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THE DEBTORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT AT OR BEFORE THE HEARING TO CONSIDER THIS DISCLOSURE STATEMENT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	x	
	:	
In re:	:	**Chapter 11**
	:	
ENRON CORP., *et al.*,	:	**Case No. 01-16034 (AJG)**
	:	
	:	**Jointly Administered**
Debtors.	:	
	x	

DISCLOSURE STATEMENT FOR JOINT PLAN OF AFFILIATED DEBTORS
PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

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July 11, 2003

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DEBTORS' DISCLOSURE STATEMENT FOR
JOINT PLAN OF AFFILIATED DEBTORS PURSUANT TO CHAPTER 11
OF THE UNITED STATES BANKRUPTCY CODE

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION UNDER BANKRUPTCY CODE SECTION 1125(b) FOR USE IN THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE CHAPTER 11 PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISSEMINATION OF THIS DISCLOSURE STATEMENT ARE NOT INTENDED TO BE, AND SHOULD NOT IN ANY WAY BE CONSTRUED AS, A SOLICITATION OF VOTES ON THE PLAN, NOR SHOULD THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT BE RELIED ON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THE PROPOSED DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION.

THE DEBTORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT AT OR BEFORE THE HEARING TO CONSIDER THIS DISCLOSURE STATEMENT.

Capitalized terms used throughout this Disclosure Statement are defined in Appendix A: "Material Defined Terms for Enron Disclosure Statement" attached hereto.

On December 2, 2001 and continuing thereafter, Enron Corp. ("ENE") and certain of its direct and indirect subsidiaries and affiliates filed voluntary petitions seeking protection under chapter 11 of the Bankruptcy Code, thereby commencing one of the largest and most complex chapter 11 cases in the United States. These Chapter 11 Cases involve most of the major institutional investors in the U.S., as well as many from around the world. Similarly, these cases involve thousands of trade creditors, energy traders, former employees, and other creditor and equity constituencies located domestically and world-wide. Refer to Appendix B: "List of Debtors, Tax ID Numbers, Case Numbers, and Petition Dates" for a complete list of the Debtors and their respective Petition Dates.

The Debtors submit this Disclosure Statement pursuant to Bankruptcy Code section 1125 to holders of Claims against and Equity Interests in the Debtors in connection with (i) the solicitation of acceptances of the Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code and (ii) the hearing to consider confirmation of the Plan scheduled for [_____], commencing at [_____].

Attached as exhibits to this Disclosure Statement are copies of the following documents: (a) the Plan, Exhibit 1: "Chapter 11 Plan," (b) the Disclosure Statement Order, which, among other things, approves this Disclosure Statement and establishes certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, Exhibit 2: "Disclosure Statement Order," and (c) the Liquidation Analysis, Exhibit 3: "Liquidation Analysis." In addition, for those holders of Claims entitled to vote under the Plan, a Ballot for the acceptance or rejection of the Plan is enclosed.

I. Overview of Chapter 11 Plan

Capitalized terms used throughout this Disclosure Statement are defined in Appendix A: "Material Defined Terms for Enron Disclosure Statement" attached hereto.

A. Introduction

Chapter 11 is the chapter of the Bankruptcy Code primarily used for business reorganization. Asset sales, stock sales, and other liquidation efforts, however, can also be conducted during a chapter 11 case or pursuant to a chapter 11 plan. Under chapter 11, a company endeavors to restructure its finances such that it maximizes recovery to its creditors. Formulation of a chapter 11 plan is the primary purpose of a chapter 11 case. A chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and stockholders with respect to their claims against and equity interests in the debtor. According to section 1125 of the Bankruptcy Code, acceptances of a chapter 11 plan may be solicited by the debtor only after a written disclosure statement has been provided to each creditor or stockholder who is entitled to vote on the plan. This Disclosure Statement is presented to holders of Claims against and Equity Interests in the Debtors to satisfy the disclosure requirements contained in section 1125 of the Bankruptcy Code.

B. Chapter 11 Plan

For a more detailed description of the Plan, refer to Section VI.A, "Summary of Debtors' Chapter 11 Plan" and Exhibit 1: "Chapter 11 Plan."

