



DATE OF ISSUE: January 11, 2000

AGENDA

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

**PP&L, Inc. / Centrenergo
Corporate Finance Executive Exchange Visit**

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Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

Location: Allentown, PA

Dates: October 24-November 6, 1999

Participants

Antonina Labuzova, Head of Planning Department of Zmiev TPP

Alla Kotlyarova, Head of Planning Department of Vugl. TPP

Yegor Klymenchenco, Deputy Director of Engineering Department, Centrenergo

Mykola Garkavenko, Head of Planning Department, Centrenergo

Vera Leonenko, Deputy Chief Accountant, Centrenergo

Valentyna Kryatova, Chief Accountant of Vugl. TPP

Halyna Avramenko, Interpreter

Veronica Razuvaeva, Interpreter

BACKGROUND:

In 1992, the United States Agency for International Development (USAID) entered into a cooperative agreement with the United States Energy Association (USEA) in a series of definitional missions to determine the scope of U.S. government assistance effort in the energy sector of the New Independent States (NIS) of the former Soviet Union. To administer this task, USEA and USAID jointly developed Energy Industry Partnership Program (EIPP) for the NIS. The objective of the EIPP is to establish long-term cooperative relationships between U.S. and NIS energy enterprises that provide a mechanism for the U.S. energy industry to transfer its experience in market-based energy production, transmission, and distribution to its counterparts in the NIS.

In December 1998, PP&L, Inc. and the European Bank for Reconstruction & Development (EBRD) entered into a contract for a twinning project between PP&L, Inc. And Centrenergy, one of the largest electric generating companies in Ukraine. The U.S. Energy Association (USEA), through its Energy Industry Partnership Program (EIPP) with the U.S. Agency for International Development, will supplement this contract by providing funding for logistical support. The purpose of the twinning project is to provide personnel training in the areas of general management, financial management, accounting, environmental management and fuel market operations (procurements).

This exchange visit will be the fourth activity under the twinning project. A two week seminar on financial issues was conducted in September for senior financial representatives of Centrenergy. A delegation of these representatives will travel to the U.S. to continue the discussions initiated during the seminar. The discussions will be in greater detail and will give an opportunity for the participants to see first-hand how PP&L, inc. practices its financial functions.

OBJECTIVES

The objectives of this visit are as follows:

- 1) To provide an opportunity for Centrenergy financial representatives to see first-hand how PP&L, Inc. operates its financial departments.
- 2) To continue discussions initiated during the Finance Seminar conducted September 19-26 at Centrenergy.
- 3) To determine future activities and deliverables.

Corporate Finance Executive Exchange Visit

Sunday, October 24, 1999

- 8:15 am Depart Kyiv on Ukraine International flight #3825 for Frankfurt.
- 10:05 am Arrive Frankfurt.
- 1:30 pm Depart Frankfurt on United Flight #3515 for Newark
- 3:55 pm Arrive Newark Met at gate by Jerry Trexler (from PP&L, Inc.) Travel to Allentown Hilton Hotel - Approximately a 1 hour drive.
- 6:00 pm Check into Allentown Hilton Hotel

Hilton Hotel
904 Hamilton Mall Road
Allentown, PA 18101
Tel: 610-433-2221

Monday, October 25, 1999

- 9:00 am **Meeting with representatives from United States Energy Association.**
- Overview of USEA and WEC
 - Energy Industry Partnership Program (EIPP)
 - Role in Centrenergy / PP&L, Inc. EBRD Twinning Program
- Review of Document
- Distribution of Per Diem Allowance
 - Signing of tax forms
 - Program evaluation forms
 - Objectives
- 12:00 pm Lunch
- 1:30 pm **Overview of PP&L, Inc.**
- Overview of the company - Vision, mission and strategy

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PP&L, Inc. / Centrenergy Executive Exchange Visit

- Organizational structure
- Service territory
- Customers groups
- Generation, transmission and distribution
- History
- Board of Directors
- Shareholders

2:45 pm Break

3:00 pm **Overview of U.S. electric utility industry and regulations**

- Deregulation trend in the U.S.
- Current situation in the U.S
- Current situation in PA
- PP&L's role in the restructuring process

5:00 pm Adjourn

Tuesday, October 26, 1999

9:00 am **PP&L Finance Department**

- Organizational Structure
- Debt and equity
- Role of shareholders
- Board of Directors
- Annual Shareholders Meeting
- Voting rights

10:30 am Break

10:45 am **PP&L Finance Department (Continued)**

- Interest payments
- Dividends
- Retained earnings
- Capital structure
- Examples

12:00 pm Lunch

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1:30 pm **Sources of Financing**

- Long-term debt
- Preferred stocks
- Common stocks
- Short-term debt
- Bond forms

3:00 pm Break

3:15 pm Coursework Exercise

5:00 pm Adjourn

Wednesday, October 27, 1999

9:00 am **Financing Requirements, Laws and Regulations**

- Construction forecast
- Role of Board of Directors
- Regulatory approval
- Role of Investment Bankers
- Role of Trustee/Paying Agent

