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PPL ELECTRIC UTILITIES CORP
Form DEFS14C
June 15, 2001

June 15, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14C

(Rule 14C-101)

INFORMATION REQUIRED IN INFORMATION STATEMENT
SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c)
of the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary information statement
- Confidential, for use of the Commission only
(as permitted by Rule 14c-5(d)(2)).
- Definitive information statement

PPL ELECTRIC UTILITIES CORPORATION
(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
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(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

[Logo of PPL]

PPL Electric Utilities Corporation

Notice of Special Meeting of Shareowners
to be held on
July 17, 2001

and

Information Statement
relating to
Plan of Division

dividing

PPL Electric Utilities Corporation
into
PPL Electric Utilities Corporation,
the surviving corporation,
and
Ninth Street & Hamilton Corporation,
a new corporation,

including

the Amended Articles of Incorporation
and Bylaws

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of
PPL Electric Utilities Corporation

and

the Articles of Incorporation
of
Ninth Street & Hamilton Corporation

Notice of Special Meeting of Shareowners

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

A special meeting of shareowners of PPL Electric Utilities Corporation (the "Company") called by the Board of Directors will be held at the offices of the Company at Two North Ninth Street, Allentown, Pennsylvania, on Tuesday, July 17, 2001 at 10:30 a.m.

The meeting will be held for the purpose of approving a Plan of Division which will divide the Company, a Pennsylvania corporation, into two Pennsylvania corporations, namely PPL Electric Utilities Corporation and Ninth Street & Hamilton Corporation, with PPL Electric Utilities Corporation being the surviving company, and will result in amendments to the Articles of Incorporation and Bylaws of PPL Electric Utilities Corporation. The division will not affect the number of shares of common stock or the number or the rights, preferences or terms of the shares of preferred stock of the Company outstanding prior to the division. The Plan of Division is more fully described in the Information Statement accompanying this Notice.

Proxies are not being solicited from the Company's shareowners because a quorum exists for the meeting based upon the stock of the Company held by its parent, PPL Corporation ("PPL"). PPL owns all of the common stock of the Company and, as a result, owns 99% of the voting shares of the Company. PPL intends to vote all of these shares in favor of the Plan of Division which includes the amendments to the Company's Articles of Incorporation and Bylaws. Consequently, approval of the Plan of Division, including the amendments to the Company's Articles of Incorporation and Bylaws, is assured.

Only shareowners of record at the close of business on Friday, June 1, 2001, will be entitled to vote at the Special Meeting or any adjournments or postponements thereof. All preferred stock shareowners are invited to attend the Special Meeting in person. If the Special Meeting is interrupted or delayed for any reason, the shareowners attending the adjourned meeting shall constitute a quorum and may act upon such business as may properly come before the Special Meeting.

By Order of the Board of
Directors.

/s/ Elizabeth Stevens Duane
Elizabeth Stevens Duane
Secretary

June 15, 2001

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Information Statement

This Information Statement relates to a proposed division of PPL Electric Utilities Corporation, referred to herein as the Company, of which you are a preferred shareowner, into two Pennsylvania corporations. The electric transmission and distribution businesses presently conducted by the Company will be carried on by it as the surviving corporation with the same name. The Company's parent, PPL Corporation, referred to herein as "PPL", owns all of the shares of the Company's common stock, which represents 99% of the total number of voting shares outstanding. PPL has informed the Company that all of its voting shares will be present at the Special Meeting of shareowners, and as a result, a quorum will exist for the Special Meeting based on PPL's common

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stock ownership. ACCORDINGLY, WE ARE NOT ASKING THE PREFERRED SHAREOWNERS FOR A PROXY, AND SHAREOWNERS ARE REQUESTED NOT TO SEND US A PROXY. The Board of Directors of the Company approved unanimously a Plan of Division on May 21, 2001, pursuant to which the proposed division of the Company will be effected, including the proposed amendments to the Articles of Incorporation and Bylaws of the Company. The form of the Plan of Division is attached hereto as Appendix A.

The preferred shareowners will not receive any shares in the new corporation resulting from the division, which will be a wholly owned subsidiary of PPL Corporation.

The Company's principal executive offices are located at Two North Ninth Street, Allentown, Pennsylvania 18101, telephone number (610) 774-5151. This Information Statement is first being released to preferred shareowners on or about June 15, 2001.

OUTSTANDING STOCK AND VOTING RIGHTS

The Board of Directors has established Friday, June 1, 2001, as the Record Date for shareowners entitled to vote at the Special Meeting (the "Record Date"). The transfer books of the Company will not be closed. The Company's Articles of Incorporation divide its voting stock into four classes: 4 1/2% Preferred Stock, Series Preferred Stock, Preference Stock and Common Stock. There were no shares of Preference Stock outstanding on the Record Date. Each currently outstanding share of each class of stock entitles the holder to one vote upon any business properly presented to the Special Meeting, and for purposes of voting at the Special Meeting all classes vote together as a single class. A total of 103,194,705 voting shares were outstanding on the Record Date, consisting of 102,230,382 shares of Common Stock (all owned by PPL), 247,658 shares of 4 1/2% Preferred Stock and 716,665 shares of Series Preferred Stock.

As of May 31, 2001, the following is the only entity known by the Company to own more than five percent of any class or series of preferred stock entitled to vote at the Special Meeting:

Title	Name & Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class (all Preferred Stock)
6.75% Series Preferred Stock	Wellington Management Company, LLP 75 State Street Boston, MA 02109	85,000 (a)	8.72%

(a) Number of shares beneficially owned includes shares for which Wellington Management Company, LLP exercises investment and/or voting power, but which are held by one of its wholly owned subsidiaries and/or investment advisory clients.

The Company has asked brokers and other custodians, nominees and fiduciaries to forward this Information Statement to the beneficial owners of the preferred stock.

Although proxies are not being solicited, shareowners may attend the Special Meeting and vote in person. If you plan to attend the Special Meeting and vote in person, we will give you a ballot when you arrive. However, if your shares are held in "street-name," only your broker or your bank or other nominee can

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vote your shares. PPL intends to vote all of its shares of the Company's common stock, or 99% of the total number of voting shares of the Company, in favor of the Plan of Division dividing the Company into two Pennsylvania corporations, PPL Electric Utilities Corporation, the surviving corporation under the Plan of Division, and Ninth Street & Hamilton Corporation, a new corporation, and resulting in amendments to the Articles of Incorporation and the Bylaws of the Company. Consequently, approval of the Plan of Division, including the amendments to the Articles of Incorporation and the Bylaws of the Company, is assured.

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SUMMARY

This summary is qualified by the more detailed information set forth elsewhere in this Information Statement, which should be read in its entirety.

Shareowner Approval of the Plan of Division

The Plan of Division, including the amendments to the Articles of Incorporation and the Bylaws of the Company, will be approved upon receiving the affirmative vote of the majority of the votes cast at the Special Meeting by all shareowners entitled to vote at the meeting. Thus, the affirmative vote of PPL, as the holder of all of the shares of common stock of the Company, representing 99% of the total number of voting shares of the Company, will assure approval of the Plan of Division, including the amendments to the Articles of Incorporation and the Bylaws of the Company, at the Special Meeting. The form of the Plan of Division is attached hereto as Appendix A.

No Shareowner Action is Required

Shareowners will not be required to take any action as a consequence of the adoption and effectiveness of the Plan of Division, including the amendments to the Articles of Incorporation and the Bylaws of the Company. Following the division, you will own the same number of shares of preferred stock of PPL Electric Utilities Corporation, the surviving corporation of the division, as you owned prior to the division. You will not own any shares of Ninth Street & Hamilton Corporation, which will be a wholly owned subsidiary of PPL.

The Plan of Division

On the date it is effective, the Plan of Division will divide the Company into two separate Pennsylvania corporations. One will be PPL Electric Utilities Corporation, referred to here as "PPL Electric Utilities". It will be the surviving corporation in the division. The outstanding shares of the common stock and the 4 1/2% Preferred Stock and the Series Preferred Stock will remain outstanding shares of PPL Electric Utilities without you taking any action and without any change in the rights, preferences or terms of the holders of these shares, including the rights of the owners of the 4 1/2% Preferred Stock and the Series Preferred Stock to dividends and preference on liquidation. Following the division, PPL Electric Utilities will continue to own and operate its electric transmission and distribution businesses.

In the division, all of the property and liabilities of the Company associated with its current electric transmission and distribution utility businesses and which are necessary to carry on those businesses will remain with PPL Electric Utilities.

The division will create a new Pennsylvania corporation named Ninth Street & Hamilton Corporation, referred to here as "NS&H Corp." The preferred shareowners will not own any shares in NS&H Corp., which will be a wholly

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owned subsidiary of PPL Corporation. Certain specifically identified assets and liabilities of the Company will be allocated to NS&H Corp. The allocated assets consist of \$5 million of cash of the Company. The allocated liabilities consist of the following:

- . liabilities of the Company, if any, under contracts that, prior to the effective date of the division, the Company has assigned to PPL or any other direct or indirect subsidiary of PPL, and any other contracts under which the Company has joint liability with PPL or any other direct or indirect subsidiary of PPL, for which releases from the other contracting party or parties have not been obtained by the Company;
- . liabilities of the Company, if any, under any employee benefit plans, programs, policies, agreements and other arrangements where the Company may be responsible for payments to employees of PPL or any other direct or indirect subsidiary of PPL, other than liabilities for which the Company is liable under applicable law or regulation notwithstanding the division;
- . liabilities of the Company, if any, for damages with respect to claims that may be made in the future based on occurrences arising prior to the effective date of the division for which the Company may be jointly liable with PPL or any other direct or indirect subsidiary of PPL, other than tax liabilities and liabilities for which the Company is liable under applicable law or regulation notwithstanding the division; and
- . liabilities of the Company, if any, for damages with respect to claims that may be made in the future based on occurrences arising prior to the effective date of the division which do not relate to or arise out of (1) the Company's transmission and distribution businesses or (2) those business activities that

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are related to or arise out of its electric transmission and distribution businesses, other than tax liabilities and liabilities for which the Company is liable under applicable law or regulation notwithstanding the division.

PPL Electric Utilities will not have any interest in the cash allocated to NS&H Corp. and will not be liable for any of the liabilities allocated to NS&H Corp. PPL Electric Utilities will, however, continue to be liable for all other liabilities of the Company not allocated to NS&H Corp.

In order to assure third parties that the liabilities allocated to NS&H Corp. will be paid and satisfied, \$5 million of cash will be allocated to NS&H Corp. in the Plan of Division and NS&H Corp. will be added as a beneficiary on existing insurance policies held by PPL Corporation covering the insurable risks with respect to these liabilities. In addition, PPL Corporation, the Company's parent company, will guarantee in full the liabilities allocated to NS&H Corp., effective as of the effective date of the division. (See "Plan of Division" below for additional information)

Federal Income Tax Consequences

Neither the holders of the 4 1/2% Preferred Stock nor the holders of Series Preferred Stock will recognize gain or loss for federal income tax purposes as a result of the adoption of the Plan of Division or the transactions effected by the Plan of Division.

