PP&L RESOURCES, INC.

a common sense guide *to* competition

1997 SUMMARY ANNUAL REPORT

PP&L RESOURCES, INC. is the holding company for the subsidiaries listed below.
Chairman, President and Chief Executive Officer: William F. Hecht

PP&L, INC. provides electricity delivery service to about 1.2 million homes and businesses in 29 counties of central and eastern Pennsylvania. It also generates and sells retail electricity throughout Pennsylvania and trades wholesale energy in 22 states.
Chairman, President and Chief Executive Officer: William F. Hecht

PP&L GLOBAL, INC., a subsidiary of PP&L Resources since 1995, develops, owns and operates electric generation and distribution companies worldwide. The company owns a 25 percent share of South Western Electricity, a U.K. distribution company; 27 percent of Emel, a distribution company in Chile; and also has holdings in El Salvador, Argentina, Brazil, Bolivia, Peru, Spain and Portugal. *President: Robert D. Fagan*

PP&L SPECTRUM, INC., formed in 1995, pursues business opportunities that are allied to the energy business. *President: Frank A. Long*

H.T. LYONS, INC., acquired on January 22, 1998, is a heating, ventilating and air-conditioning firm providing both construction and maintenance services. Lyons has customers in Pennsylvania, New Jersey and Delaware. *President: Ted Lyons*

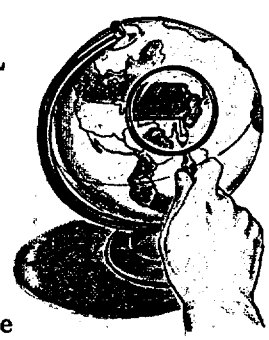
This summary annual report contains condensed financial statements. Complete financial statements are published as a part of our proxy statement.

- The story so far -

Competition has fundamentally changed the electricity business. It has created new opportunities – and new challenges – for some of the nation's largest and oldest corporations.

As is always the case with sea changes such as this, competition will sink some of those who are currently in the business. And, it will boost the efficiency of those who are successful. The result, over the long term, will be better prices and more services for customers and improved growth prospects for investors.

In the meantime, it's natural for investors to have many questions about companies going through this transition.



That's why we've altered the format of this year's PP&L Resources annual report. Instead of the traditional review of our operations, we are pleased to provide you, our investors, a guide to what all these changes mean by sharing with you what PP&L Resources is doing to help shape the new energy marketplace.

Pennsylvania is a leader in bringing competition to the electricity business. As of early 1998, the Keystone State was the largest competitive electricity marketplace in the nation. In a very literal sense, Pennsylvania is "writing the book" on competition. And, it's fair to say, PP&L Resources is a major reason Pennsylvania is in that leadership position. Two years ago, PP&L was the first electric company in the state to support competition actively, and we're still the leader in bringing energy choices to customers – and in capitalizing on new marketplace opportunities.

At PP&L Resources, we are doing the things that will make us successful in the dramatically different energy business.

Highlights

for the years ended December 31	*1997*[a]	*1996*
Financial		
Operating revenues (millions)	$ 3,049	$2,910
Net income (millions)	$ 296	$ 329
Total assets (millions)[b]	$ 9,485	$9,670
Earnings per share	$ 1.80	$ 2.05
Dividends declared per share	$ 1.67	$ 1.67
Book value per share[c]	$ 16.90	$16.87
Market price per share[c]	$23.938	$23.00
Dividend yield[c]	6.98%	7.26%
Dividend payout ratio[c]	93%	82%
Market/book value ratio[c]	142%	136%
Price/earnings ratio[c]	13.3	11.2
Ratio of earnings to fixed charges	3.23	3.45
Return on average common equity	10.61%	12.30%
Operating		
Total energy sales (millions of kwh)	53,418	46,648
Net system capacity (thousands of kilowatts)[c]	7,906	7,853
Number of customers (thousands)[c]	1,247	1,236
Construction expenditures (millions)	$ 250	$ 267

[a] 1997 earnings were affected by several one-time adjustments.
[b] Total assets for 1996 have been reclassified to conform to the current year presentation.
[c] End of period.

Chairman's Letter

by William F. Hecht

March 13, 1998

Millions of words have been written about the deregulation of the nation's electricity business. Hundreds of "experts" have opined on how these changes will play out – and what they will mean to the nation's investor-owned utilities.

Predictions of this nature always are risky, and are especially so when they involve fundamental business changes and the creation of what is, essentially, a new energy marketplace.

At PP&L Resources, we have refrained from grandiose predictions of the future.

Instead, after being one of the nation's strongest proponents of increased competition in the electricity business, we have approached the emerging competitive marketplace with a quiet confidence, shunning the bells and whistles – and the smoke and mirrors.

We understand that no one can predict every nuance of this new business. We understand that substance, not show, will result in success in this new business environment. And, most important, we understand that meeting customer expectations – delivering on our promises – will be the key to our long-term success.

So, while other companies are touting their size, or talking about their potential in the marketplace, PP&L Resources has been busy actually gaining experience in the new markets and investing in the future.

When you look at the facts, I think you will agree that we've come as far in this new world – on a variety of fronts – as any company in the country.

At the heart of our effort to take advantage of new opportunities is our decision to aggressively pursue sales in the retail electricity market. Pennsylvania now has more customers buying competitively priced electricity than any other state in the nation. And, your company is a leader in that market.

In addition, huge markets soon will be opening up in the mid-Atlantic region – the states of New York and New Jersey, for example.

To take full advantage of these new opportunities, we are further bolstering a marketing and sales group that was extremely successful – through our new PP&L EnergyPlus brand – in attracting customers in the nation's first major test of a competitive electricity marketplace.

We also are acquiring new businesses related to the retail market.

In the new domestic energy market, we believe that one of the keys to success will be the ability to offer diverse energy services for customers, especially commercial and industrial customers. Our acquisition of a large regional heating, ventilating and air-conditioning firm contributes to your company's ability to offer extensive services, everything from design and construction of energy systems, to procurement of energy, to on-site energy management. We also are in the process of getting regulatory approval for the acquisition of a natural gas and propane company.

Huge markets soon will be opening up in the mid-Atlantic region.

By combining the capabilities of these new companies – H.T. Lyons and Penn Fuel Gas – with our existing PP&L, Inc. and PP&L Spectrum subsidiaries, we will be in a position to more effectively, and more profitably, meet the needs of industrial and commercial customers in this new marketplace.

