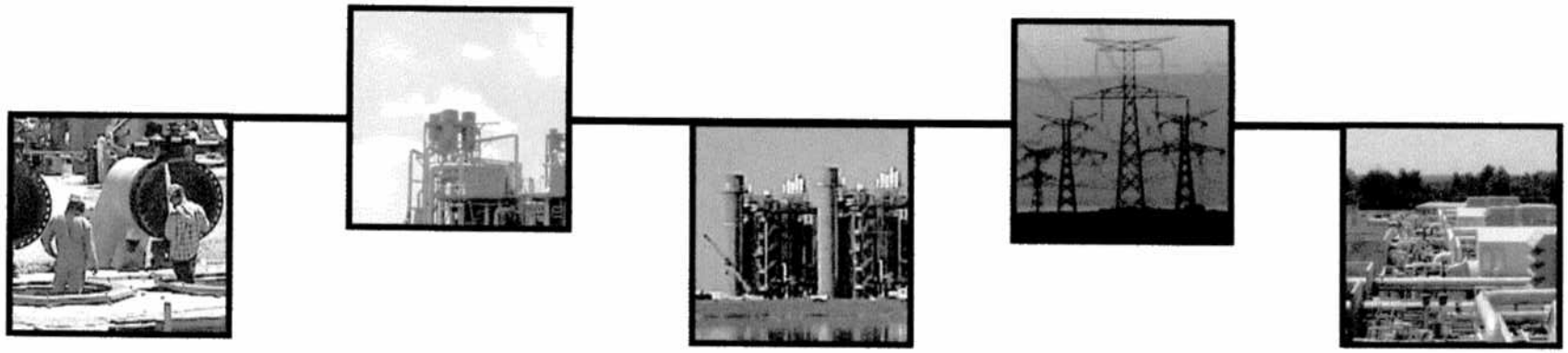


LS Power Overview

February 2007

LS Power Overview

- LS Power is a privately held company established in 1990
- Principal business is to develop, own, manage and invest in reliable and environmentally responsible generation assets in the United States

LS POWER GROUP

LS Power Development

Power Development

- Developed 9 natural gas-fired facilities totaling 5,700 MW
- Developed 665 MW coal-fired facility in Arkansas that is currently under construction
- Actively developing several coal-fired facilities and other generation facilities

LSP Services

Asset Management

- Currently managing approximately 9,000 MW
- Managed 4,300 MW for 3rd party owners (2002 – 2006)