Effective Date of the Plan of Division

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The Plan of Division will become effective upon filing of Articles of Division and the Plan of Division with the Secretary of State of the Commonwealth of Pennsylvania. However, the Board of Directors of the Company in its sole discretion may determine at any time, whether before or after the vote of the shareowners at the Special Meeting, not to file Articles of Division and the Plan of Division with the Secretary of State of the Commonwealth of Pennsylvania.

Amendment of the Articles of Incorporation and Bylaws of the Company

The amendments to the Articles of Incorporation and the Bylaws of the Company will become effective upon the effectiveness of the Plan of Division. The principal amendments to the Articles of Incorporation and the Bylaws of the Company are summarized below:

- . The amended Articles of Incorporation will provide that there will be at least one individual who is an Independent Director (as defined in the amended Articles of Incorporation) on the Board of Directors. The provisions of the amended Articles of Incorporation described below which require the unanimous consent of all directors will require the vote of the Independent Director.

In general, an Independent Director is a director who is not, and within the previous five years was not,

- . a shareowner, director, officer, employee, customer, supplier or major creditor of PPL, PPL Electric Utilities or any of their affiliates, or
- . a shareowner of any major creditor of PPL, PPL Electric or any of their affiliates,

and who did not have any other business relationships with these PPL entities or creditors.

- . The amended Articles of Incorporation will require the unanimous consent of the Board of Directors to approve the filing by the Company of a petition commencing a voluntary bankruptcy proceeding or other similar action relating to the enforcement of creditors' rights. A unanimous consent of the Board of Directors is also required for the adoption of any amendment to these provisions of the Articles of Incorporation or the provisions of the Bylaws described below.
- . The amended Bylaws of PPL Electric Utilities will provide that,
 - . It shall engage, whether directly or indirectly through subsidiaries, only in (1) the electric transmission and distribution businesses and (2) those business activities that are related to or arise out of its electric transmission and distribution businesses.
 - . It shall at all times ensure that its capitalization is adequate in light of its business and purpose.
 - . Its funds and records and books of accounts shall not be commingled with those of any other entity and its accounts shall be kept separate from PPL and its other affiliates.

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- . It shall conduct its business solely in its own name and hold itself separate from PPL and PPL's other affiliates and maintain an arm's length relationship with PPL and all affiliates of PPL.
- . It shall not guarantee or become obligated for the debts of PPL or any of PPL's other affiliates or make its credit available to satisfy the obligations of, or pledge its assets for the benefit of, PPL or any of PPL's other affiliates, with the exception of (1) any guarantee of the debts of an affiliate in effect as of the effective date of the division or (2) any guarantee of the debts of any direct or indirect subsidiary of PPL Electric Utilities.

(See "Amendment of the Articles of Incorporation and Bylaws of the Company" below for additional information)

Independent Administrator

An Independent Administrator will be appointed to monitor the corporate proceedings and activities of PPL Electric Utilities to assure compliance with the additional requirements contained in the amended Articles of Incorporation and amended Bylaws. (See "Independent Administrator" below for additional information)

Concurrent Transactions

Following the effective date of the Plan of Division, PPL Electric Utilities expects to carry out the following related transactions:

- . PPL Electric Utilities will sell up to \$900 million of senior secured debt. It is anticipated that approximately \$200 million of the proceeds of that debt will be used to fund the retirement of short-term debt and \$700 million will be available for general corporate purposes, including payments to energy suppliers to secure the energy supply contracts described below and to fund construction expenditures.
- . PPL Electric Utilities will enter into one or more long-term electric energy supply contracts in order to secure a market based, long-term energy supply to meet its obligations as a provider of last resort of electric services to its retail customers through 2009. In May 2001, PPL Electric Utilities solicited bids from energy suppliers, including PPL EnergyPlus, LLC (PPL's energy marketing subsidiary), for these electric energy supply contracts. The Company is currently negotiating those energy supply contracts.

Purpose of the Plan of Division

On July 1, 2000, PPL completed a realignment of the electric power businesses historically conducted by the Company. In general, the realignment effectively separated the Company's regulated electric transmission and distribution businesses from the recently deregulated generation and energy marketing businesses. As a result, the generation assets and related assets are now owned by unregulated affiliates of the Company. These entities assumed \$670 million of the Company's debt as of July 1, 2000 and certain other liabilities and obligations related to the former generation business of the Company. Likewise, the assets of the Company's wholesale energy marketing business were transferred to PPL EnergyPlus, LLC (referred to here as "PPL EnergyPlus"), now an indirect wholly owned subsidiary of PPL. PPL EnergyPlus assumed the liabilities and obligations relating to the wholesale energy marketing business. Employees operating and administering these businesses were transferred by the Company to the appropriate affiliate or to PPL Services Corporation, a wholly owned subsidiary of PPL, which performs

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administrative services for PPL and its subsidiaries.

As a result of the realignment of the Company in 2000, the Company divested itself of its electric generation and wholesale energy marketing businesses. With the realignment, the adoption of the Plan of Division and the amendments to the Articles of Incorporation and the Bylaws described above, PPL Electric Utilities will be limited to conducting only the electric transmission and distribution businesses and business activities related to or arising from its transmission and distribution businesses. These changes, together with the corporate governance requirements contained in the amended Articles of Incorporation and amended Bylaws, are intended to emphasize the separate corporate existence of PPL Electric Utilities and underscore that PPL Electric Utilities is not subject to the liabilities and obligations of PPL, PPL Energy Supply, PPL EnergyPlus or any other affiliates of PPL. This corporate structure is intended to enable PPL Electric Utilities to issue debt securities on more favorable terms and maintain a higher ratio of debt to total capitalization than would otherwise be the case. This, in turn, should lower PPL Electric Utilities' total cost of capital.

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Dissenters' Rights

Under Pennsylvania law, the holders of preferred stock will have the right to dissent to the Plan of Division and receive payment of the fair value of their shares. If you seek to assert your rights as a dissenter, you must comply with the statutory requirements, particularly the requirement that you must file with the Company prior to the Special Meeting to be held July 17, 2001 a written notice of your intention to demand that you be paid the fair value of your shares if the division is effectuated. Also, you must not transfer or otherwise effect any change in your beneficial ownership of the Company's preferred stock during the period from the date you deliver your notice to the Company through the effective date of the division. Moreover, you must refrain from voting your shares in approval of the division. If, in seeking your right to dissent, you fail in any respect to comply with the foregoing, you will not be entitled to receive payment of the fair value of your shares as a dissenter. PPL Electric Utilities, as the surviving corporation, has the sole responsibility for the payments to dissenters. A copy of the applicable provisions of the Pennsylvania Business Corporation Law is attached as Appendix B to this Information Statement, and a description of these provisions is provided under the caption "Preferred Stock Shareowners' Rights to Dissent" below.

Financial Statements of the Company

Since the liabilities of the Company to be allocated to NS&H Corp. in the Plan of Division were not reflected as liabilities on the Company's consolidated balance sheet as of December 31, 2000 and since the \$5 million of cash of the Company to be allocated to NS&H Corp. will not have a material effect on the balance sheet of PPL Electric Utilities, this Information Statement does not include the pro forma financial statements of the Company as of December 31, 2000 giving effect to the Plan of Division. Such pro forma financial information would be essentially the same as the consolidated financial statements of the Company filed as a part of the Company's Report on Form 10-K to the Securities and Exchange Commission for the year ended December 31, 2000. That Report on Form 10-K is incorporated by reference into this Information Statement and is available at no cost as described under the caption "Where You Can Find More Information" below. Certain of the liabilities allocated to NS&H Corp. are described in footnotes to such

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consolidated balance sheet as of December 31, 2000. The consolidated audited balance sheets for each of the two fiscal years of the Company ended December 31, 1999 and December 31, 2000 and the audited statements of income and cash flows for each of the three most recent fiscal years of the Company are included in that Form 10-K.

Risk Factors

For a description of risk factors to preferred shareowners arising as result of the adoption of the Plan of Division and the concurrent transactions described above, see "Risk Factors for Holders of Preferred Stock after the Division" below.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Information Statement 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 the Company believes that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to have been correct. These forward-looking statements involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in the forward-looking statements. In addition to the specific factors discussed in this Information Statement, the following are among the important factors that could cause actual results to differ materially from the forward-looking statements: market demand and prices for energy, capacity and fuel; competition in retail and wholesale power markets; the effect of any business or industry restructuring; the profitability and liquidity of the Company; new accounting requirements or new interpretations or applications of existing requirements; environmental conditions and requirements; markets and technologies; receipt of necessary governmental approvals; capital market conditions; and the commitments and liabilities of the Company. Any such forward-looking statements should be considered in light of such important factors and in conjunction with the Company's other documents on file with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for the Company to predict all of such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update the information contained in such statement to reflect subsequent developments or information.

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RISK FACTORS FOR HOLDERS OF PREFERRED STOCK AFTER THE DIVISION

Increased Debt Leverage

As described under the caption "Concurrent Transactions", PPL Electric Utilities intends to issue up to \$900 million of senior secured debt securities following the effective date of the Plan of Division. If this additional debt is issued, the percentage of long-term debt to total capitalization will increase from 66% to 70% and its ratio of earnings to

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fixed charges will decline. (See "Pro Forma Capitalization of PPL Electric Utilities" and "Pro Forma Ratio of Earnings to Fixed Charges" below). In addition, it is expected that a significant portion of future capital expenditures required for PPL Electric Utilities' electric transmission and distribution businesses will be financed with this additional debt. This additional debt, along with any other debt, both senior and subordinated, issued for other purposes will be senior to the preferred stock in any liquidation or bankruptcy, insolvency or other reorganization of PPL Electric Utilities. This expected increase in debt leverage may increase the financial risk of the preferred shareowners.

PRO FORMA CAPITALIZATION OF PPL ELECTRIC UTILITIES CORPORATION

The capital structure of the Company at March 31, 2001, and on a pro forma basis to give effect to the transactions footnoted below, is as follows (millions of dollars):

	Actual	Adjustments	As Adjusted
	-----	-----	-----
Common Equity			
Common Stock Issued.....	\$1,476		\$1,476
Miscellaneous Paid-In Capital.....	55		55
Capital Stock Expense.....	(16)		(16)
Treasury Stock.....	(632)		(632)
Earnings Reinvested.....	304	(5) (d)	299
	-----	-----	-----
Total Common Equity.....	1,187	(5)	1,182
	-----	-----	-----
Preferred Stock			
Preferred Stock with Mandatory Redemption.....	50		50
Preferred Stock without Mandatory Redemption.....	47		47
	-----	-----	-----
Total Preferred Securities.....	97		97
	-----	-----	-----
Company-obligated mandatorily redeemable			
preferred securities (c).....	250		250
Short-Term Debt.....	55		55
Transition Bonds (a), (b).....	2,098		2,098
Other Long-Term Debt (a)			
First Mortgage Bonds.....	959	700 (e)	1,659
Notes			
Pollution Control Note.....	9		9
Unamortized Discount- Net.....	(5)		(5)
	-----	-----	-----
Total Other Long-Term Debt.....	963	700	1,663
	-----	-----	-----
Total Capitalization.....	\$4,650	\$695	\$5,345
	=====	=====	=====

(a) Includes amounts due within one year.