We are making substantial progress on other fronts as well:

We have built an energy trading operation that is growing rapidly, trading electricity as well as natural gas and other fuels. By early 1998, our Energy Marketing Center was among the largest in the nation, doing business in 22 states.

We have reduced costs in our traditional electric utility operation so that our prices will be competitive in the new marketplace.

We have expanded our international holdings and now, through our PP&L Global subsidiary, we have investments and commitments totaling about $465 million in countries around the world, including the United Kingdom, Spain, Portugal, Chile, El Salvador and Bolivia. PP&L Global also is exploring acquisition of generation facilities in the United States as markets open up.

To capture the significant changes in our company, we've updated the company's names and logo to make them more effective as we expand our market beyond the 29 counties of Pennsylvania in which we've built a solid business reputation.

As we told you in last year's annual report, we will prosper in the new climate because we have a simple formula for success: We understand what matters to customers, we commit to what matters to them and then we deliver on the promises we make.

In 1997, we continued to build on the foundation that will allow us to take advantage of a vastly and rapidly expanding electricity marketplace.

We have learned a great deal about what it will take to be successful.

Expanding our customer base is especially important. Our earnings for the past several years have been flat, basically due to the lack of growth in our traditional central and eastern Pennsylvania service territory. While our aggressive marketing and economic development efforts have mitigated the effect somewhat, it is clear that we will not see substantial sales growth from our traditional market.

To seek out new sales growth, we will be making substantial investments in the growing competitive electricity marketplace in the mid-Atlantic region. We expect that in 1998, we will be spending about $35 million more than last year to put the people, programs and systems in place to take advantage of this opportunity.

As we look to the future, the PP&L Resources family of companies will continue to pursue opportunities in the various aspects of the new worldwide energy business – ranging from the generation and sale of electricity in the mid-Atlantic region to the operation of electricity distribution systems in the United Kingdom and Chile.

So, while there still is substantial uncertainty about how the ongoing transition to a competitive market will play out – including the outcome of the company's restructuring plan currently before the Pennsylvania Public Utility Commission – we have learned a great deal about what it will take to be successful.

And, we have been quietly – and confidently – doing the right things. Thank you for your continued investment in PP&L Resources.

William F. Hecht

WILLIAM F. HECHT *Chairman, President and Chief Executive Officer*

Competition makes sense

Unlike many electricity companies, PP&L Resources believes that competition is good, not only for customers, but for all who have a stake in the electricity business. And, over the long term, that includes investors.

While there will be substantial challenges over the next several years for all electricity companies, customer choice will improve the efficiency of these companies, resulting in improved prospects for long-term growth in shareowner value.

As competition comes to the business, customers will have the option of selecting a company other than their present electric utility as the *supplier* of the electricity they use. The present utilities will continue to *deliver* the electricity. This process has begun in Pennsylvania, with more than 275,000 of the state's electricity customers choosing their supplier as part of a pilot program. Full-scale customer choice will be phased in beginning in January 1999.

Why were we one of the first electric companies in the country to aggressively promote competition in our business?

First, we believe that the competitive marketplace, where possible, is the most effective way to set prices for goods and services. Second, we believe that competition not only is possible in the electricity generation business, but inevitable because there are efficiencies available that can lead to lower prices. Third, we are convinced that our company can be successful in attracting new customers in this competitive marketplace.

Our conclusions about the inevitability of competition in the electricity business have proven to be true, not only in Pennsylvania, but also throughout the country. In just the past year, there has been substantial action to open up electricity marketplaces in nearly all of the Northeastern states and in most of the rest of the country. PP&L Resources is continuing its efforts to create new market opportunities by playing a leadership role in the Partnership for Customer Choice, a coalition of the nation's most progressive electricity companies.

The question is no longer "if" there will be competition, it's "when" and "how" it will be put in place.

Bringing out the best in us

The dramatic changes in the electricity business did not come as a surprise to us at PP&L Resources.

Several years ago, before the competition debate was on the national radar screen, we concluded that there would be fundamental changes to our business – and that they would come sooner rather than later.

So, we immediately set out to reshape our company. This effort has led to a number of significant accomplishments:

• We have dramatically reduced costs and improved operating performance in our electric utility subsidiary so that we are well positioned to offer competitive electricity prices in an open market.

• We established a new subsidiary to pursue international investments and acquisitions in the expanding international marketplace, where growth and returns are higher.

• We also established a subsidiary to market energy-related products and services.

