

Credit and Capital Issues Affecting the Electric Power Industry

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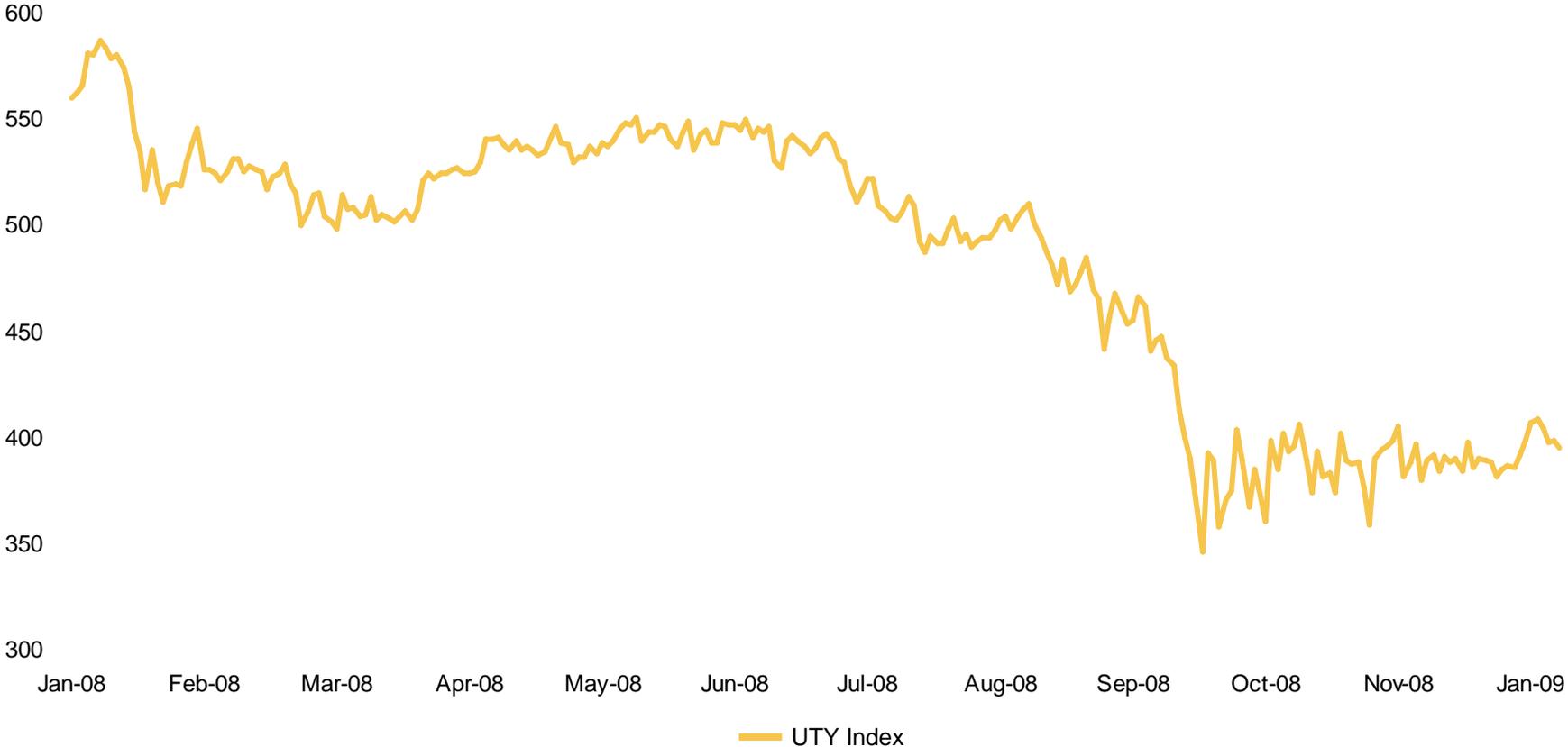
Debt Spreads Have Increased Dramatically