1. Plan Negotiations.

a. Creditors' Committee. Given the diverse creditor body and the myriad of complex issues posed by these Chapter 11 Cases, the Debtors and the Creditors' Committee have spent the past year conducting extensive diligence and engaging in negotiations regarding the terms of a chapter 11 plan and related matters. These discussions focused on a variety of issues, including, but not limited to, (a) maximizing value to Creditors, (b) resolving issues regarding substantive consolidation and other inter-estate and inter-creditor disputes, and (c) facilitating an orderly and efficient distribution of value to Creditors. The Plan represents the culmination of these efforts and reflects agreements and compromises reached, following discussions with the ENA Examiner, among the Debtors and the Creditors' Committee with respect thereto. The Creditors' Committee fully supports the Plan, including the compromises and settlements embodied therein.

b. ENA Examiner. The ENA Examiner was appointed, among other things, to serve as a plan facilitator for ENA and its subsidiaries. The ENA Examiner has performed this function by engaging in dialogue with the Debtors, representatives of the Creditors' Committee, and certain parties in interest that assert claims against ENA and its subsidiaries. The ENA Examiner has also performed his role as plan facilitator by filing reports regarding various plan-related issues such as whether ENA's exclusive right to propose a plan for ENA should be preserved and whether a joint plan involving ENA and the remaining Debtors is appropriate and beneficial from the perspective of ENA's creditors. Refer to Section IV.A.4.a, "*ENA Examiner*" for further information. In connection with the role of the ENA Examiner as

plan facilitator, in February 2003, the Debtors and representatives of the Creditors' Committee made a detailed presentation to the ENA Examiner and certain Creditors of ENA and its subsidiaries. This presentation explained the history of the due diligence and negotiations leading to the global compromise embodied in the Plan and the estimated recoveries thereunder. Following this initial presentation, the ENA Examiner, representatives of the Creditors' Committee, and the Debtors met repeatedly and continued the exchange of information and discussions regarding the terms of the Plan. The results of the parties' diligent and exhaustive efforts in this regard are reflected in the compromises and settlements incorporated into the Plan. After consultation with certain Creditors of ENA and its subsidiaries, the ENA Examiner has informed the Debtors and the Creditors' Committee that he believes that the compromises and settlements incorporated into the Plan are reasonable, and that the economic treatment to Creditors of ENA and its subsidiaries is fair and worthy of being accepted by such Creditors.

2. Global Compromise Embodied in the Plan.

The Plan incorporates various inter-Debtor, Debtor-Creditor and inter-Creditor settlements and compromises designed to achieve a global resolution of these Chapter 11 Cases. The Plan is thus premised upon settlement, rather than litigation, of these disputes. The settlements and compromises embodied in the Plan represent, in effect, a linked series of concessions by Creditors of every individual Debtor in favor of each other. The agreements are interdependent. The following description of the global compromise is qualified in its entirety by the full text of the Plan.

To reach the global compromise, the Debtors and the Creditors' Committee considered, among other things, the most significant inter-estate disputes (including, without limitation, certain issues between ENE and ENA), the likelihood of substantive consolidation, and the cost and delay that would be occasioned by full-blown estate-wide litigation of such issues. In proposing the Plan, the Debtors intend to offer a non-litigation solution to Creditors. This solution, which the Debtors, the Creditors' Committee and the ENA Examiner believe fairly reflects the risks of litigation, will reduce the duration of these Chapter 11 Cases and the expenses attendant to protracted disputes. While a litigated outcome of each of these issues might differ from the result produced by the Plan itself, the Debtors and the Creditors' Committee believe that, if the issues resolved by the Plan were litigated to conclusion, then these Chapter 11 Cases would be prolonged for, at a minimum, an additional year, and probably much longer. In this regard, it is important to bear in mind that the professional fees incurred in these Chapter 11 Cases, even without such estate-wide litigation, have been approximately $330 million per year.

