PPL CORP
Form S-4/A
November 18, 2003

As filed with the Securities and Exchange Commission on November 17, 2003

Registration No. 333-108450

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PPL Corporation
(Exact name of registrant as specified in its charter)
Pennsylvania
(State or other jurisdiction of incorporation or organization)
4911
(Primary Standard Industrial Classification Code Number)
23-2758192
(I.R.S. Employer Identification No.)
Two North Ninth Street
Allentown, Pennsylvania 18101-1179
(610) 774-5151
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

PPL Capital Funding, Inc.
(Exact name of registrant as specified in its charter)
Delaware
(State or other jurisdiction of incorporation or organization)
4911
(Primary Standard Industrial Classification Code Number)
23-2926644
(I.R.S. Employer Identification No.)
Two North Ninth Street
Allentown, Pennsylvania 18101-1179
(610) 774-5151
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

James E. Abel, Vice President Finance and Treasurer

PPL Corporation
Two North Ninth Street
Allentown, Pennsylvania 18101-1179
(610) 774-5151
(Address, including zip code, and telephone number, including area code, of agent for service)

with a copy to:

Vincent Pagano, Jr.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
(212) 455-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the exchange offer described herein (the Exchange Offer) have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

EXCHANGE OFFER PROSPECTUS (Subject to Completion)
Issued November 17, 2003

Offer to Exchange 7 3/4% PEPS^SM Units, Series B and a Cash Payment For the 7 3/4% PEPS^SM Units

subject to the terms and conditions described in this prospectus

The Exchange Offer and Withdrawal Rights will expire at 5 p.m., New York City time, on Thursday, December 18, 2003, unless earlier terminated or extended by us.

PPL Corporation hereby offers, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, to exchange 7 3/4% Premium Equity Participating Security Units (PEPS^SM Units), Series B, referred to herein as the New PEPS Units, plus a cash payment of $0.375 for each validly tendered and accepted 7 3/4% Premium Equity Participating Security Units (PEPS^SM Units), referred to herein as the Outstanding PEPS Units.

We are offering to exchange up to 22,900,000 Outstanding PEPS Units. However, the exchange offer is subject to the conditions described in this prospectus, including the condition that the Outstanding PEPS Units remain listed on the New York Stock Exchange, or the NYSE, and the minimum condition that there are validly tendered at the expiration of the exchange offer at least 35% of the Outstanding PEPS Units. The NYSE will consider delisting the Outstanding PEPS Units if, following the exchange, the number of publicly-held Outstanding PEPS Units is less than 100,000, the number of holders of Outstanding PEPS Units is less than 100, the aggregate market value of the Outstanding PEPS Units is less than $1 million or for any other reason based on the suitability for the continued listing of the Outstanding PEPS Units in light of all pertinent facts as determined by the NYSE. In the event that we determine there is any likelihood that the NYSE continued-listing condition may not be met based on consultation with the NYSE, we may accept a pro rata amount of the Outstanding PEPS Units tendered in the offer in order to ensure that the Outstanding PEPS Units continue to be listed on the NYSE.

You may withdraw your tenders at any time prior to 5 p.m. New York City time on the expiration date.

We are conducting this exchange offer to reduce our future interest expenses. For a description of the investment decision you are being asked to make, see the Summary on page 1.

Each New PEPS Unit consists of a new purchase contract issued by PPL Corporation and a 1/40, or 2.5%, undivided beneficial ownership interest in a $1,000 principal amount note due May 2006 issued by PPL Capital Funding, Inc. and guaranteed by PPL Corporation.

The new purchase contract will obligate you to purchase from us, no later than May 18, 2004, for a price of $25, the following number of shares of PPL Corporation s common stock, $0.01 par value, which is the settlement rate under the new purchase contracts:

- if the average of the closing prices of PPL Corporation s common stock over the 20-trading day period ending on the third trading day prior to May 18, 2004 multiplied by 1.017 is equal to or greater than $65.03, 0.3910 shares;

- if the average of the closing prices of PPL Corporation s common stock over the same period multiplied by 1.017 is less than $65.03 but greater than $53.30, a number of shares, between 0.3910 and 0.4770 shares, having a value, based on the 20-trading day average closing prices, equal to $25; and

- if the average of the closing prices of PPL Corporation s common stock over the same period multiplied by 1.017 is less than or equal to $53.30, 0.4770 shares.

Under the terms of the new purchase contract, we will also pay you a quarterly fixed amount in cash, called a contract adjustment payment, at a rate of 0.46% per year of the stated amount of $25 per New PEPS Unit, or $0.1150 per year, as described in this prospectus.

From the date of issuance until May 18, 2004, the notes will constitute subordinated obligations of PPL Capital Funding and will be guaranteed on a subordinated basis by PPL Corporation. On and after May 18, 2004, the notes will constitute senior obligations of PPL Capital Funding and will be guaranteed on a senior basis by PPL Corporation. Prior to May 18, 2004, the ownership interest in the note will be pledged to secure your obligation to purchase PPL Corporation s common stock under the new purchase contract. We have appointed a remarketing agent to remarket, or sell on your behalf, your notes to third party investors on a date, which we call the remarketing date, that is just prior to May 18, 2004, which is the settlement date of the new purchase contracts. You may choose to opt out of this remarketing by complying with the procedures specified in this prospectus. Otherwise, you may use the cash proceeds from the remarketing of the notes to third party investors to satisfy your payment obligations on the settlement date under the new purchase contract. If you have opted out of the remarketing of your notes, you will be required to settle the new purchase contract with us for $25.00 in cash as described in this prospectus.

PPL Capital Funding will pay you interest at a rate of 7.29% per year of your ownership interest in the principal amount of the note from November 18, 2003. If there is a successful remarketing of the notes, the interest rate will be reset at a floating interest rate determined based on LIBOR as described under Description of the Notes, and may be greater or less than 7.29% per year. PPL Corporation will fully and unconditionally guarantee the payment of principal and interest on the notes of PPL Capital Funding.

