

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

Condensed Consolidated Balance Sheet
(Millions of Dollars)

	<u>June 30, 2003</u>	<u>Dec. 31, 2002 (a)</u>
Assets		
Cash	\$370	\$245
Other current assets	1,615	1,592
Investments	677	656
Property, plant and equipment -- net		
Electric plant	9,449	9,110
Gas and oil plant	203	201
Other property	<u>276</u>	<u>252</u>
	9,928	9,563
Recoverable transition costs	1,820	1,946
Regulatory and other assets	<u>1,602</u>	<u>1,545</u>
Total assets	<u>\$16,012</u>	<u>\$15,547</u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$437	\$1,309
Other current liabilities	1,302	1,304
Long-term debt (less current portion)	6,589	5,901
Deferred income taxes and investment tax credits	2,436	2,371
Other noncurrent liabilities	1,602	1,659
Minority interest	33	36
Company-obligated mandatorily redeemable securities	661	661
Preferred stock	72	82
Earnings reinvested	1,235	1,013
Other common equity	2,887	2,493
Accumulated other comprehensive loss	(405)	(446)
Treasury stock	<u>(837)</u>	<u>(836)</u>
Total liabilities and equity	<u>\$16,012</u>	<u>\$15,547</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)

	<u>3 Months Ended June 30,</u>		<u>6 Months Ended June 30,</u>		<u>12 Months Ended June 30,</u>	
	<u>2003</u>	<u>2002(a)</u>	<u>2003</u>	<u>2002(a)</u>	<u>2003</u>	<u>2002(a)</u>
Operating Revenues						
Utility	\$861	\$888	\$1,881	\$1,839	\$3,718	\$3,351
Unregulated retail electric and gas	33	42	85	91	176	204
Wholesale energy marketing and trading	303	221	601	414	1,223	888
Net energy trading margins	14	2	7	16	10	34
Energy-related businesses	<u>127</u>	<u>146</u>	<u>251</u>	<u>293</u>	<u>517</u>	<u>631</u>
	<u>1,338</u>	<u>1,299</u>	<u>2,825</u>	<u>2,653</u>	<u>5,644</u>	<u>5,108</u>
Operating Expenses						
Fuel and purchased power	388	341	887	686	1,701	1,379
Other operation and maintenance	322	263	598	538	1,188	1,049
Amortization of recoverable transition costs	56	50	127	103	250	228
Depreciation	92	91	188	177	378	310
Energy-related businesses	135	150	256	279	520	564
Taxes, other than income	60	58	125	118	239	193
Other charges						
Write-down of international energy projects	0	94	0	100	13	436
Workforce reduction	0	74	0	74	1	74
Cancellation of generation projects	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44</u>	<u>150</u>
	<u>1,053</u>	<u>1,121</u>	<u>2,181</u>	<u>2,075</u>	<u>4,334</u>	<u>4,383</u>
Operating Income	285	178	644	578	1,310	725
Other income - net	23	4	31	11	49	16
Interest expense	<u>128</u>	<u>132</u>	<u>236</u>	<u>262</u>	<u>534</u>	<u>456</u>
Income before income taxes and minority interest	180	50	439	327	825	285
Income taxes	49	29	118	115	213	215
Minority interest	<u>1</u>	<u>30</u>	<u>2</u>	<u>56</u>	<u>24</u>	<u>51</u>
Income (loss) before cumulative effect of a change in accounting principles	130	(9)	319	156	588	19
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>
Income (loss) before dividends and distributions on preferred securities	130	(9)	382	6	651	(121)
Dividends and distributions on preferred securities	<u>14</u>	<u>18</u>	<u>27</u>	<u>36</u>	<u>58</u>	<u>69</u>
Net Income (Loss)	<u>\$116</u>	<u>(\$27)</u>	<u>\$355</u>	<u>(\$30)</u>	<u>\$593</u>	<u>(\$190)</u>
Earnings per share of common stock – basic						
Income from core operations (b)	\$0.68	\$0.75	\$1.73	\$1.78	\$3.51	\$3.69
Unusual items	<u>0</u>	<u>(0.93)</u>	<u>0.37</u>	<u>(1.98)</u>	<u>0.13</u>	<u>(4.99)</u>
Net Income (Loss)	<u>\$0.68</u>	<u>(\$0.18)</u>	<u>\$2.10</u>	<u>(\$0.20)</u>	<u>\$3.64</u>	<u>(\$1.30)</u>
Earnings per share of common stock – diluted						
Income from core operations (b)	\$0.67	\$0.75	\$1.72	\$1.77	\$3.50	\$3.69
Unusual items	<u>0</u>	<u>(0.93)</u>	<u>0.37</u>	<u>(1.97)</u>	<u>0.13</u>	<u>(4.99)</u>
Net Income (Loss)	<u>\$0.67</u>	<u>(\$0.18)</u>	<u>\$2.09</u>	<u>(\$0.20)</u>	<u>\$3.63</u>	<u>(\$1.30)</u>
Average shares outstanding (thousands)						
Basic	171,892	147,149	169,482	146,927	162,910	146,642
Diluted	172,541	147,149	170,061	147,275	163,455	146,642

(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 unusual items, as described in the text and tables of this news release. Income from core operations excludes the impact of these unusual items.

Key Indicators

Financial

	12 Months Ended June 30, 2003	12 Months Ended June 30, 2002
Dividends declared per share	\$1.490	\$1.250
Book value per share (a)	\$16.30	\$12.71
Market price per share (a)	\$43.00	\$33.08
Dividend yield (a)	3.5%	3.8%
Dividend payout ratio (b)	41%	(d)
Dividend payout ratio – core operations (b) (c)	43%	34%
Price/earnings ratio (a) (b)	11.8	(d)
Price/earnings ratio – core operations (a) (b) (c)	12.3	9.0
Return on average common equity	25.15%	(9.23%)
Return on average common equity - core operations (c)	20.47%	23.03%

(a) End of period.

(b) Based on diluted earnings per share.

(c) Calculated using income from core operations, which excludes the impact of unusual 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 June 30, 2002.

Operating – Domestic Electricity Sales

PPL Corp. (millions of kwh)	3 Months Ended June 30			6 Months Ended June 30			12 Months Ended June 30		
	2003	2002	Percent Change	2003	2002	Percent Change	2003	2002	Percent Change
Retail									
Delivered (a)	8,058	8,269	(2.6%)	17,969	17,376	3.4%	35,701	34,063	4.8%
Supplied	8,376	8,687	(3.6%)	18,543	18,319	1.2%	37,046	36,274	2.1%
Wholesale									
East	7,223	5,288	36.6%	14,254	9,907	43.9%	29,263	19,528	49.9%
West									
NorthWestern Energy/ Montana Power (b)	838	1,200	(30.2%)	1,665	2,566	(35.1%)	3,358	5,036	(33.3%)
Other	2,084	1,811	15.1%	4,275	3,475	23.0%	8,693	5,547	56.7%

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