

PPL CORP
Form 424B5
November 21, 2002

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Filed pursuant to Rule 424(b)(5)
Registration No. 333-85716

**PROSPECTUS SUPPLEMENT
(To Prospectus dated July 22, 2002)**

PPL Corporation

Common Stock

We have entered into a sales agency agreement with Salomon Smith Barney Inc. relating to the shares of common stock offered by this prospectus supplement and the accompanying prospectus. In accordance with the terms of the sales agency agreement, we may offer and sell up to \$40,000,000 of shares of our common stock from time to time through Salomon Smith Barney, as our exclusive agent for the offer and sale of the shares, or to Salomon Smith Barney, as principal, for resale to other purchasers. Sales of shares on exchanges will be made at market prices prevailing at the time of sale and over-the-counter sales of shares will be made at negotiated prices related to the prevailing market prices. Our common stock is listed on the New York Stock Exchange and the Philadelphia Stock Exchange under the symbol PPL. On November 20, 2002, the last reported sale price of our common stock on the New York Stock Exchange was \$33.68 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page 4 of the accompanying prospectus.

Neither the Securities Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Salomon Smith Barney Inc. will be entitled to a commission for any shares sold under the sales agency agreement equal to an amount per share to be negotiated by us and Salomon Smith Barney prior to any offering or distribution and will depend on the type of transactions involved.

Salomon Smith Barney

November 21, 2002

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of these documents.

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THE COMPANY

We are a holding company with headquarters in Allentown, Pennsylvania. Our subsidiaries include: PPL Electric Utilities Corporation, which provides electricity delivery service in eastern and central Pennsylvania; PPL Energy Supply, LLC, a holding company for our unregulated businesses; PPL EnergyPlus, LLC, which sells energy and energy services in competitive wholesale and deregulated retail markets; PPL Generation, LLC, which owns and operates our U.S. generation facilities; PPL Montana, LLC, which generates electricity for wholesale and retail customers in Montana and the Northwest; PPL Global, LLC, an international independent power company which develops and acquires U.S. generation projects and which acquires and holds international energy projects that are primarily focused on the distribution of electricity; and PPL Gas Utilities Corporation, which provides natural gas distribution, transmission and storage services and sells propane.

Our principal executive offices are located at Two North Ninth Street, Allentown, Pennsylvania 18101-1179 and our telephone number is (610) 774-5151.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of common stock offered by this prospectus supplement and the accompanying prospectus for general corporate purposes, including investing in unregulated business activities and retiring debt.

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PLAN OF DISTRIBUTION

We have entered into a sales agency agreement with Salomon Smith Barney Inc. under which we may issue and sell up to \$40,000,000 of shares of common stock from time to time through Salomon Smith Barney, as our exclusive agent for the offer and sale of the shares, or to Salomon Smith Barney, as principal, for resale to other purchasers. The sales, if any, of common stock made under the sales agency agreement will be made either by means of:

ordinary brokers transactions in the auction market on the floor of the New York Stock Exchange, the Philadelphia Stock Exchange or any other stock exchange on which the common stock is then listed or admitted to trading;

block transactions executed on the exchanges or in the over-the-counter market and in which Salomon Smith Barney may purchase as a principal for its own account, sell to other broker-dealers or act as a broker for purchasers; or

with prior authorization by us, fixed price offerings off the floor of the exchanges, including special offerings and exchange distributions on the New York Stock Exchange or on other exchanges, in which Salomon Smith Barney commits to purchase as a principal and dealers selected by Salomon Smith Barney participate in the resale of such shares.

Upon written instructions from us, Salomon Smith Barney will use its reasonable best efforts to solicit offers to purchase the shares of common stock subject to the sales agency agreement. Such solicitation will continue until we instruct Salomon Smith Barney to suspend the solicitations and offers. We will instruct Salomon Smith Barney as to the amount of shares of common stock to be sold by Salomon Smith Barney. Subject to the terms and conditions of the sales agency agreement, Salomon Smith Barney will use its reasonable best efforts to sell all of the designated shares of common stock. We may instruct Salomon Smith Barney not to sell shares of common stock if the sales cannot be effected at or above the price designated by us in any such instruction. We or Salomon Smith Barney may suspend the offering of shares of common stock upon proper notice and subject to other conditions.

In addition, with our consent, Salomon Smith Barney may purchase shares of common stock, as principal, from us from time to time for resale to investors and other purchasers pursuant to a separate terms agreement to be entered into at the time of such purchase.

Sales of shares on the exchanges will be made at market prices prevailing at the time of sale and over-the-counter sales of shares will be made at negotiated prices related to the prevailing market prices. Salomon Smith Barney will provide written confirmation to us following the close of trading on the New York Stock Exchange each day in which shares of common stock are sold under the sales agency agreement. Each confirmation will include the number of shares sold on that day, the net proceeds to us and the compensation payable by us to Salomon Smith Barney in connection with the sales.

We will pay Salomon Smith Barney commissions for its services in acting as agent in the sale of shares of common stock. Discounts, commissions, the offering price and other terms of offerings or distributions will be agreed upon by us and Salomon Smith Barney prior to any such

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offering or distribution. Commissions will equal an amount per share to be negotiated by us and Salomon Smith Barney and will depend on the type of transactions involved. The remaining sales proceeds, after deducting any transaction fees imposed by any governmental or self-regulatory organization in connection with the sales and reasonable fees and expenses of counsel to Salomon Smith Barney, will equal our net proceeds for the sale of the shares.

Settlement for sales of common stock will occur on the third business day following the date on which any sales are made, or on some other date that is agreed upon by us and Salomon Smith Barney in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

On or prior to the second business day after the end of each calendar week during which sales of common stock were made by Salomon Smith Barney, we will file a prospectus supplement with the SEC under the applicable paragraph of Rule 424(b) of the Securities Act of 1933. The prospectus supplements will include the dates covered, the number of shares of common stock sold through Salomon Smith Barney, the net proceeds to us and the compensation payable by us to Salomon Smith Barney in connection with the sales of common stock.