(b) Transition bonds were issued by PPL Transition Bond Company, LLC to securitize a portion of the stranded costs of PPL Electric Utilities. These bonds are secured by the intangible transition property.

(c) The Company issued subordinated debentures to two Delaware statutory business trusts to support the trusts' issuance of \$250 million of Company-obligated Mandatorily Redeemable Preferred Securities (preferred securities). The Company has guaranteed all of the trusts' obligations

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under the preferred securities.

- (d) Asset allocation to NS&H Corp. pursuant to the Plan of Division.
- (e) The planned issuance of \$900 million of Senior Secured Bonds, less the retirement of \$200 million 6 1/8% reset put securities on May 1, 2001. These securities were retired using commercial paper pending the issuance of the Senior Secured Bonds.

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PPL ELECTRIC UTILITIES CORPORATION
 PRO FORMA COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 TWELVE MONTHS ENDED MARCH 31, 2001
 (Millions of Dollars)

	Actual	As Adjusted
	-----	-----
Fixed charges, as defined:		
Interest on long-term debt(a).....	\$224	\$273
Interest on short-term debt and other interest charges.....	14	14
Amortization of debt discount, expense and premium--net.....	4	4
Interest on capital lease obligations		
Estimated interest component of operating rentals.....	12	12
	----	----
Total fixed charges.....	\$254	\$303
	====	====
Earnings, as defined:		
Net income(b).....	\$179	\$151
Less undistributed income of equity method investees.....		
	----	----
	179	151
Add (Deduct):		
Income taxes(c).....	112	91
Amortization of capitalized interest on capital leases.....		
Total fixed charges as above (excluding capitalized interest on capital lease obligations).....	254	303
	----	----
Total earnings.....	\$545	\$545
	====	====
Ratio of earnings to fixed charges.....	2.15	1.80
	====	====

-
- (a) "As Adjusted" includes the additional interest on \$900 million of Senior Secured Bonds (at an assumed interest rate of 6 3/4%), less the interest on the \$200 million 6 1/8% reset put securities (which were retired on May 1, 2001).
 - (b) Excluding extraordinary items. "As Adjusted" reflects the after-tax impact of the additional interest expense.
 - (c) "As Adjusted" reflects the reduction in income tax expense due to the additional interest expense.

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PLAN OF DIVISION

Purpose

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The purpose of the Plan of Division and the amendments to the Articles of Incorporation and Bylaws is to emphasize the separate corporate existence of PPL Electric Utilities and underscore that PPL Electric Utilities is not subject to the liabilities and obligations of PPL, PPL Energy Supply, PPL EnergyPlus or any other affiliates of PPL. This corporate structure is intended to enable PPL Electric Utilities to issue debt securities on more favorable terms and maintain a higher ratio of debt to total capitalization than would otherwise be the case. This, in turn, should lower PPL Electric Utilities' total cost of capital.

The Division

The Plan of Division divides the Company into two Pennsylvania corporations, PPL Electric Utilities Corporation, the surviving corporation, and a newly formed corporation named Ninth Street & Hamilton Corporation.

Capital Structure and Shares

The Company's common stock and preferred stock will not be affected by the division. The division will not affect the number of shares of common stock or the number or the rights, preferences or terms of the shares of preferred stock of the Company outstanding prior to the division. Upon the effective date of the division, the shares of the Company's common stock and preferred stock then outstanding will continue to be registered on the books of PPL Electric Utilities as they appear in the books and records of the Company. It is not necessary for the holders of shares of preferred stock to take any action with respect to their share ownership or certificates for shares of preferred stock.

Articles of Incorporation and Bylaws of PPL Electric Utilities

The Articles of Incorporation of the Company, as amended by the amendments described below, will be the Articles of Incorporation of PPL Electric Utilities, the surviving corporation. The Articles of Incorporation as so amended are attached as Exhibit A to the Plan of Division. The Bylaws of the Company, as amended by the amendments described below, will be the Bylaws of PPL Electric Utilities following the division. The Bylaws as so amended are attached as Exhibit B to the Plan of Division. See "Amendment of the Articles of Incorporation and Bylaws of the Company" below.

Management

The individuals who will be the directors of PPL Electric Utilities on the effective date of the Plan of Division are named below:

Directors

MICHAEL E. BRAY - Mr. Bray, 53, serves as President of PPL Electric Utilities and also serves as Chief Executive Officer of PPL Gas Utilities Corporation, a subsidiary of PPL specializing in natural gas distribution, transmission and storage services and the sale of propane. Mr. Bray holds a B.S. in mechanical engineering from the University of Missouri and a M.B.A. from Washington University. Mr. Bray has worked for 30 years in the energy industry, holding key positions at General Electric Co. from 1970 to 1987. He currently serves as Vice Chairman of the Energy Association of Pennsylvania. Prior to joining the Company in April 2000, he served as President and Chief Executive Officer of Consolidated Edison Development, Inc., Senior Vice President of the Electric Business Unit of Long Island Lighting Co. and President and Chief Executive Officer of D.B. Riley Consolidated, Inc. Mr. Bray has been a Director since July 1, 2000.

WILLIAM F. HECHT - Chairman and Director, PPL Electric Utilities. Mr. Hecht,

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57, is Chairman, President and Chief Executive Officer of the Company's parent, PPL. Mr. Hecht received a B.S. and M.S. in Electrical Engineering from Lehigh University, and joined the Company in 1964. He was elected President and Chief Operating Officer in 1991 and was named Chairman, President and Chief Executive Officer of the Company in 1993, and to his PPL position in February 1995. Mr. Hecht is a director of Dentsply International, Inc. and serves on the board of a number of civic and charitable organizations. Mr. Hecht has been a Director since 1990.

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JOHN R. BIGGAR - Director, PPL Electric Utilities. Mr. Biggar, 56, serves as Executive Vice President and Chief Financial Officer of the Company's parent, PPL. Mr. Biggar earned a Bachelor's degree in political science from Lycoming College and a Juris Doctor degree from the College of Law at Syracuse University. He joined the Company in 1969. Before being named as Executive Vice President and Chief Financial Officer of PPL Corporation and PPL Electric Utilities in 2000, Mr. Biggar served two years as Senior Vice President and Chief Financial Officer and 14 years as Vice President-Finance. Mr. Biggar has been a Director since July 1, 2000.

PAUL T. CHAMPAGNE - Director, PPL Electric Utilities. Mr. Champagne, 42, serves as President of PPL Global, LLC, a subsidiary of PPL that invests in and develops world-wide power projects. Mr. Champagne earned a B.S. in chemical engineering and completed master's course work in mechanical engineering at the University of Illinois. Prior to joining PPL Global in 1995, he served in several business development positions at Edison Mission Energy Company, including Midwest regional manager. Before being named as President of PPL Global in 1999, Mr. Champagne served as Vice President and Senior Development Officer. Mr. Champagne has been a Director since July 1, 2000.

ROBERT J. GREY - Director, PPL Electric Utilities. Mr. Grey, 50, serves as Senior Vice President, General Counsel and Secretary of the Company's parent, PPL. Mr. Grey earned his B.A. from Columbia University, a Master of Laws in taxation from George Washington University and a Doctor of Law degree from Emory University. Before being named as Senior Vice President, General Counsel and Secretary of PPL and PPL Electric Utilities in 1996, Mr. Grey served as Vice President, General Counsel and Secretary. Before joining the Company in 1995, Mr. Grey served as General Counsel for Long Island Lighting Company and was a partner with the law firm of Preston Gates & Ellis. He has been a Director since July 1, 2000.

JAMES H. MILLER - Director, PPL Electric Utilities. Mr. Miller, 52, is President of PPL Generation, LLC, a subsidiary of PPL that operates nearly 10,000 megawatts of electricity generating capacity in Pennsylvania, Montana and Maine. Mr. Miller earned a B.S. degree in electrical engineering from the University of Delaware and served in the U.S. Navy nuclear program. Before joining PPL Generation in February 2001, Mr. Miller served as Executive Vice President of USEC, Inc., President of ABB Environmental Systems, President of UC Operating Services, President of ABB Resource Recovery Systems and Plant Manager, Delmarva Power and Light Co. Mr. Miller has been a Director since February 5, 2001.

FRANK A. LONG - Director, PPL Electric Utilities. Mr. Long, 60, is a Director and Executive Vice President of the Company's parent, PPL. Mr. Long received a B.S. in Electrical Engineering from Northeastern University, and joined the Company in 1963. Senior Vice President-System Power & Engineering from 1990 until 1993, he was named Executive Vice President and Chief Operating Officer of the Company in 1993 and to his PPL position in February

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1995. Mr. Long is director of the Smart Discovery Center. Mr. Long has been a Director since 1993.

LAWRENCE E. DE SIMONE - Director, PPL Electric Utilities. Mr DeSimone, 53, serves as President of PPL EnergyPlus, LLC, a subsidiary of PPL that markets energy in 42 states and Canada. Mr. De Simone earned a B.A. in economics from Claremont McKenna College and a Ph.D. in business administration from the University of California at Berkeley. Before joining PPL EnergyPlus in 1998, Mr. De Simone served as Senior Vice President-Energy Services for Virginia Power Co. and President of Central & South West Corp.'s energy services and telecommunications operations as well as its Vice President for Strategic Planning. He has been a Director since July 1, 2000.

Each of the directors of PPL Electric Utilities, other than the Independent Director, was elected a director of the Company by the shareowners of the Company at the annual meeting of its shareowners on April 24, 2001. The Independent Director is expected to be appointed a director by the board of directors of PPL Electric Utilities on or about the effective date of the Plan of Division.

Effect of Division

As of the effective date of the Plan of Division, the assets and the liabilities of the Company described below will be allocated to and vested in NS&H Corp. by reason of the adoption and effectiveness of the Plan of Division:

The allocated assets consist of \$5 million of cash of the Company.

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The allocated liabilities consist of the following:

- . liabilities of the Company, if any, under contracts that, prior to the effective date of the division, the Company has assigned to PPL or any other direct or indirect subsidiary of PPL, and any other contracts under which the Company has joint liability with PPL or any other direct or indirect subsidiary of PPL, for which releases from the other contracting party or parties have not been obtained by the Company;
- . liabilities of the Company, if any, under any employee benefit plans, programs, policies, agreements and other arrangements where the Company may be responsible for payments to employees of PPL or any other direct or indirect subsidiary of PPL, other than liabilities for which the Company is liable under applicable law or regulation notwithstanding the division;
- . liabilities of the Company, if any, for damages with respect to claims that may be made in the future based on occurrences arising prior to the effective date of the division for which the Company may be jointly liable with PPL or any other direct or indirect subsidiary of PPL, other than tax liabilities and liabilities for which the Company is liable under applicable law or regulation notwithstanding the division; and
- . liabilities of the Company, if any, for damages with respect to claims that may be made in the future based on occurrences arising prior to the effective date of the division, which do not relate to or arise out of (1) the Company's transmission and distribution businesses or (2) those business activities that are related to or arise out of its electric transmission and distribution businesses, other than tax liabilities and liabilities for which the Company is liable under applicable law or

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regulation notwithstanding the division.

