

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

Condensed Consolidated Balance Sheet
(Millions of Dollars)

	<u>June 30, 2005</u>	<u>Dec. 31, 2004 (a)</u>
Assets		
Cash	\$ 366	\$ 616
Other current assets	2,016	1,688
Investments	485	472
Property, plant and equipment – net		
Electric plant	10,422	10,715
Gas and oil plant	215	213
Other property	<u>211</u>	<u>221</u>
	10,848	11,149
Recoverable transition costs	1,305	1,431
Goodwill and other intangibles	1,451	1,463
Regulatory and other assets	<u>956</u>	<u>942</u>
Total assets	<u>\$ 17,427</u>	<u>\$ 17,761</u>
Liabilities and Equity		
Short-term debt (including current portion of long-term debt)	\$ 1,063	\$ 908
Other current liabilities	1,586	1,387
Long-term debt (less current portion)	6,151	6,881
Deferred income taxes and investment tax credits	2,396	2,426
Other noncurrent liabilities	1,819	1,813
Minority interest	54	56
Preferred stock	51	51
Earnings reinvested	1,991	1,870
Other common equity	3,596	3,530
Accumulated other comprehensive loss	(442)	(323)
Treasury stock	<u>(838)</u>	<u>(838)</u>
Total liabilities and equity	<u>\$ 17,427</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)

	<u>3 Months Ended June 30,</u>		<u>6 Months Ended June 30,</u>		<u>12 Months Ended June 30,</u>	
	<u>2005 (a)</u>	<u>2004 (a)(b)</u>	<u>2005 (a)</u>	<u>2004 (a)(b)</u>	<u>2005 (a)</u>	<u>2004 (a)(b)</u>
Operating Revenues						
Utility	\$ 1,010	\$ 908	\$ 2,161	\$ 1,993	\$ 4,068	\$ 3,824
Unregulated retail electric and gas	23	29	48	60	102	124
Wholesale energy marketing	276	290	544	567	1,205	1,170
Net energy trading margins	(1)	6	15	12	25	17
Energy-related businesses	168	128	308	248	589	490
	<u>1,476</u>	<u>1,361</u>	<u>3,076</u>	<u>2,880</u>	<u>5,989</u>	<u>5,625</u>
Operating Expenses						
Fuel and purchased power	411	389	922	861	1,746	1,621
Other operation and maintenance	331	318	695	632	1,303	1,222
Amortization of recoverable transition costs	59	57	128	128	256	261
Depreciation	105	100	208	197	416	389
Taxes, other than income	69	63	141	119	269	248
Energy-related businesses	170	132	316	269	608	503
Workforce reduction	0	0	0	0	0	9
	<u>1,145</u>	<u>1,059</u>	<u>2,410</u>	<u>2,206</u>	<u>4,598</u>	<u>4,253</u>
Operating Income	331	302	666	674	1,391	1,372
Other Income – net	11	18	18	27	32	56
Interest Expense	125	133	260	254	519	491
Income from Continuing Operations Before Income Taxes, Minority Interest and Distributions on Preferred Securities	217	187	424	447	904	937
Income Taxes	38	30	72	105	171	159
Minority Interest	2	2	4	4	8	9
Distributions on Preferred Securities	0	0	1	1	2	3
Income from Continuing Operations	177	155	347	337	723	766
Loss from Discontinued Operations (net of income taxes) (c)	49	7	51	12	54	43
Income Before Cumulative Effect of a Change in Accounting Principle	128	148	296	325	669	723
Cumulative Effect of a Change in Accounting Principle (net of income taxes)	0	0	0	0	0	(19)
Net Income	<u>\$ 128</u>	<u>\$ 148</u>	<u>\$ 296</u>	<u>\$ 325</u>	<u>\$ 669</u>	<u>\$ 704</u>
Earnings per share of common stock - basic						
Ongoing Earnings	\$ 0.92	\$ 0.72	\$ 2.01	\$ 1.75	\$ 3.99	\$ 3.73
Unusual items	(0.25)	0.09	(0.45)	0.05	(0.45)	0.21
Net Income	<u>\$ 0.67</u>	<u>\$ 0.81</u>	<u>\$ 1.56</u>	<u>\$ 1.80</u>	<u>\$ 3.54</u>	<u>\$ 3.94</u>
Earnings per share of common stock - diluted						
Ongoing Earnings	\$ 0.91	\$ 0.72	\$ 1.99	\$ 1.75	\$ 3.96	\$ 3.72
Unusual items	(0.24)	0.09	(0.44)	0.05	(0.45)	0.21
Net Income	<u>\$ 0.67</u>	<u>\$ 0.81</u>	<u>\$ 1.55</u>	<u>\$ 1.80</u>	<u>\$ 3.51</u>	<u>\$ 3.93</u>
Average shares outstanding (thousands)						
Basic	189,626	182,962	189,317	180,437	188,995	178,642
Diluted	191,677	183,524	191,150	181,022	190,384	179,241