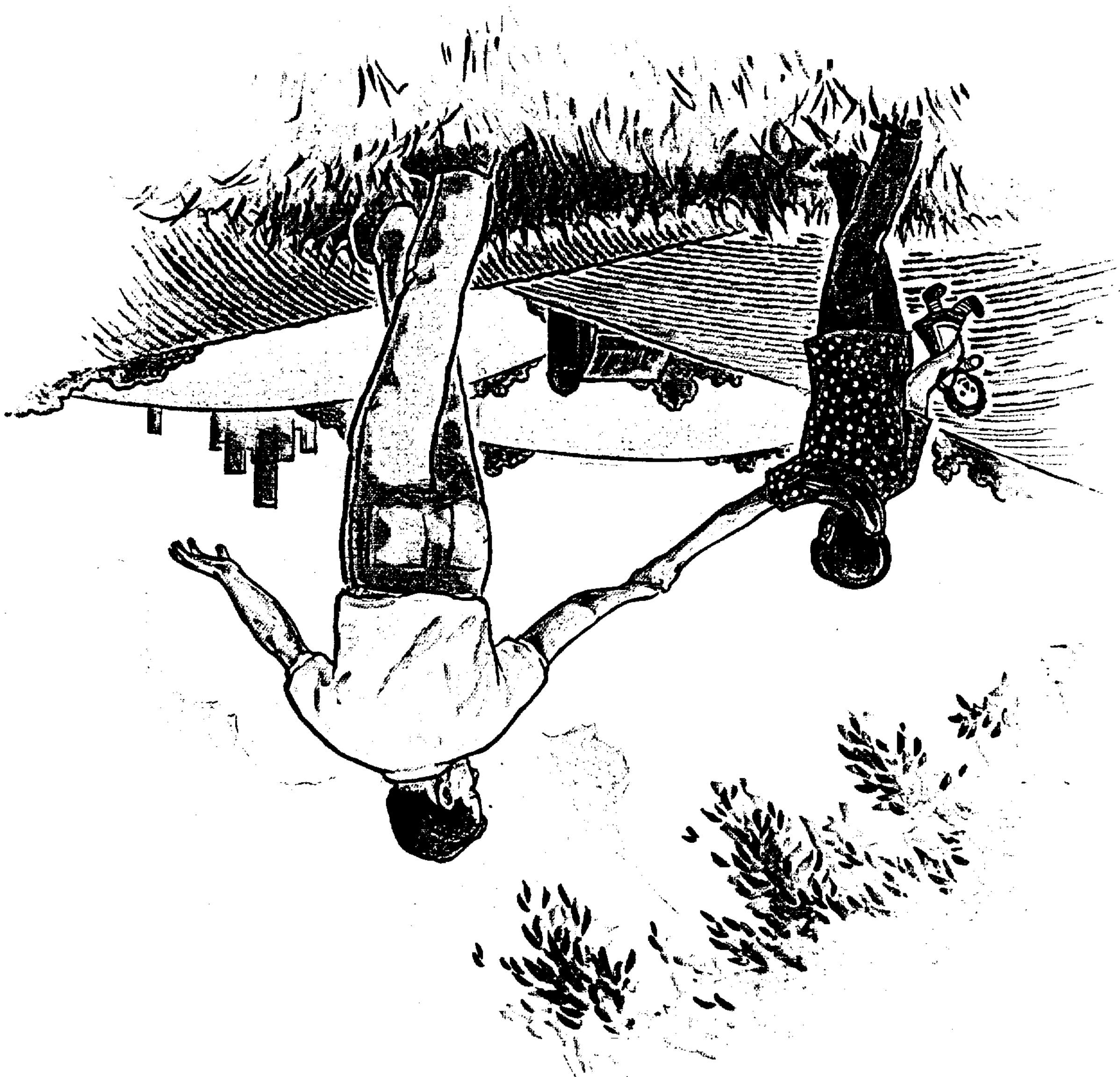
• We have expanded our energy trading capabilities by establishing a new Energy Marketing Center, which is now doing business in 22 states.

• We established the PP&L EnergyPlus brand and staffed a new marketing organization to sell retail electricity in the opening marketplace.

• We acquired H.T. Lyons, an energy management and heating, ventilating and air-conditioning firm, and we are in the process of acquiring Penn Fuel Gas, a natural gas and propane company. These acquisitions will position us to be a full service provider of energy and energy-related products and services.

The process of reshaping PP&L Resources certainly has brought out the best in our organization. We have successfully made the transition from a company focused solely on electricity generation and delivery in a 10,000-square-mile Pennsylvania service territory to a multifaceted organization that has investments and operations around the world.

This is not to say that our transformation is complete. In a competitive marketplace, your improvement process is never finished.



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Expanding our horizons

Only a couple of years ago, customer choice was a dream...not many people believed it would happen. That's all changed. Today, nearly all states are considering some form of electricity deregulation.

This means that we will be investing in new markets through our electric utility, PP&L, Inc., which is marketing electricity through our PP&L EnergyPlus brand:

- We will be able to sell electricity to 6 million customers in Pennsylvania by 2001, more than four times the number of customers PP&L, Inc. now has in the state.
- We expect to have access to 6 million customers in New York within several years.
- Another 3.3 million customers in New Jersey are expected to be able to choose PP&L by the year 2000. And, New England markets are opening up as well.

We also are expanding our horizons through investments in other areas.

We have stepped up our wholesale marketing efforts, through our Energy Marketing Center. The center now is buying and selling energy – electricity, gas or oil – in 22 states.

PP&L Global, our worldwide energy subsidiary, continues to grow. We now have about $465 million in investments and commitments around the world, including operations in the United Kingdom, Chile, El Salvador, Spain, Portugal, Bolivia, Argentina, Brazil and Peru. PP&L Global also expects to acquire, build and operate power plants in the United States as markets open up to competitively priced electricity.

Through our PP&L, Inc. and PP&L Spectrum subsidiaries, we are selling energy products and services around the world. Activities range from building substations, to performing power plant work, to redesigning the controls for the Aswan Dam in Egypt.

We also are making investments in additional services that we can offer our customers in the new energy marketplace. During the past year, we have signed an agreement to acquire a natural gas and propane company, Penn Fuel Gas, and have acquired a heating, ventilating, air-conditioning and energy management company, H.T. Lyons, which has a particularly strong industrial and commercial customer base.

To position our company for success in the changing energy business, we have made investments that significantly expand our horizons.

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Mixing the right ingredients

The successful energy companies of the future will be multifaceted. They will be versatile. They will be focused on customer needs.

At PP&L Resources, we are making sure we have what customers want.

In the domestic market, we are committed to being a full-service organization that can meet customer needs for all-inclusive energy management services. Through our growing family of subsidiaries, we will be in a position to offer services ranging from energy procurement to on-site energy management and even design and construction of heating, ventilating and air-conditioning systems.

We also have established our Energy Marketing Center as a major buyer and seller of wholesale energy. It is now one of the largest electricity traders in the country and is active in natural gas and oil trading as well.