Concurrently with its offer and sale of shares on our behalf, Salomon Smith Barney may act as broker for the sale of shares of common stock or solicit the sale of shares of common stock by customers other than us and offer and sell as principal for its own account shares that it has otherwise acquired pursuant to the sales agency agreement.

In connection with the sale of the common stock on our behalf, Salomon Smith Barney may be deemed to be an underwriter within the meaning of the Securities Act of 1933, and the compensation of Salomon Smith Barney may be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to Salomon Smith Barney against certain civil liabilities, including liabilities under the Securities Act. We have also agreed to reimburse Salomon Smith Barney for certain other expenses.

The offering of common stock pursuant to the sales agency agreement will terminate upon the earlier of (1) the sale of all shares of common stock subject to the agreement or (2) termination of the sales agency agreement. The sales agency agreement may be terminated by either party in its sole discretion at any time.

In the ordinary course of its business, Salomon Smith Barney and its affiliates have engaged and may in the future engage in investment and commercial banking transactions with us and certain of our affiliates.

VALIDITY OF COMMON STOCK

Simpson Thacher & Bartlett, New York, New York, counsel to PPL Corporation, will pass upon the validity of the shares of common stock offered hereby for PPL Corporation. Thomas D. Salus, Esq., Senior Counsel of PPL Services Corporation, will pass upon the validity of the shares of common stock for PPL Corporation. Sullivan & Cromwell, New York, New York, will pass upon the validity of the shares of common stock offered hereby for Salomon Smith Barney. Simpson Thacher & Bartlett and Sullivan & Cromwell will rely on the opinion of

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Mr. Salus as to matters involving the law of the Commonwealth of Pennsylvania. As to matters involving the law of the State of New York, Mr. Salus will rely on the opinion of Simpson Thacher & Bartlett.

INCORPORATION BY REFERENCE

The rules of the SEC allow us to incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, and later information that we file with the SEC will automatically update and supersede that information. This prospectus supplement and the accompanying prospectus incorporate by reference the documents set forth below that have been previously filed with the SEC. These documents contain important information about PPL Corporation.

SEC Filings (File No. 1-11459)	Period/Date
Annual Report on Form 10-K Quarterly Report(s) on Form 10-Q Quarters ended March 31, 2002 (Amended by Quarterly Report on Form 10-Q/A filed June 21, 2002), June 30, 2002 and September 30, 2002 Current Reports on Form 8-K January 7, January 22, January 31, April 25, June 21, July 3, July 24 and September 9, 2002 (excluding the information furnished in Item 9 thereof, which is not deemed filed and which is not incorporated by reference herein) (Amended by Current Report on Form 8-K/A filed	Year ended December 31, 2001

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November 19,
2002) PPL
Corporation's
Registration
Statement on
Form 8-B April 27,
1995

We are also incorporating by reference additional documents that PPL Corporation files with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, between the date of this prospectus supplement and the termination of the offerings made by this prospectus supplement.

PPL Corporation will provide without charge to each person, including any beneficial owner, to whom a copy of this prospectus supplement and the accompanying prospectus has been delivered, a copy of any and all of these filings. You may request a copy of these filings by writing or telephoning us at:

PPL Corporation
Two North Ninth Street
Allentown, Pennsylvania 18101-1179
Attention: Investor Services Department
Telephone: 1-800-345-3085

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PROSPECTUS

PPL Corporation
PPL Capital Funding, Inc.
PPL Capital Funding Trust II
Two North Ninth Street
Allentown, Pennsylvania 18101-1179
(610) 774-5151

\$950,000,000

PPL Corporation
Common Stock, Preferred Stock,
Stock Purchase Contracts and Stock Purchase Units
PPL Capital Funding, Inc.
Debt Securities and Subordinated Debt Securities
Guaranteed as described
in this prospectus by PPL Corporation
PPL Capital Funding Trust II
Preferred Trust Securities
Guaranteed as described
in this prospectus by PPL Corporation

We will provide the specific terms of these securities in supplements to this prospectus. You should read this prospectus and the supplements carefully before you invest. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

We may offer the securities directly or through underwriters or agents. The applicable prospectus supplement will describe the terms of any particular plan of distribution.

Investing in the securities involves certain risks. See Risk Factors beginning on page 4.

PPL Corporation's common stock is listed on the New York Stock Exchange and the Philadelphia Stock Exchange and trades under the symbol PPL.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 22, 2002.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that PPL Corporation, PPL Capital Funding, Inc. ("PPL Capital Funding") and PPL Capital Funding Trust II (the "Trust") filed with the Securities and Exchange Commission, or SEC, using the shelf registration process. Under this shelf process, we may, from time to time, sell combinations of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$950,000,000. This amount includes \$20,000,000 of securities registered under an earlier registration statement. This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under Where You Can Find More Information.

We may use this prospectus to offer from time to time:

shares of PPL Corporation Common Stock, par value \$.01 per share ("Common Stock");

shares of PPL Corporation Preferred Stock, par value \$.01 per share ("Preferred Stock");

contracts to purchase shares of PPL Corporation Common Stock ("Stock Purchase Contracts"); and

stock purchase units, each representing (1) a Stock Purchase Contract and (2) debt securities or preferred trust securities of third parties (such as Debt Securities or Subordinated Debt Securities of PPL Capital Funding, Preferred Trust Securities of the Trust or United States Treasury securities) that are pledged to secure the stock purchase unit holders' obligations to purchase Common Stock under the Stock Purchase Contracts ("Stock Purchase Units").

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We may also use this prospectus to offer from time to time:

PPL Capital Funding's unsecured and unsubordinated debt securities (Debt Securities); and

PPL Capital Funding's unsecured subordinated debt securities (Subordinated Debt Securities).

PPL Corporation will unconditionally guarantee the payment of principal, premium and interest on the PPL Capital Funding Debt Securities and Subordinated Debt Securities as described below in Description of the Debt Securities PPL Corporation Guarantees and Description of the Subordinated Debt Securities Subordinated Guarantees.

We may also use this prospectus to offer from time to time the Trust's preferred trust securities (Preferred Trust Securities). PPL Corporation will guarantee the Trust's obligations under the Preferred Trust Securities as described below under Description of the Preferred Trust Securities Guarantee.