There are several components of the global compromise, including, but not limited to, (i) settlement of the likelihood of substantive consolidation of the Debtors' estates, (ii) the use of a common currency (Plan Currency) to make distributions under the Plan, (iii) the treatment of Intercompany Claims and resolution of other inter-estate issues, (iv) the resolution of certain asset ownership disputes between ENE and ENA, (v) the resolution of inter-estate issues regarding rights to certain claims and causes of action, (vi) the treatment of Enron Guaranty Claims and Wind Guaranty Claims, and (vii) a reduction in the administrative costs post-confirmation. Each of these components are discussed below.

a. Likelihood of Substantive Consolidation. Substantive consolidation is a judicially-created equitable remedy whereby the assets and liabilities of two or more entities are pooled, and the pooled assets are used to satisfy creditors' claims from the resulting common fund. Typically, substantive consolidation eliminates intercompany claims and any issues concerning ownership of assets among the consolidated entities, as well as guaranty claims against any consolidated entity that guaranteed the obligations of another consolidated entity. As explained in *Union Savings Bank* v. *Augie/Restivo Baking Co. (In re Augie/Restivo Baking Co.)*, 860 F.2d 515, 518 (2d Cir. 1988), the "*sole purpose of substantive consolidation is to ensure the equitable treatment of all creditors.*" The federal Court of Appeals with jurisdiction over the Chapter 11 Cases has articulated a two-fold, disjunctive test for substantive consolidation: (i) whether creditors dealt with the entities as a single economic unit and did not rely on their separate identity in extending credit such that consolidation is fair from the vantage point of creditor expectations, taking into account any prejudice to certain creditors resulting from the consolidation, or (ii) whether the assets and liabilities of the entities in question are hopelessly entangled such that the process of untangling them would be so time-consuming and costly that it is not in the interest of the creditors to complete that process.

Whether substantive consolidation in a given case is appropriate requires an intensive analysis of the facts pertaining to each entity proposed to be consolidated, including, but not limited to, the relationships and transactions among the entities in question and each entity's disclosures to and transactions with creditors. Following the Initial Petition Date, pursuant to a confidentiality and non-waiver of privilege agreement between the Debtors and the Creditors' Committee, the Debtors and the Creditors' Committee undertook a joint diligence process to ascertain whether substantive consolidation is an appropriate remedy for some or all of the Debtors in these Chapter 11 Cases. As part of this process, the Debtors and the Creditors' Committee jointly reviewed and considered the Debtors' books and records, public filings, key contracts, communications and other documents, as well as facts and legal theories underlying various related inter-estate issues. In addition, they conducted numerous joint interviews of current and former employees, analyzed the relevant legal standards, and evaluated the relationships between certain of the Debtors and their largest creditors. In response to Creditor requests, and as ordered by the Bankruptcy Court, in September 2002, the Creditors' Committee established an Internet database to provide Creditors who are not members of the Creditors' Committee with restricted access to copies of many the documents reviewed as part of the substantive consolidation investigation.

Through this process, the Debtors and the Creditors' Committee have found that, for each of the Debtors, there are relevant facts weighing both for and against substantive consolidation. Accordingly, in an effort to resolve these issues without protracted and expensive litigation, the Debtors and the Creditors' Committee forged a compromise and settlement based on an analysis of the likelihood that a court would order substantive consolidation at the conclusion of such litigation.

Under the global compromise embodied in the Plan, distributions of Plan Currency will be made on account of Allowed General Unsecured Claims, Allowed Enron Guaranty Claims, Allowed Wind Guaranty Claims, and Allowed Intercompany Claims based on the relative likelihood of full-blown litigation resulting in either: (i) substantive consolidation of all of the Debtors or (ii) substantive consolidation of none of the Debtors. Subject to certain

adjustments described below, the distribution on each Allowed Claim will be calculated under the Plan using a weighted average of the hypothetical distribution under each scenario with the consolidation scenario assuming the guaranties are not entirely eliminated. Accordingly, for example, a holder of an Allowed General Unsecured Claim will receive the sum of 30% of the distribution such Creditor would receive if the Debtors' estates were substantively consolidated and 70% of the distribution such Creditor would receive if the Debtors were not substantively consolidated.

b. Plan Currency. As a general rule, absent substantive consolidation, the creditors of a given debtor may recover only from the assets of such debtor. In the event of substantive consolidation, the creditors of each of the consolidated entities recover from the pooled assets of all of the consolidated entities.