We will apply to list the New PEPS Units on the NYSE, subject to the New PEPS Units meeting the listing requirements of the NYSE, but there is no guarantee that the New PEPS Units will be listed as described herein.

For a discussion of the risks that you should consider in evaluating the exchange offer, see Risk Factors beginning on page 25.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities being offered in the exchange offer or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

None of PPL Corporation, PPL Capital Funding, the exchange agent, the information agent or the dealer manager makes any recommendation as to whether or not holders of Outstanding PEPS Units should exchange their securities in the exchange offer.

The dealer manager for the exchange offer is:

Morgan Stanley

, 2003

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As used in this prospectus, the terms we, our, ours and us refers to PPL Corporation and the term PPL Group refers to PPL Corporation toge with PPL Corporation s consolidated subsidiaries, taken as a whole.

You should rely only on the information contained in this prospectus and those documents incorporated by reference herein. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are offering to sell, and are seeking offers to buy, the New PEPS Units only in jurisdictions where offers and sales are permitted. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any New PEPS Unit offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither the delivery of this prospectus nor any sale made under it implies that there has been no change in our affairs or that the information in this prospectus is correct as of any date after the date of this prospectus.

This prospectus has been prepared based on information provided by us and other sources we believe to be reliable.

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus and the information contained in documents incorporated by reference in the registration statement of which this prospectus forms a part. Reference is made to Risk Factors beginning on page 25 for a discussion of certain issues that should be considered in evaluating an investment in the New PEPS Units.

We are offering to exchange with you a New PEPS Unit and a cash payment of $0.375 for each Outstanding PEPS Unit that you own subject to the terms and conditions described in this prospectus. We are conducting this exchange offer to reduce our future interest expenses as we explain more fully in this summary and Question 3 under Questions and Answers About the Exchange Offer below.

As an owner of an Outstanding PEPS Unit, you have both an equity investment and a fixed income investment in us. The equity investment is in the form of a purchase contract, which, unless earlier terminated, requires you to purchase a variable number of shares of PPL Corporation common stock. The fixed income investment is in the form of a trust preferred security that represents an undivided beneficial interest in the subordinated notes of PPL Capital Funding, Inc. guaranteed on a subordinated basis by PPL Corporation.

In making your investment decision whether to exchange, you need to determine whether the New PEPS Units together with the cash payment on the exchange is worth more than your Outstanding PEPS Units. The equity components of the New PEPS Units are essentially identical to the equity components of the Outstanding PEPS Units, except for modifications of your right to effect early settlement of the purchase contracts. Under the Outstanding PEPS Units, you could settle the purchase contracts early with respect to any number of Outstanding PEPS Units, whereas under the New PEPS Units, you can only settle the new purchase contracts early, including in the case of a merger early settlement, with respect to multiples of 40 New PEPS Units. See Material Differences Between the Outstanding PEPS Units and New PEPS Units. The fixed income component of the New PEPS Units differs in several respects from the fixed income component of the Outstanding PEPS Units. Most of those differences are designed to make the new fixed income securities attractive to potential buyers in the remarketing as described below. See also Material Differences Between the Outstanding PEPS Units and New PEPS Units.

As the fixed income component of the Outstanding PEPS Units, the trust preferred securities have the following three key features:

- they provide quarterly distributions at the annual distribution rate of 7.29% of the $25 liquidation preference of each trust preferred security;
- they serve as collateral to secure your obligation under the purchase contracts to purchase the common stock of PPL Corporation; and
- if you continue to own Outstanding PEPS Units on the initial remarketing date and choose to settle your purchase contract out of the proceeds of a successful remarketing of the trust preferred securities, you will receive extra proceeds to the extent that the remarketing agent is able to obtain a price in excess of 100.25% of the cost of the treasury portfolio (or 100.25% of $25 in the case of the final remarketing) with the distribution rate set at 7.29%.

On February 13, 2004, and, if necessary, on later dates, the remarketing agent will remarket the trust preferred securities by attempting to sell them to third party investors for a price equal to at least 100.25% of the amount it costs to purchase a portfolio of zero-coupon interest and/or principal strips of U.S. Treasury securities. This portfolio of U.S. Treasury securities would mature prior to or on May 17, 2004, and would have an aggregate payment at maturity equal to the aggregate amount of the liquidation preference and remaining distributions of the trust preferred securities to May 18, 2004. The treasury portfolio will replace the trust preferred securities as collateral for your obligations to purchase PPL Corporation common stock under the purchase contracts. In order to obtain a price for the trust preferred securities that is at least equal to the price of the treasury portfolio, the remarketing agent may reset the distribution rate of the trust preferred securities, but only at a level equal to or greater than the current distribution rate of 7.29%, i.e., the rate can only move higher and, thus, is referred to as the one-way interest rate reset. If upon remarketing the yield to maturity of the remarketed trust preferred securities (which is the implied return on the trust preferred securities based on the distribution rate that an investor would receive for them if held to maturity) would be significantly lower than 7.29%, the proceeds of the remarketing in excess of the treasury portfolio purchase price could be substantial. This potential for extra proceeds would be realized if, in light of market conditions on the remarketing date, investors in the remarketed trust preferred securities would have been willing to purchase them at an annual yield to maturity of less than 7.29%. Under those circumstances, and because the distribution rate of the trust preferred securities cannot be reduced, investors would be forced to pay a premium to acquire the trust preferred securities in the remarketing. We illustrate below in greater detail the relationship between the yield to maturity and the premium reflected in the remarketing proceeds.

With respect to the three key features of the trust preferred securities, only the third feature will change if you exchange the Outstanding PEPS Units for the New PEPS Units. Prior to the occurrence of a remarketing, the income stream on the New PEPS Units (in the form of the quarterly interest payments on the new notes and contract adjustment payments on the new purchase contracts) will be the same as the income stream on the Outstanding PEPS Units (in the form of the quarterly distributions on the trust preferred securities and contract adjustment payments on the old purchase contracts). Like the fixed income component of the Outstanding PEPS Units, the fixed income component of the New PEPS Units will adequately collateralize your obligation to purchase the common stock of PPL Corporation.

