |                   |
| Fuel and purchased power   | 342                            | 308               | 1,457                           | 1,475             |
| Other operation and maintenance  | 297                            | 255               | 1,132                           | 1,060             |
| Amortization of recoverable transition costs                                       | 61                             | 60                | 226                             | 251               |
| Depreciation   | 98                             | 66                | 367                             | 266               |
| Energy-related businesses  | 127                            | 140               | 543                             | 535               |
| Taxes, other than income   | 60                             | 35                | 232                             | 155               |
| Other charges  |                                |                   |                                 |                   |
| Write-down of international energy projects  | 13                             | 336               | 113                             | 336               |
| Cancellation of generation projects  | 0                              | 150               | 0                               | 150               |
| Write-down of generation assets  | 44                             | 0                 | 44                              | 0                 |
| Workforce reduction  | <u>0</u>                       | <u>0</u>          | <u>75</u>                       | <u>0</u>          |
|  | <u>1,042</u>                   | <u>1,350</u>      | <u>4,189</u>                    | <u>4,228</u>      |
| <b>Operating Income (Loss)</b>   | 272                            | (190)             | 1,240                           | 849               |
| Other income – net   | 15                             | (4)               | 33                              | 17                |
| Interest expense   | <u>138</u>                     | <u>103</u>        | <u>560</u>                      | <u>386</u>        |
| <b>Income (Loss) Before Income Taxes and Minority Interest</b>                     | 149                            | (297)             | 713                             | 480               |
| Income taxes   | 17                             | 14                | 210                             | 261               |
| Minority interest  | <u>2</u>                       | <u>(6)</u>        | <u>78</u>                       | <u>(2)</u>        |
| <b>Income (Loss) Before Cumulative Effect of a Change in Accounting Principles</b> | 130                            | (305)             | 425                             | 221               |
| Cumulative effect of a change in accounting principles (net of tax)                | <u>0</u>                       | <u>10</u>         | <u>(150)</u>                    | <u>10</u>         |
| <b>Income (Loss) Before Dividends and Distributions on Preferred Securities</b>    | 130                            | (295)             | 275                             | 231               |
| Dividends and distributions on preferred securities                                | <u>14</u>                      | <u>17</u>         | <u>67</u>                       | <u>52</u>         |
| <b>Net Income (Loss)</b>   | <u>\$116</u>                   | <u>\$(312)</u>    | <u>\$208</u>                    | <u>\$179</u>      |
| <b>Earnings per share of common stock – basic</b>                                  |                                |                   |                                 |                   |
| Income from core operations  | \$0.82                         | \$0.87            | \$3.55                          | \$4.24            |
| Unusual items  | <u>(0.11)</u>                  | <u>(3.00)</u>     | <u>(2.18)</u>                   | <u>(3.01)</u>     |
| Net Income (loss)  | <u>\$0.71</u>                  | <u>\$(2.13)</u>   | <u>\$1.37</u>                   | <u>\$1.23</u>     |
| <b>Earnings per share of common stock – diluted</b>                                |                                |                   |                                 |                   |
| Income from core operations  | \$0.82                         | \$0.87            | \$3.54                          | \$4.22            |
| Unusual items  | <u>(0.11)</u>                  | <u>(2.99)</u>     | <u>(2.18)</u>                   | <u>(3.00)</u>     |
| Net Income (loss)  | <u>\$0.71</u>                  | <u>\$(2.12)</u>   | <u>\$1.36</u>                   | <u>\$1.22</u>     |
| <b>Average number of shares outstanding (thousands)</b>                            |                                |                   |                                 |                   |
| Basic  | 164,742                        | 146,483           | 152,492                         | 145,974           |
| Diluted  | 165,031                        | 146,804           | 152,809                         | 146,614           |

(a) The income statements for the 2002 periods reflect the consolidation of the accounts of WPD. The income statement for the full year of 2002 reflects WPD's accounts retroactive to Jan. 1, 2002. Minority interest was adjusted to include the pre-acquisition earnings associated with Mirant's previous 49 percent ownership of WPD. PPL Global purchased Mirant's interest in WPD on Sept. 6, 2002.

- (b) All income statement periods reflect the reclassification of energy trading activities to a "net" basis, in accordance with new accounting regulations. Previously, energy trading revenues and energy trading purchases were reported "gross" in "Wholesale energy marketing and trading" revenue and "Fuel and purchased power," respectively. The net energy trading margins are now separately presented in the income statement, and are limited to trading activity using derivative instruments. Operating income and net income were not affected by these reclassifications.
- (c) Certain amounts have been reclassified to conform to the current year presentation.

### Key Indicators

#### Financial

|                                       | <b>12 Months Ended<br/>Dec. 31, 2002</b> | <b>12 Months Ended<br/>Dec. 31, 2001</b> |
|---------------------------------------|--|--|
| Dividends declared per share          | \$1.44                                   | \$1.06                                   |
| Book value per share (a)              | \$13.35                                  | \$12.67                                  |
| Market price per share (a)            | \$34.68                                  | \$34.85                                  |
| Dividend yield (a)                    | 4.2%                                     | 3.0%                                     |
| Dividend payout ratio – diluted (b)   | 41%                                      | 25%                                      |
| Price/earnings ratio – diluted (a)(b) | 9.8                                      | 8.3                                      |
| Return on average common equity (b)   | 20.52%                                   | 28.80%                                   |

(a) End of period

(b) Based on earnings from core operations

#### Operating – Domestic Electricity Sales

| (millions of kwh)                         | <b><u>3 Months Ended Dec. 31,</u></b> |                    |                                  | <b><u>12 Months Ended Dec. 31,</u></b> |                    |                                  |
|---|---------------------------------------|--------------------|----------------------------------|--|--------------------|----------------------------------|
|   | <b><u>2002</u></b>                    | <b><u>2001</u></b> | <b><u>Percent<br/>Change</u></b> | <b><u>2002</u></b>                     | <b><u>2001</u></b> | <b><u>Percent<br/>Change</u></b> |
| Retail                                    |                                       |                    |                                  |  |                    |                                  |
| Delivered (a)                             | 8,634                                 | 7,934              | 8.8%                             | 35,113                                 | 34,610             | 1.5%                             |
| Supplied                                  | 8,908                                 | 8,528              | 4.5%                             | 36,826                                 | 37,395             | (1.5%)                           |
| Wholesale                                 |                                       |                    |                                  |  |                    |                                  |
| East                                      | 6,102                                 | 4,769              | 28.0%                            | 24,906                                 | 19,125             | 30.2%                            |
| West                                      |                                       |                    |                                  |  |                    |                                  |
| Northwestern Energy/<br>Montana Power (b) | 846                                   | 1,201              | (29.6%)                          | 4,259                                  | 4,717              | (9.7%)                           |
| Other                                     | 2,180                                 | 1,112              | 96.0%                            | 7,895                                  | 3,841              | 105.5%                           |

(a) Electricity delivered to retail customers represents the kwh delivered to customers within PPL Electric Utilities Corp.'s service territory.

(b) Northwestern Energy purchased Montana Power's electric delivery business in February 2002. PPL Montana's power agreement with Montana Power expired June 30, 2002. PPL EnergyPlus, on behalf of PPL Montana, began selling energy to Northwestern Energy on July 1, 2002.