As a result of the division, PPL Electric Utilities will no longer be liable for those liabilities of the Company that are allocated to NS&H Corp.

Except as allocated to NS&H Corp., all of the property, rights, franchises, privileges, interests and liabilities of the Company will be unaffected by the division and will continue as the property, rights, franchises, privileges, interests and liabilities of PPL Electric Utilities, as the surviving corporation of the division. After the effective date of the division, PPL Electric Utilities and NS&H Corp. will each be responsible as a separate and distinct corporation only for those liabilities allocated to it in the Plan of Division or explicitly undertaken by it following the division. Taxes claimed against the Company relating to the period prior to the division may be claimed against PPL Electric Utilities and NS&H Corp.

All property of the Company will remain subject to any existing liens or encumbrances thereon and the division will not in any way affect such liens or encumbrances. None of the property allocated to NS&H Corp. will be subject to the lien of the Company's first mortgage bond indenture.

As of the effective date of the Plan of Division, except for taxes of the Company that may be claimed against NS&H Corp., neither PPL Electric Utilities nor NS&H Corp. will be liable, as obligor or guarantor or otherwise, for any liability allocated to the other, and neither corporation will have any recourse to any property of the other.

Effective Date of the Plan of Division

The Plan of Division will become effective upon filing of Articles of Division and the Plan of Division with the Secretary of State of the Commonwealth of Pennsylvania. However, the Board of Directors of the Company in its sole discretion may determine at any time, whether before or after the vote of the shareowners at the Special Meeting, not to file Articles of Division and the Plan of Division with the Secretary of State of the Commonwealth of Pennsylvania.

AMENDMENT OF THE ARTICLES OF INCORPORATION AND BYLAWS OF THE COMPANY

On the effective date of the Plan of Division, the amended Articles of Incorporation set forth in Exhibit A to the Plan of Division will become the Articles of Incorporation of PPL Electric Utilities. At the same time, the amended Bylaws of the Company set forth in Exhibit B to the Plan of Division will become effective as the Bylaws of PPL Electric Utilities. As compared with the current Articles of Incorporation and Bylaws of the Company, the new Articles of Incorporation and Bylaws of PPL Electric Utilities will make the following substantive changes:

Articles of Incorporation Amendments

1. The amended Articles of Incorporation will require that the board of directors of PPL Electric Utilities include at all times at least one individual who is an Independent Director who may not delegate any of his or her

duties, authorities or responsibilities as a director. The board may not take any action requiring a unanimous affirmative consent without the consent of the Independent Director. In general, an Independent Director is a director who is not, and within the previous five years was not,

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- . a shareowner, director, officer, employee, customer, supplier or major creditor of PPL, PPL Electric Utilities or any of their affiliates, or
- . a shareowner of any major creditor of PPL, PPL Electric or any of their affiliates,

and who did not have any other business relationships with these PPL entities or creditors.

2. The amended Articles of Incorporation will require the prior unanimous consent of the board of directors, including the Independent Director, for PPL Electric Utilities, the shareowners, any director or any other person on behalf of PPL Electric Utilities to do any of the following:

- . make a general assignment for the benefit of creditors;
- . file a petition commencing a voluntary bankruptcy case;
- . file a petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;
- . file an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, or the entry of any order appointing a trustee, liquidator, receiver or other person or entity fulfilling a similar function for it or its assets or any substantial portion thereof;
- . seek, consent to or acquiesce in the appointment of a trustee, liquidator, receiver or other person or entity fulfilling a similar function for it or all or any substantial part of its assets; or
- . take action in furtherance of any such action.

In discharging their duties as directors, including with regard to any action contemplated by the foregoing or with regard to any action taken or determination made at any time when PPL Electric Utilities is insolvent, the amended Articles of Incorporation will permit the directors, in considering the best interests of PPL Electric Utilities, to consider the effects of any action upon any groups affected by such action, including the creditors of PPL Electric Utilities. The directors will not be required, in considering the best interests of PPL Electric Utilities or the effects of any action, to regard the interests of shareowners of PPL Electric Utilities as a dominant or controlling interest or factor.

3. The amended Articles of Incorporation will also require the unanimous consent of the directors for any amendment of these corporate governance provisions or the Bylaw provisions described under "Bylaw Amendments" below.

Bylaw Amendments

- . The amended Bylaws will require that PPL Electric Utilities engage, whether directly or indirectly through subsidiaries, only in (1) the electric transmission and distribution businesses and (2) those business activities that are related to or arise out of its electric transmission and distribution businesses.
- . The amended Bylaws will require PPL Electric Utilities to remain separate from PPL and its other affiliates in a number of specific ways:

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- . Its funds and other assets may not be commingled with the other PPL entities.
- . It may not hold itself out as liable for the debts of any of the other PPL entities.
- . It must hold itself out in a separate entity, conduct its business in its own name, act solely in its own corporate name and conduct its business so as not to mislead others as to its identity.
- . It must maintain separate accounts and separate books and records of accounts and financial statements.
- . It must observe all formalities required by its Articles of Incorporation and Bylaws and the Pennsylvania Business Corporation Law.
- . Its capitalization must be adequate in light of its business and purpose.

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- . It may not guarantee or become obligated for the debts of PPL or any of PPL's other affiliates or make its credit available to satisfy the obligations of, or pledge its assets for the benefit of, PPL or any of PPL's other affiliates, with the exception of (i) any guarantee of the debts of an affiliate in effect as of the effective date of the division or (ii) any guarantee of the debts of any direct or indirect subsidiary of PPL Electric Utilities.
- . It must pay its own liabilities out of its own funds.
- . It must maintain an arms-length relationship with PPL and its other affiliates.
- . Its officers and directors must make all decisions with respects to the business and daily operation of PPL Electric Utilities independent of, and not dictated by, PPL or any of its other affiliates.
- . The amended Bylaws will require that PPL Electric Utilities be operated in such manner as the board of directors deems reasonable and necessary or appropriate to preserve the separateness of PPL Electric Utilities from the business of PPL or any of its other affiliates.

INDEPENDENT ADMINISTRATOR

The board of directors of PPL Electric Utilities will appoint an Independent Administrator to oversee the formalities and activities that support legal separation of PPL Electric Utilities from PPL and the other affiliates of PPL. The Independent Administrator will be independent of PPL Electric Utilities, PPL and its affiliates. In particular, the Independent Administrator will monitor compliance by PPL Electric Utilities with the provisions of its amended Articles of Incorporation and amended Bylaws described above.

The Independent Administrator will also make periodic compliance reports to the trustee under the trust indenture pursuant to which PPL Electric Utilities' senior secured debt securities are expected to be issued following the effectiveness of the Plan of Division. It is expected that the terms of that indenture will provide that a failure by PPL Electric Utilities to comply

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with the requirements of the amended Articles of Incorporation and amended Bylaws described above, following notice from the Independent Administrator and the expiration of any applicable cure period, will result in restrictions on the payment of common stock dividends by PPL Electric Utilities and may ultimately constitute an event of default under the terms of the indenture.

CONCURRENT TRANSACTIONS

PPL Electric Utilities plans to issue and sell up to \$900 million of senior secured debt securities following the effective date of the Plan of Division. It is anticipated that \$200 million of the proceeds will be used to fund the retirement of short-term debt of PPL Electric Utilities. A portion of the remaining proceeds is expected to be used for up-front payments to electric energy suppliers in connection with one of more electric energy supply contracts to be entered into by PPL Electric Utilities in order for it to meet its energy supply obligations to its retail customers through 2009. PPL Electric Utilities is obligated by the Pennsylvania Customer Choice Act as the "provider of last resort" to provide electric power service to these customers if they are not supplied by alternative suppliers. In May 2001, the Company solicited bids from energy suppliers, including PPL EnergyPlus, PPL's energy marketing subsidiary, for electric energy supply contracts. The Company is currently negotiating those energy supply contracts. The Company believes that the up-front payments to energy suppliers will be an economically advantageous way for PPL Electric Utilities to secure energy supply contracts to meet its provider of last resort obligation through 2009.

It is expected that any remaining proceeds will be used for general corporate purposes, including the funding of construction expenditures and possibly the repurchase of common stock of PPL Electric Utilities.

The senior secured debt is expected to be secured primarily by first mortgage bonds issued under PPL Electric Utilities' existing first mortgage indenture and by a lien on PPL Electric Utilities' transmission and distribution properties. Under certain circumstances, the lien of the first mortgage indenture and the lien of the indenture pursuant to which the new senior secured debt will be issued may be discharged. The terms of the indenture pursuant to which the senior secured debt securities will be issued are expected to include a restriction on common stock dividends and covenants to comply with those requirements contained in the amended Articles of Incorporation and amended Bylaws that will be monitored and reported on by the Independent Administrator. If, after notice and a period to cure, PPL Electric Utilities has failed to comply with those requirements, dividends on its common stock will be restricted. If the failure is not cured within an additional cure period, an event of default may be declared under the indenture.

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Other expected terms and conditions of the senior secured debt securities include:

- . a restriction on the issuance of additional senior secured debt (other than refunding debt) if the additional debt issuance would result in the ratings on the outstanding senior debt being withdrawn or downgraded from their then current ratings;
- . a restriction on business activities other than (1) the transmission and distribution businesses and (2) those business activities that are related to or arise out of the electric transmission and distribution businesses;

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- . a restriction on any consolidation or merger or transfer or lease of all or substantially all of PPL Electric Utilities assets unless certain conditions are met including that the ratings on the senior secured debt securities are not withdrawn or downgraded from their then current ratings and that the consolidated net worth of PPL Electric Utilities will not be reduced as a result of the transaction;
- . a restriction on any acquisition of tangible electric transmission and distribution assets from another transmission and distribution company having a value in excess of 20% of PPL Electric Utilities' total assets, if such acquisition would result in any of the ratings on the senior secured debt securities being withdrawn or downgraded from their then current ratings; and
- . a covenant that PPL Electric Utilities will initiate a filing for rate relief with the Pennsylvania Public Utility Commission, unless such a filing is prohibited by statute or regulation, if and for so long as the ratio of funds from operation plus gross interest divided by gross interest expense for any year falls below 1.5x. (Under the Pennsylvania Customer Choice Act, the Company's transmission and distribution rates are capped through 2004.)

Since these expected terms of the senior secured debt financing have not been finally negotiated or determined, there could be changes in the final, specific terms of the securities. The financing is also subject to approval by the Pennsylvania Public Utility Commission. An application for approval is pending before the Pennsylvania Public Utility Commission.

PREFERRED STOCK SHAREOWNERS' RIGHTS TO DISSENT

Any preferred stock shareowner who objects to the Plan of Division will be entitled to the rights and remedies of dissenting shareowners provided by the Pennsylvania Business Corporation Law, so long as the notice and each other requirement of the statute is met. By meeting such requirements, the dissenting shareowner may obtain payment of the fair value of his or her shares.

