

ARCLIGHT CAPITAL PARTNERS CLOSES \$1.6 BILLION ENERGY FUND

7/28/2004

BOSTON, MA (June 28,2004) -- ArcLight Capital Partners Closes \$1.6 Billion Energy Fund

ArcLight Capital Partners LLC, one of the world's leading energy investment firms, today announced the firm has raised a \$1.6 billion private equity fund to invest in assets across the power and energy value chain. The new fund, which was oversubscribed, brings ArcLight's fundraising total to more than \$2.5 billion in two funds over the past three years.

ArcLight initiated fundraising for its new fund, ArcLight Energy Partners Fund II, LP, in October 2003, securing commitments from more than 75 investors. Almost all of the Firm's existing investors, such as The Caisse de dépôt et placement du Québec (CDP Capital) and the University of Texas, returned, as well as over 50 new institutional investors, including Adams Street Partners LLC and the California Public Employees Retirement System (Calpers).

ArcLight plans to continue the highly successful investment program it developed for its first fund ArcLight Energy Partners Fund I, LP, investing in cash flow generating assets in the coal, natural gas, power generation, and electric and gas transmission and distribution industries. ArcLight invested Fund I over 24 months in 18 portfolio deals.

"We were able to raise this fund relatively quickly because institutional investors are allocating a greater percentage of their alternative investment portfolios to hard assets, and recognize ArcLight's asset based approach to energy investing has produced strong results," said Daniel R. Revers, ArcLight Capital Partners Managing Partner. "Many institutional investors are trying to reduce their dependence on venture capital and buyout funds and are increasingly turning to hard-asset plays including energy. With our deep energy investing experience, strong track record, and unique approach, ArcLight is well positioned to capitalize on this trend."

The energy industry is undergoing fundamental change. As this complex and capital-intensive business deregulates and restructures, most energy companies have been forced to shed non-core assets. Likewise, the recent run-up in energy prices coupled with major blackouts have increased interest in improving this nation's energy infrastructure. These changes create unique opportunities for private capital to facilitate growth and restructuring.

"We have been able to find numerous investment opportunities in an enormous sector that is significantly underrepresented by experienced private equity firms," said Robb E. Turner, Senior Partner, ArcLight Capital Partners. "Investing at the asset level requires nimble, knowledgeable investors. We thank our new and returning Limited Partners for investing with ArcLight, and look forward to continuing to identify strong energy investment opportunities."

"The University of Texas Investment Management Company is pleased to invest once again with ArcLight," said Sara McMahon, Managing Director, University of Texas Investment Management Company. "We aim to invest with the leading firms in their respective asset classes, and as we further diversify our alternative asset investments into the power sector, ArcLight is an obvious choice."

"ArcLight clearly has a lot of momentum and the deep industry and investment experience needed to succeed in this growing and evolving market," said Frank Napolitano, Managing Director and Co-Head of Global Power at Lehman Brothers. Lehman financed ArcLight's \$300 million acquisition of Aquila Inc.'s independent power business. "Their ability to raise two funds totaling more than \$2.5 billion in three years is a testament to the confidence LPs, bankers, and energy company executives have in their ability to understand and capitalize on the changing market dynamics to deliver results."

Ropes and Gray, LLP provided fund formation legal counsel to ArcLight Capital Partners. Probitas Partners served as the placement agent.

ArcLight Capital Partners, LLC is one of the world's leading energy infrastructure investing firms with more than \$2.5 billion under management. ArcLight invests throughout the energy industry value chain in hard assets that produce high current income and capital appreciation. Founded in 2001, ArcLight has its headquarters in Boston and an office in New York City. ArcLight has 24 investment professionals and is led by Managing Partner Daniel R. Revers and

Senior Partner Robb E. Turner. With a combination of more than 200 years of energy investing, ArcLight's principals have deep energy investing experience, industry relationships, and asset level knowledge. More information about ArcLight can be found at www.arclightcapital.com.