LS Power Equity Partners

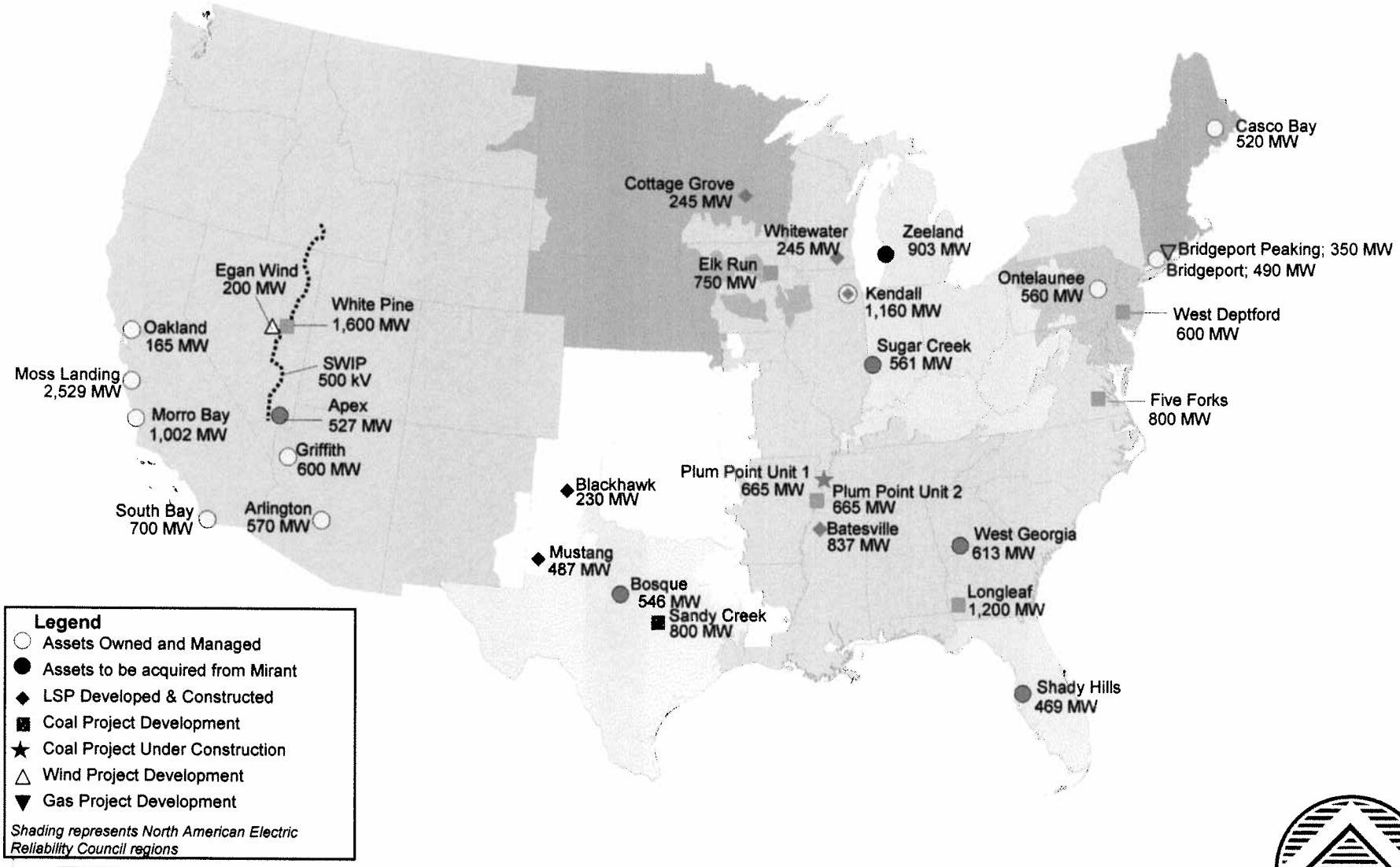
Private Equity Fund

- Acquisitions totaling an estimated 11,000 MW
- Fully controlled by LS Power
- One of the largest funds dedicated to power sector

LS Power Philosophy

- Hire and retain an exceptional team
- Operate safe and environmentally responsible facilities
- Integrate development and asset management expertise
- Build and maintain strong community relationships
- Limit exposure to commodity price fluctuations
- Use proven best practices
- Actively pursue development opportunities

LS Power Project Portfolio



LS Power Experience

Projects Developed & Constructed by LS Power

	Type	Capacity (MW)	Commercial Operations Date
Whitewater, WI	Natural Gas - Cogeneration	245	Sep. 1997
Cottage Grove, MN	Natural Gas - Cogeneration	245	Oct. 1997
Denver City, TX	Natural Gas	488	Apr. 2000
Borger, TX	Natural Gas - Cogeneration	230	Jun. 1999
Batesville, MS	Natural Gas	837	Aug. 2000
Kendall County, IL	Natural Gas	1,160	Apr. 2002
Plum Point, AR	Coal	665	Summer 2010
Total		**3,870**	

Projects Currently Owned and Managed by LS Power[1]

	Type	Capacity (MW)	Commercial Operations Date
Kendall County, IL	Natural Gas	1,160	Apr. 2002
Ontelaunee, PA	Natural Gas	540	Dec. 2002
Moss Landing (1&2), CA	Natural Gas	1,020	2002
Moss Landing (6&7), CA	Natural Gas	1,509	1967-68
Morro Bay, CA	Natural Gas	1,002	1956-63
South Bay, CA	Natural Gas	700	1960-71
Oakland, CA	Fuel Oil	165	1978
Arlington Valley, AZ	Natural Gas	570	2002
Griffith, AZ	Natural Gas	600	2002
Bridgeport Energy, CT	Natural Gas	490	1999
Casco Bay, ME	Natural Gas	520	2000
Plum Point, AR[2]	Coal	665	Summer 2010
Total		**8,941**	

[1] LS Power and Dynegy have announced an agreement to combine generation facilites into a new "Dynegy" (see LS Power News)

[2] LS Power has a 40% ownership stake

LS Power Recent News

January 2007 - LS Power announces green power and carbon capture initiative through the formation of a new business venture, LSP Polaria.

