PPL Chairman: We Are Outperforming the Competition

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The top executive of PPL Corporation (NYSE: PPL) said Friday (4/26) that the energy company is agile and robust, successfully balancing the execution of its growth strategy with current returns to shareowners.

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"We are outperforming the competition -- and we are taking advantage of the abundant opportunities in the worldwide energy business," William F. Hecht, chairman, president and chief executive officer, told PPL's shareowners at the company's annual meeting Friday.

Hecht said PPL's balanced strategy of growing both its generation and delivery businesses has proven to be very effective, allowing the company's cumulative total return to significantly outperform the S&P 500 and an index of the 70 largest investor-owned utilities over the past five years.

"Our cumulative total return outperformed the S&P 500 by 15 percent and the Edison Electric Institute Index of Electric Utilities by 20 percent over the past five years," said Hecht. An investment in PPL common stock on Dec. 31, 1996, would have nearly doubled in value by Dec. 31 of last year.

"And, these returns do not include the effect of a 38-cent-per-share annual dividend increase that shareowners began receiving early this month," said Hecht. PPL Corporation recently increased its annual dividend level from $1.06 to $1.44 per share, or from 26.5 cents to 36 cents per share on a quarterly basis.

Hecht said PPL was able to achieve above-average returns in "what probably was the most volatile period in the history of the electricity industry," because the company understood that the evolution of electricity deregulation would be a series of events and decisions, not one direction set and then followed.

"We understood that controlling generation was extremely important, but that simply controlling it was not enough. It also was necessary to balance generation sales between short-term spot markets and the long-term markets," said Hecht.

Hecht pointed out that PPL has increased its generation capacity by 25 percent over the past several years, to about 10,000 megawatts today. About 85 percent of the company's generation that regularly produces electricity is sold to others under long-term contracts, he said.

The company also has about 2,000 megawatts of additional capacity under construction in Arizona, Illinois, Pennsylvania and New York.

John Biggar, PPL's executive vice president and chief financial officer, reviewed the company's financial performance in 2001 and told shareowners that the company is on target to meet its 2002 earnings forecast of $3.30 to $3.50 per share from core operations.

Biggar noted that, despite the downturn in electricity stock prices in the past year, PPL's closing stock price of $38.50 on Thursday (4/25) was more than double what it was in mid-March 2000.

PPL's strong liquidity position, Biggar said, also positions it to capture value for shareowners. The company began 2002 with $950 million of cash on hand and expects to generate about $850 million of cash from operations in 2002. This available cash, he said, together with financing transactions already in place, is expected to more than cover the company's capital expenditures for 2002.

During the meeting, which was held at Stabler Arena on the campus of Lehigh University in Bethlehem, shareowners ratified the appointment of PricewaterhouseCoopers LLP as PPL's independent accountants for 2002 and re-elected two directors to three-year terms.

Re-elected to the board were Frederick M. Bernthal, president of Universities Research Association, and Biggar.

Continuing to serve on the board are (current term expiration in parentheses): John W. Conway, chairman, president and chief executive officer of Crown, Cork & Seal Company (2003); E. Allen Deaver, retired executive vice president and director of Armstrong World Industries (2003); Hecht (2004); Stuart Heydt, retired chief executive officer of the Geisinger Health System (2004); W. Keith Smith, former vice chairman of Mellon Financial Corp. (2004); and Susan M. Stalnecker, vice president-Finance and Treasurer of E.I. du Pont de Nemours and Company (2003).

Hecht thanked retiring directors William J. Flood, secretary-treasurer of Highway Equipment & Supply Co., and Elmer D. Gates, retired vice chairman of the Fuller Company, for their outstanding service to PPL. Flood had served on the board since 1990, and Gates since 1989.

PPL Corporation, headquartered in Allentown, Pa., controls or owns more than 10,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity to nearly 6 million customers in Pennsylvania, the United Kingdom and Latin America.

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