The new fixed income securities, however, do not contain a one-way interest rate reset. Instead, the remarketing agent will attempt to generate proceeds of 100.50% of $25, regardless of the reset interest rate, which will be a floating rate equal to 3-month LIBOR plus a spread to be set in connection with the remarketing (as described in Description of the Notes Interest Rate Reset and Determination). The reset rate will have no limit as to how high it can be set (except for the maximum rate permitted by any applicable law) and may be less than 7.29%. As a result, purchasers in the remarketing will not likely pay a premium for the new fixed income securities because the remarketing agent will have the flexibility to reset the floating interest rate (which may be lower than 7.29%) to produce a yield to maturity that is not higher than interest rates at the time of the remarketing. If the remarketing succeeds at 100.50% of $25, then $0.0625 (0.25% of $25) will be paid to you on or about the date the remarketing occurs. In addition, we will pay to you on the exchange date a cash payment of $0.375 for each exchanged Outstanding PEPS Unit. The new notes that are part of New PEPS Units have been designed to maximize the probability of a successful remarketing at 100.50% because, after the remarketing, the new notes will contain attributes of other investment grade, senior unsecured corporate debt instruments, including (i) a senior ranking, (ii) an expected investment grade rating of Baa3 from Moody s Investors Service Inc., BBB- from Standard & Poor s and BBB from Fitch Ratings and (iii) minimum denominations of $1,000.

In deciding whether to participate in the exchange, you should consider at what rate you believe the remarketing of the trust preferred securities that are a part of the Outstanding PEPS Units is likely to succeed. Assuming the trust preferred securities that are part of the Outstanding PEPS Units are successfully remarketed in February 2004, holders will receive extra proceeds equal to the excess, if any, of the remarketing proceeds over 100.25% of the treasury portfolio purchase price. Assuming a 3-month Treasury rate of 1.00%, the treasury portfolio purchase price will be $25.39 and 100.25% of the treasury portfolio purchase price will be $25.46. The following table presents the remarketing proceeds and extra proceeds, assuming various yields-to-maturity and reset rates of the remarketed trust preferred securities:

Yield to Maturity	Reset Rate	Remarketing Proceeds	Extra Proceeds
8.00%	8.90%	$25.46	$0.00
7.50%	8.40%	$25.46	$0.00
7.00%	7.89%	$25.46	$0.00
6.50%	7.39%	$25.46	$0.00
6.41%	**7.29%**	**$25.46**	**$0.00**
6.00%	7.29%	$25.67	$0.21
5.59%	**7.29%**	**$25.90**	**$0.44**
5.50%	7.29%	$25.94	$0.48
5.00%	7.29%	$26.21	$0.75

Investors who participate in the exchange and who settle their new purchase contracts that are components of the New PEPS Units out of the proceeds of a successful remarketing will receive cash payments totaling $0.4375, assuming a successful remarketing at 100.50% of $25. Of this amount, $0.375 is assured, because this amount represents the cash payment paid for each Outstanding PEPS Unit exchanged. Given the assumptions above, the remarketing of the Outstanding PEPS Units would have to succeed at a yield-to-maturity of less than 5.59% in order for investors who do not participate in the exchange and who elect to settle their purchase contracts out of the proceeds of a successful remarketing to receive extra proceeds of more than $0.4375. Furthermore, if the remarketing of the trust preferred securities succeeds only at a yield-to-maturity of 6.41% or greater, investors who do not participate in the exchange will receive no extra proceeds.

We cannot predict the yield to maturity that would occur upon the remarketing of the trust preferred securities. When we issued the Outstanding PEPS Units in May 2001, the trust preferred securities carried investment grade ratings of Baa3 by Moody s Investors Service, BBB- by Standard & Poor s and BBB by Fitch Ratings. Since that time, the ratings of the trust preferred securities were downgraded to below investment grade ratings of Ba1 by Moody s Investors Service and BB+ by Standard & Poor s, but still carry an investment grade rating of BBB- by Fitch Ratings.

The downgrades to below investment grade alone, and the effect of the downgrades on some of the other features of the trust preferred securities, may lead fixed income investors to demand a relatively high yield on the trust preferred securities. For instance, the trust preferred securities are subordinated obligations (because they represent an interest in subordinated notes and a subordinated guarantee) and, unlike typical sub-investment grade fixed income securities, have minimum denominations of $25 (instead of the more typical subordinated note denominations of $1,000). In addition, unlike typical sub-investment grade fixed income securities, the trust preferred securities will have a relatively short maturity following a successful remarketing and will not have the financial covenants that investors in such securities expect. Such financial covenants would include the type of restrictive covenants typically seen in high yield subordinated debt instruments, such as a test in order to incur additional debt, a restricted payment covenant which would limit certain distributions to equity holders, a lien covenant, a change of control redemption, an asset sale test and limitations on affiliate transactions. The trust preferred securities do not contain such restrictions, but only contain limited restrictions on PPL Corporation s paying dividends or paying on guaranteed obligations if an event of default were to occur. As a result, the remarketing of the trust preferred securities may only succeed at a yield-to-maturity that exceeds 5.59%. If such turns out to be the case, holders of Outstanding PEPS Units would achieve a better return on their investment by exchanging each of their Outstanding PEPS Units for a New PEPS Unit and $0.375 in cash, assuming a successful remarketing of the new notes.

Questions And Answers About The Exchange Offer

Q1: **What will I receive if I tender in the exchange offer?**

A1: For each Outstanding PEPS Unit validly tendered and accepted in the exchange offer, subject to certain conditions described below, you will receive a New PEPS Unit and a cash payment equal to $0.375. However, as described below, even if you tender all of your Outstanding PEPS Units, we may not accept all of your Outstanding PEPS Units for exchange.