We sometimes refer to the Common Stock, the Preferred Stock, the Stock Purchase Contracts, the Stock Purchase Units, the Debt Securities, the Subordinated Debt Securities and the Preferred Trust Securities collectively as the Securities. In addition, we sometimes refer to PPL Corporation's guarantees of Debt Securities (Guarantees), guarantees of Subordinated Debt Securities (Subordinated Guarantees), and the guarantee of Preferred Trust Securities (Preferred Trust Securities Guarantee), collectively as Securities Guarantees.

For more detailed information about the Securities and the Securities Guarantees, you can read the exhibits to the registration statement. Those exhibits have been either filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

See page 13 for **FORWARD-LOOKING INFORMATION**, which sets forth a warning regarding forward-looking information contained or incorporated by reference in this prospectus.

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RISK FACTORS

In addition to the other information in this prospectus, you should consider the factors described below. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may impair our business operations. Each of the risks described below could have a material adverse effect on our business, financial condition or results of operations and could result in a loss or a decrease in the value of the Securities.

Risks Related to Our Supply Businesses

Changes in commodity prices may increase the cost of producing power or decrease the amount we receive from selling power, which could adversely affect our financial performance.

Our generation and marketing businesses are subject to changes in power prices or fuel costs, which may impact our financial results and financial position by increasing the cost of producing power or decreasing the amount we receive from the sale of power. The market prices for these commodities may fluctuate substantially over relatively short periods of time. Among the factors that could influence such prices are:

prevailing market prices for coal, natural gas, fuel oil and other fuels used in our generation facilities, including associated transportation costs, and supplies of such commodities;

demand for energy and the extent of additional supplies of energy available from current or new competitors;

capacity and transmission service into, or out of, our markets;

changes in the regulatory framework for wholesale power markets;

liquidity in the general wholesale electricity market; and

weather conditions impacting demand for electricity.

In the absence of long-term power sales agreements, we must sell the energy, capacity and other products from our facilities into the competitive wholesale power markets. Unlike most other commodities, electric power cannot be stored and must be produced concurrently with its use. As a result, the wholesale power markets are subject to significant price fluctuations over relatively short periods of time and can be unpredictable. In addition, the price we can obtain for power sales may not change at the same rate as changes in fuel and other costs. Given the volatility and potential for material differences between actual power prices and fuel and other costs, if we are unable to secure or maintain long-term power sales and fuel purchase agreements for our power generation facilities, our revenues would be subject to increased volatility and our financial results may be materially adversely affected.

Our facilities may not operate as planned, which may increase our expenses or decrease our revenues and, thus, have an adverse effect on our financial performance.

Operation of power plants involves many risks, including the breakdown or failure of equipment or processes, accidents, labor disputes, fuel interruption and performance below expected levels. In addition, weather-related incidents and other natural disasters can disrupt both generation and transmission delivery systems. Operation of our power plants below expected capacity levels may result in lost revenues or increased expenses, including higher maintenance costs and, if we are unable to perform our contractual obligations as a result, penalties or damages.

We may not be able to obtain adequate fuel supplies, which could adversely affect our ability to operate our facilities.

We purchase fuel from a number of suppliers. Disruption in the delivery of fuel, including disruptions as a result of weather, labor relations or environmental regulations affecting our fuel suppliers, could adversely affect our ability to operate our facilities, and thus, our results of operations.

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We may be required to meet our provider of last resort, or PLR, obligations at prices which may be below our cost, which could adversely affect our financial condition. We also are not assured of any guaranteed level of sales as a PLR.

Under its settlement order in connection with its restructuring pursuant to the Pennsylvania Electricity Generation Customer Choice and Competition Act, which we refer to as the Customer Choice Act, our Pennsylvania electricity delivery subsidiary, PPL Electric Utilities Corporation, or PPL Electric, has an obligation to act as a provider of last resort, or PLR, to provide electricity, at settlement rates through 2009, to certain retail electric customers that do not select an alternate energy supplier. Our energy marketing subsidiary, PPL EnergyPlus, has entered into long-term contracts to supply PPL Electric's PLR requirements at the settlement rates through 2009. This obligation currently represents a significant portion of the normal operating capacity of our existing generation assets. The prices we receive from our PLR customers were established under the settlement order and may not have any relationship to the cost to us of supplying this power. This means that we are required to absorb increasing costs, including the risk of fuel price increases and increased costs of production.

The PLR contract obligations do not provide us with any guaranteed level of sales. If our customers obtain service from alternate suppliers, which they are entitled to do at any time, our sales of power under the contracts may decrease. Alternatively, customers could switch back to PPL Electric from alternative suppliers, which may increase demand above our facilities' available capacity. Any switching by customers could have a material adverse effect on our results of operations or financial position.

We are subject to the risks of nuclear generation, including the risk that our Susquehanna nuclear plant could become subject to revised safety requirements that would increase our capital and operating expenditures, and uncertainties associated with decommissioning our plant at the end of its licensed life.

Nuclear generation accounts for about 20% of our generation capacity. The risks of nuclear generation generally include:

the potential harmful effects on the environment and human health resulting from the operation of nuclear facilities and the storage, handling and disposal of radioactive materials;

limitations on the amounts and types of insurance commercially available to cover losses and liabilities that might arise in connection with nuclear operations; and

uncertainties with respect to the technological and financial aspects of decommissioning nuclear plants at the end of their licensed lives.

The Nuclear Regulatory Commission, or NRC, has broad authority under federal law to impose licensing and safety-related requirements for the operation of nuclear generation facilities. In the event of non-compliance, the NRC has the authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. In addition, revised safety requirements promulgated by the NRC could necessitate substantial capital or operating expenditures at our Susquehanna nuclear plant. In addition, although we have no reason to anticipate a serious nuclear incident at our Susquehanna plant, if an incident did occur, it could have a material adverse effect on our results of operations or financial condition.

We have a limited history of operating many of our generating facilities in a competitive environment, in which we are not assured of any return on our investment.

