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PPL CORP
Form 424B5
September 06, 2002

As Filed Pursuant to Rule 424(b) (5)
Registration Nos. 333-85716

THE INFORMATION IN THIS PRELIMINARY PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THIS PRELIMINARY PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS ARE NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

PROSPECTUS SUPPLEMENT (Subject to Completion) Issued September 6, 2002
(TO PROSPECTUS DATED JULY 22, 2002)

14,500,000 SHARES

[PPL LOGO]
COMMON STOCK

PPL Corporation is selling 14,500,000 shares of its common stock.

Our common stock is traded on the New York Stock Exchange under the symbol "PPL." On September 5, 2002, the last reported sale price of our common stock on the New York Stock Exchange was \$34.26 per share.

INVESTING IN OUR COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 4 OF THE ACCOMPANYING PROSPECTUS.

	PER SHARE	TOTAL
	-----	-----
Public offering price.....	\$	\$
Underwriting discounts and commissions.....	\$	\$
Proceeds to PPL.....	\$	\$

We have granted the underwriters an option to purchase up to an additional 2,175,000 shares of our common stock to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not 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.

The underwriters expect to deliver the shares to purchasers on or about September , 2002.

JOINT BOOK-RUNNING MANAGERS

JPMORGAN

MORGAN STANLEY

CO-LEAD MANAGER
UBS WARBURG

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SALOMON SMITH BARNEY

WACHOVIA SECURITIES

JANNEY MONTGOMERY SCOTT LLC

September , 2002

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This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which will not apply to the common stock. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the underwriters have not authorized anyone to provide you with information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. The information in this prospectus supplement and the accompanying prospectus may be accurate only as of their respective dates.

We and the underwriters are not making an offer to sell the common stock in jurisdictions where the offer or sale is not permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for a person to make an offer or solicitation.

As used in this prospectus supplement, the terms "we," "our" or "us" may, depending upon the context, refer to PPL Corporation, to one or more of PPL Corporation's consolidated subsidiaries or to all of them taken as a whole.

FORWARD-LOOKING INFORMATION

Certain statements included or incorporated by reference in this prospectus supplement, including statements with respect to future earnings, energy supply and demand, costs, subsidiary performance, growth, new technology, project development, energy prices, strategic initiatives, 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 be 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 in the accompanying prospectus and our reports that are incorporated by reference, the following are among the 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;

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- 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 renewal of necessary governmental permits and approvals;
- impact of state or federal investigations applicable to us or our industry;
- 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;
- 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

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is made, and we do not undertake any obligation to update the information contained in such statement to reflect subsequent developments or information.

We caution you that any one of these factors or other factors described under the heading "Risk Factors" in the accompanying prospectus, or a combination of these factors, could materially affect our future results of operations and whether our forward-looking statements ultimately prove to be

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accurate. These forward-looking statements are not guarantees of our future performance, and our actual results and future performance may differ materially from those suggested in our forward-looking statements. When considering these forward-looking statements, you should keep in mind the factors described under the heading "Risk Factors" in the accompanying prospectus and other cautionary statements in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary contains basic information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing. To fully understand this offering, you should read this entire prospectus supplement and the accompanying prospectus carefully, including the section entitled "Risk Factors" and our financial statements and the related notes, contained elsewhere or incorporated by reference in this prospectus supplement or the accompanying prospectus, before making an investment decision.

PPL CORPORATION

OVERVIEW

PPL Corporation is an energy and utility holding company that, through its subsidiaries, is primarily engaged in the generation and marketing of electricity in the northeastern and western United States and in the delivery of electricity in Pennsylvania, the United Kingdom and Latin America. At July 31, 2002, we owned or controlled 11,458 megawatts, or MW, of low-cost and diverse power generation capacity. We are also developing or constructing 990 MW of new electric power projects in New York and Pennsylvania. Additionally, we provide energy-related services to businesses primarily in the mid-Atlantic and northeastern United States.

Approximately 6,500 MW of our total generating capacity is currently committed to meeting the obligation of our Pennsylvania delivery company to provide electricity through the year 2009 under fixed-price tariffs pursuant to Pennsylvania's Customer Choice Act. We have another 450 MW of generating capacity committed to providing electricity to a delivery company in Montana through June 2007. Both of these arrangements are consistent with and are an integral part of our overall business strategy, which includes the use of long-term energy supply contracts to capture profits while reducing our exposure to movements in energy prices.

We operate through two principal lines of business:

ENERGY SUPPLY

We are a leading supplier of competitively priced energy in the United States through our subsidiaries, PPL Generation and PPL EnergyPlus, and acquire and develop U.S. generation projects through our PPL Global subsidiary.