If you exchange in this offer, we will pay you on February 18, 2004, any accrued and unpaid purchase contract adjustment payments and interest payments on the new notes accruing from November 18, 2003 (the last date on which such payments were paid on the Outstanding PEPS Units). We will not pay purchase contract adjustments and distributions on trust preferred securities relating to Outstanding PEPS Units that are exchanged for New PEPS Units for any periods after November 18, 2003.

Q2: **What are the differences in value to me between my Outstanding PEPS Units and accepting the New PEPS Units and cash consideration in the exchange offer?**

A2: The material differences between the Outstanding PEPS Units and the New PEPS Units are described in the chart on page 10 of this prospectus, Material Differences Between the Outstanding PEPS Units and New PEPS Units. Fundamentally, however, in exchange for the uncertain value of the one way interest rate reset feature and, therefore, the uncertainty of receiving extra proceeds in a remarketing of the trust preferred securities related to the Outstanding PEPS Units, we are offering you:

- a cash payment of $0.375 for each Outstanding PEPS Unit you exchange, plus

- if you elect to settle your new purchase contracts out of the proceeds of a remarketing and the remarketing is successful at 100.5% of the aggregate principal amount of the new notes, an additional $0.0625 for each of your New PEPS Units.

Q3: **Why are we conducting this exchange offer?**

A3: We are conducting this exchange offer to reduce our future interest expenses. Both the Outstanding PEPS Units and the New PEPS Units require us to remarket the fixed income securities that are components of the PEPS Units. When we initially offered the Outstanding PEPS Units they had an investment grade rating. Since then they have been downgraded to below investment grade status. In contrast, after May 18, 2004, the new notes which are the fixed income components of the New PEPS Units are expected to have an investment grade rating because currently our senior debt is rated investment grade. Because we expect these new notes to be more attractive to potential buyers than the trust preferred securities, and because the new notes will not be subject to a minimum interest rate, we expect to be able to remarket the new notes at a lower rate, thereby generating less interest expense.

Q4: **Is the exchange offer subject to any conditions?**

A4: Yes. The exchange offer is subject to the conditions described beginning on page 41 of this prospectus. The conditions to the exchange offer require, without limitation:

- that at least 35% of the Outstanding PEPS Units are validly tendered and not withdrawn immediately prior to the expiration of the exchange offer, and

- that the Outstanding PEPS Units remain listed on the NYSE, and, as described below, we might prorate our acceptances of tenders of Outstanding PEPS Units to satisfy this condition.

We may waive any or all of the conditions to the exchange offer. In the event any such waiver results in a material change to the terms of the exchange offer, we will extend the expiration date so that the exchange offer remains open for any additional period required by law.

If we make a material change to the terms of the offer, such as a waiver of a material condition, we will promptly make a public announcement thereof, which will be made no later than 9:00 a.m., New York City time, on the next business day following such change.

Q5: What happens if the minimum condition is not satisfied?

A5: If the number of Outstanding PEPS Units tendered in the exchange offer results in less than 35% of the Outstanding PEPS Units being validly tendered and not withdrawn, we may choose not to complete the exchange offer or we could choose to waive the minimum condition for any reason. If we choose not to complete the exchange offer, we will promptly return any Outstanding PEPS Units that have been tendered.

Holders should bear in mind that there is no assurance that a secondary trading market in the New PEPS Units will exist following the exchange offer. A security with a smaller outstanding stated amount available for trading, or a smaller float, may command a lower price and trade with greater volatility or much less frequency than would a comparable security with a greater float. If we choose to waive the minimum condition and complete the exchange offer, there is a risk that, if a secondary trading market for the New PEPS Units develops, trading in such market for the New PEPS Units could be illiquid due to a smaller float.

Q6: Will you accept all Outstanding PEPS Units that I tender?

A6: In some limited cases, no. We are offering to exchange up to 22,900,000 Outstanding PEPS Units. However, the exchange offer is subject to the conditions described in this prospectus, including the condition that the Outstanding PEPS Units remain listed on the NYSE and the minimum condition that there are validly tendered at the expiration of the exchange offer at least 35% of the Outstanding PEPS Units. In the event that we determine there is any likelihood that the NYSE continued-listing condition may not be met, we may accept a pro rata amount of the Outstanding PEPS Units tendered in the offer in order to ensure that the Outstanding PEPS Units continue to be listed on the NYSE. Any Outstanding PEPS Units that are tendered but not accepted because of proration will be returned to you.

Q7: Will the New PEPS Units be listed on any stock exchange?

A7: We will apply to list the New PEPS Units on the NYSE, subject to the New PEPS Units meeting the listing requirements of the NYSE, but there is no guarantee that the New PEPS Units will be listed as described herein under Description of the New PEPS Units Listing.

Q8: What are the U.S. federal income tax consequences to U.S. holders that tender in the exchange offer?

A8: We intend to treat the exchange of the trust preferred security for the new note plus a cash payment of $0.375 as a taxable exchange, and to treat the exchange of the old purchase contract for the new purchase contract as merely a continuation of the old purchase contract. It is possible that the Internal Revenue Service, or the IRS, could assert alternative characterizations. Please consult your tax advisor about the tax consequences to you of the exchange. See United States Federal Income Tax Considerations.

Q9: What is the position of your board of directors with respect to the exchange offer?

A9: Neither we nor any of our directors make any recommendation to any holder of Outstanding PEPS Units as to whether to tender or refrain from tendering Outstanding PEPS Units in the exchange offer.

Q10: Is the settlement rate of the New PEPS Units the same as the Outstanding PEPS Units and could it change?

A10: The New PEPS Units are being issued with identical purchase contract settlement rates as the Outstanding PEPS Units (including all adjustments already made on the Outstanding PEPS Units to reflect the dividends paid through July 1, 2003) and will carry identical anti-dilution provisions (including adjustment in respect of taxable dividends paid to holders of PPL Corporation s common stock). Following the issuance of the Outstanding PEPS Units we have paid quarterly cash dividends to holders of PPL Corporation s common stock that resulted in adjustments to the settlement rate of the old purchase contracts. Prior to settlement we will be required to adjust the settlement rate in both the Outstanding PEPS Units and the New PEPS Units to reflect the dividend paid on October 1, 2003. In addition, although there is no assurance that we will continue to do so, if we continue to pay quarterly cash dividends at the current rate, we would have to adjust the settlement rate further on account of such dividends.

