

## Web Findings

Web findings yield only a few useful pieces of content. (see also links at the bottom of the document). Powergen appears to be involved in projects harnessing wind energy and, compared with other energy companies, has a good reputation with NGOs. Nothing really juicy has shown itself so far – particularly in terms of content of which Powergen is unlikely to be aware.

### Web: News Now

#### Powergen Launches New Internet Packages for Families and Small Businesses, 14-Sep-01

"Powergen has today announced that it will launch three new Internet access packages in September 2001 – 'Evenings & Weekends', 'Daytime' and 'Anytime' – which have been designed with families and small businesses in mind..."

[http://www.pgen.com/news/default.asp?display=detail&News\\_ID=286&Category=15](http://www.pgen.com/news/default.asp?display=detail&News_ID=286&Category=15)

### Web: Motley Fool UK

#### Powergen's Bid Poser, 09-Apr-01

"As first leaked to the press back in January, the German utility group E.ON has made a bid for Powergen (LSE: PWG). The offer is 765p in cash. E.ON will also take on Powergen's £5b-plus of debt which it racked up with its purchase last year of the US power group, LG&E Corp.

The bid was a little short of what some commentators were expecting but it still looks a fairly generous price as far as Powergen shareholders are concerned. It's about 25% above the price of the shares before the takeover talks were first revealed, and about double the price that the shares were at this time last year. It also represents a 16% annual return, before dividends, on the 175p flotation price ten years ago. All in all, private shareholders have done pretty well from Powergen.

However, the deal still has some way to go before the cheques are put in the post. E.ON does not expect it to be completed until Spring next year. As usual with utility mergers there are regulatory bodies to satisfy. And now most utility mergers span many countries this process takes longer than ever and is more likely to run aground. The US is a particular sticking point in this case as US law specifies that energy companies can only have a limited amount of their businesses in non-energy operations. So E.ON will have to dispose of some of its interests in chemicals and oils.

Because of this protracted process Powergen's share price is currently wallowing around the 715p level, a 6.5% discount to the offer price. This discount represents investors' doubts that the bid will actually be completed and the length of time it will take to tie up. Powergen shareholders will also continue to receive their quarterly dividends until the deal is finalised so the actual discount is probably nearer 10%.

That's a fairly chunky difference and it leaves shareholders in a bit of quandary. Do they take the money and run? Or do they hold out for the full Monty and take the risk that the deal will not go through? Powergen's prospects as an independent entity aren't that appealing. A higher bid looks unlikely but it can't be completely ruled out. As always the most sensible route will be for them to consider their attitude to the risks involved and act accordingly."

<http://www.fool.co.uk/news/comment/2001/c010409a.htm>

## Newsgroups

Newsgroup volumes are low and uncontroversial. Some background discussion on home service providers with a few negative comments about Powergen's service (below). Frequency of Powergen-related messages is around 50 per month.



Comment from an indiv dissatisfied with Powergen's integrated power/phone service:

### **Newsgroup: uk.telecom**

#### Powergen £50 casback, 10-Aug-01

"Powergen supply homes with gas, electricity and telephone services and are offering up to £50 cashback for online applications.

There is no need to change any wires, pipes or telephone numbers, and completing the form to switch your home over to Powergen can be undertaken online in just a few minutes. They'll notify your current supplier for you, which means that you'll start to save with Powergen a few weeks later..." [http://groups.google.com/groups?selm=uK\\_c7.26831%24e%253.3120384%40news2-win.server.ntlworld.com](http://groups.google.com/groups?selm=uK_c7.26831%24e%253.3120384%40news2-win.server.ntlworld.com) Re: Powergen £50 casback rip off "Very good offer, one small thing though. The powergen boxes do not work! Ended up with call charges on my BT bill and through Powergen. BT were most helpful and their customer options team (0800 800 880) persuaded me to go back to them. Never got my money back from Powergen though!"

<http://groups.google.com/groups?q=powergen+ecrane&start=10&hl=en&scoring=d&rnum=17&selm=ghxd7.2208%24v86.325628%40news6-win.server.ntlworld.com>

Another complains that Powergen's installation costs are a ripoff:

### **Newsgroup: uk.local.scot-highlands**

"...Fuel cells, which though expensive to produce presently, are up and running commercially and will doubtless go into the domestic market, satisfying most of the present opposing factions over the prodction of green power...<REPLY>...Unfortunately, you may well be wrong unless we have net-metering. I have heard of one electricity company (Powergen) charging several thousand pounds just to test and installation. It does not matter whether all the equipment has been validated in some other way, they still insist on their test.

From a users point of view, it does not matter whether Powergen is an exception, it only takes a little uncertainty about the cost and most users will look for an easier way to be green. (similarly its not necessary to shut all the Lake District to stop most tourists)."

<http://groups.google.com/groups?hl=en&selm=7Lx57.50577%24WS4.7747242%40news6-win.server.ntlworld.com>

## **Investors**

### **Bulletin Board: Motley Fool UK**

#### SSAP24, 24-Aug-01

"Does anyone have information on Powergen as being named in a recent report regards the cost of pensions schemes? I am interested to know if Powergen has broken an accounting rule called SSAP24 and what effect the rule could have on their balance sheet ? <REPLY> I am interested to know if Powergen has broken an accounting rule called SSAP24 and what effect the rule could have on their balance sheet ? I'm 100% certain that PWG will not have "broken" the rules re SSAP24. If they had misreportd their pension cost then the auditors wouldn't have signed off on the accounts. The one thing you can be sure of in a set of accounts is the SSAP24 charge - it's prepared by actuaries, not auditors (actuaries can multiply and divide, the accountants just know how to add up). What exactly did you read that brought this to your attention? <REPLY>I understand they broke regulations that govern how firms should allot profits by not disclosing enough information in their accounts. That doesn't mean they falsely described their profits."

<http://boards.fool.co.uk/Message.asp?mid=6730748&sort=postdate>



## Bulletin Board: Motley Fool UK

### Regulatory Approvals, 07-Sep-01

"I was wondering do you think that selling is a better option to holding, perhaps reinvesting in Innogy?...I don't think the management at Powergen have the balls or brains to do an honest job, as there past failures spell out they are Arrogant and dishonest. I think past performance is key if the deal goes ahead. No doubt a golden parachute bails out all the senior managers leaving the rest of the motley crew to find new jobs or get fired by E.ON...<REPLY>...Whether you stay with Powergen or swap into Innogy, my guess is that utilities offer a safer haven at the moment. I can't agree that senior managers at Powergen are deficient in the balls and brains department, although they have lost many good people over the last year (indeed some went to Innogy). Following the LG&E takeover, Powergen haven't had the financial wherewithall to be bold. If the takeover proceeds, E.on may provide the financial strength, but opportunities for the existing staff and management in the subsequent E.on group may be very limited. After all, most of those with the appetite and interest for international growth have been dispensed with. My guess is that E.on will treat Powergen as the proverbial 'cash cow'..."

<http://boards.fool.co.uk/Message.asp?mid=6752016&sort=postdate>