Many of our facilities were historically operated within vertically-integrated, regulated utilities that sold electricity to consumers at prices based on predetermined rates set by state public utility commissions. Unlike regulated utilities, we are not assured of any rate of return on our capital investments through predetermined rates, and our revenues and results of operations are likely to depend, in large part, upon prevailing market prices for electricity in our regional markets and other competitive markets, the volume of demand, capacity factors and ancillary services. We have limited history operating these facilities in a market-based competitive environment, and we may not be able to operate them successfully in such an environment.

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Changes in technology may impair the value of our power plants.

A basic premise of our business is that generating power at central power plants achieves economies of scale and produces electricity at a relatively low price. There are other technologies that produce electricity, most notably fuel cells, microturbines, windmills and photovoltaic (solar) cells. Research and development activities are ongoing to seek improvements in the alternate technologies. It is possible that advances will reduce the cost of alternate methods of electric production to a level that is equal to or below that of most central station electric production. If this were to happen, the value of our power plants may be significantly impaired.

We are exposed to operational, price and credit risks associated with selling and marketing products in the wholesale power markets.

We purchase and sell power at the wholesale level under market-based tariffs authorized by the Federal Energy Regulatory Commission, or FERC, throughout the United States and also enter into short-term agreements to market available energy and capacity from our generation assets with the expectation of profiting from market price fluctuations. If we are unable to deliver firm capacity and energy under these agreements, we could be required to pay damages. These damages would generally be based on the difference between the market price to acquire replacement capacity or energy and the contract price of the undelivered capacity or energy. Depending on price volatility in the wholesale energy markets, such damages could be significant. We also face credit risk that parties with whom we contract will default in their performance, in which case we may have to sell our power into a lower-priced market or make purchases in a higher priced market than existed at the time of contract. For example, we recorded significant charges in 2001 associated with the bankruptcy of Enron Corporation and its affiliates (Enron), and Enron 's defaults under various electric and gas contracts with our subsidiaries and other entities in which we have invested. For more information, please refer to the reports described under Where You Can Find More Information. In addition, extreme weather conditions, unplanned power plant outages, transmission disruptions, and other factors could affect our ability to meet our obligations, or cause significant increases in the market price of replacement capacity and energy. Although we attempt to mitigate these risks, there can be no assurance that we will be able to fully meet our obligations, that we will not experience counterparty non-performance or that we will not be required to pay damages for failure to perform.

We do not always hedge against risks associated with energy and fuel price volatility.

We attempt to mitigate risks associated with satisfying our contractual power sales arrangements by reserving generation capacity to deliver electricity to satisfy our net firm sales contracts and, when necessary, by purchasing firm transmission service. We also routinely enter into contracts, such as fuel and power purchase and sale commitments, to hedge our exposure to weather conditions, fuel requirements and other energy-related commodities. We may not, however, hedge the entire exposure of our operations from commodity price volatility. To the extent we fail to hedge against commodity price volatility, our results of operations and financial position may be affected unfavorably.

Our trading, marketing and risk management policies may not work as planned, and we may suffer economic losses despite such policies.

We actively manage the market risk inherent in our energy and fuel, debt and foreign currency positions. Nonetheless, adverse changes in energy and fuel prices, interest rates and foreign currency exchange rates may result in losses in our earnings or cash flows and adversely affect our balance sheet. Our trading, marketing and risk management procedures may not always be followed or may not work as planned. As a result, we cannot predict with precision the impact that our trading, marketing and risk management decisions may have on our business, operating results or financial position.

In addition, our trading, marketing and risk management activities are exposed to the credit risk that counterparties that owe us money or energy will breach their obligations. We have established risk management policies and programs, including credit policies to evaluate counterparty credit risk. However, if

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counterparties to these arrangements fail to perform, we may be forced to enter into alternative hedging arrangements or honor underlying commitments at then-current market prices. In that event, our financial results are likely to be adversely affected.

Our operating results may fluctuate on a seasonal and quarterly basis.

Electrical power supply may be seasonal. For example, in some parts of the country, demand for, and market prices of, electricity peak during the hot summer months, while in other parts of the country such peaks occur in the cold winter months. As a result, our overall operating results in the future may fluctuate substantially on a seasonal basis. The pattern of this fluctuation may change depending on the nature and location of the facilities we acquire and the terms of our contracts to sell electricity.

We rely on some transmission and distribution assets that we do not own or control to deliver our wholesale electricity and natural gas. If transmission is disrupted, or if capacity is inadequate, our ability to sell and deliver power may be hindered.

We depend on transmission and distribution facilities owned and operated by utilities and other energy companies to deliver the electricity and natural gas we sell to the wholesale market, as well as the natural gas we purchase for use in our electric generation facilities. If transmission is disrupted, or if capacity is inadequate, our ability to sell and deliver products and satisfy our contractual obligations may be hindered.

The FERC has issued regulations that require wholesale electric transmission services to be offered on an open-access, non-discriminatory basis. Although these regulations are designed to encourage competition in wholesale market transactions for electricity, there is the potential that fair and equal access to transmission systems will not be available or that sufficient transmission capacity will not be available to transmit electric power as we desire. We cannot predict the timing of industry changes as a result of these initiatives or the adequacy of transmission facilities in specific markets.

Risks Related to Our Business Generally and to Our Industry

The energy industry is rapidly changing and intensely competitive, which may adversely affect our ability to operate profitably.

We face intense competition in our energy supply and development businesses. A number of our competitors, including domestic and international energy companies and other global power providers, have more extensive experience operating in unregulated markets, larger staffs and/or greater financial resources than we do. In addition, many of the regions in which we operate have implemented or are considering implementing regulatory initiatives designed to increase competition. For example, regulations encouraging industry deregulation and privatization continue to cause the disaggregation of vertically integrated utilities into separate generation, transmission and distribution businesses in the United States and abroad. Moreover, the FERC has implemented regulatory changes designed to increase access to transmission grids by utility and non-utility purchasers and sellers of electricity. As a result, a significant number of additional competitors could become active in the generation segment of our industry. This competition may negatively impact our ability to sell energy and related products and the prices which we may charge for such products, which could adversely affect our results of operations and our ability to grow our business.