Q11: Would there be any tax consequences to a change in the settlement rate of the New PEPS Units?

A11: Similar to holders of the Outstanding PEPS Units, holders of the New PEPS Units will be deemed to have received taxable distributions on account of any adjustments to the settlement rate as a result of anti-dilution provisions even though they will not receive any cash or property as a result of such adjustments.

Q12: What do you intend to do with the Outstanding PEPS Units that are tendered in the exchange offer?

A12: We intend to cancel and retire all Outstanding PEPS Units accepted in the exchange offer.

Q13: Will there be any cash proceeds from the exchange offer?

A13: No. We will not receive any cash proceeds from the exchange offer.

Q14: When does the exchange offer expire?

A14: The exchange offer expires at 5 p.m., New York City time, on Thursday, December 18, 2003. However, we may at any time prior to closing the tender offer in our sole discretion extend the expiration date of the exchange offer or amend or, in the event of the failure of one of the conditions stated in this prospectus, withdraw the exchange offer by giving oral or written notice to the exchange agent. Any such extension, amendment or withdrawal will be followed as promptly as practicable by a public announcement thereof, which, in the case of an extension, will be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. References in this prospectus to the expiration date of the exchange offer mean December 18, 2003 or, if later, the last date to which we extend the exchange offer.

Q15: When will I receive my New PEPS Units?

A15: Your ownership of New PEPS Units will be recorded in book-entry form on the exchange date, as described below, if all conditions to the exchange offer are satisfied or waived, provided we have timely received your properly completed and executed letter of transmittal, an agent s message, as described on page 45 of this prospectus, or properly completed and executed notice of guaranteed delivery, and you have not withdrawn your tender prior to the expiration of the exchange offer. We anticipate that the exchange date will be the third business day following the expiration date of the exchange offer, after giving effect to any extensions of the offer.

Q16: What happens if I change my mind after tendering in the exchange offer?

A16: You may withdraw your tender any time before 5 p.m., New York City time, on the expiration date. However, if we extend the exchange offer you may withdraw your tender at any time prior to the expiration date, as extended. In addition, tenders of Outstanding PEPS Units may be withdrawn after expiration of 40 business days from the commencement of the exchange offer in the event that we have not yet accepted Outstanding PEPS Units in the exchange offer by such time. If you decide to withdraw your tender, you must withdraw all Outstanding PEPS Units previously tendered by you, as partial withdrawals will not be permitted.

Q17: How will my Outstanding PEPS Units be affected if I do not tender them in the exchange offer or if not all of my Outstanding PEPS Units are accepted by you in the exchange offer?

A17: The terms of any of your Outstanding PEPS Units will not be changed as a result of the consummation of the exchange offer. In addition, it is a condition to the exchange offer that the Outstanding PEPS Units remain listed on the NYSE. However, to the extent that we close the exchange offer, there will be fewer Outstanding PEPS Units. The liquidity and the trading market of the remaining Outstanding PEPS Units may be adversely affected due to the smaller number of Outstanding PEPS Units available for trading.

Q18: How do I exchange my Outstanding PEPS Units if I am the beneficial owner of Outstanding PEPS Units held by a custodian bank, commercial bank, depository institution, broker, dealer, trust company, or other record holder?

A18: You must promptly contact that record holder and instruct it to exchange your Outstanding PEPS Units on your behalf.

Q19: What steps must the record holder take in order to tender my Outstanding PEPS Units on my behalf?

A19: In order to exchange the Outstanding PEPS Units on your behalf, the record holder must effect a book-entry transfer into the account of the exchange agent at DTC by electronically transmitting its acceptance of the exchange offer through DTC s Automated Tender Offer Program, or ATOP, procedures for transfer. Alternatively, the record holder may complete a letter of transmittal according to the instructions and deliver it with any signature guarantees or other required documents to the exchange agent at its address shown on the back cover of the document.

Q20: What if the record holder cannot complete book-entry transfer of my Outstanding PEPS Units, together with an agent s message or a letter of transmittal, to the exchange agent on my behalf, prior to the expiration date of the exchange offer?

A20: The record holder may follow the guaranteed delivery procedures described in The Exchange Offer Procedures for Tendering Guaranteed Delivery on page 45 of this prospectus.

Q21: Will I have an opportunity to exchange my Outstanding PEPS Units if I do not participate in the exchange offer?

A21: After the exchange offer is consummated, we do not expect to solicit and enter into discussions with holders of remaining Outstanding PEPS Units with regard to exchanging such Outstanding PEPS Units for New PEPS Units. However, we reserve the right to enter into any such transactions or purchase Outstanding PEPS Units after the expiration of ten business days following the closing of the exchange offer.

Q22: To whom should I address questions?

A22: If you have questions about the terms of the exchange offer or about tender procedures or if you need additional copies of this prospectus or the letter of transmittal, you should contact Innisfree M&A Incorporated, the information agent. The information agent may be reached by toll-free telephone at (877) 825-8777. (Banks and brokers may call collect at (212) 750-5833.)

The address of the information agent is on the back cover of this prospectus.

PPL Corporation

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. As of September 30, 2003, we owned or controlled 11,533 megawatts, or MW, of low-cost and diverse power generation capacity. We are also developing or constructing 645 MW of new electric generation capacity in 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 generation 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 generation capacity committed to providing electricity to a delivery company in Montana through June 2007. These two commitments, combined with other contractual sales to other counterparties for terms of various lengths, commit, on average, over 70% of our expected annual output for the period 2003 through 2007. 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 three 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. These entities are direct, wholly-owned subsidiaries of PPL Energy Supply, LLC. PPL Energy Supply is a wholly-owned subsidiary of PPL Corporation.