In light of the global compromise and the settlement of the issue of substantive consolidation of the Debtors, the actual consideration to be distributed on account of Allowed General Unsecured Claims, Allowed Enron Guaranty Claims, Allowed Wind Guaranty Claims, and Allowed Intercompany Claims will be derived from a common pool consisting of a mixture of Creditor Cash, PGE Common Stock, CrossCountry Common Stock, and InternationalCo Common Stock (collectively, "Plan Currency"). Generally, for purposes of making distributions to Creditors of each of the Debtors, a portion of Plan Currency is allocated to each Debtor following application of the 30/70 likelihood of substantive consolidation weighted average. Each Debtor's allocated portion of Plan Currency is referred to in the Plan as the Distributive Assets attributable to such Debtor. With respect to Creditors of ENA and its subsidiaries, as part of the compromise reached with the ENA Examiner, an additional $125 million of Creditor Cash will be made available under the Plan to such Creditors and they may elect to accept additional Creditor Cash in lieu of an equal value of Plan Securities.

c. Intercompany Claims. Typically, substantive consolidation eliminates all intercompany claims among the consolidated entities. In contrast, without substantive consolidation, such intercompany claims may either be treated *pari passu* with similarly situated third party claims, subordinated to third party claims or re-characterized as equity contributions. Moreover, absent substantive consolidation, each debtor may seek to disallow a given intercompany claim or to affirmatively recover on various claims or causes of action against another debtor.

Prior to the Initial Petition Date, the Debtors maintained a complex corporate structure consisting of thousands of entities, which, in the aggregate, engaged in millions of inter-company transactions in the years leading up to the bankruptcy filings. From the inception of these Chapter 11 Cases, the Debtors and the Creditors' Committee have been investigating the most significant of these transactions to determine whether any challenges could be brought by or on behalf of any of the Debtors' estates against any other Debtor's estate, and whether the relative impact to Creditor recoveries that could be occasioned by such challenge, if successful, would warrant litigation.

Under the global compromise, Debtors holding Allowed Intercompany Claims (*i.e.* accounts and notes owed by one Debtor to another Debtor) will receive 70% of the distribution such Debtor would receive if the Debtors were not substantively consolidated. As

the 30% scenario is based on the hypothetical substantive consolidation of all Debtors, no distribution is made on Intercompany Claims under this scenario. All other potential inter-Debtor remedies, such as the potential disallowance, subordination, or re-characterization of Intercompany Claims, and certain affirmative claims or causes of action against any other Debtor, will be waived. These waivers were negotiated as an integral part of the global compromise in order to ensure that the efficient resolution of these Chapter 11 Cases would not be jeopardized by ongoing inter-estate disputes. These waivers will not affect, however, the Debtors' ability to pursue third parties (including non-Debtor affiliates) on any claims, causes of action or challenges available to any of the Debtors in the absence of substantive consolidation.

d. Asset Ownership Disputes Between ENE and ENA. Substantive consolidation eliminates any issues concerning ownership of assets among the consolidated entities. Absent substantive consolidation, these issues remain and must be resolved either through negotiation or litigation.

Certain inter-estate disputes exist between ENE and ENA regarding their respective equity interests in (and attendant right to sale proceeds of or dividends from) various entities. The Debtors and the Creditors' Committee believe that there are factual and legal issues regarding these disputes, and that some of those issues favor ENE, while others favor ENA. As a compromise of these inter-Debtor disputes, the Debtors, the Creditors' Committee and the ENA Examiner agreed, for purposes of calculating distributions, to allocate the economic ownership of certain assets. Specifically, the global compromise incorporates an agreement whereby: (i) the net economic equity value of Enron Canada Corp. will be deemed an asset of ENA, (ii) 50% of the net economic equity value of CPS will be deemed to be an asset of ENE and 50% will be deemed to be an asset of ENA, and (iii) the net economic equity value of Bridgeline will be deemed an asset of ENA.

e. Ownership of Certain Claims and Causes of Action. As a general rule, absent substantive consolidation, any inter-estate issues regarding rights to and interests in claims and causes of action against third parties must be resolved either by negotiation or litigation among the estates. In contrast, if the estates are substantively consolidated, then the recoveries from any such claims or causes of action are pooled for the benefit of the creditors of all of the consolidated entities.