- PPL GENERATION owns or controls a portfolio of domestic power generation assets, with a total capacity of 11,458 MW as of July 31, 2002. These power plants are located in Pennsylvania (8,502 MW), Montana (1,157 MW), Arizona (750 MW), Illinois (540 MW), Connecticut (253 MW), New York (160 MW) and Maine (96 MW) and use well-diversified fuel sources including coal, nuclear, natural gas, oil and hydro.
- PPL ENERGYPLUS markets electricity produced by PPL Generation, along with

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purchased power and natural gas, in competitive wholesale and deregulated retail markets, primarily in the northeastern and western portions of the United States. PPL EnergyPlus also provides energy-related products and services, such as engineering and mechanical contracting, construction and maintenance services, to commercial and industrial customers.

- PPL GLOBAL acquires and develops U.S. generation projects that are, in turn, operated by PPL Generation as part of its portfolio of generation assets.

ENERGY DELIVERY

We provide energy delivery services in the mid-Atlantic regions of the United States through our subsidiaries, PPL Electric Utilities and PPL Gas Utilities, and in the United Kingdom and Latin America through our PPL Global subsidiary.

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- PPL ELECTRIC UTILITIES is a regulated public utility company, incorporated in 1920, providing electricity delivery services to approximately 1.3 million customers in eastern and central Pennsylvania.
- PPL GAS UTILITIES is a regulated public utility providing gas delivery services to approximately 103,000 customers in Pennsylvania and Maryland.
- PPL GLOBAL holds international energy projects that are primarily focused on the distribution of electricity. PPL Global currently owns and operates energy delivery businesses serving approximately 3.5 million customers in the United Kingdom and Latin America (excluding Companhia Energetica do Maranhao, or CEMAR).

OUR STRATEGY

A key objective of our strategy is to be a leading, asset-based provider of retail and wholesale energy and energy-related products and services. We plan to achieve this objective by generating and selling competitively priced electricity primarily in the northeastern and western United States markets using a disciplined approach that balances growth in generation capacity with growth in retail load or the use of long-term contracts. Another key objective of our strategy is to own and operate high-quality energy delivery businesses in selected regions around the world. We believe that the successful achievement of these objectives will provide strong returns to our shareowners while reducing our risk exposure to adverse movements in energy prices.

The key elements of our strategy are as follows:

OPERATE A DIVERSE AND LOW-COST PORTFOLIO OF GENERATION ASSETS

We seek to operate an efficient and low-cost portfolio of generation assets that is diversified as to geography, fuel source, cost structure and operating characteristics. Our current generation facilities, as well as our new generation projects under development, provide us with a geographically diverse presence in the northeastern and western United States, helping to mitigate the risks resulting from regional price differences. Our current portfolio of generation assets is also well diversified by fuel type, with 39% coal, 34% natural gas/oil, 18% nuclear and 7% hydro as of July 31, 2002. Our coal-fired capacity is located in the eastern and western United States and benefits from our low fuel transportation costs due to the proximity of our plants to coal fields, our extensive experience in acquiring coal at competitive prices and our highly-efficient coal-fired plant technology. With respect to cost structure and operating characteristics, our current generation portfolio is weighted towards

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base-load and/or low variable cost generation units which help reduce the variability of our revenues. Our development projects involve new intermediate and peaking facilities utilizing natural gas-fired, combined-cycle and simple-cycle technology-based generation units.

PURSUE STABLE CASH FLOWS AND EARNINGS THROUGH LONG-TERM CONTRACTS

We have in place and intend to continue to pursue long-term contracts and other means to mitigate the risk associated with adverse changes in the difference, or margin, between the cost to produce electricity and the price at which we sell it. These contracts can take a number of forms and include the use of fixed-price fuel supply contracts and contracts under which we agree to provide electricity and generating capacity to third parties for extended periods at contracted prices for a large portion of our generation capacity. Currently, we have approximately 6,500 MW of our total generating capacity committed to our Pennsylvania delivery company through 2009 and an additional 450 MW committed to a delivery company in Montana through June 2007. We believe that our use of long-term contracts will provide stability to our cash flows and earnings.

MAINTAIN A DISCIPLINED, ASSET-BASED APPROACH TO MARKETING AND TRADING OPPORTUNITIES

We use our expertise in energy marketing and trading to optimize the financial performance of our generation assets and minimize our exposure to commodity price volatility. Given our asset-based strategy, we seek to execute contractual commitments for energy sales that do not exceed our ability to produce the energy required. We believe that our ability to market and trade around our physical portfolio of generation assets through our integrated generation, marketing and trading functions will provide us with opportunities to grow

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our cash flows and earnings. We also utilize our extensive market knowledge to capture regional arbitrage opportunities and maximize the value of our generation capacity. In pursuing these opportunities, we limit our financial exposure by following a comprehensive risk management program. In addition, we seek to capture a diverse stream of revenues and avoid over-reliance on any one market or type of customer.