PPL Generation owns or controls a portfolio of domestic power generation assets, with a total capacity of 11,533 MW as of September 30, 2003. These power plants are located in Pennsylvania (8,579 MW), Montana (1,157 MW), Arizona (750 MW), Illinois (540 MW), Connecticut (252 MW), New York (159 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 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 (domestic operations) 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.

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.

International Operations

We acquire and hold international energy projects that are primarily focused on the distribution of electricity through our PPL Global subsidiary.

PPL Global (international operations) currently owns and operates energy delivery businesses serving approximately 3.5 million customers in the United Kingdom and Latin America. In September 2002, PPL Global acquired a controlling interest in, and consequently gained 100% ownership of, Western Power Distribution Holdings Limited and WPD Investment Holdings Limited, which together we refer to as WPD. WPD operates two electric distribution companies in the U.K., which together serve approximately 2.5 million end-users. WPD delivered 28,074 million kWh of electricity in 2002.

PPL Capital Funding, Inc.

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

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

MATERIAL DIFFERENCES BETWEEN THE

OUTSTANDING PEPS UNITS AND NEW PEPS UNITS

All of the material differences between the Outstanding PEPS Units and New PEPS Units are illustrated in the table below. The comparisons below relate primarily to the differences between your ownership interest in trust preferred securities under the Outstanding PEPS Units and your ownership interest in notes under the New PEPS Units, although we also describe some differences between the purchase contracts included in the Outstanding PEPS Units and those included in the New PEPS Units. The table below presents only the material differences between the terms of the Outstanding PEPS Units and the New PEPS Units and is qualified by the information contained in this prospectus.

	Outstanding PEPS Units	New PEPS Units
Successful Remarketing Reset Rate:	The reset distribution rate for the trust preferred securities and the reset interest rate for the subordinated notes must be equal to or greater than 7.29% per annum (but not exceed the maximum rate permitted by any applicable law).	The reset interest rate for the notes will be equal to a floating interest rate equal to 3-month LIBOR plus a spread, as described in Description of the Notes Interest Rate Reset and Determination. The reset interest rate may be less than, equal to, or greater than 7.29% per annum (but not exceed the maximum rate permitted by any applicable law).
Failed Remarketing Rate:	The reset distribution rate for the trust preferred securities and the reset interest rate for the subordinated notes is computed based on a formula of a spread related to the ratings of the subordinated notes over a two-year benchmark treasury rate, but must be equal to or greater than 7.29% (but not exceed the maximum rate permitted by any applicable law). Based on the two-year benchmark treasury rate and ratings of the subordinated notes as of the date hereof, if there were a failed remarketing, the reset interest rate would be set at 8.77%.	The interest rate on the notes remains at the initial rate of 7.29%.
Remarketing Dates:	An initial remarketing date of the trust preferred securities is on the third business day preceding February 18, 2004. If the initial and any subsequent remarketings fail, additional remarketings may occur from time to time thereafter before the tenth business day preceding May 18, 2004.	The remarketing dates of the Notes are May 11, 2004, and, if necessary due to an initial failed remarketing, May 12, 2004 and, if necessary due to a second failed remarketing, May 13, 2004, the fifth, fourth and third business days immediately preceding May 18, 2004.

	Outstanding PEPS Units	New PEPS Units
Collateral:	Prior to a successful remarketing, trust preferred securities representing undivided beneficial interests in the assets of the trust consisting solely of subordinated notes of PPL Capital Funding, guaranteed by PPL Corporation.	Prior to a successful remarketing, a 1/40, or 2.5%, undivided beneficial ownership interest in a $1,000 principal amount subordinated note of PPL Capital Funding, guaranteed on a subordinated basis by PPL Corporation.
Payment Dates:	Until maturity, distributions on the trust preferred securities (consisting of the interest paid to the trust on the related subordinated notes) are payable quarterly in arrears on February 18, May 18, August 18 and November 18 of each year.	Interest on each note will be payable, initially, from November 18, 2003 to May 18, 2004, quarterly in arrears on February 18, 2004 and May 18, 2004. On and after May 18, 2004, interest will be payable following a successful remarketing, quarterly in arrears on February 18, May 18, August 18 and November 18 of each year at the floating reset interest rate commencing August 18, 2004, or if there is a final failed remarketing, semi-annually in arrears on May 18 and November 18 of each year at the rate of 7.29% per year commencing November 18, 2004.
Ranking:	The subordinated notes constitute subordinated obligations of PPL Capital Funding guaranteed on a subordinated basis by PPL Corporation.	The notes will constitute subordinated obligations of PPL Capital Funding guaranteed on a subordinated basis by PPL Corporation until May 18, 2004. On and after May 18, 2004, the notes will constitute senior obligations of PPL Capital Funding, guaranteed on a senior basis by PPL Corporation.
Ratings:	The Outstanding PEPS Units currently are rated Ba1 by Moody s Investors Service, BB+ by Standard & Poor s and BBB- by Fitch Ratings.	PPL Corporation expects that the New PEPS Units will carry ratings the same as the ratings on the Outstanding PEPS Units.

	Outstanding PEPS Units	New PEPS Units
	On and after May 18, 2004, any subordinated notes outstanding, which would be the sole assets of the issuer of any trust preferred securities outstanding, are expected to be assigned the same credit ratings as all of the other subordinated debt obligations of PPL Capital Funding that are guaranteed on a subordinated basis by PPL Corporation. Currently, that subordinated rating is a Ba1 rating by Moody s Investors Service, a BB+ rating by Standard & Poor s and a BBB- rating by Fitch Ratings.	On and after May 18, 2004, any notes outstanding are expected to be assigned the same credit ratings as all of the other senior obligations of PPL Capital Funding guaranteed by PPL Corporation on a senior basis. Currently, that senior rating is a Baa3 rating by Moody s Investors Service Inc., a BBB- rating by Standard & Poor s and a BBB rating by Fitch Ratings.
Optional Redemption:	If the tax laws change or are interpreted in a way that increases the risk that the trust will be subject to taxes or the interest payable on the subordinated notes will not be deductible, PPL Capital Funding may elect to redeem the subordinated notes held by the trust. If the subordinated notes are so redeemed, then each Outstanding PEPS Unit will consist of a purchase contract for PPL Corporation s common stock and an ownership interest in the treasury portfolio (which will be purchased with the cash received from the redemption of the subordinated notes and pledged to secure the holder s obligations under a purchase contract).	None.
Put rights:	None.	Upon a failed remarketing, holders of notes who had separated their notes from the New PEPS Units so that the notes were not part of New PEPS Units at the time of the failed remarketing may put the notes to us, in whole or in part, at par plus accrued but unpaid interest on a date between 30 and 60 days after May 18, 2004.