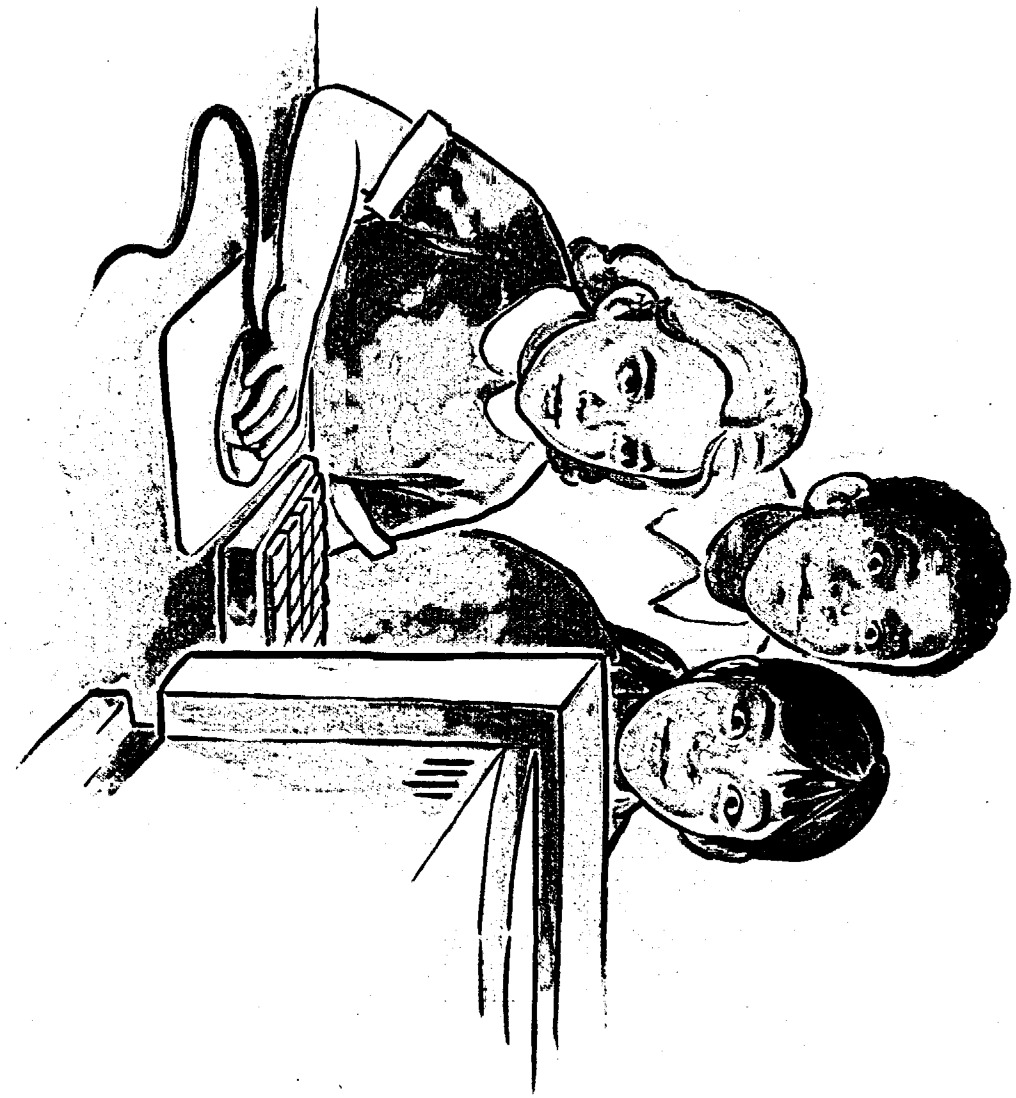
We are continuing to reduce our costs and improve our operations to be competitive in the emerging marketplace. Especially important is the solid performance of our power plants, which are crucial to our competitive success.

We are building a marketing organization that will help us capitalize on new opportunities.

And, our employees are refocusing their efforts to provide both excellent electricity delivery services and low-cost electricity generation.

Another important ingredient in the transition to customer choice has been our regulatory work. PP&L Resources' electric utility subsidiary, PP&L, Inc., has filed a restructuring plan with the state Public Utility Commission that lays out a seven-year period in which the company would be permitted to recover transition costs – costs incurred in the regulatory environment that would not otherwise be recoverable in a competitive marketplace.

We have the right ingredients – and are mixing them in a way that is leading to success in the marketplace.



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Tomorrow is here today

The future of the electricity business has arrived in Pennsylvania – and its arrival is imminent in many of the other mid-Atlantic states.

PP&L Resources not only has adjusted its business objectives, but also is making significant investments in its businesses so the company is positioned to capitalize on new opportunities for growth in the United States and around the world.

The new PP&L Resources is involved in a number of businesses:

• Through our PP&L EnergyPlus™ brand, we will provide high-quality, competitively priced electricity generation to customers in the mid-Atlantic region.

• Through our PP&L Access™ brand, we will continue to provide excellent transmission and distribution services to the homes and businesses of central and eastern Pennsylvania. And, pending acquisition approval, through Penn Fuel Gas, we will provide excellent natural gas distribution services.

• Through our expanded Energy Marketing Center, we will continue to increase the volume and geographic reach of our energy trading operation.

• Through our PP&L Global subsidiary, we will expand our operations, both overseas and in the United States, making prudent investments that take advantage of our extensive energy business experience.

• Through PP&L, Inc., PP&L Spectrum and H.T. Lyons, we will expand our efforts to provide energy management and other energy-related services to customers in the mid-Atlantic region and beyond.

PP&L Resources, working with a clear vision of the new energy business, has built an organization that understands where it is headed and how to get there. The tomorrow of the energy business is here today at PP&L Resources, and we intend to be a major player in the evolving worldwide energy marketplace.

Condensed Consolidated Statement of Income

millions of dollars, except per share data	*1997*	*1996*
Operating Revenues	$3,049	$2,910
Operating Expenses		
Fuel and purchased power	970	800
Other operation and maintenance	709	735
Depreciation and amortization	374	363
Taxes	451	456
	2,504	2,354
Operating Income	545	556
Other Income and (Deductions)[a]	(10)	21
Interest Charges	215	220
Preferred Stock Dividends	24	28
Net Income[a]	$ 296	$ 329
Average Number of Shares Outstanding (thousands)	164,550	161,060
Earnings Per Share of Common Stock[a]	$ 1.80	$ 2.05
Dividends Declared Per Share	$ 1.67	$ 1.67

[a]1997 earnings were affected by several one-time adjustments.
See Results of Operations – Earnings.

<u>Forward-looking Information</u> Certain statements contained in this Summary Annual Report concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements which are other than statements of historical facts, are "forward-looking statements" within the meaning of the federal securities laws. Although PP&L Resources believes that the expectations 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. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: state and federal regulatory developments, especially the Pennsylvania Public Utility Commission's final order on PP&L's April 1, 1997 restructuring filing; new state or federal legislation; national or regional economic conditions; weather variations affecting customer usage; competition in retail and wholesale power markets; the need for and effect of any business or industry restructuring; PP&L Resources' and PP&L's profitability and liquidity; new accounting requirements or new interpretations or applications of existing requirements; system conditions and operating costs; performance of new ventures; political, regulatory or economic conditions in foreign countries; exchange rates; and PP&L Resources' and PP&L's commitments and liabilities. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PP&L Resources' and PP&L's documents on file with the Securities and Exchange Commission.