CONTINUE TO PURSUE A DISCIPLINED APPROACH TO ADDING GENERATION FACILITIES IN KEY MARKETS

As of July 31, 2002, we owned or controlled 11,458 MW of generation capacity in Pennsylvania, Montana, Arizona, Illinois, Connecticut, New York and Maine. In addition, we are developing or constructing an additional 990 MW of new power projects in New York and Pennsylvania and we expect the construction of these facilities to be completed between 2002 and 2004. Our current development program will be complete upon the commercial operation of these facilities. We will continue to evaluate opportunities to acquire operating generation facilities in key markets using a disciplined strategy that balances growth in generation capacity with growth in retail load or the use of long-term contracts. We believe that the northeastern and western regions of the United States are particularly attractive markets because of favorable supply and demand dynamics for power in these regions and our understanding of these markets.

OPERATE OUR TRANSMISSION AND DISTRIBUTION BUSINESSES TO HIGH STANDARDS OF CUSTOMER SERVICE AND RELIABILITY

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We have over 80 years of experience in operating and managing rate-regulated electric transmission and distribution businesses and we use this experience to seek to achieve high standards of customer service and reliability in a cost-effective manner. We believe that by achieving our customer-focused objectives, we can also deliver strong returns to our shareowners. We have applied this philosophy both domestically to our Pennsylvania delivery business as well as to our international investments in the United Kingdom and Latin America (Argentina, Bolivia, Brazil, Chile, El Salvador and Peru) and have won customer service awards in the United States and the United Kingdom.

RECENT DEVELOPMENTS

CEMAR

On July 22, 2002, we announced a proposal to sell all of PPL Global's 90% indirect equity interest in CEMAR to Franklin Park Energy, LLC. Any sale of CEMAR is subject to regulatory approval of Brazil's National Electric Energy Agency, or ANEEL, and other customary conditions. The agreement with Franklin Park Energy provided that either party could terminate the agreement if the sale did not close by August 15, 2002. Due to the inability to obtain creditor support on acceptable terms for the sale of CEMAR, ANEEL formally rejected the application requesting approval of the sale of CEMAR to Franklin Park Energy. As a result, Franklin Park Energy terminated its agreement to purchase CEMAR.

Due to ANEEL's denial of emergency rate relief for CEMAR in June 2002, the continued adverse financial condition of CEMAR and the failure of ANEEL to issue an order approving the sale of CEMAR to Franklin Park Energy, CEMAR filed a concordata preventiva, the Brazilian equivalent of a U.S. Chapter 11 work-out proceeding, with a state court in Brazil on August 21, 2002. On the same day, another state court in Brazil granted a request by the trustee for CEMAR's debenture holders and three bank lenders of CEMAR to enjoin the board of directors of our Brazilian holding company and the executive officers of CEMAR from taking actions that would result in CEMAR filing for the equivalent of a U.S. Chapter 7 liquidation proceeding or taking any other action that could lead to such a liquidation proceeding, such as non-payment of short-term debt. We filed objections to the injunction with the state court on September 4, 2002.

Also on August 21, 2002, ANEEL authorized an administrative intervention in CEMAR to fully assume control of all operational and financial activities of the company. ANEEL claims that its intervention was necessary to protect the public interest in the area served by CEMAR due to CEMAR's financial situation. In its statement announcing its actions, ANEEL said that its intervention and control of CEMAR would last for an initial term of up to 180 days. On August 29, 2002, at the request of the intervenor appointed by ANEEL, the bankruptcy judge dismissed the concordata preventiva filing without prejudice.

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TOPRS REDEMPTION

In August 2002, pursuant to PPL Electric Utilities' instructions, the property trustee of PP&L Capital Trust II provided a notice to the holders of the trust's 8.10% Trust Originated Preferred Securities (TOPrS(SM)) concerning the redemption in full of the securities. This series of TOPrS, which has a total principal amount of \$150 million, will be redeemed on September 18, 2002 at a redemption price of 100% of the principal amount, plus an aggregate of approximately \$2.6 million in accrued cash distributions. Proceeds from this offering will be used to redeem the TOPrS.

MEDIUM-TERM NOTE MATURITIES

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On August 30, 2002 and September 3, 2002, two series of PPL Capital Funding's medium-term notes matured and were paid in full. In addition, on September 11, 2002, an additional series of PPL Capital Funding's medium-term notes will mature and will be paid in full. Short-term debt incurred to pay the medium-term notes will be financed in part with proceeds from this offering. The aggregate principal amount of all of these series of medium-term notes is \$200 million.

