

NAESB Annual Conference

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Credit for Data: Brad Leach, NYMEX

Energy Market Credit Developments

- Continued 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
- Selective Recovery of Merchant Energy Sector

Energy Merchant Financial Crisis

(5/1/01-9/2/03) – (Last Year's Slide)

• 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)

Energy Merchant Financial Crisis

(5/1/01-8/30/04)

• Merchant	\$ Billion Lost	% Market Cap Lost	Change Since 11/02
• AES	19.0	78%	545%
• AEP	5.5	34%	28%
• Allegheny Energy	4.4	72%	184%
• Calpine	16.4	94%	6%
• CMS Energy	3.0	70%	18%
• Duke	19.2	53%	20%
• Dynegy	14.2	93%	438%
• El Paso	31.1	89%	4%
• Enron	46.5	100%	-52%
• Aquila	4.2	92%	19%
• Mirant	16.4	99%	-79%
• Centerpoint Energy	11.3	78%	72%
• Reliant Resources	6.9	70%	411%
• Williams	16.3	73%	350%
• Xcel Energy	5.5	45%	71%
• \$220 Billion Lost		(78% of Market Cap Lost)	

Energy Merchant Financial Crisis

Credit Ratings

Levels Above or Below Investment Grade

Merchant	Moody's	S&P
• <u>AES</u>	-5 U	-4 U
• AEP	1	2
• <u>Allegheny</u>	-5	-4 U
• Calpine	-7	-5
• <u>CMS</u>	-6 U	-2
• Duke	3	2
• Dynegy	-8	-5
• El Paso	-7	-6
• <u>Aquila</u>	-7	-6 U
• Mirant	-10	-12
• <u>Reliant Energy</u>	-4 U	-5 U
• Sempra	3	3
• <u>Williams</u>	-6 U	-4 U

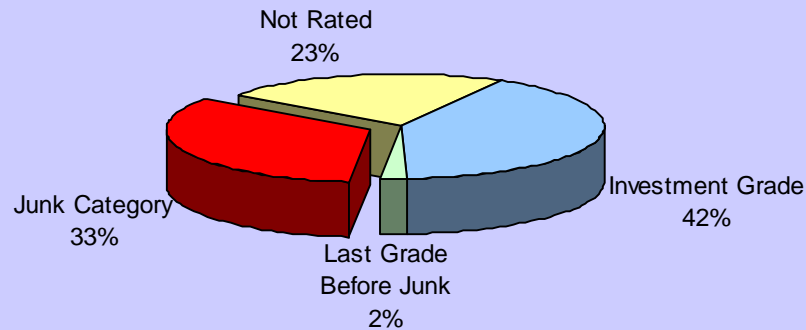
Moody's ratings are Senior Unsecured Debt

S&P ratings are Long Term Issuer Credit

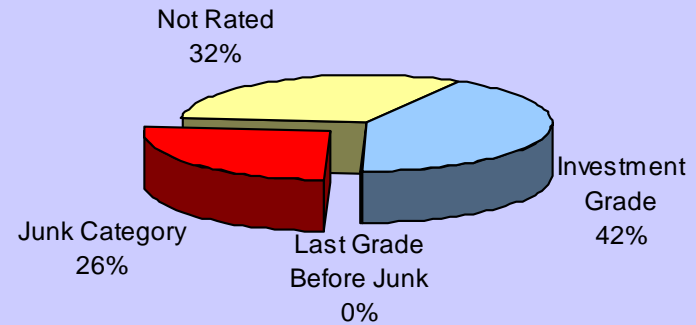
U = credit upgrade

NYS Generation Summer Capacity 2003

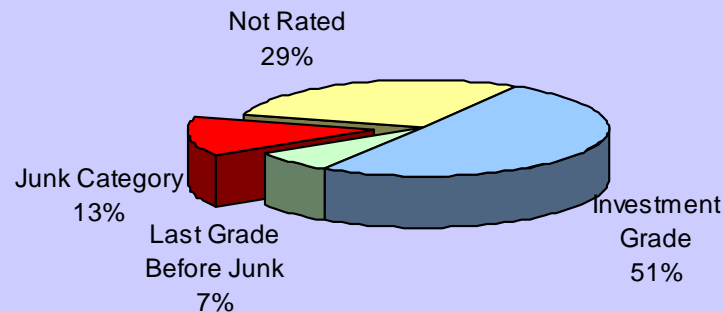
**NYS Generation Summer Capacity 2003
Using Moody's Senior Unsecured Debt**