10-Year Utility Secondary Trading Spreads



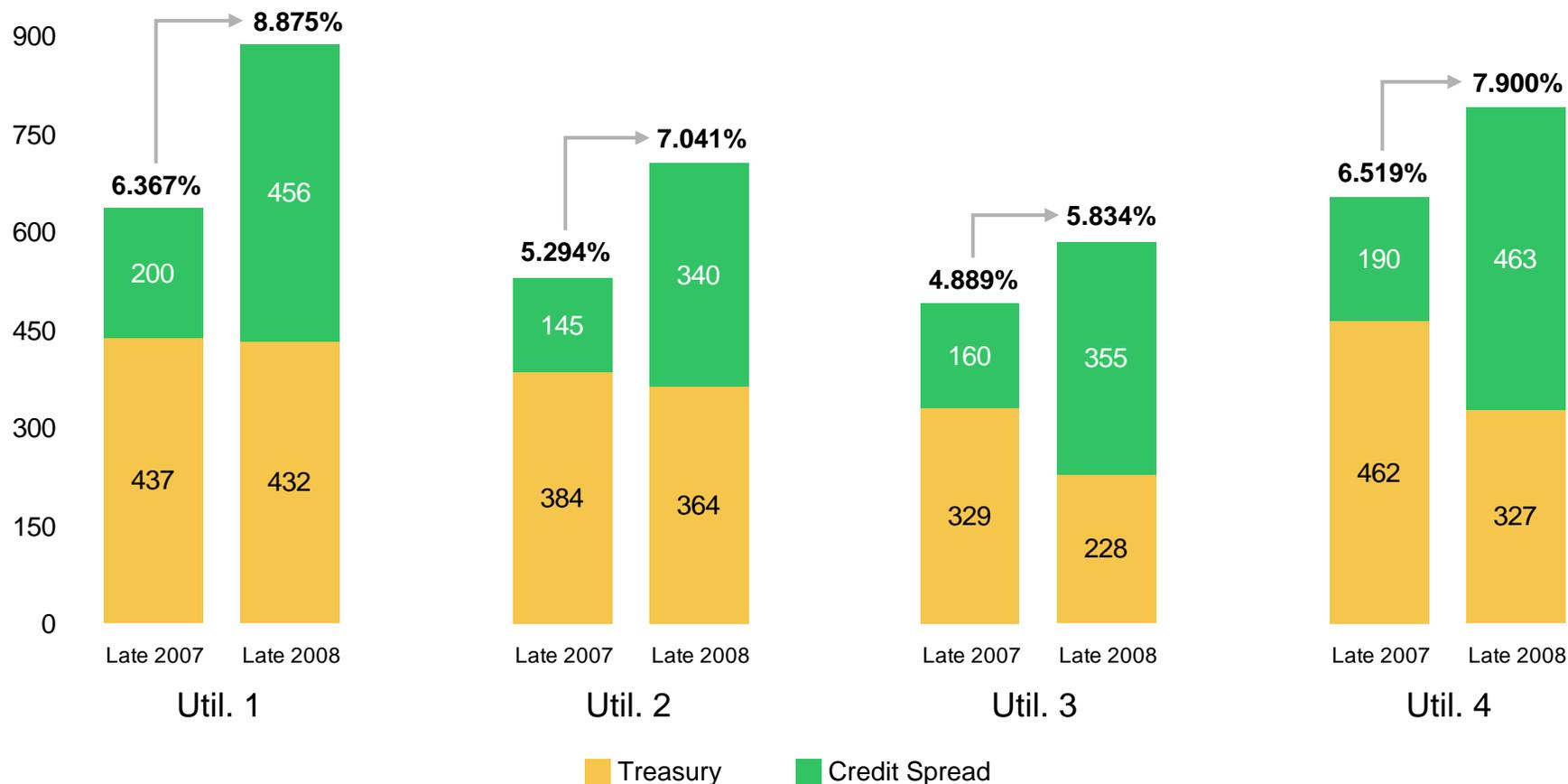
Utility Stock Index Performance

2008 – Present



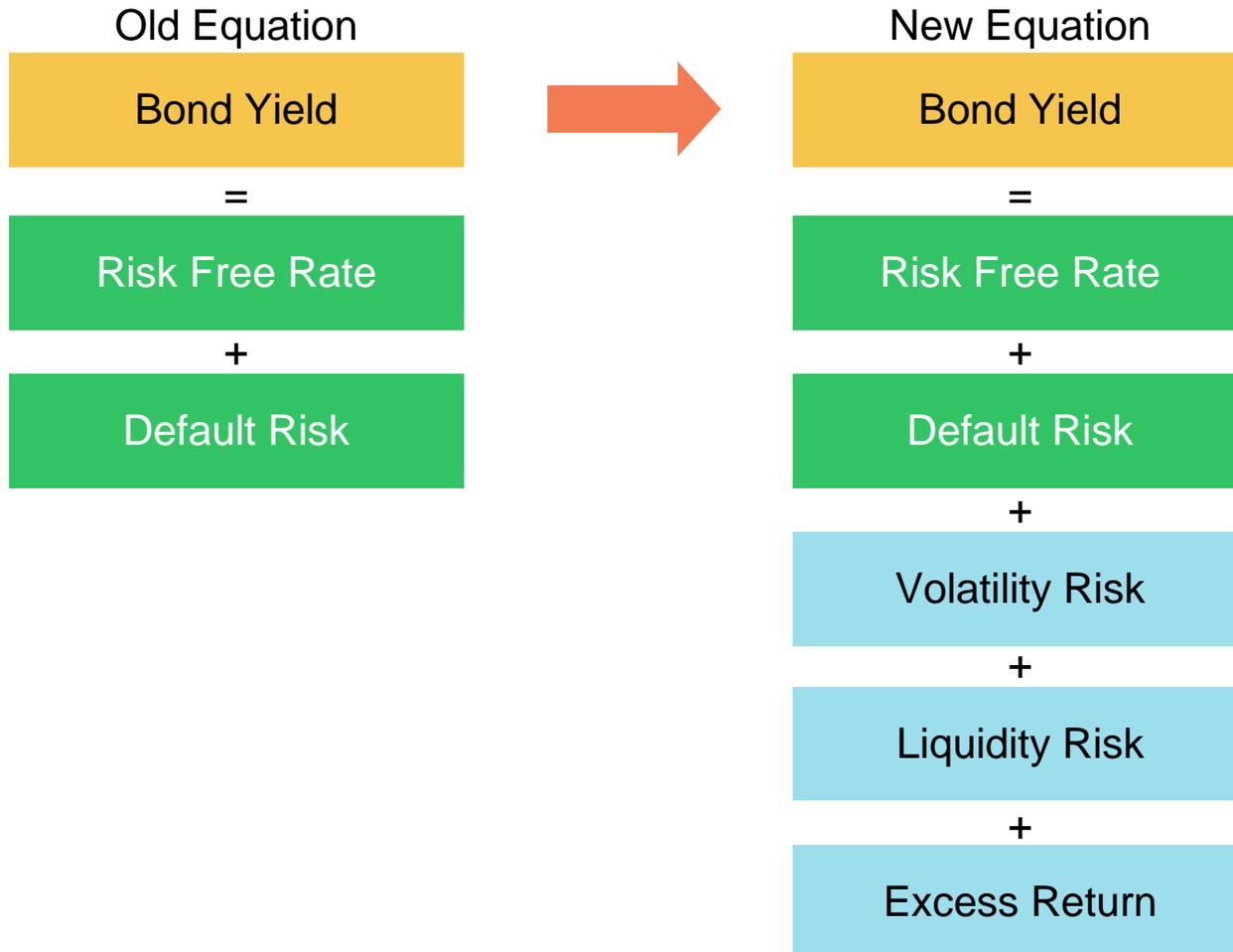
All-in Funding Costs Have Increased

Investors Focused On Yield; Concessions Significant



How Do Investors Think About Risk?

Current pricing is well outside of norms associated with cyclical