WPD ACQUISITION

On September 6, 2002, we, through indirect, wholly-owned subsidiaries of PPL Energy Supply, acquired Mirant Corporation's 49% indirect equity interest in Western Power Distribution Holdings Limited and WPD Investment Holdings Limited, or WPD, for an aggregate consideration of approximately \$235 million. PPL Energy Supply and Mirant Corporation have each guaranteed the obligations of their respective subsidiaries under the acquisition documents. The consideration paid by the acquiring subsidiaries for the acquisition was funded with a bridge loan provided by a U.S. affiliate from the issuance of commercial paper. The acquiring subsidiaries intend to replace this bridge financing with permanent debt financing in the near future.

WPD, through indirect, wholly-owned subsidiaries, operates two electric transmission and distribution companies in the United Kingdom which together serve approximately 2.5 million customers. Prior to the acquisition, we indirectly held 51% of the equity interests in WPD but shared control of WPD with Mirant Corporation pursuant to shareholders' agreements. The shareholders' agreements were terminated in connection with the closing of the acquisition.

For the calendar year ended December 31, 2001 and for the six months ended June 30, 2002, WPD recorded revenues of L375.3 million (\$540.7 million based on an average exchange rate of \$1.441 per British pound for the period) and L199.4 million (\$287.9 million based on an average exchange rate of \$1.444 per British pound for the period), and at June 30, 2002, WPD had total assets of L2,912.3 million (\$4,464.6 million based on an exchange rate of \$1.533 per British pound at June 30, 2002) and total debt of L1,338.7 million (\$2,052.2 million based on an exchange rate of \$1.533 per British pound), L310.0 million (\$475.3 million based on an exchange rate of \$1.533 per British pound) of which falls due within one year. All currently outstanding indebtedness of WPD is non-recourse to all other PPL affiliates. All of the preceding amounts are unaudited. Historically, we have accounted for our investment in WPD using the equity method of accounting. From and after the acquisition of the remaining interest in WPD, the results of WPD will be consolidated with our results, meaning that we will eliminate the related investment account from our financial statements and fully reflect all of WPD's income statement and balance sheet amounts, including all of WPD's debt, in our financial statements on a U.S. GAAP basis.

The address of our principal executive offices is Two North Ninth Street, Allentown, Pennsylvania 18101-1179 and our telephone number is (610) 774-5151.

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THE OFFERING

Common stock offered.....	14,500,000 shares
Common stock to be outstanding after the offering.....	161,968,950 shares
Use of proceeds.....	We expect to use all of the net proceeds from the sale of the common stock for the

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redemption of 8.10% T0PrS due 2027 and for general corporate purposes, including repayment of short-term debt. A portion of the short-term debt to be repaid was incurred in connection with our repayment of medium-term notes and the bridge loan provided to our affiliates in connection with the acquisition of WPD.

Dividend policy..... The annual dividends paid per share in 2001 and in 2000 were \$1.06. In January 2002, we increased our dividends per share to an annualized rate of \$1.44 (\$0.36 per share on a quarterly basis). We have paid quarterly cash dividends on our common stock in every year since 1946.

New York and Philadelphia Stock Exchange symbol..... Our common stock is listed on the New York Stock Exchange and the Philadelphia Stock Exchange under the symbol "PPL."

Risk factors..... The trading price of our common stock will be influenced by our operating results and prospects and by political, economic, financial and other factors. Conditions affecting our business and the energy industry generally, including competition, commodity prices and regulatory developments, may adversely affect the price of our common stock. Many of these industry and other factors are outside of our control and could lead to volatility in the price of our common stock. See "Risk Factors" beginning on page 4 of the accompanying prospectus for a discussion of the risks associated with our business and the impact on the prices of our securities.

Unless we state otherwise, the information in this prospectus supplement does not include 2,175,000 shares of common stock that may be issued to the underwriters pursuant to their over-allotment option. If the underwriters exercise their over-allotment option in full, the total number of shares of common stock offered will be 16,675,000.

The number of shares to be outstanding after the offering is based on 147,468,950 shares outstanding as of July 31, 2002 and does not include 3,056,428 shares issuable upon the exercise of outstanding stock options at a weighted average price of \$32.02 per share.

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SUMMARY FINANCIAL DATA

The summary financial data set forth below should be read in conjunction with our financial statements and related notes and other financial and operating data incorporated by reference in this prospectus supplement. The Statement of Income Data, Balance Sheet Data, Basic EPS (loss) -- reported and Diluted EPS (loss) -- reported for the years ended December 31, 2001, 2000 and

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1999 have been derived from the audited financial statements incorporated by reference in this prospectus supplement, and for the six months ended June 30, 2002 and 2001 have been derived from the unaudited financial statements incorporated by reference in this prospectus supplement. Some previously reported amounts have been reclassified to conform with the current period presentation.