- (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.
- (c) Includes the sale and operating losses of the Sundance power plant and the loss on sale of a Latin American telecommunications company.

Key Indicators

Financial

	12 Months Ended June 30, 2005	12 Months Ended June 30, 2004
Dividends declared per share	\$1.74	\$1.59
Book value per share (a)	\$22.67	\$21.48
Market price per share (a)	\$59.38	\$45.90
Dividend yield (a)	2.9%	3.5%
Dividend payout ratio (b)	50%	40%
Dividend payout ratio - earnings from ongoing operations (b)(c)	44%	43%
Price/earnings ratio (a)(b)	16.9	11.7
Price/earnings ratio - earnings from ongoing operations (a)(b)(c)	15.0	12.3
Return on average common equity	15.81%	21.35%
Return on average common equity - earnings from ongoing operations (c)	17.80%	20.46%

- (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)

2nd Quarter 2005

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 87	\$ 34	\$ 54	\$ 175	\$ 0.45	\$ 0.18	\$ 0.28	\$ 0.91
Unusual Items								
Sale of Sundance (Q2, '05)	(47)			(47)	(0.24)			(0.24)
Total unusual items	(47)			(47)	(0.24)			(0.24)
Reported earnings	<u>\$ 40</u>	<u>\$ 34</u>	<u>\$ 54</u>	<u>\$ 128</u>	<u>\$ 0.21</u>	<u>\$ 0.18</u>	<u>\$ 0.28</u>	<u>\$ 0.67</u>

Year to date June 30, 2005

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 182	\$ 83	\$ 116	\$ 381	\$ 0.95	\$ 0.43	\$ 0.61	\$ 1.99
Unusual Items								
PJM billing dispute (Q1, '05)		(27)		(27)		(0.14)		(0.14)
NorthWestern litigation (Q1, '05)	(6)			(6)	(0.03)			(0.03)
Sale of Sundance (Q2, '05)	(47)			(47)	(0.24)			(0.24)
Stock-based compensation adjustment (Q1, '05) (a)	(3)	(2)		(5)	(0.02)	(0.01)		(0.03)
Total unusual items	(56)	(29)		(85)	(0.29)	(0.15)		(0.44)
Reported earnings	<u>\$ 126</u>	<u>\$ 54</u>	<u>\$ 116</u>	<u>\$ 296</u>	<u>\$ 0.66</u>	<u>\$ 0.28</u>	<u>\$ 0.61</u>	<u>\$ 1.55</u>

12 Months Ended June 30, 2005

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 434	\$ 121	\$ 199	\$ 754	\$ 2.28	\$ 0.63	\$ 1.05	\$ 3.96
Unusual Items								
PJM billing dispute (Q1, '05)		(27)		(27)		(0.14)		(0.14)
NorthWestern litigation (Q1, '05)	(6)			(6)	(0.03)			(0.03)
Sale of Sundance (Q2, '05)	(47)			(47)	(0.25)			(0.25)
Stock-based compensation adjustment (Q1, '05) (a)	(3)	(2)		(5)	(0.02)	(0.01)		(0.03)
Total unusual items	(56)	(29)		(85)	(0.30)	(0.15)		(0.45)
Reported earnings	<u>\$ 378</u>	<u>\$ 92</u>	<u>\$ 199</u>	<u>\$ 669</u>	<u>\$ 1.98</u>	<u>\$ 0.48</u>	<u>\$ 1.05</u>	<u>\$ 3.51</u>

- (a) This represents the portion of the first-quarter, stock-based compensation adjustment related to prior periods. The charge was reported in earnings from ongoing operations in the first-quarter earnings news release. However, this portion of the charge has been reclassified as an "unusual item," based on additional accounting guidance issued subsequent to the earnings release for the first quarter.