A record holder of preferred shares may assert dissenters' rights as to fewer than all of the shares registered in his or her name if the dissent is with respect to all of the shares of the same class and series beneficially owned by any one person and he or she discloses the name and address of the person or persons on whose behalf he or she demands payment. A beneficial owner of shares who is not the record holder may assert dissenters' rights with respect to the shares held on his or her behalf and will be treated as a dissenting shareowner if a written consent of the record holder is submitted to the Company not later than the time notice of the assertion of dissenters' rights is required as set forth below. A beneficial owner may not dissent with respect to some but less than all shares of the same class or series owned by him or her, whether or not the shares are registered in his or her name.

A person having a beneficial interest in shares held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow the steps described below properly and in a timely manner to perfect his or her dissenters' rights.

Notice of Intent to Dissent

Any person who wishes to dissent to the Plan of Division and obtain payment of the fair value of his or her shares must file with the Company prior to the Special Meeting of shareowners to be held on July 17, 2001 a written notice of intention to demand payment of the fair value of his or her shares if the Plan of Division is effected. The written notice must be sent to PPL Electric

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Utilities Corporation, Two North Ninth Street, Allentown, PA 18101-1179, Attention: Elizabeth Duane and should include the full name and address of the shareowner(s), the account number, and the class of preferred stock held. Additionally, in order to be entitled to receive the fair

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value of his or her shares, a dissenting shareowner must not effect any change in his or her beneficial ownership of preferred shares from the date the notice of dissent is filed through the effective date of the Plan of Division. Moreover, a dissenting shareowner must refrain from voting his or her shares for approval of the Plan of Division at the Special Meeting. If a dissenter fails in any respect to give timely notice or fails to refrain from changing beneficial ownership or from voting in favor of the Plan of Division, he or she will not acquire any right to payment of the fair value of his or her shares. A vote by a shareowner against the Plan of Division at the Special Meeting will not constitute a written notice of dissent that meets the requirement for payment of the fair value of his or her shares.

Notice of Intention to Demand Payment

After the approval of the Plan of Division by shareowners at the Special Meeting, the Company will mail a further notice to all dissenters who gave due notice of their intention to dissent and demand payment of the fair value of their shares and who refrained from voting in favor of the Plan of Division. The notice will:

- . state where and when a demand for payment must be sent and share certificates for certificated shares must be deposited in order to obtain payment,
- . inform holders of uncertificated shares to what extent transfers of shares will be restricted from the time demand for payment is received,
- . supply a form for demanding payment, and
- . include a copy of the subchapter of the Pennsylvania Business Corporation Law setting forth the rights of dissenting shareowners.

The date for receipt of the shareowners demand for payment and deposit of certificates for shares will be set forth in the Company's notice, and the date will be not less than 30 days from the mailing of the notice. A shareowner who fails to meet these deadlines will not have a right to receive payment of the fair value of his or her shares. If the Plan of Division has not been effected within 60 days of the date set for demanding payment and depositing shares, the Company is required to return any certificates that have been deposited and release uncertificated shares from any transfer restrictions which the Company is permitted to impose by reason of the demand for payment. The Company may, however, at any later time send a new notice requiring a notice of a demand for payment by dissenting shareowners.

Payment of Fair Value of Shares

Promptly after the Plan of Division becomes effective, or upon timely receipt of demand for payment if the Plan has already been effected, PPL Electric Utilities will either remit to dissenters the amount that it estimates to be the fair value of the shares or give written notice that no remittance is being made. The remittance or notice must be accompanied by:

- . financial statements for PPL Electric Utilities,

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- . PPL Electric Utilities' estimate of the fair value of shares of the preferred stock, and
- . a notice of dissenters' rights to demand payment or supplemental payment, along with a copy of the subchapter of the Pennsylvania Business Corporation Law setting forth the rights of dissenting shareowners.

If PPL Electric Utilities does not remit the amount of its estimate of the fair value of the preferred shares, it must return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment. It may make a notation on the returned certificates or on the records of the corporation relating to any uncertificated shares that such demand has been made. As a result, any transferee of such shares will not acquire any rights in PPL Electric Utilities other than those that the original dissenter had after making demand for payment of their fair value.

Estimate by Dissenter of Fair Value

If the dissenter believes that the amount stated by PPL Electric Utilities as the fair value of the preferred shares or remitted as its estimate of fair value is less than the fair value of his or her shares, the dissenter may

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send to PPL Electric Utilities his or her own estimate of fair value or the deficiency between his or her estimate and PPL Electric Utilities' estimate. If a dissenter fails to file his or her own estimate within 30 days after the mailing by PPL Electric Utilities of its remittance or notice, the dissenter will be entitled to no more than the amount stated in the notice or remittance.

Valuation Proceedings

If demands for payment remain unsettled, then within 60 days after the later of (a) the Plan of Division becoming effective, (b) timely receipt of any demands for payment by dissenters or (c) timely receipt of any estimates of fair value or remittance deficiency by dissenters, PPL Electric Utilities may file in an appropriate Court of Common Pleas of the Commonwealth of Pennsylvania an application for relief requesting that the fair value of the preferred shares be determined by the court. All dissenters, wherever residing, whose demands have not been settled are made parties to this proceeding. PPL Electric Utilities must serve a copy of the application to the court on each dissenting preferred stock shareowner.

The court has plenary and exclusive jurisdiction over the matter and may appoint an appraiser to receive evidence and recommend a decision on the issue of fair value. The appraiser will have such power and authority as may be specified in the order of appointment or in any amendment thereof. Fair value is defined by the Pennsylvania Business Corporation Law as the fair value of the shares immediately before the effective date of the Plan of Division, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the Plan.

Each dissenter who is a party to the valuation proceeding will be entitled to recover the amount by which the fair value of his or her shares is found to exceed the amount, if any, previously remitted to him or her, plus interest.

If PPL Electric Utilities fails to file an application with the court, any dissenter who has not settled his or her claim against PPL Electric Utilities

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may file an application with the court requesting that the fair value be determined by the court. The dissenter's application must be filed within 30 days after the expiration of the 60-day period in which PPL Electric Utilities was required to file such an application as described above. If a dissenter does not file his or her application within this 30 day period and the dissenter was otherwise entitled to file such an application, PPL Electric Utilities is required to pay the dissenter PPL Electric Utilities' estimate of the fair value of the dissenter's preferred shares and no more. The dissenter may bring an action to recover any amount not remitted by PPL Electric Utilities.

Costs and Expenses of Valuation Proceedings

The costs and expenses of any valuation proceeding, including the reasonable compensation and expenses of the appraiser appointed by the court, are determined by the court and assessed against PPL Electric Utilities, except that any part of the costs and expenses may be apportioned against all or some of the dissenting preferred stock shareowners who are parties to the valuation proceeding and whose action in demanding supplemental payment the court finds to be dilatory, obdurate, arbitrary, vexatious or in bad faith. Fees and expenses of counsel and of experts for the respective parties may be assessed as the court deems appropriate against PPL Electric Utilities if PPL Electric Utilities fails to comply substantially with the provisions of the statute relating to dissenters' rights and may be assessed against PPL Electric Utilities or a dissenter, in favor of the other party, if the court finds that the party against whom the fees and expenses are assessed acted in bad faith or in a dilatory, obdurate, arbitrary or vexatious manner in respect to the dissenters' rights provided by the statute. If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and should not be assessed against PPL Electric Utilities, it may award to those counsel reasonable fees to be paid out of the amount awarded to the dissenters who were benefitted.

The full text of the provisions of the Pennsylvania Business Corporation Law providing for dissenters' rights is set forth in Appendix B hereto and the foregoing is qualified in its entirety by this reference to the text of the statute.

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WHERE YOU CAN FIND MORE INFORMATION

PPL and the Company file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read this information at the following locations of the SEC.

Public Reference Room	Northeast Regional	Midwest Regional
450 Fifth Street,	Office	Office
N.W.	7 World Trade Center	500 West Madison
Room 1024	Suite 1300	Street
Washington, D.C.	New York, New York	Suite 400
20549	10048	Chicago, Illinois
		60661

The public may obtain information on the operations of the Public Reference Room by calling the SEC at 1-800-SEC-0300. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 450 Fifth Avenue, NW., Room 1024, Washington, D.C. 20549, at prescribed rates.

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The SEC also maintains a web site that contains reports, proxy statements and other information about issuers, like PPL and the Company, who file electronically with the SEC. The address of that site is <http://www.sec.gov>.

The SEC allows us to "incorporate by reference" information into this Information Statement which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this Information Statement except for any information superseded by information contained directly in this Information Statement or in any document filed after the date of this Information Statement by PPL or the Company with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the Special Meeting of shareowners. This Information Statement incorporates by reference the documents set forth below:

Annual Report on Form 10-K for the fiscal year ended December 31, 2000 dated March 1, 2001.

Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2001 dated May 14, 2001.

The Company undertakes to provide without charge to each person to whom a copy of this Information Statement has been delivered, upon request, a copy of any or all of the documents incorporated herein, other than the exhibits to such documents, unless such exhibits are specifically incorporated by reference into the information that this Information Statement incorporates. Requests for copies should be sent to: PPL Electric Utilities Corporation, Two North Ninth Street, Allentown, PA 18101-1179, Attention: Elizabeth Duane. If you would like to request documents from the Company, please do so by July 10, 2001 in order to receive them before the Special Meeting.

You should rely only on the information contained or incorporated by reference in this Information Statement. Neither PPL nor the Company has authorized anyone to provide you with information that is different from what is contained in this document. This document is dated as of the date set forth on the cover page. You should not assume that the information contained in this document is accurate as of any date other than this date, and the mailing of this document to shareowners shall not create any implication to the contrary.

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Appendix A

PLAN OF DIVISION

dividing

PPL ELECTRIC UTILITIES CORPORATION
(a Pennsylvania Corporation)

into

PPL ELECTRIC UTILITIES CORPORATION
(a Pennsylvania Corporation)

and

NINTH STREET & HAMILTON CORPORATION
(a Pennsylvania Corporation)

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RECITALS

A. As of June 1, 2001, the issued and outstanding capital stock of PPL Electric Utilities Corporation, a Pennsylvania corporation ("PPL Electric"), the dividing corporation, consists of 102,230,382 shares of common stock, without par value ("PPL Electric Common Stock"), and 964,323 shares of preferred stock ("PPL Electric Preferred Stock" and together with the PPL Electric Common Stock, the "PPL Electric Stock"), each such share of PPL Electric Stock being entitled to one vote.

B. PPL Electric desires to divide itself (the "Division") into PPL Electric, a surviving corporation, and Ninth Street & Hamilton Corporation ("NS&H Corp."), a new Pennsylvania corporation.

C. The Board of Directors of PPL Electric has duly adopted a resolution approving this Plan of Division (the "Plan") and this Plan was submitted to and approved by the shareholders of PPL Electric at a special meeting of shareholders.

ARTICLE I

General Provision

1.1. PPL Electric (hereinafter sometimes referred to as the "Dividing Corporation") shall divide into PPL Electric (hereinafter sometimes referred to as the "Surviving Corporation") and NS&H Corp. (hereinafter sometimes called the "New Corporation"), the Surviving Corporation and the New Corporation being hereinafter sometimes collectively referred to as the "Resulting Corporations," subject to the terms and conditions of this Plan.