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	2002	2001	2001	2000	1999
STATEMENT OF INCOME DATA -- \$ MILLIONS:					
Operating revenues.....	\$ 2,576	\$ 2,977	\$ 5,725	\$ 5,683	\$ 4,590
Operating income(a).....	406	702	855	1,202	821
Income before cumulative effect of a change in accounting principle(a)...	152	358	221	524	458
Net income (loss)(a).....	(30)	339	179	498	432
BALANCE SHEET DATA -- \$ MILLIONS (END OF PERIOD):					
Cash and cash equivalents.....	193	162	933	480	133
Property, plant and equipment, net....	6,248	5,898	5,947	5,948 (b)	5,624 (b)
Recoverable transition costs.....	2,069	2,299	2,172	2,425	2,647
Total assets.....	12,194	12,162	12,566	12,360	11,174
Short-term debt, including current maturities of long-term debt.....	847	917	616	1,354	1,325
Long-term debt.....	4,882	4,081	5,081	4,467	3,689
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely company debentures.....	725	825	825	250	250
Preferred stock.....	82	96	82	97	97
Shareowners' common equity.....	1,870	2,252	1,857	2,012	1,613
OTHER DATA:					
Return on average common equity -- %(c).....	(9.23)%	30.60%	8.41%	27.49%	24.70%
Number of shares outstanding -- thousands					
Period-end.....	147,165	146,033	146,580	145,041	143,697
Average.....	146,927	145,608	145,974	144,350	152,287
Basic EPS (loss) -- reported(a).....	\$ (0.20)	\$ 2.33	\$ 1.23	\$ 3.45	\$ 2.84
Diluted EPS (loss) -- reported(a).....	(0.20)	2.31	1.22	3.44	2.84
Dividends declared per share.....	\$ 0.72	\$ 0.53	\$ 1.06	\$ 1.06	\$ 1.00
Dividend payout rate -- %(c)(d).....	-- (e)	26%	87%	31%	35%
Dividend yield -- %(f).....	3.78%	1.93%	3.04%	2.35%	4.37%
SALES DATA -- MILLIONS OF KILOWATT-HOURS:					
Electric energy supplied -- retail....	18,315	19,481	43,470	41,493	36,637
Electric energy supplied -- wholesale.....	15,948	13,519	27,683	40,925	32,045
Electric energy delivered -- retail...	17,372	17,963	40,529	37,642	35,987

(a) On January 1, 2002, we adopted the provisions of SFAS 142, "Goodwill and Other Intangible Assets," which provides that goodwill no longer be amortized. See Note 10 to our financial statements included in the Form 10-Q/A filed on June 21, 2002, which is incorporated herein by reference.

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- (b) Not adjusted for the reclassification of intangible assets required by the adoption of SFAS 142.
- (c) Calculated based on earnings for the twelve-month period.
- (d) Based on diluted EPS.
- (e) Not meaningful due to the net loss for the twelve months ended June 30, 2002.
- (f) Based on period-end market prices.

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USE OF PROCEEDS

We will receive net proceeds from the sale of our common stock of approximately \$480 million, or \$552 million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and estimated expenses payable by us.

We expect to use all of the net proceeds from the sale of the common stock:

- to make a capital contribution to our subsidiary in order to redeem all of the \$150 million outstanding 8.10% TOPrS due July 1, 2027 of PPL Capital Trust II as described below, and
- for general corporate purposes, including investing in unregulated business activities and retiring short-term debt previously incurred to provide interim financing for such purposes.

A portion of the short-term debt to be repaid was incurred in connection with our repayment of medium-term notes and the bridge loan provided to our affiliates in connection with the WPD acquisition. See "Prospectus Supplement Summary -- Recent Developments."

In order to redeem the TOPrS, we will make a capital contribution to our subsidiary, PPL Electric Utilities Corporation, so that PPL Electric may redeem the \$150 million principal amount of its subordinated debentures maturing July 1, 2027, owned by PPL Capital Trust II, which are redeemable at the option of PPL Electric on or after July 1, 2002 at 100% of their principal amount plus approximately \$2.6 million in accrued and unpaid interest. PPL Capital Trust II will, in turn, use the proceeds received from the subordinated debenture redemption to redeem all of the outstanding 6,000,000 TOPrS at a redemption price of \$25 per trust preferred security plus approximately \$2.6 million in accumulated but unpaid distributions to the date of redemption.

At June 30, 2002, PPL Corporation had approximately \$281 million of short-term debt outstanding at an average interest rate of 2.0%.

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PRICE RANGE OF COMMON STOCK

Our common stock is traded on the New York Stock Exchange under the symbol "PPL." The following table sets forth, for the periods indicated, the range of high and low sale prices for our common stock. On September 5, 2002, the last reported sale price for our common stock was \$34.26 per share.