10:30 am Break

10:45 am **Financing Requirements, Laws and Regulations (Continued)**

12:00 pm Lunch

1:30 pm **Financing Requirements, Laws and Regulations (Continued)**

3:00 pm Break

3:15 pm Coursework Exercise

5:00 pm Adjourn

Thursday, October 28, 1999

9:00 am **Taxation Issues**

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Interaction with Tax authorities

- > Names of organizations
- > Number of organizations
- > Reporting to tax authorities
- > Responsibilities of the company and tax authorities

- 10:45 am Break
- 11:00 am **Taxation Issues (Continue)**
- 12:00 pm Lunch
- 1:30 pm **Taxation Issues (Continue)**
- 3:00 pm Break
- 3:15 pm Coursework Exercise
- 5:00 pm Adjourn

Friday, October 29, 1999

- 9:00 am **Investor Relations**

Investor Profile

- > Investor mix
- > Interest payments
- > Dividend payments
- > Retained earnings

- 10:30 am Break
- 10:45 am **Investor Relations (Continued)**

Dividends

- > Common vs. Preferred
- > Payable dates
- > Current dividend rates
- > Methods of payments to shareholders

Annual Meeting

- > Right to vote

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- Proxy statements
- Role of ADP in voting process
- Role of proxy solicitor

Shareholder Publication

- Quarterly Reports
- Annual Reports
- Shareholder Handbook
- Home Page on the World Wide Web

12:00 pm Lunch

1:30 pm **Investor Relations (Continued)**

Shareholder Service

- Dividend reinvestment program
- Electronic direct deposit of dividends
- Toll-free telephone number
- Stock transfer (using an agent vs. In-house record keeping)
- Stock transfer and record keeping)

Rating Agencies

- Range of rating
- PP&L's rating

Role of the Utility Stock Analyst

- Overview of analyst presentations
- Quarterly earnings estimates
- Discussion of analyst's ratings
- Participation by PP&L in regional investor fairs

3:15 pm Break

3:30 pm Coursework Exercise

5:00 pm Adjourn

Saturday, October 30, 1999

Free day.

Sunday, October 31, 1999

PP&L, Inc. / Centrenerg

Free day.

Monday, November 1, 1999

9:00 am **Profitability Measures**

Why does someone start a business?

Profitability Measures - Measuring the Business Success

- Total Earnings
- Earnings per share
- Return on shareowner equity
- Return on investment
- Bond covenants

10:30 am Break

10:45 am **Profitability Measures (Continued)**

Profitability Measures - Measuring the Business Success

- Return on investment
- Bond covenants

12:00 pm Lunch

1:30 pm **Profitability Measures (Continued)**

- What can be done to improve profitability?

3:00 pm Break

3:15 pm **Profitability Measures (Continued)**

- Economic Value Added Model (EVA)
- Business Operations Model

5:00 pm Adjourn

Tuesday, November 2, 1999

9:00 am **Profitability Measures (Continued)**

- Economic Value Added Model (EVA)

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- Business Operations Model
- Examples

- 10:30 am Break

- 10:45 am **Business Decision Analysis**
 - Key steps to effective business decisions
 - Discounted cash flow analysis — How it works and definition of Net Present value (NPV)
 - NPV tables
 - Business decision analysis -- Examples

- 12:00 pm Lunch

- 1:30 pm **Business Decision Analysis (Continued)**
 - Business decision analysis -- Examples

- 3:00 pm Break

- 3:15 pm **Business Decision Analysis (Continued)**
 - Risk management techniques of small projects

- 5:00 pm Adjourn

Wednesday, November 3, 1999

- 9:00 am **Business Decision Analysis (Continued)**
 - Examples of decision making in a competitive environment
 - Successful business strategies

- 10:30 am Break

- 10:45 am **Business Decision Analysis (Continued)**
 - Coursework Exercise

- 12:00 pm Lunch

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- 1:30 pm **Business Decision Analysis (Continued)**
- Further Discussions
- 3:00 pm Break
- 3:15 pm **Project Evaluation Model**
- Overview
 - Project evaluation model using discounted cash flows
 - Inputs for discounted cash flow model
- 5:00 pm Adjourn

Thursday, November 4, 1999

- 9:00 am **Project Evaluation Model (Continued)**
- How discounted cash flow model works
- 10:30 am Break
- 10:45 am **Project Evaluation Model (Continued)**
- How discounted cash flow model works (continued)
- 12:00 pm Lunch
- 1:30 pm **Project Evaluation Model (Continued)**
- Coursework Exercises
- 3:00 pm Break
- 3:15 pm **Project Evaluation Model (Continued)**
- Coursework Exercises (Continued)
- 5:00 pm Adjourn

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Friday, November 5, 1999

- 9:00 am **Review and Feedback**
- 10:30 am Break
- 10:45 am **Review and Feedback (Continue)**
- 12:00 pm Adjourn

Saturday, November 6, 1999

- 2:00 pm Check out of Hilton Hotel. Depart by van for Newark Airport (approximately a 1 ½ hour drive.
- 3:30 pm Check-in at airport
- 5:50 pm Depart on United flight #3514 to Frankfurt.

Sunday, October 27, 1999

- 7:20 am Arrive Frankfurt.
- 9:45 am Depart Frankfurt on United Flight #3824 for Kyiv, Ukraine
- 1:05 pm Arrive Kyiv/Borispol Airport.