	Outstanding PEPS Units	New PEPS Units
Early Settlement of the purchase contracts:	Holders of the old purchase contracts that were or are part of the Outstanding PEPS Units may settle early any number of old purchase contracts for shares of PPL Corporation common stock.	Holders of the new purchase contracts that are part of the New PEPS Units may settle early only in integral multiples of 40 new purchase contracts, including in the case of a merger early settlement, for shares of PPL Corporation common stock. The early settlement right is subject to the condition that, if required under applicable securities laws, PPL Corporation has a registration statement in effect covering the common stock deliverable upon settlement of a new purchase contract. The registration statement of which this prospectus is a part will not be used by PPL Corporation for the delivery of common stock upon early settlement of the new purchase contracts.
Listing:	The Outstanding PEPS Units are listed on the NYSE.	We will apply to list the New PEPS Units on the NYSE, subject to the New PEPS Units meeting the listing requirements of the NYSE, but there is no guarantee that the New PEPS Units will be listed as described herein under Description of the New PEPS Units Listing.

Questions and Answers about the New PEPS Units

Q23: What are the components of a New PEPS Unit?

A23: Each New PEPS Unit consists of a new purchase contract and, initially, a 1/40, or 2.5%, undivided beneficial ownership interest in a $1,000 principal amount note issued by PPL Capital Funding and guaranteed as to payment by PPL Corporation. The undivided beneficial ownership interest in a note that is a component of each New PEPS Unit is owned by you, but it will be pledged to us to secure your obligations under the new purchase contract.

Q24: What is a new purchase contract?

A24: Each new purchase contract underlying a New PEPS Unit obligates the holder of the new purchase contract to purchase, and obligates us to sell, on May 18, 2004 a number of shares of PPL Corporation s common stock equal to the settlement rate for $25 in cash. The settlement rate will be calculated, subject to adjustment under the circumstances set forth in Description of the New Purchase Contracts Anti-Dilution Adjustments, as follows:

if the average of the closing prices of PPL Corporation s common stock over the 20-trading day period ending on the third trading day prior to May 18, 2004 multiplied by 1.017 is equal to or greater than $65.03, the settlement rate will be 0.3910;

if the average of the closing prices of PPL Corporation s common stock over the same period multiplied by 1.017 is less than $65.03 but greater than $53.30, the settlement rate will be a number of shares, between 0.3910 and 0.4770 shares, having a value, based on the 20-trading day average closing price, equal to $25; and

if the average of the closing prices of PPL Corporation s common stock over the same period multiplied by 1.017 is less than or equal to $53.30, the settlement rate will be 0.4770.

The settlement rates reflect all dividends paid by us up to and including the dividend paid on July 1, 2003 and will be adjusted for any dividend payments after July 1, 2003 pursuant to the terms of the purchase contract agreement including the dividend paid on October 1, 2003.

Q25: Can I settle a new purchase contract early?

A25: You may settle a new purchase contract at any time on or prior to May 7, 2004, using cash, in which case we will sell, and you will be entitled to buy 0.3910 shares of common stock subject to adjustment for each new purchase contract being settled.

If you are a Treasury Unit holder, as described immediately below, you may settle your new purchase contracts early at any time on or prior to May 14, 2004 using cash.

In addition, if we are involved in a merger in which 30% or more of the total of the consideration paid to our shareholders consists of cash or cash equivalents, then you may settle your new purchase contract with cash at the applicable settlement rate.

If you choose to settle the new purchase contract early, including in the case of a merger early settlement, you may settle only in integral multiples of 40 New PEPS Units or 40 Treasury Units. If you exercise the merger early settlement right, we will deliver to you on the merger early settlement date the kind and amount of securities, cash or other property that you would have been entitled to receive if you had settled the new purchase contract immediately before the cash merger at the settlement rate in effect at that time. You will also receive the notes or treasury securities underlying the New PEPS Units. Your right to receive future contract adjustment payments will terminate.

Your early settlement right is subject to the condition that, if required under the United States federal securities laws, we have a registration statement under the Securities Act of 1933 in effect covering the common stock deliverable upon settlement of a new purchase contract. We will use our reasonable best efforts to have a registration statement in effect covering the common stock if so required by United States federal securities laws. The registration statement of which this prospectus is a part will not be used by PPL Corporation for the delivery of common stock upon early settlement of the new purchase contracts.

Q26: What are Treasury Units?

A26: Treasury Units are equity units consisting of a new purchase contract and a treasury security. The treasury security is a 2.5% undivided beneficial interest in a zero-coupon U.S. treasury security (CUSIP No. 912820BJ5) with a principal amount at maturity equal to $1,000 and maturing on May 17, 2004. The treasury security that is a component of each Treasury Unit will be owned by the holder of the Treasury Unit, but it will be pledged to us to secure the holder s obligations under the new purchase contract.

Q27: How can I create Treasury Units from New PEPS Units?

A27: Each holder of New PEPS Units will have the right, at any time on or prior to May 7, 2004, to substitute for the related notes held by the collateral agent the zero-coupon treasury securities (CUSIP No. 912820BJ5) and maturing on May 17, 2004, in a total principal amount at maturity equal to the aggregate principal amount of the notes for which substitution is being made. This substitution would create Treasury Units that have treasury securities as a component, and the applicable notes would be released to the holder. See Description of the New PEPS Units Creating Treasury Units by Substituting a Treasury Security for a Note. Because the notes and treasury securities are issued in integral multiples of $1,000, holders of New PEPS Units may make this substitution only in integral multiples of 40 New PEPS Units.