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	COMMON STOCK PRICE	
	HIGH	LOW
YEAR ENDED DECEMBER 31, 2000		
First Quarter.....	\$ 24.00	\$ 18.38
Second Quarter.....	25.00	20.38
Third Quarter.....	44.44	21.94
Fourth Quarter.....	46.13	37.56
YEAR ENDED DECEMBER 31, 2001		
First Quarter.....	46.75	33.88
Second Quarter.....	62.36	44.03
Third Quarter.....	56.50	30.99
Fourth Quarter.....	37.65	31.20
YEAR ENDING DECEMBER 31, 2002		
First Quarter.....	39.85	31.40
Second Quarter.....	39.95	28.97
Third Quarter (through September 5, 2002).....	37.60	26.00

As of July 31, 2002, there were 93,329 holders of record of our common stock.

DIVIDEND POLICY

We have paid quarterly cash dividends on our common stock in every year since 1946. The annual dividends paid per share in 2001 and in 2000 were \$1.06. In January 2002, we increased our dividends per share to an annualized rate of \$1.44 (\$0.36 per share on a quarterly basis). Future dividends, declared at the discretion of our board of directors, will be dependent upon future earnings, financial requirements and other factors.

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CAPITALIZATION

The following table sets forth our historical unaudited consolidated capitalization as of June 30, 2002:

- on an actual basis; and
- on an as adjusted basis to give effect to the estimated net proceeds of \$480 million from the sale by us of shares of common stock in this offering and the application of the net proceeds as described under "Use of Proceeds," including the redemption of the TOPrS and the repayment of short-term debt, a portion of which was incurred in connection with our repayment of medium-term notes and the bridge loan provided in connection with the WPD acquisition.

This table does not reflect the WPD acquisition and the subsequent consolidation of WPD. At June 30, 2002, WPD had total debt of L1,338.7 million (\$2,052.2 million based on an exchange rate of \$1.533 per British pound at June 30, 2002), L310.0 million (\$475.3 million based on an exchange rate of \$1.533 per British pound) of which falls due within one year. The preceding amounts are unaudited. See "Prospectus Supplement Summary -- Recent Developments" for a discussion of the WPD acquisition.

This table should be read in conjunction with our consolidated financial

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statements, the notes related thereto and other financial and operating data incorporated by reference into this prospectus supplement and the accompanying prospectus.

	AS OF JUNE 30, 2002	
	----- ACTUAL	AS ADJUSTED -----
	(UNAUDITED)	
	(IN MILLIONS)	
Short-term debt, including current maturities of long-term debt.....	\$ 847	\$ 705 (a)
	=====	=====
Long-term debt.....	\$4,882	\$4,882
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely company debentures.....	725	575
Preferred stock, including current sinking fund obligations.....	82	82
Shareowners' common equity:		
Common stock, \$0.01 par value; 390,000,000 shares authorized; 147,165,439 shares issued as of June 30, 2002, actual; and 161,665,439 shares issued as of June 30, 2002, as adjusted.....	2	2
Capital in excess of par value.....	1,976	2,473
Treasury stock.....	(836)	(836)
Earnings reinvested.....	887	884
Accumulated other comprehensive income.....	(120)	(120)
Capital stock expense and other.....	(39)	(56)
	-----	-----
Total shareowners' common equity.....	1,870	2,347
	-----	-----
Total capitalization.....	\$7,559	\$7,886
	=====	=====

(a) Reflects (i) the reduction of short-term debt by \$200 million representing the repayment of medium-term notes, (ii) the incurrence of \$150 million in short-term debt to repay a portion of the medium-term notes, (iii) the incurrence of \$235 million in short-term debt for the bridge loan provided in connection with the WPD acquisition and (iv) the application of \$327 million of the net proceeds of this offering to the repayment of short-term debt.

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CERTAIN UNITED STATES TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS

The following summary describes the material United States federal income and estate tax consequences of the ownership of common stock by a Non-United States Holder (as defined below) as of the date hereof. This discussion does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state and local consequences that may be relevant to such Non-United States Holders in light of their personal circumstances. Special rules may apply to certain Non-United States Holders, such as certain United

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States expatriates, "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies" and corporations that accumulate earnings to avoid United States federal income tax, that are subject to special treatment under the Internal Revenue Code of 1986, as amended (the "Code"). Such Non-United States Holders should consult their own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code, and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in United States federal income tax consequences different from those discussed below.

If a partnership holds common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Persons who are partners of partnerships holding common stock should consult their own tax advisors.

As used herein, a "United States Holder" of common stock means a holder that for United States federal income tax purposes is (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust if (1) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person. A "Non-United States Holder" is a holder that is not a United States Holder.