In addition, while demand for electricity is generally increasing throughout the United States, the rate of construction and development of new electric assets may exceed the increase in demand in some regional markets. The commencement of commercial operation of new facilities in the regional markets where we own or control generation capacity will likely increase the competitiveness of the wholesale power market in those regions, which could have a material adverse effect on our business and financial condition.

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Our business is subject to extensive regulation, which may increase our costs, reduce our revenues, or prevent or delay operation of our facilities.

Our U.S. generation subsidiaries are exempt wholesale generators, or EWGs, which sell electricity into the wholesale market. Generally, our EWGs are subject to regulation by the FERC. The FERC has authorized us to sell generation from our facilities at market-based prices. The FERC retains the authority to modify or withdraw our market-based rate authority and to impose cost of service rates if it determines that the market is not workably competitive, that we possess market power or that we are not charging just and reasonable rates. Any reduction by the FERC of the rate we may receive or any unfavorable regulation of our business by state regulators could materially adversely affect our results of operations.

The acquisition, ownership and operation of power generation facilities require numerous permits, approvals, licenses and certificates from federal, state and local governmental agencies. We may not be able to obtain or maintain all required regulatory approvals. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approval or comply with any applicable law or regulation, the operation of our assets and our sales of electricity could be prevented or delayed or become subject to additional costs.

We operate in competitive segments of the electric power industry created by deregulation initiatives at the state and federal levels. If the present trend towards competition is reversed, discontinued or delayed, our business prospects and financial condition could be materially adversely affected.

Some restructured markets have recently experienced supply problems and price volatility. In some of these markets, government agencies and other interested parties have made proposals to delay market restructuring or even re-regulate areas of these markets that have previously been deregulated. See We cannot predict the effect of initiatives in Montana to re-regulate generating assets, below for more information. In California, legislation has been passed placing a moratorium on the sale of generation plants by public utilities regulated by the California Public Utilities Commission. In 2001, the FERC instituted a series of price controls designed to mitigate (or cap) prices in the entire western U.S. to address the extreme volatility in the California energy markets. These price controls have had the effect of significantly lowering spot and forward energy prices in the western market.

In addition, the independent system operators that oversee the transmission systems in certain wholesale power markets have from time to time been authorized to impose price limitations and other mechanisms to address volatility in the power markets. These types of price limitations and other mechanisms may adversely impact the profitability of our wholesale power marketing and trading business.

Other proposals to re-regulate our industry may be made, and legislative or other action affecting the electric power restructuring process may cause the process to be delayed, discontinued or reversed in the states in which we currently, or may in the future, operate. If the current trend towards competitive restructuring of the wholesale and retail power markets is delayed, discontinued or reversed, our business prospects and financial condition could be materially adversely affected.

We cannot predict the outcome or extent of any investigations or litigation associated with our capacity transactions described in the PJM Market Monitor report and related matters, which could result in penalties, an obligation to pay damages, or other liabilities.

In November 2001, the Market Monitor of PJM Interconnection, LLC, or PJM, publicly released a report prepared for the Pennsylvania Public Utility Commission, or PUC, entitled Capacity Market Questions relating to the pricing of installed capacity in the PJM daily market during the first quarter of 2001. The report concludes that PPL EnergyPlus was able to exercise market power to raise the market-clearing price above the competitive level during that period. In November 2001, the PUC issued an investigation order directing its Law Bureau to conduct an investigation into the PJM capacity market and the allegations in the Market Monitor's report. In June 2002, the PUC issued an investigation report alleging, among other things, that PPL had unfairly manipulated electricity markets in early 2001, and that there was an unlawful exercise of market power and market rules gaming by PPL that was damaging to wholesale

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and retail electricity markets in Pennsylvania. The PUC stated that it was not authorized to, and was not attempting to, adjudicate the merits of PPL's defenses to these charges, but has referred the matter to the U.S. Department of Justice Antitrust Division, or DOJ, the FERC and the Pennsylvania Attorney General. We had previously responded to certain information requests of the DOJ in connection with a civil investigative demand regarding capacity transactions in the PJM, and the Office of the Pennsylvania Attorney General has now requested PPL to provide it with any information that we provided to the DOJ. In addition, in July 2002, PPL appealed the PUC order to the Commonwealth Court of Pennsylvania. Although we believe that the PUC's report is inaccurate, that its conclusions are groundless, and that we acted ethically and legally, in compliance with all applicable laws and regulations, we cannot predict the outcome or extent of any investigations, litigation or other proceedings related to this matter.

We cannot predict the effects of initiatives in Montana to re-regulate generating assets.

In 2001, the Montana Public Service Commission, or MPSC, issued an order in which it found that The Montana Power Company must continue to provide electric service to its customers at tariffed rates until its transition plan under the Montana restructuring legislation is finally approved, and that purchasers of generating assets from Montana Power must provide electricity to meet Montana Power's full load requirements at prices to Montana Power that reflect costs calculated as if the generation assets had not been sold. PPL Montana purchased Montana Power's interest in two coal-fired plants and 11 hydroelectric units in 1999. In 2001, PPL Montana challenged the MPSC Order, asserting, among other things, that the Federal Power Act preempts states from regulating the sale of electricity in wholesale markets, and requesting that the MPSC be enjoined from seeking to regulate wholesale sales from PPL Montana's generating assets. In March 2002, the U.S. District Court in Helena, Montana dismissed PPL Montana's lawsuit on procedural grounds, ruling that the Eleventh Amendment to the U.S. Constitution prevented PPL Montana from bringing the action in federal court. The District Court noted that the action could be filed in a state court in Montana. PPL Montana has appealed the District Court's ruling to the United States Court of Appeals for the Ninth Circuit. We cannot predict the ultimate outcome of these proceedings.

In addition, there has been proposed a ballot initiative to create an elected Montana public power commission to determine whether purchasing hydroelectric dams in Montana is in the public interest. See [Where You Can Find More Information](#) for how you can find more information regarding this initiative. Such a commission could decide to acquire PPL Montana's hydroelectric dams either pursuant to a negotiated purchase or an acquisition at fair market value through the power of condemnation. While PPL Montana intends to vigorously oppose such an initiative, we cannot predict the outcome of this proposal.

