



Investor Call

September 30, 2008



This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that contain projections, estimates or assumptions about our revenues, margins, capital structure and other financial items and our plans and objectives for future operations or about our future economic performance, transactions and dispositions and financings and approvals related thereto. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "commitment (s)" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking.

Actual results may differ materially from those expressed or implied by forward-looking statements as a result of many factors or events, including on going negotiations, legislative, regulatory and/or market developments, the outcome of pending lawsuits, governmental proceedings and investigations, the effects of competition, financial market conditions, access to capital, the timing and extent of changes in commodity prices and interest rates, weather conditions and other factors we discuss or refer to in the "Risk Factors" section of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

- Decision to unwind credit-enhanced retail structure
- \$1 billion additional capital
- Reviewing retail strategy and approach

- \$650 million Senior Secured term loan with Goldman Sachs
 - Term – 4 years
 - Interest rate – LIBOR + 4.50%
 - Closing payment – 4%
- \$350 million Convertible Preferred to First Reserve
 - Term – 7 years; RRI optional redemption – 5 years
 - Interest rate – 14%
 - Conversion – lesser of:
 - \$11.00
 - Weighted average of lowest 20 consecutive trading days over next 6 months
 - \$8.00 floor

Liquidity Sources



\$ millions

Sources

Current

Cash as of 9/26/08	\$ 776
Revolver Capacity	438
Liquidity as of 9/26/08	<u>\$ 1,214</u>

Expected Sources

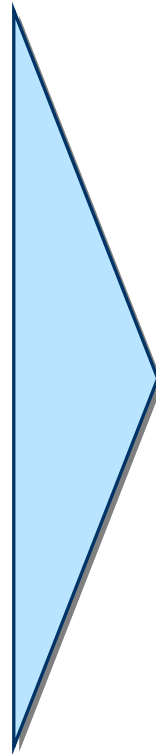
Bighorn proceeds (anticipated 4Q08)	500
Term Loan	650
Convertible Preferred	350
Total Expected Sources	<u>\$ 1,500</u>
Total Liquidity	<u><u>\$ 2,714</u></u>

Uses

Fixed postings (ISO, TDSP, etc)	\$130 - 280
Variation margin	\$500 - 550
Payables	\$300 - 575
Merrill Lynch committed payment	\$75
Total	<u><u>\$1,005 - 1,480</u></u>

Updated Outlook

- \$300 - \$350 million reduction
 - Hurricane Ike
~ \$200 million
 - Other weather and pricing assumptions
~ \$100 million



Repositioning

- Increase earnings stability
- Reduce capital requirements/
collateral exposure
- Maximize franchise value



Investor Call
Closing Remarks