PERSONS CONSIDERING THE PURCHASE, OWNERSHIP OR DISPOSITION OF COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.

DIVIDENDS

Dividends paid to a Non-United States Holder of common stock generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the Non-United States Holder within the United States, and, where a tax treaty applies, are attributable to a United States permanent establishment of the Non-United States Holder, are not subject to the withholding tax, but instead are subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates. Certain certification and disclosure requirements must be satisfied in order for effectively connected income to be exempt from withholding. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A Non-United States Holder of common stock who wishes to claim the benefit of an applicable treaty rate (and avoid backup withholding as discussed below) for dividends paid will be required (a) to complete Internal Revenue Service ("IRS") Form W-8BEN (or other applicable form) and certify under penalties of perjury that such holder is not a United States person or (b) if the common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable U.S. Treasury regulations. Special certification and other requirements apply to certain Non-United States Holders that are entities rather than individuals.

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A Non-United States Holder of common stock eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

GAIN ON DISPOSITION OF COMMON STOCK

A Non-United States Holder generally will not be subject to United States federal income tax with respect to gain recognized on a sale or other disposition of common stock unless (i) the gain is effectively connected with a trade or business of the Non-United States Holder in the United States, and, where a tax treaty applies, is attributable to a United States permanent establishment of the Non-United States Holder, (ii) in the case of a Non-United States Holder who is an individual and holds the common stock as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, or (iii) we are or have been a "United States real property holding corporation" for United States federal income tax purposes.

A Non-United States Holder described in clause (i) above will be subject to tax on the net gain derived from the sale under regular graduated United States federal income tax rates, and, if it is a corporation, may be subject to the branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. An individual Non-United States Holder described in clause (ii) above will be subject to a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses (even though the individual is not considered a resident of the United States).

We have not determined whether we are a "United States real property holding corporation" for United States federal income tax purposes. If we are or become a United States real property holding corporation, so long as the common stock continues to be regularly traded on an established securities market, only a Non-United States Holder who holds or held (at any time during the shorter of the five-year period preceding the date of disposition or the holder's holding period) more than five percent of the common stock will be subject to United States federal income tax on the disposition of the common stock.

FEDERAL ESTATE TAX

Common stock held by an individual Non-United States Holder at the time of death will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

INFORMATION REPORTING AND BACKUP WITHHOLDING

We must report annually to the IRS and to each Non-United States Holder the amount of dividends paid to such holder and the tax withheld, if any, with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the Non-United States Holder resides under the provisions of an applicable income tax treaty.

A Non-United States Holder will be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of common stock within the United States or conducted through certain U.S.-related financial intermediaries is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a Non-United States Holder (and

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the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person) or the holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's United States federal income tax liability provided the required information is furnished to the IRS.

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UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares of common stock indicated below:

NAME -----	NUMBER OF SHARES -----
J.P. Morgan Securities Inc.	
Morgan Stanley & Co. Incorporated.....	
UBS Warburg LLC.....	
Salomon Smith Barney Inc.	
Wachovia Securities, Inc.	
Janney Montgomery Scott LLC.....	
Total.....	----- 14,500,000 =====

The underwriters are offering the shares subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligation of the underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus supplement is subject to the approval of certain legal matters by their counsel and to other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus supplement if any are taken. However, the underwriters are not required to take or pay for the shares of common stock covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer some of the shares of common stock directly to the public at the public offering price listed on the cover page of this prospectus supplement. The underwriters may also offer some of the shares of common stock to securities dealers at a price that represents a concession not in excess of \$ per share. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be changed by the representatives of the underwriters.

We have granted to the underwriters an option to purchase from us within 30 days from the date of this prospectus supplement up to an aggregate of 2,175,000 additional shares of common stock at the public offering price listed on the cover page of this prospectus supplement less underwriting discounts and commissions. The underwriters may exercise this option solely to cover over-allotments, if any, made in connection with this offering. If the option is exercised, each underwriter will become obligated, subject to certain

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conditions, to purchase approximately the same percentage of additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock offered by all the underwriters. If the underwriters' over-allotment option is exercised in full, the total public offering price would be \$ million, the total underwriting discounts and commissions would be \$ million and the total proceeds to us, before offering expenses, would be \$ million.

We estimate that the total expenses of this offering payable by us, excluding underwriting discounts and commissions, will be approximately \$1 million.

Our common stock is listed on the New York Stock Exchange and the Philadelphia Stock Exchange and trades under the symbol "PPL," and the shares of common stock offered hereby have been approved for listing subject to official notice of issuance. No underwriter is obligated to make a market in our common stock and any market making may be discontinued at any time without notice.

In connection with this offering, certain of the underwriters may distribute prospectuses electronically.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make under the Securities Act.