**NYS Generation Summer Capacity 2003
Using S&P LT Issuer Credit**

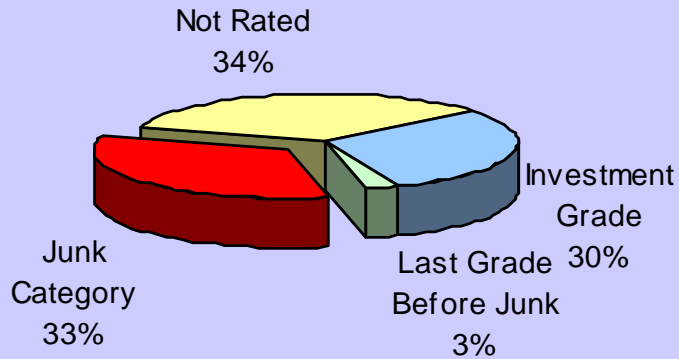


**NYS Generation Summer Capacity 2003
Using Fitch Senior Unsecured Debt**

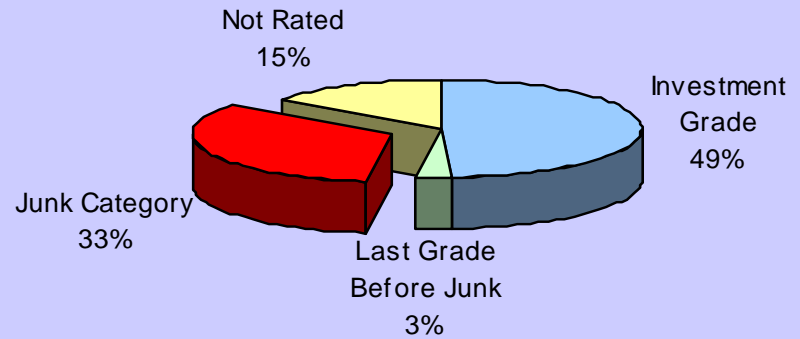


NEPOOL Generation Summer Capacity 2003

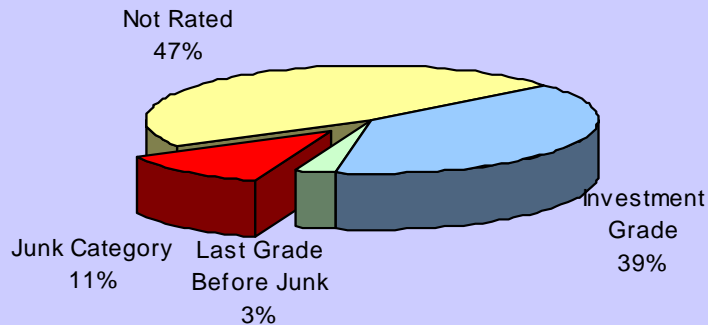
**NEPOOL Generation Summer Capacity 2003
Using Moody's Senior Unsecured Debt**



**NEPOOL Generation Summer Capacity 2003
Using S&P Long Term Issuer Credit**



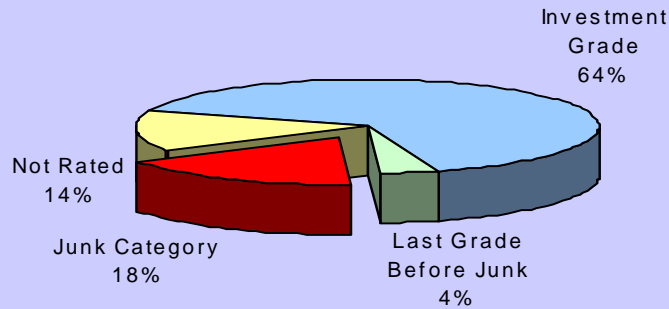
**NEPOOL Generation Summer Capacity 2003
Using Fitch Senior Unsecured Debt**



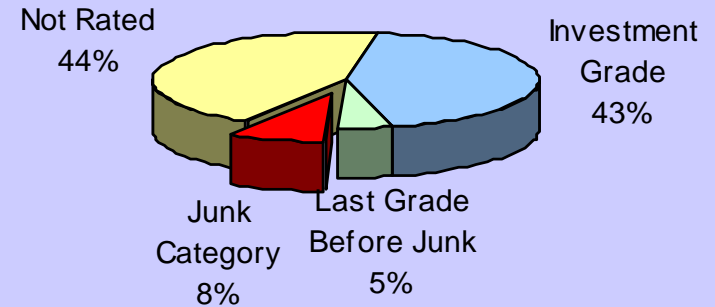
Claimed Capacity as of 8/1/03

PJM Generation Summer Capacity 2003

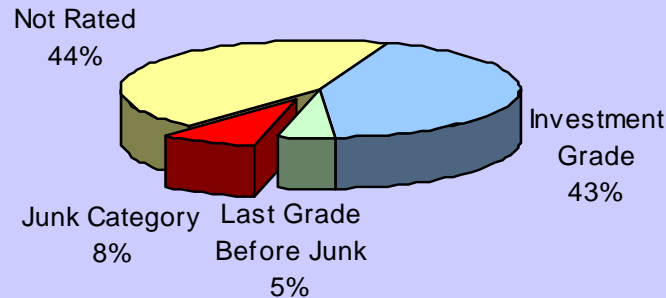
**PJM Generation Summer Capacity 2003
Using Moody's Senior Unsecured Debt**



**PJM Generation Summer Capacity 2003
Using S&P Long Term Issuer Credit**



**PJM Generation Summer Capacity 2003
Using Fitch Senior Unsecured Debt**



Existing Generator Facilities as of 1/1/03