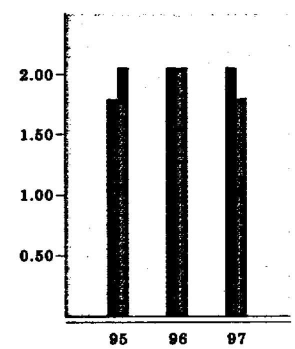
Summary Management Discussion and Financial Information

PP&L Resources is continuing the practice started in 1996 of issuing its annual report in summary format. Complete financial statements are provided to all shareowners of record as of February 27, 1998, as an appendix to the proxy statement of PP&L Resources, Inc. The full financials and extensive discussion of the business and operation of PP&L Resources, Inc. and its subsidiaries also are included in the 1997 Form 10-K filed with the Securities and Exchange Commission. Refer to Shareowner Information on Page 27 on how to request a Form 10-K.

RESULTS OF OPERATIONS

Earnings Earnings for 1997 were $296 million, or $1.80 per share of common stock, compared with $329 million, or $2.05 per share in 1996. Excluding the effects of weather and one-time adjustments, earnings were $2.03 per share in 1997, compared with $2.00 per share in 1996. One-time adjustments in 1997 reduced earnings by 20 cents per share. These adjustments included charges for the windfall profits tax in the United Kingdom based on PP&L Global's equity interest in a U.K. utility, and the pending acquisition of a local gas distribution business in the United States. These charges were partially offset by a one-time benefit resulting from a reduction of the U.K. corporate income tax rate.

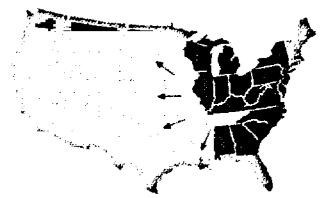
Earnings per Share
dollars
■ *Excluding One-Time Adjustments*
■ *Actual*



The costs of establishing the organization and programs to meet retail competition in Pennsylvania are estimated to be approximately $35 million more in 1998 than in 1997. These expenses will affect 1998 earnings adversely. In addition, PP&L's settlement agreement with 16 small utilities, if approved by the Federal Energy Regulatory Commission (FERC) as filed, would result in an estimated write-off of $28 million after-tax, or 17 cents per share. The reduction in contractual bulk power sales to JCP&L and other major utilities also will continue to impact earnings over the next few years. However, the efforts of PP&L's Energy Marketing Center to resell the returning electric energy and capacity on the open market, along with its other energy trading activities, should continue to offset the loss in revenues from declining contractual sales. Finally, the Customer Choice Act, and the regulatory and business developments related thereto, could have a major impact on the future financial performance of PP&L.

Revenues Operating revenues increased by $139 million, or 4.8 percent, over 1996. Revenue from traditional PP&L service area sales in 1997 were slightly lower than in 1996. This was the result of mild weather in the first quarter of 1997 compared with extremely cold weather in the same period of 1996. However, 1997 saw higher revenues from bulk power sales and trading activities of PP&L's expanded Energy Marketing Center. The efforts of the Energy Marketing Center essentially offset the reduced revenues from the phase-down of contractual sales to JCP&L. These increases, however, were partially offset by a change in the regulatory treatment of energy costs by the Pennsylvania Public Utility Commission (PUC). Specifically, beginning January 1, 1997, underrecovered energy costs up to a cap of $31.5 million annually are no longer recorded as energy revenues but as regulatory credits, which are offsets to "Other Operating Expenses." To the extent that underrecovered energy costs – primarily fuel and purchased power – exceed the cap, earnings are affected adversely.

Fuel and Purchased Power Fuel expense for 1997 increased by $18 million from the comparable period in 1996. This increase primarily was due to PP&L's coal-fired units operating at higher output to support increased wholesale electric market activity. Power purchases in 1997 increased by $152 million over 1996. This increase primarily was due to greater quantities of power purchased from other utilities to meet increased Energy Marketing Center trading activities.



Wholesale Business Expanding

PP&L's Energy Marketing Center now buys, sells and trades wholesale electricity in 22 states. Further expansion is expected in electricity, as well as natural gas and other fuels.

Electric Energy Sales Service area sales were 32 billion kilowatt-hours for 1997, a decrease of 343 million kwh, or 1.1 percent, from 1996. Part of this decrease was attributable to milder weather in the first quarter of 1997 as compared to 1996. Weather-normalized sales remained relatively unchanged for 1996, increasing by 0.2 percent. A major factor in this slow growth was the shutdown of a large steel-producing facility. Wholesale energy sales, which include sales to other utilities and energy marketers through contracts, spot market transactions or power pool arrangements, were 21 billion kwh for 1997, an increase of 7.1 billion kwh, or 50 percent, from 1996, despite the reduction in PP&L's contractual bulk power sales to JCP&L. This increase was primarily the result of increased generation from PP&L units and the increased activity of the Energy Marketing Center.

Under Order 888 of the Federal Energy Regulatory Commission (FERC), 16 small utilities that have power supply agreements with PP&L requested and were provided with PP&L's current estimate of its stranded costs applicable to these customers if they were to terminate their agreements in 1999. PP&L has now executed settlement agreements with these customers. These settlement agreements, which will be filed with the FERC for approval, provide for continued power supply by PP&L through January 2004. If FERC approves the agreements as filed, PP&L would be required to write off a portion of its stranded costs applicable to these customers. The amount of this write-off is currently estimated at approximately $28 million after-tax, or 17 cents per share of common stock. FERC action on this matter is not expected until the second quarter of 1998.

PUC Restructuring Proceeding In December 1996, Pennsylvania enacted the Customer Choice Act (the Act) to restructure its electric utility industry in order to create retail access to a competitive market for the generation of electricity. The Act includes the following major provisions: (1) all electric utilities in Pennsylvania are required to file a restructuring plan with the PUC to implement direct access to a competitive market for electric generation; (2) retail customer choice will be phased in over three years, beginning as early as January 1, 1999; (3) electric distribution companies will be the suppliers of last resort, and the PUC will ensure that adequate generation reserves exist to maintain reliable electric service; (4) retail rates generally will be capped for at least four-and-a-half years for transmission and distribution charges and for as long as nine years for generation charges; (5) utilities are permitted to recover PUC-approved transition or stranded costs through a non-bypassable Competitive Transition Charge (CTC); and (6) transition bonds may be issued to refinance the stranded costs, with a transition charge on customers' bills to repay the bonds.

