

BIOGRAPHY

Leslie K. McNew

WORK HISTORY

**AB Freeman School of Business, Tulane University. Clinical Finance Professor and Director of Trading Centre
New Orleans, Louisiana**

08/02-8/03

Hired to develop the AB Freeman Trading Centre, aid in the development of the Energy Institute, and teach financial courses directly related to financial markets and energy risk management. Responsibilities in five related areas as follows:

Trading Center

Developed, produced and implemented strategic document to build Trading Centre software as applied to both academic and experiential learning. Tested software, negotiated and purchased phase I software including FEA models, Crystal Ball, KIODEX (energy portfolio management software) and IFX Markets currency speculation platform. Developed and implemented academic plan for Trading Centre including introduction of five new courses : Financial modeling using Excel, Crystal Ball risk analysis, FEA modeling Level I and II, Energy risk management in conjunction with the KIODEX system and Fundamental and Speculative Trading in foreign exchange. Worked with Kiodes to use Trading Centre as energy training site for South.

Academics

Designed and implemented new course in fundamental and technical speculation with superior teaching scores: FINC 480 (full semester course). Updated Finc 716 (Currency and Exchange Rates) to use excel modeling. Update FINC 741 (Energy risk management) with superior teaching scores (have taught this I past as executive professor).

Energy Institute

Developed academic strategic plan for Trading Centre as it applies to Energy Institute. On directive from Dean, produced “implications of Introducing RTO Structures and LMP Methodology at Entergy: Strategic Business Implications Project Plan (Including Trading Implications)” for Entergy Corporation. Raised over \$80,000 in art for new Energy Institute in donations and ‘loans’.

McNew Pelican Fund

Designed and developed new experiential learning lab, McNew Pelican Fund (www.mcnewpelicanfund.com) to introduce students to speculative foreign exchange trading under strict risk management guidelines. Developed partnership documents in conjunction with Jones Walker, New Orleans, developed and implemented risk management and operational risk management guidelines, piloted program with six students (five traders and one risk manager) Summer, 2003, and raised initial capital of \$103,000. This lab will be used in academic year in conjunction with FINC 780 (Fundamental and Technical Trading) and Summer 2004 internship program in new Trading Centre. Profits of Fund 50% donated to AB Freeman School of Business Trading Centre.

Publications and Speaking Engagements

See attached list

Pinnacle West Capital Corporation. Enterprise Risk Management Director. Phoenix, Arizona

12/01 – 5/17/02

Hired to develop energy and enterprise risk management team. Developed strategic plan focusing on developing clean data input for system models, education for senior management, increased risk skills for risk team, developing a more quantitative approach to risk management, complete credit risk management including single credit limit per counterparty, credit VaR by counterparty and portfolio, pricing of credit derivatives, economic capital. Implemented credit derivatives as hedging too, implemented clean data input system, developed credit risk management made endeavor impossible.

N³Q Inc. Risk Advisory. President. Laytonsville, Maryland

12/00 to present.

- Risk Advisory and Consulting : Divers clients in energy industry.
- International Energy Clearing House credit risk management project. Developed patented dynamic credit unit trust concept to self-insure clearing house and digital guarantee concept to fund dynamic credit unit trust. Helped to initiate merger negotiations between CapClear (London Clearinghouse) and NexClear. Functioned as Virtual COO. Equity position in NexClear. (December, 2000 to July, 2001).
- Operational risk management policy and procedures for OTC Energy Broker. (June – August, 2001)
- Developed credit wrap arrangement for OTC broker. (June – August, 2001)

- Leptokurtotic analysis on daily energy price volatility for insurance company: California Energy Crisis. (April – June, 2001)
- Business plan on credit risk management consulting firm from within insurance company (requested). (April – June, 2001)
- Marcus Evans, Chicago, risk management seminars: energy embedded options.
- Calvary Currency, Rockville, Maryland. Virtual Chief Currency Strategist. Develop and initiate hedge fund performance benchmark (July, 2001 to October, 2001)
- Advisor to Assistant Secretary of Commerce (International Trade Administration, US Department of Commerce, Market Access and Compliance) on energy, credit issues (June, 2001 to present)
- Warwick Investments, Palm Beach Florida, Virtual Currency Strategist. Performance Benchmarking for retail hedge fund. Also developed website at 222.e-warwickinvestments.com.

Virtual Credit Services.com Chief Operating Officer. Joint venture between **PG&E National Energy Group** and myself, Bethesda, Maryland

07/00 – 12/00

Inventor/Developer of VirtualCreditServices.com. Energy credit risk management outsourcing web-based firm. Personally raised \$4.6M for start-up. Full design, development, and implementation of the Virtual Credit Services concept, including implementation of patented business plan, building of an interactive credit risk management portal (dynamic management of credit risk including mark to market, credit VaR by portfolio and counterparty, identification and management of under utilized credit capacity, credit optimization and enhancement, and a full credit risk management reporting system), an optimization engine, a credit monetization function (a hedge fund desk to manage the credit risk portfolio against a dynamic benchmark using credit derivatives and an envoy trading desk for speculation in credit derivatives, an insurance desk for the dynamic credit risk portfolio insurance function of the VCS members, management of the credit risk research and management function sales of the VCS memberships including enhanced credit derivative structures, a credit risk consulting practice, back office, mid office, legal, and information services. Project dominant during CA energy crisis.

