



News Release

Puget Energy Recognizes Impairment Charge for Investment in Venture Capital Fund; \$4 Million Adjustment Made to 2003 Results

BELLEVUE, Wash.--(BUSINESS WIRE)--March 9, 2004--Puget Energy (NYSE:PSD) today filed a Form 10-K with the Securities and Exchange Commission reporting calendar year 2003 income for common stock of \$116.2 million or \$1.22 per share, which reflects the impact of a \$4.0 million (after-tax) impairment in the value of an investment in a venture capital fund made by the Company's utility subsidiary, Puget Sound Energy (PSE). This \$4.0 million after-tax charge was not included in the February 10, 2004, reported 2003 unaudited financial results of \$120.2 million, or \$1.26 per share, for Puget Energy and \$118.7 million, or \$1.25 for PSE. PSE learned of the impairment after February 10, 2004, and accordingly, its 2003 income for common stock is now \$114.7 million, or \$1.20 per share.

The impairment was established when PSE learned from the manager of the venture capital fund that it intends to record unrealized losses of certain portfolio assets in its calendar year 2003 financial statements, reflecting current venture capital conditions and near-term liquidity prospects for the portfolio companies. Puget Energy's and PSE's 2003 earnings as reported above and in the Form 10-K 2003 financial statements have been audited by its independent auditors, PricewaterhouseCoopers LLP.

PSE began investing in the fund in 1997 and through December 31, 2003, its \$8.2 million investment has been recorded at original cost prior to the recording of the impairment charge. The fund invests in energy sector related businesses. PSE holds an 11.11 percent minority interest and under the terms of the agreement that established the fund, the fund manager has sole discretion over fund operations, management and investment decisions. The fair value of PSE's investment in the fund was \$2.1 million at December 31, 2003. PSE is obligated to provide additional funding of \$5 million before the fund terminates in December 2007.

Puget Energy's Form 10-K can be viewed at the Company's website at www.pse.com or the SEC's website at www.sec.gov.

Certain statements contained in this news release are "forward-looking statements" within the meaning of the federal securities laws. Although Puget Energy and Puget Sound Energy believe that the expectations reflected in such statements are reasonable, there can be no assurance that the expected results will be achieved. For additional information concerning certain assumptions, risks, and uncertainties involved in the forward-looking statements contained herein, please refer to Puget Energy's reports on file with the SEC.

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SOURCE: Puget Energy