downturns, indicating systemic risk pricing rather than consideration of historical default probabilities

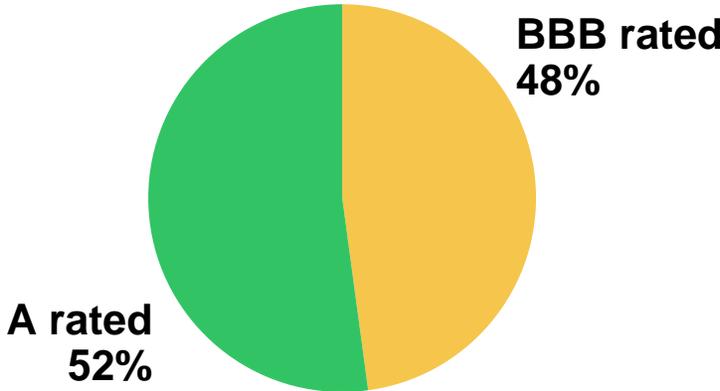


2008 Utility Issuance by Credit Rating

Before and After the Lehman Bankruptcy

Pre-Lehman Bankruptcy

\$36.2Bn Issued between Jan 1 and Sept 14



Post-Lehman Bankruptcy

\$13.6Bn Issued between Sept 15 and Dec 31