PG&E National Energy Group, Houston, Texas. Chief Risk Officer

07/99 – 07/00 Company moved to Bethesda, Maryland, 07/00

Management of all risk within PG&E's unregulated Subsidiary, including GTT NW pipeline, Power and Natural Gas (US and CAD) Trading, and Generation (production and M/A), reporting to CEO, NEG, with dotted lines to ET-Risk

Management Committee, Corporate Risk Management Committee. Responsibilities include the risk management function (price and credit risk) of multiple commodities, foreign exchange, and interest rates in three locations: Houston, Bethesda, and Calgary, with consolidation to Bethesda. Management of risk team consisting of thirty plus people: process/reporting/risk decomposition, quantitative modeling and methodology, quantitative programming and development, traditional credit, credit risk management (individual counterparty and portfolio), VirtualCreditServices.com, generation risk management, and generation acquisitions and development risk management. Budget authority of \$5 million. Hired for two purposes: 1) initially to bring control environment from 'material weakness' to adequate: accomplished in six months and 2) to create a strategic risk management environment out of a reporting environment. Implemented Strategic Plan to develop quantitative engine and upgrade intellectual capital within budget parameters 20% less than initially proposed in first month: hired twenty plus people in eight months, including five PhDs for quant engine. Produced an extensive enterprise risk management policy where only skeleton policy had existed. Developed on-line procedures for policy. Enforced limits including trader suspension and business unit suspension. Verified all models and methodology, and upgraded pricing methodology for transmission, transportation, storage and generation. Created three-factor mean-reverting models to price forward markets and illiquid markets. Developed use of real options in risk decomposition and risk management. Project managed and provided methodology for asset management system and transfer pricing. Directed modeling of power assets using spark spread approach. Directed modeling of hydro assets. Provided and implemented framework for risk review of structured products; developed risk review process. Developed daily credit report : business unit and aggregate. Introduced Credit VaR. developed VirtualCreditServices.com (10% owner of business). Monthly presentation to ET-Risk Management Committee. Trained senior management and traders on portfolio management, RAROC, VaR, options, etc.

Ameren Energy, St Louis, Missouri. Vice President of Risk Management

09/98 – 05/99

Independent Risk Control Officer and Officer of AmerenEnergy reporting directly to Risk Management Steering Committee of Corporation. Key player in development of Independent Risk Control. Responsible for six team members, encompassing three sub-departments, including credit risk management and quantitative risk management. Budget authority of \$1.5 million. Unrated credit signing authority of \$500,000. Structured and defined credit and risk management tolerance of corporation. Oversee development/execution of trading/hedging

activities to define, mitigate and manage risk while maximizing profit. Solely responsible for position valuation, quantitative models, pricing curves, analytic models, quality control of commercially significant software and dissemination of information. Supervise entire trading risk: power and gas with time horizon of 1.8 years plus. Strong quantitative skills and strategic experience; mark to market by bucket and risk factor VaR by bucket and seasonality, credit risk both by counterparty and portfolio, implementation of CoVaR, generation risk management and modeling, risk management factors per option market making, greeks., RAROC, RcaR, capital allocation, risk limit/tolerance setting, stress testing and simulation analysis, and weather derivatives. Monthly presentations both to the Risk Management Steering Committee and the Auditing Committee of the Ameren Corporation Board. Developed and implemented a complete wholesale power marketing and trading financial risk management policy and procedure book within two (2) months of joining subsidiary. Amended Policy nine (9) times since November, 98, to include broad use of all products and timeframes.

G.K. Risk Management. Principal, Financial Risk Management. Bloomington, Illinois and Richmond, Virginia
12/96 – 09/98

Principal partner; new business development, corporates and banking. Projects included expert witness service, seminars for institutional sales forces, FX risk exchange modeling, asset estimation modeling. International clientele. Comprehensive risk management services, from the development and implementation of policies and procedures manuals to the evolution of models to manage Corporate exposures, especially difficult economic exposures.

Reynolds Metals Company, Director, Financial Risk Management. Richmond, Virginia
03/95 – 11/96

Directed/managed the development, refinement, and implementation of comprehensive programs to manage both foreign currency exposures resulting from the Company's worldwide operations and interest rate sensitivity of the Company's debt and investments in marketable securities. Directed and traded FX and interest rate risk portfolios. Foreign Exchange portfolio includes \$767 M market annual transaction exposures: European currencies, Canada and Australia. 1996 management performance exceeded benchmark by \$12 + M against spot. Developed both front and back office systems (including cash management). Interest Rate exposure includes \$2.0 + B debt adjusted by \$650 M net interest rate swaps. Management included development of strategic interest rate risk management plan and benchmark, quarterly adjustment of interest rate book on a

risk-adjusted basis. Developed new method of managing economic exposures for Corporates: asset estimation modeling. Implemented benchmarking methodology coupled with VaR methodology.