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

2nd Quarter 2004

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 86	\$ 2	\$ 44	\$ 132	\$ 0.47	\$ 0.01	\$ 0.24	\$ 0.72
Unusual Items								
Impairment of investment in technology supplier (Q2, '04)	(6)			(6)	(0.03)			(0.03)
Sale of CGE (Q1, '04)			1	1				
Sale of CEMAR (Q2, '04)			23	23			0.13	0.13
Discontinued operations (Q4, '03, Q2, '04)			(2)	(2)			(0.01)	(0.01)
Total unusual items	(6)		22	16	(0.03)		0.12	0.09
Reported earnings	\$ 80	\$ 2	\$ 66	\$ 148	\$ 0.44	\$ 0.01	\$ 0.36	\$ 0.81

Year to date June 30, 2004

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 175	\$ 42	\$ 100	\$ 317	\$ 0.97	\$ 0.23	\$ 0.55	\$ 1.75
Unusual Items								
Impairment of investment in technology supplier (Q2, '04)	(6)			(6)	(0.03)			(0.03)
Sale of CGE (Q1, '04)			(7)	(7)			(0.04)	(0.04)
Sale of CEMAR (Q2, '04)			23	23			0.13	0.13
Discontinued operations (Q4, '03, Q2, '04)			(2)	(2)			(0.01)	(0.01)
Total unusual items	(6)		14	8	(0.03)		0.08	0.05
Reported earnings	\$ 169	\$ 42	\$ 114	\$ 325	\$ 0.94	\$ 0.23	\$ 0.63	\$ 1.80

12 Months Ended June 30, 2004

	<i>(millions of dollars)</i>				<i>(per share)</i>			
	Supply	PA Delivery	Int'l Delivery	Total	Supply	PA Delivery	Int'l Delivery	Total
Earnings from Ongoing Operations	\$ 463	\$ 46	\$ 158	\$ 667	\$ 2.58	\$ 0.26	\$ 0.88	\$ 3.72
Unusual Items								
Consolidation of variable interest entities (Q4, '03)	(27)			(27)	(0.15)			(0.15)
Workforce reduction (Q3, '03)		(5)		(5)		(0.03)		(0.03)
Impairment of investment in technology supplier (Q2, '04)	(6)			(6)	(0.04)			(0.04)
Sale of CGE (Q1, '04)			(7)	(7)			(0.04)	(0.04)
Sale of CEMAR (Q2, '04)			23	23			0.13	0.13
CEMAR-related tax benefit (Q3, '03)			81	81			0.46	0.46
Discontinued operations (Q4, '03, Q2, '04)			(22)	(22)			(0.12)	(0.12)
Total unusual items	(33)	(5)	75	37	(0.19)	(0.03)	0.43	0.21
Reported earnings	\$ 430	\$ 41	\$ 233	\$ 704	\$ 2.39	\$ 0.23	\$ 1.31	\$ 3.93

Operating - Domestic and International Electricity Sales

(millions of kwh)

	3 Months Ended June 30,			6 Months Ended June 30,			12 Months Ended June 30,		
	2005	2004	Percent Change	2005	2004	Percent Change	2005	2004	Percent Change
Domestic retail									
Delivered (a)	8,402	8,383	0.2%	18,706	18,303	2.2%	36,305	35,655	1.8%
Supplied	8,913	8,842	0.8%	19,715	19,211	2.6%	38,247	37,353	2.4%
International delivered									
United Kingdom	7,310	7,313	0.0%	15,159	15,274	(0.8%)	28,733	28,487	0.9%
Latin America	1,081	1,004	7.7%	2,158	2,013	7.2%	4,145	3,915	5.9%
Domestic wholesale									
East (b)	4,767	6,001	(20.6%)	9,579	11,690	(18.1%)	22,929	25,463	(10.0%)
West									
NorthWestern Energy	839	827	1.4%	1,655	1,662	(0.4%)	3,334	3,345	(0.3%)
Other Montana	1,799	1,729	4.1%	3,868	3,937	(1.8%)	7,677	7,782	(1.3%)
PPL EnergyPlus	272	287	(5.3%)	456	480	(5.0%)	1,242	1,415	(12.2%)

(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.