Many of the Debtors hold claims or causes of action against third parties. In numerous instances, there is no dispute as to the particular Debtor that owns such claims or causes of action. This may be the case, for example, when a specific Debtor had the exclusive course of dealing with the defendant or a specific Debtor held the exclusive legal and beneficial title to property transferred to the defendant. In other cases, however, which of the Debtors holds rights to and interests in claims and causes of actions is not so clear. This is particularly true with respect to claims against certain institutions involved in the pre-petition financing of the Debtors, auditors, other professionals, and other parties as these claims may be deemed to belong to all of the Debtors to varying degrees. Accordingly, the global compromise incorporates a division of these claims and causes of action against third parties. While certain claims and causes of action will remain the property of individual Reorganized Debtors (to be prosecuted by the applicable Reorganized Debtor), other claims and causes of action will be transferred to the Litigation Trust or the Special Litigation Trust described below. Moreover,

whereas distributions of Plan Currency are allocated to each Debtor based on the likelihood of substantive consolidation formula discussed above, as part of the compromise with the ENA Examiner, interests in the Litigation Trust and the Special Litigation Trust are allocated pro rata among the holders of Allowed General Unsecured Claims as if all of the Debtors had been substantively consolidated.

f. Guaranty Claims. In a case involving total substantive consolidation, any claim against multiple debtor entities for the same liability, whether joint, primary or secondary (including guaranty claims), are typically deemed to constitute one claim to be satisfied out of the pool of assets. Some courts, however, make exceptions in those situations where a creditor can demonstrate that it extended credit in reliance on its ability to collect from two distinct entities.

Under the global compromise among the Debtors, the Creditors' Committee and the ENA Examiner, an exception to the 30/70 likelihood of substantive consolidation formula is made for Creditors holding guaranties from ENE or Enron Wind Corp. In addition to what a Creditor with a guaranty from ENE or Enron Wind Corp. may receive on its primary claim, such Creditor will receive on account of its Allowed Enron Guaranty Claim or Allowed Wind Guaranty Claim, as the case may be, a distribution that includes such Creditor's full allocated distribution in the hypothetical non-consolidation case (*i.e.*, the 70% scenario) and 50% of such Creditor's allocated distribution in the hypothetical consolidation case (*i.e.*, the 30% scenario).

g. Post-Confirmation Administration. As part of the global compromise under the Plan, the governance and oversight of these Chapter 11 Cases will be streamlined. Following confirmation of the Plan, a five-member board of directors of Reorganized ENE will be appointed, with four of the directors to be designated by the Debtors after consultation with the Creditors' Committee and one of the directors to be designated by the Debtors after consultation with the ENA Examiner. The respective roles of the ENE Examiner and the ENA Examiner will be phased out following confirmation of the Plan, and the Creditors' Committee will be dissolved on the Effective Date of the Plan.

3. Overall Fairness of the Settlement.

The Debtors and the Creditors' Committee firmly believe that the global compromise embodied in the Plan is fair to each of the Debtors and their respective Creditors and falls within the range of reasonableness required for approval by the Bankruptcy Court. The ENA Examiner has also agreed that the settlements within the global compromise are each within the range of reasonableness as to the Creditors of ENA and its subsidiaries and that the Plan is worthy of being accepted by such Creditors.

Although the Debtors and the Creditors' Committee believe the global compromise can be approved solely on the basis that the settlements contained therein fall within the range of reasonable outcomes, the Debtors and the Creditors' Committee believe that the benefits obtained from avoiding estate-wide litigation by Creditors with conflicting interests cannot be overemphasized. Indeed, if a compromise had not been reached, the Debtors and the Creditors' Committee believe that the cost, delay, and uncertainty attendant to litigating the

complex inter-estate issues resolved by the Plan would have resulted in substantially lower recoveries for most, if not all, Creditors.