1.2. Upon the Effective Date, as defined in Section 1.6 hereof, the Dividing Corporation shall be divided into PPL Electric and NS&H Corp. with the effect specified by Section 1957 (relating to effect of division) (15 Pa. Cons. Stat. (S) 1957) of the Business Corporation Law of 1988, as amended (hereinafter referred to as the "BCL"). The Dividing Corporation, PPL Electric, shall survive the Division.

1.3. The PPL Electric Common Stock and the PPL Electric Preferred Stock shall not be affected by the Division. Upon the Effective Date the shares of PPL Electric Common Stock and the shares of PPL Electric Preferred Stock then outstanding shall continue to be registered on the books of PPL Electric, as they appear in the books and records of the Dividing Corporation.

1.4. Upon the Effective Date there shall be 1,000 shares of common stock of NS&H Corp. outstanding, all of which shall be issued to, and registered in the name of, PPL Corporation, the holder of all of the issued and outstanding shares of PPL Electric Common Stock.

1.5. Each Resulting Corporation, and its successors or assigns, shall at any time, or from time to time, as and when requested by the other Resulting Corporation, or by its successors and assigns, execute and deliver, or cause to be executed and delivered in its name by any of its duly authorized officers, all such assumptions, acknowledgements, assignments, conveyances, transfers, deeds, or other instruments, and shall take or cause to be taken such further or other action, as the other Resulting Corporation, or its successors and assigns, may deem necessary or desirable in order to (i) evidence the transfer, vesting, or devolution in or to either Resulting Corporation of any property, right, privilege, franchise, or interest, (ii) vest or perfect in either Resulting

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Corporation, its successors, or assigns, title to and possession of its respective property, rights, privileges, franchises, and interests, or (iii) otherwise evidence the apportioning of the liabilities of PPL Electric, the Dividing Corporation, between the Resulting Corporations, in the manner specified in, or pursuant to, this Plan and otherwise to carry out the intent and purposes hereof.

1.6. Articles of Division, incorporating this Plan, shall be executed and filed in the Department of State of the Commonwealth of Pennsylvania (the "Department of State"). This Division shall become effective upon the filing of such Articles of Division in the Department of State (which time is herein referred to as the "Effective Date").

ARTICLE II

Dividing Corporation

2.1. The Dividing Corporation is PPL Electric, with its registered office at Two North Ninth Street, Allentown, Pennsylvania 18101-1179.

2.2. PPL Electric was duly incorporated as a Pennsylvania corporation on June 4, 1920 with the name Pennsylvania Power & Light Company.

ARTICLE III

Surviving Corporation

3.1. PPL Electric, the Dividing Corporation, will survive the Division.

3.2. The Articles of Incorporation of PPL Electric, the Dividing Corporation, shall be amended and restated as set forth in Exhibit A attached hereto and shall become the Articles of Incorporation of PPL Electric, the Surviving Corporation.

3.3. The Bylaws of PPL Electric, the Dividing Corporation, shall be amended and restated as set forth in Exhibit B attached hereto and shall become the Bylaws of PPL Electric, the Surviving Corporation (the "PPL Electric Bylaws"), until changed in the manner therein provided.

3.4. Except as otherwise provided in Section 4.3 hereof, the directors and officers of PPL Electric, the Dividing Corporation, shall be the directors and officers of PPL Electric, the Surviving Corporation, until changed in the manner provided in the PPL Electric Bylaws.

ARTICLE IV

New Corporation; Directors

4.1. The Articles of Incorporation of NS&H Corp. shall be as set forth in Exhibit C attached hereto. NS&H Corp. will have its registered office at Two North Ninth Street, Allentown, Pennsylvania 18101-1179.

4.2. The Bylaws of NS&H Corp. shall be in such form as shall be adopted by the Board of Directors of NS&H Corp.

4.3. On the Effective Date the individuals named on Exhibit D attached hereto and identified as directors of NS&H Corp. shall become the initial directors of NS&H Corp. and the individual named on such Exhibit and identified as an additional director of PPL Electric, the Surviving corporation, shall become an additional director of PPL Electric.

ARTICLE V

Effect of Division

5.1. All the property of PPL Electric, the Dividing Corporation, whether real or personal, tangible or intangible, including all debts due on whatever account to it, and all liabilities of PPL Electric, the Dividing Corporation, shall, upon the Effective Date, to the extent allocated to NS&H Corp. in Schedule 5.1 attached hereto, be without further act or deed allocated to and vested in NS&H Corp.

5.2. Except as otherwise provided in this Article V, upon the Effective Date the Surviving Corporation shall be free of all liabilities of the Dividing Corporation to the extent allocated to NS&H Corp. as provided in this Article V.

5.3. Except as otherwise provided in this Article V, all of the property, rights, privileges, franchises, interests and liabilities of PPL Electric, the Dividing Corporation, not expressly allocated to NS&H Corp., shall, upon the Effective Date, be unaffected by the Division and shall continue as the property, rights, privileges, franchises, interests and liabilities of PPL Electric, the Surviving Corporation. The Resulting Corporations shall each thenceforth be responsible as separate and distinct corporations only for such liabilities as each corporation may explicitly undertake or incur pursuant to the Division or after the Effective Date in its own name.

5.4. Each of the Resulting Corporations shall be liable for any transfer taxes, costs, or fees associated with the Division and allocation of property and liabilities as if PPL Electric, the Dividing Corporation, were the seller of such transferred assets or liabilities and NS&H Corp. were the purchaser of such assets or liabilities.

5.5. All property of PPL Electric, the Dividing Corporation, however allocated pursuant to this Plan, shall remain subject to any liens or encumbrances thereon, and this Plan shall not in any way affect such liens or encumbrances.

5.6. At and after the Effective Date, except as provided in Section 5.4 hereof, neither of the Resulting Corporations shall be liable, as obligor or guarantor or otherwise, for any liability allocated to the other Resulting Corporation hereunder, and neither of the Resulting Corporations shall have recourse to any property of the other Resulting Corporation, except as otherwise explicitly provided herein.

ARTICLE VI

General Provisions

6.1. The terms and provisions of this Plan of Division shall survive the Effective Date hereof.

6.2. This Plan of Division shall be binding upon and inure to the benefit of PPL Electric, the Surviving Corporation, and NS&H Corp. and each of their respective successors and assigns.

6.3. This Plan of Division may be withdrawn by action of the Board of Directors of PPL Electric, the Dividing Corporation, in its sole discretion at any time prior to the filing of Articles of Division in the Department of State. Upon such withdrawal, this Plan of Division shall be of no force or

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effect.

IN WITNESS WHEREOF, PPL Electric, the Dividing Corporation, has executed this Plan of Division, this _____ day of _____, 2001.

ATTEST:

PPL ELECTRIC UTILITIES CORPORATION

Secretary By: _____
Name:
Title:

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SCHEDULE 5.1

A. The assets of PPL Electric, the Dividing Corporation, allocated to NS&H Corp. consist of \$5 million in cash.

B. The liabilities of PPL Electric, the Dividing Corporation, allocated to NS&H Corp. consist of the following:

--liabilities of the Dividing Corporation, if any, under contracts that prior to the effective date of the division the Dividing Corporation assigned to PPL Corporation or any other direct or indirect subsidiary of PPL Corporation and any other contracts under which the Dividing Corporation has joint liability with PPL Corporation or any other direct or indirect subsidiary of PPL Corporation, for which releases from the other contracting party or parties have not been obtained by the Dividing Corporation;

--liabilities of the Dividing Corporation, if any, under any employee benefit plans, programs, policies, agreements and other arrangements where the Dividing Corporation may be responsible for payments to employees of PPL Corporation or any other direct or indirect subsidiary of PPL Corporation, other than liabilities for which the Company is liable under applicable law or regulation notwithstanding the division;

--liabilities of the Dividing Corporation, if any, for damages with respect to claims that may be made in the future based on occurrences arising prior to the effective date of the division for which the Dividing Corporation may be jointly liable with PPL Corporation or any other direct or indirect subsidiary of PPL Corporation, other than tax liabilities and liabilities for which the Dividing Corporation is liable under applicable law or regulation notwithstanding the division; and

--liabilities of the Dividing Corporation, if any, for damages with respect to claims that may be made in the future based on occurrences arising prior to the effective date of the division which do not relate to or arise out of (1) the Dividing Corporation's transmission and distribution businesses or (2) those business activities that are related to or arise out of its electric transmission and distribution businesses, other than tax liabilities and liabilities for which the Dividing Corporation is liable under applicable law or regulation notwithstanding the division.

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Exhibit A

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PPL ELECTRIC UTILITIES CORPORATION

AMENDED AND RESTATED ARTICLES OF INCORPORATION

ARTICLE I. The name of the Corporation is

PPL ELECTRIC UTILITIES CORPORATION

ARTICLE II. The location and post office address of the registered office of the Corporation in this Commonwealth is

Two North Ninth Street
Allentown, Pennsylvania 18101

ARTICLE III. The purpose or purposes for which the Corporation is incorporated under the Business Corporation Law of the Commonwealth of Pennsylvania are to engage in, and do any lawful act concerning, any or all lawful business for which a corporation may be incorporated under said Business Corporation Law, including but not limited to:

1. The supply of light, heat or power to the public by means of electricity or by any other means.
2. The production, generation, manufacture, transmission, storage, distribution or furnishing of artificial or natural gas, electricity or steam or air conditioning or refrigerating services, or any combination thereof to or for the public.
3. The diverting, pumping or impounding of water for the development or furnishing of hydroelectric power to or for the public.
4. The transportation of artificial or natural gas, electricity, petroleum or petroleum products or water or any combination of such substances for the public.
5. The diverting, developing, pumping, impounding, distributing or furnishing of water from either surface or subsurface sources to or for the public.
6. Manufacturing, processing, owning, using and dealing in personal property of every class and description, engaging in research and development, the furnishing of services, and acquiring, owning, using and disposing of real property of every nature whatsoever.

ARTICLE IV. The term for which the Corporation is to exist is perpetual.

ARTICLE V. The aggregate number of shares which the Corporation shall have authority to issue is 185,629,936 shares, divided into 629,936 shares of 4 1/2% Preferred Stock, par value \$100 per share; 10,000,000 shares of Series Preferred Stock, par value \$100 per share; 5,000,000 shares of Preference Stock, without nominal or par value; and 170,000,000 shares of Common Stock, without nominal or par value.

ARTICLE VI. The designations, preferences, qualifications, limitations, restrictions, and the special or relative rights in respect of the shares of each class shall be as follows:

Division A--4 1/2% PREFERRED STOCK

SECTION 1. Dividend Rate. The 4 1/2% Preferred Stock shall be entitled to

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dividends, as provided in Division C, at the rate of four and one-half percent (4 1/2%) per annum, such dividends to be cumulative from the date of issuance thereof.