We may be adversely affected by legal proceedings arising out of the electricity supply situation in California and other western states, which could result in refund or other liabilities.

Litigation arising out of the California electricity supply situation has been filed with the FERC and in California courts against sellers of energy to the California ISO. The plaintiffs and intervenors in these proceedings allege abuse of market power, manipulation of market prices, unfair trade practices and violations of state antitrust laws, among other things, and seek price caps on wholesale sales in California and other western power markets, refunds of excess profits allegedly earned on these sales, and other relief, including treble damages and attorney's fees. In addition, attorneys general in several western states, including California, have begun investigations related to the electricity supply situation in California and other western states. Certain of our subsidiaries have intervened in the FERC proceedings in order to protect their interests, but have not been named by the plaintiffs in the proceedings alleging abuses of market power, manipulation of market prices, unfair trade practices and violations of state antitrust laws. However, in April 2002, PPL Montana was named by a defendant in a consolidated court proceeding which combined several of the lawsuits alleging antitrust and unfair trade practices. Specifically, one of the original generators, sued by various plaintiffs, filed a cross-complaint against 30 other generators and power marketers, including PPL Montana. This generator denies that any unlawful, unfair or fraudulent conduct occurred or caused any harm to the plaintiffs, and explains that the plaintiffs' claims are completely barred by federal law. Nonetheless, this generator alleges that it filed its complaint against the other generators and power marketers in order to assist

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the court in resolving the proceeding and asserts that, if it is found liable, the other generators and power marketers, including PPL Montana caused, contributed to and/or participated in the plaintiffs' alleged losses.

In addition, PPL Montana has been named as a defendant in a declaratory judgment action initiated by the State of California to prevent certain members of the California Power Exchange from seeking compensation for the state's seizure of certain energy contracts. PPL Montana is a member of the California Power Exchange, but it has no energy contracts with or through the California Power Exchange and has not sought compensation in connection with the state's seizure.

The FERC has determined that all sellers of energy in the California markets should be subject to refund liability for the period beginning October 2, 2000 through June 20, 2001 and has initiated an evidentiary hearing concerning refund amounts. The FERC also is considering whether to order refunds for sales made in the Pacific Northwest, including sales made by our subsidiaries. The FERC Administrative Law Judge assigned to this proceeding has recommended that no refunds be ordered for sales into the Pacific Northwest. The FERC presently is considering this recommendation. In addition, the FERC has been conducting an additional investigation of alleged price manipulation in power markets in California and the western United States. In connection with this investigation, the FERC has served several sets of data requests on sellers of energy in those markets, including PPL Montana.

While PPL Montana sold only a small amount of electricity into the California market during 2000 and 2001 and currently is not selling into that market, and while PPL believes that it has not engaged in any improper trading practices, we cannot predict whether or the extent to which any of our subsidiaries will be the target of any additional governmental investigation or named in other lawsuits or refund proceedings, the outcome of any such existing or future proceedings or whether the ultimate impact on us of the electricity supply situation in California and other western states will be material.

Our costs of compliance with environmental laws are significant, and the costs of compliance with new environmental laws could adversely affect our profitability.

Our operations are subject to extensive federal, state, local and foreign statutes, rules and regulations relating to environmental protection. To comply with these legal requirements, we must spend significant sums on environmental monitoring, pollution control and emission fees.

New environmental laws and regulations affecting our operations, and new interpretations of existing laws and regulations, may be adopted or become applicable to us. For example, the laws governing air emissions from coal-burning plants are being re-interpreted by federal and state authorities. These re-interpretations could result in the imposition of substantially more stringent limitations on these emissions than those currently in effect.

We may not be able to obtain or maintain all environmental regulatory approvals necessary to our business. If there is a delay in obtaining any required environmental regulatory approval or if we fail to obtain, maintain or comply with any such approval, operations at our affected facilities could be halted or subjected to additional costs. Further, at some of our older facilities it may be uneconomical for us to install the necessary equipment, which may cause us to shut down those generation units.

Our business development activities may not be successful and our projects under construction may not commence operation as scheduled, which could increase our costs and impair our ability to recover our investment.

The acquisition, development and construction of generating facilities involves numerous risks. We may be required to expend significant sums for preliminary engineering, permitting, fuel supply, resource exploration, legal and other expenses in preparation for competitive bids which we may not win or before it can be established whether a project is feasible, economically attractive or capable of being financed. Our success in developing a particular project is contingent upon, among other things, negotiation of satisfactory engineering, construction, fuel supply and power sales contracts, receipt of required governmental permits and

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timely implementation and satisfactory completion of construction. If we were unable to complete the development of a facility, we would generally not be able to recover our investment in the project.

Currently, we have power plants with 2,140 MW of generation capacity under development or construction and we intend to continue to acquire and develop new, low-cost and efficient electric power generation facilities in key northeastern and western markets. Successful completion of these facilities is subject to numerous factors, including:

changes in market prices;

our ability to obtain permits and approvals and comply with applicable regulations;

availability and timely delivery of gas turbine generators and other equipment;

unforeseen engineering problems;

construction delays and contractor performance shortfalls;

shortages and inconsistent quality of equipment, material and labor;

work stoppages;

adverse weather conditions;

environmental and geological conditions; and

unanticipated cost increases.

Any of these factors could give rise to delays, cost overruns or the termination of expansion, construction or development. The failure to complete construction according to specifications and on time can result in cost overruns, liabilities, reduced plant efficiency, higher operating and other costs and reduced earnings.

Our investments and projects located outside of the United States expose us to risks related to laws of other countries, taxes, economic conditions, fluctuations in currency rates, political conditions and policies of foreign governments. These risks may delay or reduce our realization of value from our international projects.