FIMAT Futures USA: Societe Generale, Vice President, Quantitative Design/Trading. NY, NY

09/91 – 02/95

First member of new quantitative trading effort on fledgling futures desk. Responsible for computer assisted trading, modeling (both static and real-time), arbitrage strategies, and conception, design, and implementation of nightly quantitative research piece other financial publishing included weekly and quarterly material. Models included volatility and derivatives, strip analysis and complex spread trading and hedging thereof from the Firm's position, client hedging (dollar and nondollar), basis trading and bond spread (IRP, risk/cheap, forward pricing/forward basis, and Wildcard/Royal Flush), option combination strategies and cross-currency hedging. First financing of lottery (California): spearheaded sales effort and developed mathematical model. Initiated sales marketing and educational seminars.

Morgan Stanley and Company, Quantitative Design/Trading. Fixed Income Derivatives. NY, NY

Quantitative Design/Trading. Fixed Income Derivatives

01/87 – 09/90

Responsibilities in three primary areas: quantitative design and modeling, creation of analytical sales tools and trade ideas, and financial publication of portfolio strategies for both internal and client profit. Responsible for design and implementation of option pricing models (strategy models) for financial futures (system used in Chicago pit trading). Constructed computer models for trader position profit on a Novel LAN: price-to-yield, duration, convexity, matrix pricing, hedging, VAL/01. Planned, developed and implemented a highly profitable computerized dollar/non-dollar daily quantitative futures package distributed electronically to clients and all domestic and international branches: saved Firm an estimated \$20,000 weekly in fax costs. Analyzed major client lawsuit regarding trading practices and made presentations to outside counsel and senior management. Mathematical duration and technical models developed for case resulted in savings of over 9 M in damages. Conceived, planned, designed, and developed financial publications: monthly. Lead seminars on market topics for sales force and clients.

Equitable Life Assurance Society of America, Actuarial Assistant. NY, NY
01/86 – 12/86

Created/produced AIDS statistical probability models for reinsurance pools.

PROFESSORSHIPS

AB Freeman School of Business, Tulane University, New Orleans

- Executive Professor, A. B. Freeman School of Business, Tulane University, 99 – Spring 2002, Multi-weekend seminar once a semester: energy risk management.

Boston College School of Law, Boston College, Boston, Massachusetts

- Corporate Finance: “VirtualCreditServices.com – Legal issues in a dot.com environment”
Seminar: 19 October 2000

Virginia State University (VSU)

- Marketing 300, Spring, 1997
- Industrial Relations and Collective Bargaining 484, Spring, 1997

John Tyler Community College

- Survey of Economics 120, Spring, 1997

I taught this class twice: one class is taught at the DuPont Spruance Plant

University of Michigan Business School

- ‘Risk Management in Corporate America’, Prof. Gahtam Kaul, Chair of the Finance Department (in conjunction with Dr. Mark Johnson and Dr. M.P. Narayanan, Corporate Finance), Ann Arbor, Michigan, Seminar, Fall, 1996

Virginia Polytechnic Institute and State University

- ‘Risk Management in Corporate American’, Prof. Don Chance, Associate Director, Center for the Study of Futures and Options Markets, Blacksburg, Virginia, Seminar, Fall 1996

Virginia Commonwealth University (VCU)

- Macroeconomic Principles 201, Summer, 1996
- Macroeconomic Survey 120, Fall, 1997

PATENTS

Utility Application for “Credit Support Management System” filed 10/11/2000
CCR&W Docket Number 6603-006

Energy Application for “Default Defense System” to be filed early summer 2001
CCR&W Docket Number XXX(pending)

EXPERT WITNESS

1997

Litigation case no. 3:96CV835 U.S. District Court for the District of Connecticut and Litigation case no. 76CH96401106-00 for the Circuit Court of the City of Richmond, Virginia: Virginia Reynolds Parker vs. Ferrell Capital Management (FCM). Represented Virginia Reynolds Parker. Settled favorable to plaintiff (Virginia Reynolds Parker).

PUBLISHING/CONFERENCE

Please refer to attached list. Extensively published.

COMPUTER

Extensive experience on multi-platforms using multiple packages

EDUCATION

05/91: Masters in Quantitative Economics/ Masters in Statistics, New York University, New York.

A.B.D. work in quantitative economics

Associate Actuary: 11/86

12/85: Bachelor of Arts from School of Literature, Science, and the Arts: Economics, University of Michigan, Ann Arbor.

Contact Information:

Email: lmcnew@tulane.edu