SECTION 2. Restrictions on Certain Corporate Action. (A) Upon the vote of a

majority of all the Directors of the Corporation and of a majority of the total number of shares of stock then issued and outstanding and

entitled to vote, the Corporation may from time to time create or authorize one or more other classes of stock with such designations, rights, privileges, limitations, preferences, voting powers, prohibitions, restrictions or qualifications of the voting and other rights and powers and terms as to redemption as may be determined by said vote, which may be the same or different from the designations, rights, privileges, limitations, preferences, voting powers, prohibitions, restrictions or qualifications of the classes of stock of the Corporation then authorized; provided, however, that no new class of stock shall hereafter be created or authorized which is entitled to dividends or shares in distribution of assets on a parity with or in priority to the 4 1/2% Preferred Stock, nor shall there be created or authorized any securities convertible into shares of any such stock, unless the holders of record of not less than two-thirds of the number of shares of 4 1/2% Preferred Stock then outstanding shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of shareholders at which the creation or authorization of such new class of stock or such convertible securities is considered. Any such vote may authorize any shares of any class then authorized but unissued to be issued as shares of such new class or classes.

(B) The expressed rights, privileges, terms and conditions of the 4 1/2% Preferred Stock then outstanding shall not be amended, altered, changed or repealed in a manner substantially prejudicial to the holders thereof unless the holders of record of not less than two-thirds of the number of shares of the 4 1/2% Preferred Stock then outstanding shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of shareholders at which such amendment, alteration, change or repeal is considered.

Division B--SERIES PREFERRED STOCK

SECTION 1. Division into Series. (A) All shares of Series Preferred Stock

shall be identical except that the dividend rate, the amount to which such shares shall be entitled upon redemption and upon liquidation, the sinking fund, if any, as well as the provisions, if any, with respect to convertibility may vary between different series. The Series Preferred Stock may be divided into, and issued from time to time, in one or more series, each of such series to have such distinctive designation, terms, relative rights, privileges, limitations, preferences and voting powers and such prohibitions, restrictions, and qualifications of the voting and other rights and powers as are fixed and determined in this Article VI or in a resolution or resolutions providing for the issue of such series adopted by the Board of Directors as provided in this Division B.

(B) Authority is hereby expressly granted to the Board of Directors to establish one or more series of Series Preferred Stock and with respect to each series to fix and determine by resolution or resolutions providing for the issue of such series:

- (1) the number of shares to constitute such series and the distinctive designation thereof to distinguish the shares thereof from the shares of all other series and classes;

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(2) the dividend rate on the shares of such series, and the date or dates from which dividends shall be cumulative;

(3) the amount to which shares of such series shall be entitled upon redemption;

(4) the amount to which shares of such series shall be entitled upon liquidation;

(5) the amount of the sinking fund, if any, for the purchase or redemption of shares of such series; and

(6) the terms and conditions, if any, upon which the shares of such series may be converted into other securities of the Corporation.

SECTION 2. Restrictions on Certain Corporate Action. (A) Upon the vote of a

majority of all of the Directors of the Corporation and of a majority of the total number of shares of stock then issued and outstanding and entitled to vote, the Corporation may from time to time create or authorize one or more classes of stock in addition to the Series Preferred Stock, the 4 1/2% Preferred Stock, the Preference Stock and the Common Stock, with such designations, rights, privileges, limitations, preferences, voting powers, prohibitions, restrictions or qualifications of the voting and other rights and powers and terms as to redemption as may be determined by said vote, which may be the same or different from the designations, rights, privileges, limitations, preferences, voting powers, prohibitions, restrictions or qualifications of the classes of stock of the Corporation then authorized; provided, however, that no new class of stock shall hereafter be created or authorized which is entitled to dividends or shares in distribution of assets on a parity with or in priority to the Series Preferred Stock, nor shall there be created or authorized any securities convertible into shares of any such stock, unless the holders of record of not less than two-thirds of the number of shares of the Series Preferred Stock and the 4 1/2% Preferred

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Stock then outstanding (consenting or voting as a single class separate from the holders of the Preference Stock and the Common Stock) shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of shareholders at which the creation or authorization of such new class of stock or such convertible securities is considered. Any such vote may authorize any shares of any class then authorized but unissued to be issued as shares of such new class or classes.

(C) The provisions of this Section 2 of this Division B requiring the approval of a specified percentage of the holders of the Series Preferred Stock and the 4 1/2% Preferred Stock voting or consenting as a class shall be construed as in addition to and not in substitution for, any provisions of Division A of this Article VI requiring the approval of the holders of a specified percentage of the 4 1/2% Preferred Stock.

(D) The expressed rights, privileges, terms and conditions of the Series Preferred Stock then outstanding, insofar as they are set forth in the foregoing subsections of this Section 2 shall not be amended, altered, changed or repealed in a manner substantially prejudicial to the holders thereof unless (1) the holders of record of not less than two-thirds of the number of shares of the Series Preferred Stock and the 4 1/2% Preferred Stock then outstanding (consenting or voting as a single class separate from the holders of the Preference Stock and the Common Stock) shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of shareholders at

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which such amendment, alteration, change or repeal is considered, and (2) the expressed rights, privileges, terms and conditions of the 4 1/2% Preferred Stock, are, at the same time, similarly amended, altered, changed or repealed. The expressed rights, privileges, terms and conditions of the Series Preferred Stock then outstanding, other than those set forth in the foregoing subsections of this Section 2, shall not be amended, altered, changed or repealed in a manner substantially prejudicial to the holders thereof unless the holders of record of not less than two-thirds of the number of shares of the Series Preferred Stock then outstanding shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of shareholders at which such amendment, alteration, change or repeal is considered.

SECTION 3. Variations Among Series of Series Preferred Stock. (A) 4.60%

Series Preferred Stock. The terms of the "4.60% Series Preferred Stock," in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows: the dividend rate shall be 4.60% per annum, and dividends on each share of such series shall be cumulative from the date or dates of initial issue of shares of such series; the redemption price shall be \$103 per share at any time; \$103 per share shall be payable upon any voluntary liquidation, dissolution or winding up of the Corporation and \$100 per share shall be payable upon any involuntary liquidation, dissolution or winding up of the Corporation. The number of shares of this series authorized is 63,000 shares.

(B) 4.40% Series Preferred Stock. The terms of the "4.40% Series Preferred Stock" in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows: the dividend rate shall be 4.40% per annum, and dividends on each share of such series shall be cumulative from the date or dates of the initial issue of shares of such series; the redemption price shall be \$102 per share at any time; \$102 per share shall be payable upon any voluntary liquidation, dissolution or winding up of the Corporation and \$100 per share shall be payable upon any involuntary liquidation, dissolution or winding up of the Corporation. The number of shares of this series authorized is 229,214 shares.

(C) 3.35% Series Preferred Stock. The terms of the "3.35% Series Preferred Stock" in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows: the dividend rate shall be 3.35% per annum and dividends on each share of such Series shall be cumulative from the date or dates of the initial issue of shares of such series; the redemption price shall be \$103.50 per share at any time; \$103.50 per share shall be payable upon any voluntary liquidation, dissolution or winding up of the Corporation and \$100 per share shall be payable upon any involuntary liquidation, dissolution or winding up of the Corporation. The number of shares of this series authorized is 53,248 shares.

(D) 6.75% Series Preferred Stock. The terms of the "6.75% Series Preferred Stock" in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows:

(1) The dividend rate shall be 6.75% per annum and dividends on each share of such Series shall be cumulative from the date or dates of the initial issue of shares of such series;

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(2) Shares of this Series are not redeemable prior to October 1, 2003. On or after October 1, 2003, the Corporation may, by resolution of the Board of Directors or the Executive Committee of the Board of Directors, redeem all, or from time to time, any part of the outstanding shares of this

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Series, at the following redemption prices per share:

If Redeemed During Twelve Month Period Ending September 30 -----	Redemption Prices -----
2004.....	103.38%
2005.....	103.04
2006.....	102.70
2007.....	102.36
2008.....	102.03
2009.....	101.69
2010.....	101.35
2011.....	101.01
2012.....	100.68
2013.....	100.34

and thereafter at \$100.00 per share. Any shares of this Series which are redeemed, repurchased or otherwise reacquired by the Corporation shall, until further action by the Board of Directors or the Executive Committee of the Board of Directors, have the status of authorized and unissued shares of Series Preferred Stock, without designation as to series.

(3) \$100.00 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The shares of this Series shall not be convertible into shares of any other class or classes or into any other securities of the Corporation. The number of shares of this series authorized is 850,000 shares.

(E) 6.125% Series Preferred Stock. The terms of the "6.125% Preferred Stock"

in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows:

(1) The dividend rate shall be 6.125% per share per annum and dividends on each share of such Series shall be cumulative from the date or dates of the initial issue of shares of such Series;

(2) So long as any shares of this Series remain outstanding, the Corporation, after full dividends on all outstanding shares of the 4 1/2% Preferred Stock and the Series Preferred Stock, including this Series, for all past dividend periods shall have been paid or set aside, shall redeem as and for a sinking fund for the retirement of this Series (the "6.125% Sinking Fund"), out of funds legally available therefor, (i) annually on October 1 in each of the years 2003 through 2007, 57,500 shares of this Series, and (ii) on October 1, 2008, the remaining shares of this Series. The Corporation's obligation to make redemptions for the 6.125% Sinking Fund on any such October 1 as provided in this subparagraph (2) (such obligations on each such date being herein called the "6.125% Sinking Fund Obligation") shall be cumulative so that if on any such October 1 the funds of the Corporation legally available for the 6.125% Sinking Fund shall be insufficient to permit the Corporation to discharge its 6.125% Sinking Fund Obligation on such date, or if for any other reason such 6.125% Sinking Fund Obligation shall not have been discharged in full on such date, then such 6.125% Sinking Fund Obligation, to the extent not discharged, shall become an additional 6.125% Sinking Fund Obligation for each succeeding October 1 until fully discharged. The price at which shares of this Series shall be called for redemption through the 6.125% Sinking Fund shall be \$100 per share, plus an amount equal to accumulated and unpaid dividends to

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the date of such redemption computed as provided in Section 5 of Division C of Article VI of these Amended and Restated Articles of Incorporation. The Corporation's 6.125% Sinking Fund Obligation may be discharged, in whole or part, by the application of any shares of this Series purchased or otherwise acquired by the Corporation on or before such date. If the Corporation shall for any reason fail to discharge in full its 6.125% Sinking Fund Obligation on any such October 1, the Corporation shall not thereafter, unless and until such 6.125% Sinking Fund Obligation and its 6.125% Sinking Fund Obligation for each and every prior October 1 shall have been discharged in full, declare or pay any dividend on, or make any other distribution of property with respect to, or purchase or otherwise acquire, any of its Common Stock.

(3) Shares of this Series are not redeemable prior to October 1, 2003. On and after October 1, 2003, the Corporation may, by resolution of the Board of Directors or the Executive Committee of the Board of

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Directors, redeem all, or from time to time, any part of the outstanding shares of this Series at \$100 per share. Any shares of this Series which are redeemed, repurchased or otherwise reacquired by the Corporation shall, until further action by the Board of Directors or the Executive Committee of the Board of Directors, have the status of authorized and unissued shares of Series Preferred Stock, without designation as to series.

(4) \$100.00 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The shares of this Series shall not be convertible into shares of any other class or classes or into any other securities of the Corporation. The number of shares of this series authorized is 1,150,000 shares.