We have operations outside of the United States. The acquisition, financing, development and operation of projects outside the United States entail significant financial risks, which vary by country, including:

changes in foreign laws or regulations relating to foreign operations, including tax laws and regulations;

changes in United States laws related to foreign operations, including tax laws and regulations;

changes in government policies, personnel or approval requirements;

changes in general economic conditions affecting each country;

changes in labor relations in foreign operations;

limitations on foreign investment or ownership of projects and returns or distributions to foreign investors;

limitations on ability of foreign companies to borrow money from foreign lenders and lack of local capital or loans;

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fluctuations in currency exchange rates and difficulty in converting our foreign funds to U.S. dollars, which can increase our expenses and/or impair our ability to meet such expenses, and difficulty moving funds out of the country in which the funds were earned;

limitations on ability to import or export property and equipment;

compliance with United States foreign corrupt practices laws;

political instability and civil unrest; and

expropriation and confiscation of assets and facilities.

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Our international operations are subject to regulation by various foreign governments and regulatory authorities. The laws and regulations of some countries may limit our ability to hold a majority interest in some of the projects that we may develop or acquire, thus limiting our ability to control the development, construction and operation of those projects. In addition, the legal environment in foreign countries in which we currently own assets or projects or may develop projects in the future could make it more difficult for us to enforce our rights under agreements relating to such projects. Our international projects may also be subject to risks of being delayed, suspended or terminated by the applicable foreign governments or may be subject to risks of contract invalidation by commercial or governmental entities.

Despite contractual protections we have against many of these risks for our international operations or potential investments in the future, our actual results and the value of our investment may be adversely affected by the occurrence of any of these events.

Many of the countries in which we operate have adopted programs to encourage private investment and competition in the electric industry. However, some of these restructured markets have experienced disruption. Companhia Energética de Maranhão, or CEMAR, which is our electricity distribution subsidiary in Brazil, operates under a 30-year concession agreement with the Brazilian government. CEMAR has been impacted by shortages of electricity, government imposed electricity rationing, substantial disruption in the energy markets, and the failure of the electricity regulator to adequately address these problems. As a result, CEMAR's results of operations, cash flows, and ability to meet its financial obligations have deteriorated. We have determined that the long-term viability of the CEMAR operation is jeopardized and expect to record impairment losses for the entire amount of the investment. In 2001, we recorded impairment losses of \$217 million. We did not write-off the remaining portion of our CEMAR investment, approximately \$100 million at December 31, 2001, primarily related to our foreign currency translation adjustment, or CTA, balance, because accounting guidance prohibits the including of CTA in an impairment calculation where the assets are not held for disposal. We have been working with CEMAR's creditors and governmental authorities in Brazil on a plan to return the company to financial stability. That plan included our request for a rate increase review, which Brazilian regulators denied in early June 2002. We viewed the rate-increase review as a critical step in restoring CEMAR to financial stability. We are now considering a narrowing range of options to maximize the value of CEMAR, but we have not yet made a decision to exit the investment. Should we make such an exit decision, we would again assess impairment of the investment and would, most likely, record an additional impairment for the CTA balance, reduced by any operating losses recorded through the date of the impairment.

Risks Related to Our Corporate and Financial Structure

Our cash flow, ability to pay dividends and ability to meet debt obligations largely depend on the performance of our subsidiaries and affiliates, some of which we do not control.

PPL Corporation is a holding company and conducts its operations primarily through subsidiaries. Substantially all of PPL Corporation's consolidated assets are held by such subsidiaries. Accordingly, PPL Corporation's cash flow, its ability to pay dividends on its capital stock and its ability to meet its obligations under the Securities Guarantees are largely dependent upon the earnings of these subsidiaries and the distribution or other payment of such earnings to PPL Corporation in the form of dividends, loans or advances or repayment of loans and advances from PPL Corporation. The subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on any Securities (except for the Securities issued by such subsidiaries) or to make any funds available for such payment.

Because PPL Corporation is a holding company, its obligations under the Securities Guarantees will be effectively subordinated to all existing and future liabilities of its subsidiaries. Therefore, PPL Corporation's rights and the rights of its shareholders and creditors, including rights of a holder of any Security under a Securities Guarantee, to participate in the assets of any subsidiary in the event that such a subsidiary is liquidated or reorganized, will be subject to the prior claims of such subsidiary's creditors. To the extent that PPL Corporation may itself be a creditor with recognized claims against any such subsidiary, PPL

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Corporation's claims would still be effectively subordinated to any security interest in, or mortgages or other liens on, the assets of the subsidiary and would be subordinated to any indebtedness or other liabilities of the subsidiary senior to that held by PPL Corporation. Although certain agreements to which PPL Corporation and its subsidiaries are parties limit the ability to incur additional indebtedness, PPL Corporation and its subsidiaries retain the ability to incur substantial additional indebtedness and other liabilities.

The debt agreements of some of our subsidiaries and affiliates restrict their ability to pay dividends, make distributions or otherwise transfer funds to us prior to the payment of other obligations, including operating expenses, debt service and reserves. Further, if we elect to receive distributions of earnings from our foreign operations, we may incur United States taxes, net of any available foreign tax credits, on such amounts. Distributions to us from our international projects are, in some countries, also subject to withholding taxes.

FORWARD-LOOKING INFORMATION

Certain statements included or incorporated by reference in this prospectus, including statements with respect to future earnings, energy supply and demand, costs, subsidiary performance, growth, new technology, project development, energy and fuel prices and generating capacity and performance, are forward-looking statements within the meaning of the federal securities laws. Although we believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to have been correct. These forward-looking statements involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in the forward-looking statements. In addition to the specific factors discussed in the Risk Factors section herein and our reports that are incorporated herein by reference, the following are among the most important factors that could cause actual results to differ materially from the forward-looking statements:

- market demand and prices for energy, capacity and fuel;
- weather variations affecting customer energy usage;
- competition in retail and wholesale power markets;
- the effect of any business or industry restructuring;
- profitability and liquidity;
- new accounting requirements or new interpretations or applications of existing requirements;
- operation of existing facilities and operating costs;
- the development of new projects, markets and technologies;
- the performance of new ventures;
- political, regulatory or economic conditions in states, regions or countries where we or our subsidiaries conduct business;
- receipt and renewals of necessary governmental permits and approvals;
- capital markets conditions and decisions regarding our capital structure;
- stock price performance;
- our or any of our subsidiaries' securities ratings;
- foreign exchange rates;

commitments and liabilities;

state and federal regulatory developments;

new state or federal legislation;

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national or regional economic conditions, including any potential effects arising from the September 11, 2001 terrorist attacks in the United States, and any consequential hostilities;

environmental conditions and requirements; and

system conditions and operating costs.