Q28: How can I recreate New PEPS Units from Treasury Units?

A28: Each holder of Treasury Units will have the right, at any time on or prior to May 7, 2004, to substitute for the related treasury securities held by the collateral agent, notes in an aggregate principal amount equal to the aggregate principal amount at the stated maturity of the treasury securities for which substitution is being made. This substitution would recreate New PEPS Units that have notes as a component, and the applicable treasury securities would be released to the holder. Because the notes and treasury securities are issued in integral multiples of $1,000, holders of Treasury Units may make this substitution only in integral multiples of 40 Treasury Units.

Q29: What payments am I entitled to as a holder of New PEPS Units?

A29: Holders of New PEPS Units will be entitled to receive cash payments accruing from August 18, 2003, consisting of 1/40, or 2.5%, of the interest payment payable initially quarterly on the $1,000 principal amount note at the rate of 7.29% per year and quarterly cash distributions of contract adjustment payments at the rate of 0.46% per year of the stated amount of each New PEPS Unit of $25.

Q30: What payments will I be entitled to if I convert my New PEPS Units to Treasury Units?

A30: Holders of Treasury Units will be entitled only to receive quarterly cash distributions of contract adjustment payments at the rate of 0.46% per year of the stated amount of each Treasury Unit of $25. In addition, because the treasury security will be purchased at a discount, acquisition discount will accrue on each related treasury security. As a result, holders that use the accrual method of accounting will be generally required to include such discount in income in advance of any cash payments received attributable to such income. See United States Federal Income Tax Considerations Ownership of the New PEPS Units Treasury Units Interest Income and Acquisition Discount.

Q31: What are the payment dates for the New PEPS Units?

A31: The contract adjustment payments described above in respect of the New PEPS Units will be payable quarterly in arrears on February 18, 2004 and May 18, 2004 (which are the same payment dates as the Outstanding PEPS Units), except in the case of an early settlement of the related new purchase contracts. Interest payments on the notes are described below under the questions and answers beginning with What payments will I receive on the notes?

Q32: What is remarketing?

A32: Remarketing allows New PEPS Unit holders to satisfy their obligations under the related new purchase contracts by reselling the notes through the remarketing agent. Remarketing of the notes will be attempted on May 11, 2004 and, if the remarketing on such date fails, on May 12, 2004 and, if the remarketing on such date fails, on May 13, 2004. The remarketing agent will use its reasonable efforts to obtain a price for the notes to be remarketed that results in proceeds of approximately 100.5% of the aggregate principal amount of such notes. However, remarketing will only be considered successful if the resulting proceeds are at least equal to 100% of the aggregate principal amount of all notes to be remarketed.

Upon a successful remarketing, the portion of the proceeds derived from a successful remarketing of the notes that were components of New PEPS Units equal to the total principal amount of such notes will automatically be applied to satisfy in full the New PEPS Unit holders obligations to purchase common stock under the related new purchase contracts. If any proceeds remain after this application, the remarketing agent will deduct as a remarketing fee an amount not exceeding 25 basis points (0.25%) of the aggregate principal amount of such remarketed notes, and remit any remaining proceeds for the benefit of the holders.

Q33: What happens if the notes are not successfully remarketed?

A33: If a successful remarketing of the notes has not occurred prior to or on May 13, 2004, we will deliver PPL Corporation s common stock to you pursuant to the new purchase contracts and, unless you have delivered the purchase price in cash to us before May 10, 2004, we will exercise our rights as a secured party to dispose of the notes that have been pledged to us through the collateral agent to secure your obligation under the related new purchase contracts in accordance with applicable law and such disposition will be deemed to satisfy in full your obligation to purchase PPL Corporation s common stock under the related purchase contracts. All notes that have not been separated from the New PEPS Units are pledged to us through the collateral agent.

Notes outstanding after a failed remarketing (*i.e.*, those notes that were separated from the New PEPS Units by the creation of Treasury Units or an early settlement of the purchase contract) will retain the same interest rate as in effect before the remarketing, but will move from quarterly to semi-annual interest payment dates and will rank as senior obligations of PPL Capital Funding, instead of subordinated obligations.

In addition, holders of notes that are not pledged to us and remain outstanding after a failed remarketing will have the right to put their notes to us, in whole or in part, for an amount equal to the principal amount of such notes, plus accrued and unpaid interest, on a date that is no earlier than 30 days and no later than 60 days from May 18, 2004, which we call the put exercise date, by notifying the indenture trustee prior to such put exercise date.

Q34: If I separate my note from my New PEPS Unit and hold it as a separate security, may I still participate in a remarketing of the notes?

A34: Holders of notes that were separated from the New PEPS Units by virtue of the creation of Treasury Units or an early settlement of the purchase contract may elect, in the manner described in this prospectus, to have their notes remarketed by the remarketing agent.

Q35: Besides participating in a remarketing, how else may I satisfy my obligations under the new purchase contracts?

A35: Holders of New PEPS Units may satisfy their obligations, or their obligations will be terminated, under the new purchase contracts:

in the case of holders of Treasury Units, by the application of the cash received upon maturity of the pledged zero-coupon treasury securities;

through early settlement by the delivery of cash to the purchase contract agent, in the case of New PEPS Units, prior to or on May 7, 2004, and in the case of Treasury

Units, prior to or on May 14, 2004, at the early settlement rate of 0.3910 shares of PPL Corporation s common stock;

in the case of holders of New PEPS Units that include notes, by settling the related new purchase contracts with separate cash prior to or on May 10, 2004 pursuant to prior notice given to the purchase contract agent at the applicable settlement rate in effect on May 18, 2004; or

without any further action, upon the termination of the new purchase contracts as a result of bankruptcy, insolvency or reorganization of PPL Corporation.

Q36: What payments will I receive on the notes? Will the interest r