(F) 6.33% Series Preferred Stock. The terms of the "6.33% Preferred Stock"

in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows:

(1) The dividend rate shall be 6.33% per share per annum and dividends on each share of such Series shall be cumulative from the date or dates of the initial issue of shares of such Series;

(2) So long as any shares of this Series remain outstanding, the Corporation, after full dividends on all outstanding shares of the 4 1/2% Preferred Stock and the Series Preferred Stock, including this Series, for all past dividend periods shall have been paid or set aside, shall redeem as and for a sinking fund for the retirement of this Series (the "6.33% Sinking Fund"), out of funds legally available therefor, (i) annually on July 1 in each of the years 2003 through 2007, 50,000 shares of this Series, and (ii) on July 1, 2008, the remaining shares of this Series. The Corporation's obligation to make redemptions for the 6.33% Sinking Fund on any such July 1 as provided in this subparagraph (2) (such obligations on each such date being herein called the "6.33% Sinking Fund Obligation") shall be cumulative so that if on any such July 1 the funds of the Corporation legally available for the 6.33% Sinking Fund shall be insufficient to permit the Corporation to discharge its 6.33% Sinking Fund obligation on such date, or if for any other reason such 6.33% Sinking Fund Obligation shall not have been discharged in full on such date, then such 6.33% Sinking Fund Obligation, to the extent not discharged, shall become an additional 6.33% Sinking Fund Obligation for each succeeding July 1 until fully discharged. The price at which shares of this Series shall be called for redemption through the 6.33% Sinking Fund shall be \$100 per

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share, plus an amount equal to accumulated and unpaid dividends to the date of such redemption computed as provided in Section 5 of Division C of Article VI of these Amended and Restated Articles of Incorporation. The Corporation's 6.33% Sinking Fund Obligation may be discharged, in whole or part, by the application of any shares of this Series purchased or otherwise acquired by the Corporation on or before such date. If the Corporation shall for any reason fail to discharge in full its 6.33% Sinking Fund Obligation on any such July 1, the Corporation shall not thereafter, unless and until such 6.33% Sinking Fund Obligation and its 6.33% Sinking Fund Obligation for each and every prior July 1 shall have been discharged in full, declare or pay any dividend on, or make any other distribution of property with respect to, or purchase or otherwise acquire, any of its Common Stock.

(3) Shares of this Series are not redeemable prior to October 1, 2003. On and after October 1, 2003, the Corporation may, by resolution of the Board of Directors or the Executive Committee of the Board of Directors, redeem all, or from time to time, any part of the outstanding shares of this Series at \$100 per share. Any shares of this Series which are redeemed, repurchased or otherwise reacquired by the Corporation shall, until further action by the Board of Directors or the Executive Committee of the Board of Directors, have the status of authorized and unissued shares of Series Preferred Stock, without designation as to series.

(4) \$100.00 per share shall be payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. The shares of this Series shall not be convertible into shares of any other class or classes or into any other securities of the Corporation. The number of shares of this series authorized is 1,000,000 shares.

(G) 5.95% Series Preferred Stock. The terms of the "5.95% Preferred Stock"

in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows:

(1) The dividend rate shall be 5.95% per share per annum and dividends on each share of such Series shall be cumulative from the date or dates of the initial issue of shares of such Series;

(2) The Corporation, after full dividends on all outstanding shares of the 4 1/2% Preferred Stock and the Series Preferred Stock including this Series, for all past dividend periods shall have been paid or set aside,

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shall redeem as and for a sinking fund for the retirement of this Series (the "5.95% Sinking Fund"), out of funds legally available therefor, on April 1, 2001, all of the outstanding shares of this Series. If on April 1, 2001, the required number of shares shall not be redeemed because of the lack of legally available funds, or for any other reason, the amount required to be redeemed shall be carried forward until such obligation is fully discharged. The price at which shares of this Series shall be called for redemption through the 5.95% Sinking Fund shall be \$100 per share, plus an amount equal to accumulated and unpaid dividends to the date of such redemption computed as provided in Section 5 of Division C of Article VI of these Amended and Restated Articles of Incorporation. If the Corporation shall for any reason fail to discharge in full its 5.95% Sinking Fund obligation on April 1, 2001, the Corporation shall not thereafter, unless and until such 5.95% Sinking Fund obligation shall have been discharged in full, declare or pay any dividend on, or make any other distribution of property with respect to, or purchase or otherwise acquire, any of its

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Common Stock. Any shares of this Series which are redeemed, repurchased or otherwise reacquired by the Corporation shall, until further action by the Board of Directors or the Executive Committee of the Board of Directors, have the status of authorized and unissued shares of Series Preferred Stock, without designation as to series.

(3) The amount per share for this Series payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation shall be \$100. The shares of this Series shall not be convertible into shares of any other class or classes or into any other securities of the Corporation. The number of shares of this Series authorized is 300,000 shares.

(H) 6.05% Series Preferred Stock. The terms of the "6.05% Preferred Stock"

in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows:

(1) The dividend rate shall be 6.05% per share per annum and dividends on each share of such Series shall be cumulative from the date or dates of the initial issue of shares of such Series;

(2) The Corporation, after full dividends on all outstanding shares of the 4 1/2% Preferred Stock and the Series Preferred Stock, including this Series, for all past dividend periods shall have been paid or set aside, shall redeem as and for a Sinking Fund for the retirement of this Series (the "6.05% Sinking Fund"), out of funds legally available therefor, on April 1, 2002, all of the outstanding shares of this Series. If on April 1, 2002, the required number of shares shall not be redeemed because of the lack of legally available funds, or for any other reason, the amount required to be redeemed shall be carried forward until such obligation is fully discharged. The price at which shares of this Series shall be called for redemption through the 6.05% Sinking Fund shall be \$100 per share, plus an amount equal to accumulated and unpaid dividends to the date of such redemption computed as provided in Section 5 of Division C of Article VI of these Amended and Restated Articles of Incorporation. If the Corporation shall for any reason fail to discharge in full its 6.05% Sinking Fund obligation on April 1, 2002, the Corporation shall not thereafter, unless and until such 6.05% Sinking Fund obligation shall have been discharged in full, declare or pay any dividend on, or make any other distribution of property with respect to, or purchase or otherwise acquire, any of its Common Stock. Any shares of this Series which are redeemed, repurchased or otherwise reacquired by the Corporation shall, until further action by the Board of Directors or the Executive Committee of the Board of Directors, have the status of authorized and unissued shares of Series Preferred Stock, without designation as to series.

(3) The amount per share for this Series payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation shall be \$100. The shares of this Series shall not be convertible into shares of any other class or classes or into any other securities of the Corporation. The number of shares of this Series authorized is 250,000 shares.

(I) 6.15% Series Preferred Stock. The terms of the "6.15% Preferred Stock"

in the respects in which the shares of such series may vary from shares of other series of the Series Preferred Stock shall be as follows:

(1) The dividend rate shall be 6.15% per share per annum and dividends on each share of such Series shall be cumulative from the date or dates of the initial issue of shares of such Series;

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(2) The Corporation, after full dividends on all outstanding shares of the 4 1/2% Preferred Stock and the Series Preferred Stock, including this Series, for all past dividend periods shall have been paid or set aside, shall redeem as and for a sinking fund for the retirement of this Series (the "6.15% Sinking Fund"), out of funds legally available therefor, on April 1, 2003, all of the outstanding shares of this Series. If on April 1, 2003, the required number of shares shall not be redeemed because of the lack of legally available funds, or for any other reason, the amount required to be redeemed shall be carried forward until such obligation is

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fully discharged. The price at which shares of this Series shall be called for redemption through the 6.15% Sinking Fund shall be \$100 per share, plus an amount equal to accumulated and unpaid dividends to the date of such redemption computed as provided in Section 5 of Division C of Article VI of these Amended and Restated Articles of Incorporation. If the Corporation shall for any reason fail to discharge in full its 6.15% Sinking Fund obligation on April 1, 2003, the Corporation shall not thereafter, unless and until such 6.15% Sinking Fund obligation shall have been discharged in full, declare or pay any dividend on, or make any other distribution of property with respect to, or purchase or otherwise acquire, any of its Common Stock. Any shares of this Series which are redeemed, repurchased or otherwise reacquired by the Corporation shall, until further action by the Board of Directors or the Executive Committee of the Board of Directors, have the status of authorized and unissued shares of Series Preferred Stock, without designation as to series.

(3) The amount per share for this Series payable to the holders thereof upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation shall be \$100. The shares of this Series shall not be convertible into shares of any other class or classes or into any other securities of the Corporation. The number of shares of this Series authorized is 250,000 shares.

(J) For the purposes of the foregoing paragraphs (A) through (I), the terms "involuntary liquidation, dissolution or winding up" shall include, without being limited to, a liquidation, dissolution or winding up of the Corporation resulting in the distribution of all of the net proceeds of a sale, lease or conveyance of all or substantially all of the property or business of the Corporation to any governmental body including, without limitation, any municipal corporation or political subdivision or authority.

Division C--PROVISIONS APPLICABLE TO BOTH THE 4 1/2%
PREFERRED STOCK AND THE SERIES PREFERRED STOCK

SECTION 1. General. The term "Preferred Stock" whenever used in this Article

VI, shall be deemed to include the 4 1/2% Preferred Stock, the Series Preferred Stock and any other class of stock entitled to dividends on a parity with the 4 1/2% Preferred Stock and Series Preferred Stock.

SECTION 2. Dividends. (A) The shares of Preferred Stock shall be entitled to

the payment of dividends on a parity with each other at the rate or rates established by or pursuant to the provisions of this Article VI and in preference to the Preference Stock and the Common Stock, but only when and as declared by the Board of Directors, out of funds legally available for the payment of dividends.

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(B) Said dividends shall be payable quarterly on January 1, April 1, July 1 and October 1 of each year or otherwise as the Board of Directors may determine, to shareholders of record as of a date not exceeding forty (40) days and not less than ten (10) days preceding such dividend payment dates, to be fixed by the Board of Directors. The holders of the Preferred Stock shall not be entitled to receive any dividends thereon out of net profits or surplus earnings other than dividends established by or pursuant to this Article VI.

SECTION 3. Preferences In Distribution. The shares of the 4 1/2% Preferred

Stock and the Series Preferred Stock shall be entitled to share on a parity with each other, and shall have a preference over the Preference Stock and the Common Stock, upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, or upon any distribution of assets, other than net profits or surplus earnings until there shall have been paid in respect of the shares of:

(a) 4 1/2% Preferred Stock--the full par value thereof, or

(b) Series Preferred Stock--the liquidation price fixed as provided in Division B;

plus, in either case, an amount, if any, by which an amount equivalent to the annual dividend upon such shares from the date after which dividends thereon became cumulative to the date of liquidation exceeds the dividends actually paid thereon or declared and set apart for payment thereon from such date to the date of liquidation. The 4 1/2% Preferred Stock and the Series Preferred Stock shall not receive any share in any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or in any distribution of assets in excess of the aggregate amount specified in this section.

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SECTION 4. Voting Rights. (A) Except as otherwise provided in these Amended

and Restated Articles of Incorporation, each share of the 4 1/2% Preferred Stock, the Series Preferred Stock, the Common Stock and (if, and to the extent, stated in the