Any such forward-looking statements should be considered in light of such important factors.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all of such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and we do not undertake any obligation to update the information contained in such statement to reflect subsequent developments or information.

PPL CORPORATION

PPL Corporation (PPL) is a holding company and is engaged, through subsidiaries, in power generation and marketing primarily in the northeastern and western United States, and in the delivery of electricity in Pennsylvania, the United Kingdom and Latin America. We are a Pennsylvania corporation, incorporated in 1995, with headquarters in Allentown, Pennsylvania.

At March 31, 2002, we owned or controlled, through subsidiaries, 10,280 MW of electric power generation capacity, and we intend to continue to acquire and develop new, low-cost and efficient electric power generation facilities in key northeastern and western markets. At March 31, 2002, we were constructing or developing new electric power projects in Arizona, Illinois, New York and Pennsylvania representing an additional 2,140 MW of power generation capacity. When we refer to MW in this prospectus, we mean net megawatts with respect to generation capacity that is currently in operation, and we mean gross megawatts with respect to generation capacity that is in development.

We market wholesale and retail energy primarily in the northeastern and western portions of the United States, deliver electricity to approximately 6 million customers in Pennsylvania, the United Kingdom and Latin America, and provide energy-related services to businesses in the mid-Atlantic and northeastern United States.

We operate through two principal lines of business, energy supply and energy delivery.

Energy Supply

Our generation assets are managed as an integrated portfolio through subsidiaries of PPL Energy Supply, our holding company for our competitive energy businesses, and we coordinate our generation operations with our marketing, trading and risk management activities.

Our principal supply subsidiaries include:

PPL Generation, which serves as the holding company for our generation businesses in the United States. At March 31, 2002, PPL Generation owned or controlled a portfolio of domestic power generation assets with a total capacity of 10,280 MW. These power plants are located in Pennsylvania (8,502 MW), Montana (1,157 MW), Arizona (300 MW), Connecticut (225 MW) and Maine (96 MW) and use well-diversified fuel sources including coal, nuclear, natural gas, oil and hydro. Our Pennsylvania generation assets consist primarily of low-cost, baseload facilities and are located in the market-administered PJM, the largest centrally-dispatched power pool in the United States.

PPL EnergyPlus, which markets or brokers electricity produced by PPL Generation, along with purchased power and natural gas, in competitive wholesale and retail markets, primarily in the northeastern and western United States. Under two generation supply agreements with PPL Electric which extend through 2009, PPL EnergyPlus also sells electricity to PPL Electric to meet PPL

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Electric's PLR obligation, as well as PPL Electric's contractual obligations to certain municipalities. In addition, PPL EnergyPlus subsidiaries provide energy-related products and services, such as engineering and mechanical contracting, construction and maintenance services, to commercial and industrial customers.

PPL Global holds international energy projects that are primarily focused on the distribution of electricity. PPL Global currently owns and operates electricity delivery businesses primarily in the United Kingdom and Latin America.

Energy Delivery

We also provide high-quality energy delivery services in the mid-Atlantic regions of the United States through our subsidiaries, PPL Electric and PPL Gas Utilities Corporation.

PPL Electric, incorporated in 1920, is a regulated public utility providing electricity delivery services to approximately 1.3 million customers in eastern and central Pennsylvania. PPL Electric also serves as the PLR for electric customers in its service territory who have not selected an alternate supplier under the Customer Choice Act.

PPL Gas Utilities is a holding company with regulated public utility subsidiaries providing natural gas and propane delivery services to approximately 103,000 customers in Pennsylvania and Maryland.

Our significant operating subsidiaries are depicted below:

The information above concerning PPL Corporation and its subsidiaries is only a summary and does not purport to be comprehensive. For additional information concerning PPL Corporation and its subsidiaries, including certain assumptions, risks and uncertainties involved in the forward-looking statements contained or incorporated by reference in this prospectus, you should refer to the information described in [Where You Can Find More Information](#).

PPL Corporation's offices are located at Two North Ninth Street, Allentown, Pennsylvania 18101-1179 and its telephone number is (610) 774-5151.

PPL CAPITAL FUNDING

PPL Capital Funding is a Delaware corporation and a wholly-owned subsidiary of PPL Corporation. PPL Capital Funding's primary business is to provide financing for the operations of PPL Corporation and its subsidiaries.

PPL Capital Funding's offices are located at Two North Ninth Street, Allentown, Pennsylvania 18101-1179 and its telephone number is (610) 774-5151.

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PPL CAPITAL FUNDING TRUST II

The Trust is a statutory business trust created under Delaware law under a trust agreement which is to be amended pursuant to an Amended and Restated Trust Agreement (as so amended, the Trust Agreement) among PPL Corporation, JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank) as the Property Trustee, Chase Manhattan Bank USA, National Association, as Delaware Trustee and two of our employees as Administrative Trustees. The Trust exists only to issue and sell its Preferred Trust Securities and Common Trust Securities, to acquire and hold the Subordinated Debt Securities as trust assets and to engage in activities incidental to the foregoing. All of the Common Trust Securities will be owned by PPL Corporation. The Common Trust Securities will represent at least 3% of the total capital of the Trust. Payments will be made on the Common Trust Securities *pro rata* with the Preferred Trust Securities, except that the Common Trust Securities' right to payment will be subordinated to the rights of the Preferred Trust Securities if there is a default under the Trust Agreement resulting from an event of default under the Subordinated Indenture, as defined below. The Trust has a term of approximately 40 years, but may dissolve earlier as provided in the Trust Agreement. The Trust's business and affairs will be conducted by its Administrative Trustees, as set forth in the Trust Agreement. The office of the Delaware Trustee in the State of Delaware is 500 Stanton Christiana Road, Building 4, 3rd Floor, Newark, Delaware 19713. The Trust's offices are located at Two North Ninth Street, Allentown, PA 18101-1179, and the telephone number is (610) 774-5151.