Under the Act, the PUC is authorized to determine the amount of PP&L's stranded costs to be recovered through the non-bypassable CTC to be paid by all PUC-jurisdictional customers who receive transmission and distribution service from PP&L. Stranded costs are defined in the Act as, "generation-related costs...which would have been recoverable under a regulated environment but which may not be recoverable in a competitive generation market and which the PUC determines will remain following mitigation by the electric utility."

In accordance with the Act, PP&L filed its restructuring plan with the PUC on April 1, 1997. PP&L's restructuring plan includes a claim of $4.5 billion for stranded costs, $2.8 billion of which represents the costs of nuclear generation. Numerous parties have intervened in PP&L's restructuring proceeding, recommending stranded cost recovery by PP&L ranging from $695 million to $3.2 billion.

The ultimate impact of the Act on PP&L's financial health will depend on numerous factors, including (1) the PUC's final order in the restructuring proceeding; (2) the effect of the rate cap imposed under the provisions of the Act; (3) the actual market price of electricity over the transition period; (4) future sales levels; and (5) the extent to which the regulatory framework established by the Act will continue to be applied.

Applying the CTC proposed in its restructuring plan (which is restricted by the rate cap) through the year 2005, it is estimated that PP&L would collect approximately $4 billion of its stranded costs. The remaining $500 million would be reflected as lower cash flow to PP&L after the transition period than would have occurred with continued regulated rates.

In this regard, it should be noted that PP&L's stranded cost claim included in the restructuring plan is based on a projection of future market prices and assumes a significant portion of PP&L's stranded costs will be recovered by way of increased market prices for electricity. This increase may or may not occur. To the extent that the market price of electricity does not increase as projected, or other projections do not actually occur, PP&L could experience a lower recovery of stranded costs.

If the PUC's final order in the restructuring proceeding were to permit full recovery of PP&L's stranded costs, including full recovery of all regulatory assets and above-market NUG costs over the transition period, PP&L estimates that its net income over the transition period would be reduced by about 5 percent from amounts that were previously projected under historic cost-based regulation.

However, the PUC's final order may result in changes to components or assumptions in PP&L's restructuring plan that could have an adverse effect on the amount of the CTC, the amount of stranded costs that are recoverable through the CTC or the overall amount of revenues to be collected from customers. As a result of these uncertainties, PP&L cannot determine whether and to what extent it may be subject to a write-off or a reduction in revenues and earnings with respect to the restructuring proceeding. Based on the substantial amounts involved, should PP&L incur such a write-off or reduction in revenues and earnings, either one could be material in amount. Accordingly, PP&L Resources is unable to predict the ultimate effect of the Customer Choice Act, or the PUC's final order in the restructuring proceeding, on its financial position, its results of operations, future PP&L rate levels, the need or ability to issue securities to meet future capital requirements or the ability to maintain the company common stock dividend at the current level. Under the current schedule, the PUC's final order is due by June 4, 1998.

Common Dividends In 1997, PP&L Resources maintained the annual dividend rate of $1.67 per share. The dividend payout ratio was 93 percent. The dividend yield on common stock was 7.0 percent, based on the year-end market price, compared with 7.3 percent in 1996. The closing market price at the end of December 1997 was $23.938.

FINANCIAL CONDITION

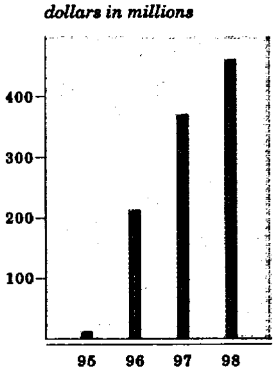
Net cash provided from operating activities decreased by $16 million in 1997 compared with 1996. Net cash used in investing activities was $141 million lower in 1997 than in 1996. This decrease was due primarily to lower construction expenditures by PP&L, liquidation of subsidiaries' long-term investments to make funds available for other investing and financing activities, and a reduction in the amount of equity funds invested by PP&L Global compared to 1996. (See "Unregulated Investments," below.)

Net cash used in financing activities was $257 million higher in 1997 than in 1996. This increase was primarily due to PP&L Resources' purchase, in a tender offer, of 79.1 percent of PP&L's outstanding preferred stock for approximately $380 million. Also, PP&L retired $210 million of long-term debt in 1997, compared with $145 million in 1996. These outflows were partially offset by PP&L's issuance of $250 million of mandatorily redeemable preferred securities through two Delaware statutory business trusts.

It currently is expected that common stock will continue to be issued through the dividend reinvestment and employee stock ownership plans in 1998.

Unregulated Investments PP&L Global continues to pursue opportunities to develop and acquire electric generation, transmission and distribution facilities in the United States and abroad. In July 1997, PP&L Global acquired a 25 percent interest in Emel, a Chilean holding company that has majority interests in six electric distribution companies located in Chile and Bolivia, for approximately $118 million. As of December 31, 1997, PP&L Global had investments and commitments of approximately $370 million in distribution, transmission and generation facilities.

PP&L Global Investment (Cumulative)
dollars in millions



In January and February 1998, PP&L Global acquired an additional 2 percent interest in Emel for approximately $5 million. Also, in February 1998, PP&L Global and Emel acquired a 75 percent interest in Distributidora Electricidad del Sur (Del Sur), an electric distribution company in El Salvador, for approximately $180 million. Under the purchase agreement, PP&L Global and Emel each will directly acquire a 37.5 percent interest in Del Sur. In 1997, PP&L Global's contributions to earnings were $10.2 million, or 6 cents per share, excluding one-time adjustments.

Another PP&L Resources unregulated subsidiary, PP&L Spectrum, offers energy-related products and services inside and outside of PP&L's service territory. Also, H.T. Lyons, which was acquired in early 1998, provides heating, ventilating, air-conditioning and energy management services, primarily to industrial and commercial customers. Other subsidiaries may be formed by PP&L Resources to take advantage of new business opportunities.

