

Strategic Advisory Services

Transaction Strategies for the Long Term

The Financial Advisory team of Navigant Consulting, Inc., is specifically focused on strategy development and execution where business and/or asset transactions are being considered. This combination of strategic and transaction advisory services, particularly in today's environment, translates to real time market knowledge, accelerated decision-making and access to deal flow.

A hallmark of our approach is our ability to leverage our strategic, transaction and implementation experience to provide our clients with unique:

- » Insights into the shifting business fundamentals and marketplace dynamics and their strategic implications
- » Access to buyers, sellers and investors through our substantial industry, private equity and financial community relationships
- » Understanding of, and access to, Wall Street perspectives of different strategic alternatives

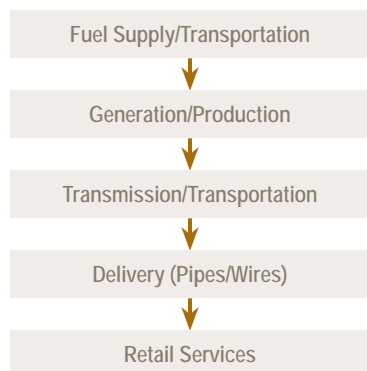
At NCI, we understand how changes in one part of the business, or in one segment of the value chain, can affect other elements of the business and overall enterprise value. We assist clients in assessing these changes and identify how to transform and exploit their derivative effects into value creation strategies at all levels of the enterprise, including:

- » Growing existing businesses
- » Exiting non-strategic businesses
- » Entering new lines of business
- » Harvesting financial value from investments

The Fallout from the Credit Crisis is Compelling Companies to Review Strategies, Portfolios, Risk Profiles and Sources of Profitability

The Navigant Consulting Advantage

Over 200 dedicated energy advisors – serving clients across the energy value chain:



ACTIONS	PRIORITIES	IMPLICATIONS
Scrambling to Reassure Stakeholders	<ul style="list-style-type: none"> » Responding to regulatory inquiries » Replacing management » Revising financial statements » Promising increased transparency » Improving the balance sheet 	<ul style="list-style-type: none"> » What is the source of next growth strategy? » How to avoid next crisis? » How will regulators react?
Raising Equity Levels	<ul style="list-style-type: none"> » Issuing additional common stock » Equity infusion from parent » Selling assets/projects » Cutting costs 	<ul style="list-style-type: none"> » Few buyers (i.e., low prices) » What will force sale at a loss? » Where will capital for new growth come from?
Reining In Marketing and Trading	<ul style="list-style-type: none"> » Containing trading positions & exposure » Reducing trading staff & emphasis » Shift from MTM to accrual accounting » Cutting costs 	<ul style="list-style-type: none"> » Impact on growth projections? » What risk exposure still remains? » Qualification of counter parties » Rebalance of generation portfolio
Refocusing on Strategy and Vision	<ul style="list-style-type: none"> » Exiting "non-core" areas » Reducing merchant growth projections » Emphasizing "hard" assets & contracts » Spotlight on regulated utility operations 	<ul style="list-style-type: none"> » What does management want to be? » Risk reward matrix for different businesses? » Any future P/E premium for growth? » Improve competitive market position?
Seeking New Alliances	<ul style="list-style-type: none"> » Seeking out financial alliances or partners (I-Banks, private equity) » Creating MLPs » New JVs with other merchants » Talking with potential new entrants (oil companies, foreign companies) 	<ul style="list-style-type: none"> » Potential source of new opportunities? » Geographic expansion? » Product/service diversification? » Risk sharing?

Contact »

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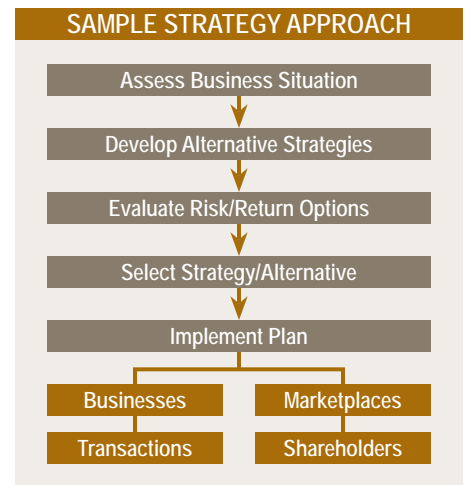
An Uncertain Business Outlook Requires A Dynamic, Scenario-Based Planning Environment

- » Great uncertainties exist in today's energy planning horizon
- » Certain strategies will offer potentially greater rewards, but with an accompanying greater level of risk
- » More sophisticated planning tools enhance the strategic planning process
 - » Scenario-based planning
 - » Portfolio management
 - » Initiative management
- » Recommended strategy needs to balance smaller "no regrets" moves with the vision to monitor and recognize the larger value creation ideas that will emerge

Sample Strategy Approach

Our approach is designed to help clients identify a wide range of options and test the viability of those options in a variety of scenarios. As part of our strategy approach, we help clients address a variety of critical questions:

- » What are the critical issues/marketplace changes that currently confront the organization?
- » How can the firm take advantage of this market transition period?
- » What scenarios of the future do we need to consider?
- » What businesses offer the most attractive growth potential?
- » What are the most attractive markets to grow?
- » How do I best achieve targeted growth projections?
- » Which sources of capital and financing structures are best?
- » How will shareholders, regulators and the investment community perceive this strategy?



Selected Engagements

Our perspective is grounded in industry experience and insights gained from a variety of engagements across the spectrum of the energy value chain. Our staff has substantial experience in the strategy creation, structuring, overall management, and execution of a large number of industry transactions – including several of the largest transactions in the United States, Australia, Canada, and New Zealand – with an aggregate value in excess of \$50 billion.

- Gas distribution company → Strategic reposition strategy
- Integrated energy company → Nuclear growth strategy
- European energy company → Market entry strategy
- Integrated gas & electric utility → Delivery system strategy
- Utility holding company → Portfolio rationalization
- Utility holding company → Distributed generation strategy
- Mid-size electric & gas utility → Transmission strategy
- Gas distribution company → Strategic plan development
- Utility holding company → Business unit strategy

