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Energy Market Developments

- Enron Collapse and Financial Weakness of Merchant Sector
- Dramatic Increase in Credit Risk Recognition
- Significant Reduction in Leverage and Liquidity of Market Participants
- More Demanding Financial Statement Reviews with Rating Changes
- Credit Standards Governing OTC Transactions are not uniform

Energy Merchant Financial Crisis

(5/1/01-9/2/03)

• Merchant	\$ Billion Lost	% Market Cap Lost
• AES	20.8	85%
• AEP	6.7	42%
• Allegheny Energy	5.3	82%
• Calpine	15.6	90%
• CMS Energy	3.4	79%
• Duke	22.6	62%
• Dynegy	14.4	94%
• El Paso	31.4	89%
• Enron	46.5	100%
• Aquila	4.3	93%
• Mirant	16.3	98%
• Centerpoint Energy	12.9	82%
• Reliant Resources	8.4	85%
• Williams	17.6	79%
• Xcel Energy	6.5	53%
• \$232 Billion Lost		(82% of Market Cap Lost)