Condensed Consolidated Statement of Cash Flows

millions of dollars	*1997*	*1996*[(a)]
Operating Activities		
Net income	$ 296	$ 329
Adjustments to net income		
Depreciation and amortization	445	452
Regulatory debits and credits	(36)	(10)
Change in current assets and current liabilities	(2)	(49)
Other operating activities – net	74	71
Net cash provided by operating activities	777	793
Investing Activities		
Construction	(250)	(267)
Investment in electric energy projects	(152)	(201)
Other investing activities – net	111	36
Net cash used in investing activities	(291)	(432)
Financing Activities		
Issuance of common stock	76	77
Issuance of mandatorily redeemable preferred securities	250	
Change in long-term debt – net	(99)	(29)
Purchase of subsidiary's preferred stock – net	(369)	
Change in short-term debt – net	(9)	55
Payment of common and preferred dividends	(298)	(296)
Other financing activities – net	(88)	(87)
Net cash used in financing activities	(537)	(280)
Net Change in Cash and Cash Equivalents	(51)	81
Cash and Cash Equivalents at Beginning of Period	101	20
Cash and Cash Equivalents at End of Period	$ 50	$ 101

[(a)] *Certain amounts from 1996 have been reclassified to conform to the current year presentation.*

Condensed Consolidated Balance Sheet

at December 31

millions of dollars	*1997*	*1996(a)*
Assets		
Property, plant and equipment		
Electric utility plant in service	$9,984	$9,824
Accumulated depreciation	(3,570)	(3,337)
Construction work in progress	185	172
Nuclear fuel and other leased property	167	246
Electric utility plant – net	6,766	6,905
Other property – net	54	55
	6,820	6,960
Investments	605	520
Current assets	695	783
Regulatory and other assets	1,365	1,407
Total Assets	$9,485	$9,670
Capitalization and Liabilities		
Common equity	$2,809	$2,745
Preferred stock	97	466
Mandatorily redeemable preferred securities	250	
Long-term debt (less current portion)	2,585	2,802
Total capitalization	5,741	6,013
Current liabilities	769	655
Deferred income taxes and investment tax credits	2,221	2,261
Other deferred credits	754	741
Total Capitalization and Liabilities	$9,485	$9,670

(a)Certain amounts from 1996 have been reclassified to conform to the current year presentation.

Report of Independent Accountants

To the Shareowners and Board of Directors of PP&L Resources, Inc.

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of PP&L Resources, Inc. and its subsidiaries as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997, appearing in an appendix to the proxy statement for the 1998 annual meeting of shareowners of the company (which statements are not presented herein); and in our report dated February 2, 1998, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31,1997 and 1996 and the related condensed consolidated statements of income and cash flows for each of the years then ended, when read in conjunction with the consolidated financial statements from which it has been derived, is fairly stated in all material respects in relation thereto.

Price Waterhouse LLP

PRICE WATERHOUSE LLP
Philadelphia, Pennsylvania
February 2, 1998

Management's Report on Responsibility for Financial Statements

The management of PP&L Resources, Inc. and its subsidiaries is responsible for the financial statements and related information presented in this summary annual report. These statements and information are derived from the complete set of financial statements and related information contained in the 1997 Annual Report on Form 10-K and an appendix to the proxy statement for the 1998 annual meeting of shareowners, both of which are filed with the Securities and Exchange Commission. Those financial statements are prepared in conformity with generally accepted accounting principles and have been audited by the company's independent accountants who have rendered an unqualified opinion thereon. For more complete details regarding financial information on the company, refer to the Form 10-K or the appendix to the proxy statement.

William F. Hecht

WILLIAM F. HECHT
Chairman, President and Chief Executive Officer

JOHN R. BIGGAR
Senior Vice President–Financial

PP&L Resources, Inc. Directors and Officers

DIRECTORS

Frederick M. Bernthal 55 (1)
Washington, D.C.; President
Universities Research Association
A not-for-profit consortium
of major research universities

E. Allen Deaver 62 (7)
Lancaster, Pa.; Former Executive
Vice President
Armstrong World Industries Inc.
Manufacturer of interior furnishings
and specialty products

Nance K. Dicciani 50 (4)
Philadelphia, Pa.; Vice President and
Monomers Business Unit Director
Rohm and Haas Co.
Manufacturer of specialty chemicals

William J. Flood 62 (8)
Hazleton, Pa.; Secretary-Treasurer
Highway Equipment & Supply Co.
Supplier of heavy equipment for
highway construction and industry

Elmer D. Gates 68 (8)
Bethlehem, Pa.; Vice Chairman
Fuller Co.
Manufacturer of plants, machinery and
equipment for industry

William F. Hecht 54 (7)
Allentown, Pa.; Chairman, President
and Chief Executive Officer
PP&L Resources, Inc.

Stuart Heydt 58 (7)
Danville, Pa.; Chief Executive Officer
Penn State Geisinger Health System
A not-for-profit corporation involved
in health care and related services

Clifford L. Jones 70 (9)
Mechanicsburg, Pa.; Former President
Capital Region Economic Development Corp.

Ruth Leventhal 57 (9)
Hershey, Pa.; Professor of Biology
The Milton S. Hershey Medical Center

Marilyn Ware Lewis 54 (*)
Voorhees, N.J.; Chairman
American Water Works Company, Inc.
Largest water utility holding
company in the country

Frank A. Long 57 (5)
Allentown, Pa.; Executive Vice President
PP&L Resources, Inc.

Norman Robertson 70 (18)
Pittsburgh, Pa.; Former Senior Vice
President and Chief Economist
Mellon Bank, N.A.

PP&L RESOURCES OFFICERS

William F. Hecht
Chairman, President and
Chief Executive Officer**

Frank A. Long
Executive Vice President**

John R. Biggar
Senior Vice President – Financial**

Robert J. Grey
Senior Vice President,
General Counsel and Secretary**

Joseph J. McCabe
Vice President and Controller

James E. Abel
Treasurer

Diane M. Koch
Assistant Secretary

Numbers noted above indicate age and years of board service ( ), as of March 1, 1998

**Ms. Lewis was elected to the board effective Jan. 1, 1998*

***Member of Corporate Leadership Council. Robert G. Byram, Senior Vice President – Generation and Chief Nuclear Officer of PP&L, Inc. and Robert D. Fagan, President of PP&L Global, Inc., are also members of the Corporate Leadership Council.*

Shareowner Information

We have a staff of people standing by to answer questions from shareowners, industry analysts and anyone else with an interest in PP&L Resources.