January 2007 - LS Power announces the acquisition of six gas fired facilities from Mirant totaling approximately 3,600 MW located in Florida, Georgia, Indiana, Michigan, Nevada and Texas.

September 2006 – LS Power and Dynegy announce an agreement to combine the companies' operating power plants to form a new company that will retain the Dynegy name. Under the proposed transaction LS Power would own 40% of the new Dynegy and have three seats on the board of directors. LS Power will remain a separate company and lead development of new power plants in a 50/50 joint venture with Dynegy.

June 2006 – LS Power purchases PPL's 50% ownership in the 600 MW Griffith power plant located in Arizona.

May 2006 – LS Power closes financing on and acquires 6,200 MW of Duke Energy North America assets located in CA, AZ, CT and ME.

March 2006 – LS Power announces financial closing and start of construction of 665 MW coal-fired power plant in Arkansas.

Coal-Fired Projects - Development Approach

- Target high growth, baseload generation-deficient markets
- Identify and secure attractive sites through a comprehensive site selection process
- Utilize proven boiler technology with advanced emission controls
- Take advantage of economies of scale
- Sell output through long term power purchase agreements and/or joint ownership arrangements
- Take advantage of substantial design, engineering, permitting and other development efforts already completed on other advanced projects

LS Power Is Prepared To Meet Michigan's Base Load Generation Needs

- The last new major base load unit in Michigan commenced commercial operations in 1988
- LS Power is conducting due diligence on several sites in Michigan on which to develop a modern, environmentally responsible 500 MW coal-fired facility
- LS Power has a proven development track record and the expertise to develop base load generation in Michigan
- The best way to ensure Michigan ratepayers receive the lowest-cost, most reliable base load option is to consider the largest possible universe of development proposals
- Appropriate mechanisms need to be in place in Michigan to support the consideration of the largest possible universe of development proposals

Michigan Project Overview

- Modern, environmentally responsible coal-fired electric generating facility equipped with advanced environmental controls
- Electrical output targeted to be approximately 500 megawatts
- Total anticipated capital cost of nearly $1 billion
- Power sold to wholesale customers (investor owned utilities, cooperatives and municipal utilities)
- Employment of approximately 100 full-time operations and maintenance staff
- Employment of hundreds of construction workers with a peak construction force of approximately 1,000 workers
- Projected start of construction – late 2007/2008
- Projected commercial operations – late 2011/2012

Environmental Control Technology and Regulations

- **Modern and efficient combustion system**
  The facility will include a boiler design which will minimize emissions by the following means:
  - Efficient combustion and steam production
  - Low emissions burner technology
  - Overfire air technology
- **Advanced post-combustion emissions controls**
  The following technologies will be installed to significantly reduce exhaust gas emissions exiting the stack to the atmosphere:
  - Selective catalytic reduction (SCR) in conjunction with combustion system design to control nitrogen oxide emissions
  - Efficient scrubber system to control sulfur dioxide emissions
  - Baghouses or electrostatic precipitators (ESP) to control particulate emissions
- **Continuous emissions monitoring systems**
  Continuous emissions monitoring systems will be installed for monitoring and recording actual emission rates. Data recorded by this system is compiled into reports to demonstrate compliance with the air emissions permit.

Environmental Control Technology and Regulations (cont.)

- **Regulatory requirements**
  The facility will be subject to substantial federal and state environmental laws and regulations implemented by the U.S. Environmental Protection Agency, U.S. Army Corps of Engineers, Michigan Department of Environmental Quality and Michigan Public Service Commission. These environmental laws and regulations are in place to ensure the environment is protected.
- **New facilities vs. grandfathered facilities**
  The facility will represent a new generation of coal-fired power plants meeting all current and applicable federal and state environmental laws and regulations. Unlike many of the older coal-fired plants, which are commonly referred to as "grandfathered" due to their exemption from certain requirements of the Clean Air Act, this new facility will be required to install extensive emission control equipment resulting in significantly lower environmental impacts.

Q and A

Lynne Mackey

Regulatory Policy Director

LS Power

400 Chesterfield Center, Suite 110

St Louis, MO 63017

(636) 532-2200

LMackey@LSPower.com