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We and each of our directors and officers have agreed, without the prior written consent of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated on behalf of the underwriters, not to, during the period ending 90 days after the date of this prospectus supplement:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares of our common stock;

whether any transaction described above is to be settled by delivery of shares of common stock, such other securities, in cash or otherwise. The restrictions described in the preceding paragraph do not apply to:

- the issuance and sale of the shares of common stock offered by this prospectus supplement;
- the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus supplement of which the underwriters have been advised in writing;
- the issuance by us of additional options under our existing stock option plans, provided that these options are not exercisable during the 90-day period; and
- transactions by any person other than us relating to shares of common stock or other securities acquired in open market transactions after the

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completion of the offering of the shares of common stock.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in the common stock for their own account. A short sale is covered if the short position is no greater than the number of shares of common stock available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing common stock in the open market. In determining the source of common stock to close out a covered short sale, the underwriters will consider, among other things, the open market price of the common stock compared to the price available under the over-allotment option. The underwriters may also sell common stock in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase shares of common stock in the offering. As an additional means of facilitating the offering of common stock, the underwriters may bid for and purchase any shares of common stock in the open market to stabilize the price of the common stock. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the shares of common stock in the offering, if the syndicate repurchases previously distributed shares of common stock in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

From time to time, some of the underwriters and their affiliates have provided, and continue to provide, investment banking and commercial banking services to PPL Corporation and its affiliates.

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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. Michael A. McGrail, 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 the underwriters. Simpson Thacher & Bartlett and Sullivan & Cromwell will rely on the opinion of Mr. McGrail as to matters involving the law of the Commonwealth of Pennsylvania. As to matters involving the law of the State of New York, Mr. McGrail will rely on the opinion of Simpson Thacher & Bartlett.

EXPERTS

The consolidated financial statements incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K of PPL Corporation for the year ended December 31, 2001 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

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AVAILABLE INFORMATION

PPL Corporation files reports, proxy statements and other information with the SEC. You may obtain copies of this information by mail from the Public Reference Room of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. Further information on the operation of the SEC's Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330.

The SEC also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers, such as PPL Corporation, who file electronically with the SEC. The address of that site is <http://www.sec.gov>.

PPL Corporation's common stock is listed on the New York Stock Exchange and the Philadelphia Stock Exchange (symbol: PPL), and reports, proxy statements and other information concerning PPL Corporation can also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005 and the Philadelphia Stock Exchange, 1900 Market Street, Philadelphia, Pennsylvania 19103. In addition, reports, proxy statements and other information concerning PPL Corporation can be inspected at its offices at Two North Ninth Street, Allentown, Pennsylvania 18101-1179. PPL Corporation maintains an Internet site at <http://www.pplweb.com> (which is not intended to be an active hyperlink herein) which contains information concerning PPL Corporation and its affiliates. The information at PPL Corporation's Internet site is not incorporated in this prospectus supplement and the accompanying prospectus by reference, and you should not consider it a part of this prospectus supplement and the accompanying prospectus.

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.

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SEC FILINGS (FILE NO. 1-11459)

PERIOD/DATE

Annual Report on Form 10-K	Year ended December 31, 2001
Quarterly Reports on Form 10-Q	Quarter ended March 31, 2002 (Amended by Quarterly Report on Form 10-Q/A filed June 21, 2002) and quarter ended June 30, 2002
Current Reports on Form 8-K	January 7, January 22, January 31, April 25, June 21, July 3 and July 23, 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 Section 13(a), 13(c), 14 or 15(d) of

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the Exchange Act, between the date of this prospectus supplement and the termination of the offering of the common stock.

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.

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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

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- 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

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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.

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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

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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

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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

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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

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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

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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,

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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.

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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;
- 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 Energetica de Maranhao, 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,

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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

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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;

- 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

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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:

ORGANIZATIONAL CHART

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

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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.

USE OF PROCEEDS

Unless we indicate differently in the applicable prospectus supplement, the net proceeds from the sale of the Debt Securities, Subordinated Debt Securities and/or the Preferred Trust Securities will be loaned to PPL Corporation and/or its subsidiaries. PPL Corporation and/or its subsidiaries are expected to use the proceeds of such loans, and the proceeds of any other Securities, for general corporate purposes, including investing in unregulated business activities and retiring short-term debt previously incurred to provide interim financing for such purposes. At May 15, 2002, PPL Corporation had \$150 million of short-term debt outstanding at an average interest rate of 2%.

RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

The following table sets forth PPL Corporation's ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred dividends for the periods indicated:

TWELVE MONTHS ENDED MARCH 31,	TWELVE MONTHS ENDED DECEMBER 31,			
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2002	2001 (A)	2000 (A)	1999 (A)	1998 (A)
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