Tom Andrew

Cathy Brobst

Cindy Buchman

Jan Dogmanits

Jane Hittner

George Kline

Tim Paukovits

Introducing the Shareowner Information Line

Now shareowners can get detailed corporate and financial information any time, free of charge, with one telephone call.

Using the Shareowner Information Line, you can:

- Hear a timely recorded message about earnings, dividends and other company news releases.
- Request information by fax.
- Request printed materials in the mail.

Just call our toll-free Shareowner Information Line, any time of the day or night, at 1.800.345.3085.

At your request, we will mail you other PP&L Resources publications that may be available, such as the annual and quarterly reports to the Securities and Exchange Commission (Forms 10-K and 10-Q).

With the introduction of the Shareowner Information Line, the company will no longer publish the Quarterly Review. Replacing these quarterly mailings with an enhanced information service is part of the company's effort to improve the quality and timeliness of shareowner communications. At the same time, we will save on costs of printing and postage, and will cut down on our use of paper – part of our commitment to the environment. There will be no change in the mailing of annual reports, proxy statements or dividend checks.

Another part of the new service is an enhanced Internet home page (www.papl.com). You'll get quick access to the company's Securities and Exchange Commission filings, stock quotes and historical performance. And, you can leave your E-mail address if you want to receive future earnings or news releases automatically at the time of their release.

This new service won't change our commitment to personal service. You can still reach a member of our investor services staff by calling the Shareowner Information Line.

Shareowner Information Line
1.800.345.3085

Annual Meeting
Shareowners are invited to attend the annual meeting, to be held Friday, April 24, 1998, at Lehigh University's Stabler Arena in Bethlehem, Pennsylvania.

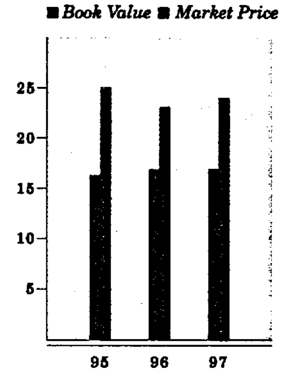
Stock Exchange Listings
PP&L Resources common stock is listed on the New York and Philadelphia Stock exchanges. The trading symbol is PPL.

Common Stock Prices

1997	*High*	*Low*	*Dividends*
1st quarter	$24	$20	$.4175
2nd quarter	$20\frac{7}{8}$	19	.4175
3rd quarter	$23\frac{1}{16}$	$19\frac{7}{16}$	.4175
4th quarter	$24\frac{1}{4}$	20	.4175

1996	*High*	*Low*	*Dividends*
1st quarter	$26	$\$23\frac{1}{2}$	$.4175
2nd quarter	$24\frac{1}{2}$	22	.4175
3rd quarter	24	$21\frac{5}{8}$	.4175
4th quarter	$24\frac{1}{2}$	$21\frac{7}{8}$	.4175

Common Stock Book Value vs. Market Price
dollars per share
■ *Book Value* ■ *Market Price*



Dividends
The 1998 dates for consideration of the declaration of dividends by the board of directors or its finance committee are February 27, May 22, August 28 and November 20. Subject to the declaration, dividends are paid on the first day of April, July, October and January. Dividend checks are mailed in advance of those dates with the intention that they arrive as close as possible to the payment dates. The 1998 record dates for dividends are expected to be the 10th day of March, June, September and December.

Direct Deposit of Dividends
Shareowners may choose to have their dividend checks deposited directly into their checking or savings account. Quarterly dividend payments are electronically credited on the dividend date, or the first business day thereafter.

Dividend Reinvestment Plan
Shareowners may choose to have dividends on their PP&L Resources common stock or PP&L preferred stock reinvested in PP&L Resources common stock instead of receiving the dividend by check.

Certificate Safekeeping
Shareowners participating in the Dividend Reinvestment Plan may choose to have their common stock certificates forwarded to PP&L for safekeeping.

Lost Dividend Checks
Dividend checks lost by investors, or those that may be lost in the mail, will be replaced if the check has not been located by the 10th business day following the payment date.

Transfer of Stock
Stock may be transferred from one name to another or to a new account in the name of another person. Please contact Investor Services regarding transfer instructions.

Lost Stock Certificates
Please call or write to Investor Services for an explanation of the procedure to replace lost stock certificates.

Duplicate Mailings
Annual reports and other investor publications are mailed to each investor account. If you have more than one account, or if there is more than one investor in your household, you may contact Investor Services to request that only one publication be delivered to your address.

Form 10-K
PP&L Resources' annual report, filed with the Securities and Exchange Commission on Form 10-K, is available about mid-March. Investors may obtain a copy, at no cost, by calling the Shareowner Information Line.

Investor Services
For any questions you have or additional information you require about PP&L Resources and its subsidiaries, please call the Shareowner Information Line, or write to:

George I. Kline
Manager – Investor Services
PP&L, Inc.
Two North Ninth Street
Allentown, PA 18101

Internet Access
For updated information throughout the year, check out our home page at http://www.papl.com. You also may contact Investor Services via E-mail at invserv@papl.com.

Stock Transfer Agents and Registrars

Norwest Bank Minnesota, N.A.
Shareowner Services
161 North Concord Exchange
South St. Paul, MN 55075

PP&L, Inc.
Investor Services Department

Dividend Disbursing Office and
Dividend Reinvestment Plan Agent

PP&L, Inc.
Investor Services Department

Security Analyst and
Institutional Investor Inquiries
Members of the financial community seeking additional information may contact:

Timothy J. Paukovits
Investor Relations Manager
Phone: 610.774.4124
Fax: 610.774.5106
E-mail: tjpaukovits@papl.com

Delivering on the promise

An understanding of customer needs is crucial. A strategy to deliver what customers want is essential. But neither is worth a dime unless you can execute those plans. The PP&L Resources family of companies can deliver because thousands of dedicated employees understand our customers and enthusiastically work to meet their needs. From Harrisburg, Pennsylvania, to Bristol, England, to Santiago, Chile, PP&L Resources is delivering on its promises – every day.

PP&L Resources, Inc.
Two North Ninth Street
Allentown, PA 18101-1179

http://www.papl.com
– 1.800.345.3085 –