With respect to the common Plan Currency concept for all Creditors, the Debtors and the Creditors' Committee believe this feature of the global compromise promotes efficiency without being unfair or inequitable. Concerns have previously been raised by certain Creditors of ENA that the filing of a joint plan involving ENA and the other Debtors would be unfair because ENA has been in liquidation since shortly after the Initial Petition Date and should not be unnecessarily entangled with the estates of the other Debtors, including ENE. After careful consideration of these concerns, the Debtors and the Creditors' Committee have concluded that ENA Creditors would not be materially disadvantaged by the common Plan Currency feature. This is because, irrespective of any global compromise, there is inescapable entanglement between the estates of ENA and ENE because ENA is the single largest creditor of ENE and its intercompany claim against ENE is ENA's single largest asset. Thus, distributions to ENA Creditors necessarily depend in large part on what ENA recovers on its intercompany claim against ENE. Similarly, ENE's intercompany claims against EPMI and numerous other Debtors would result in assets of such other Debtors being transferred to ENE for further distribution to ENE's Creditors, including ENA. Thus, while it is an integral feature of the global compromise, the common Plan Currency feature of the Plan is also justifiable for many of the Debtors because of the way in which value necessarily is transferred through intercompany claims. In any event, based on the Debtors' current estimates of asset values and Allowed Claims, Plan Currency is expected to be more than two-thirds in Creditor Cash and less than one-third in the form of Plan Securities.

Finally, the allocation of Litigation Trust Interests and Special Litigation Trust Interests on a pro rata basis to holders of Allowed General Unsecured Claims of the Debtors is a feature of the global compromise that provides significant benefits to Creditors that may not otherwise have shared in the potential proceeds from such litigation.

4. Property to be Distributed Under the Plan.

The Plan is premised upon the distribution of all of the value of the Debtors' assets (through Creditor Cash, Plan Securities and Interests in the Litigation Trust and the Special Litigation Trust) in accordance with the priority scheme contained in the Bankruptcy Code. Refer to Section XIII, "Securities Laws Matters," and the Plan attached as Exhibit 1: "Chapter 11 Plan" for additional information.

a. Creditor Cash. In addition to Cash available to pay Secured Claims, Administrative Expense Claims, Priority Claims, and Convenience Class Claims as provided for in the Plan, Cash distributions will be made from available Creditor Cash to holders of Allowed General Unsecured Claims, Allowed Intercompany Claims, Allowed Wind Guaranty Claims, and Allowed Enron Guaranty Claims. Notwithstanding the foregoing, upon the joint determination of the Debtors and the Creditors' Committee, the Remaining Assets will be transferred to the Remaining Asset Trust, and the appropriate holders of Allowed Claims will be allocated Remaining Asset Trust Interests. As the Remaining Assets are liquidated, Creditor Cash will be distributed to the holders of the Remaining Asset Trust Interests. The Remaining Asset Trust Interests will be uncertificated and non-transferable, except through descent or

distribution; provided, however, that a recipient may hold such remaining Asset Trust Interests through a single wholly-owned entity.

b. PGE Common Stock. PGE is a wholly-owned non-Debtor subsidiary of ENE. PGE is a reporting company under the Exchange Act. It is a single integrated electric utility engaged in the generation, purchase, transmission, distribution, and retail sale of electricity in the State of Oregon. PGE also sells wholesale electric energy to utilities, brokers, and power marketers located throughout the western United States. Pursuant to the Plan, at or subsequent to the Effective Date, ENE will cause PGE to distribute its common stock to holders of Allowed General Unsecured Claims, Allowed Enron Guaranty Claims, Allowed Wind Guaranty Claims, and Allowed Intercompany Claims. Upon issuance, the PGE Common Stock will be freely transferable by its recipients that are not "*underwriters*" under section 1145 of the Bankruptcy Code. PGE may list the PGE Common Stock on a national exchange or NASDAQ, but there can be no assurances that it will do so. Notwithstanding the foregoing, in the event that all or part of PGE is sold prior to distribution of the PGE Common Stock, the net proceeds will be distributed to Creditors in lieu of or in addition to PGE Common Stock. Also notwithstanding the foregoing, upon the joint determination of the Debtors and the Creditors' Committee, before the PGE Common Stock is released to the holders of Allowed Claims, the PGE Common Stock may first be issued to the PGE Trust with the PGE Trust Interests being allocated to the appropriate holders of Allowed Claims and the reserve for Disputed Claims. The PGE Trust Interests will be uncertificated and non-transferable, except through descent or distribution. When there are sufficient Allowed General Unsecured Claims to permit distribution of 30% of the PGE Common Stock, the stock, if not sold prior to such time, will be released from the PGE Trust to holders of Allowed Claims, with the remainder to be held in reserve for Disputed Claims. For a more detailed description of the restrictions on the transfer of PGE Common Stock, refer to Section XIII, "Securities Laws Matters" and for further information regarding PGE, refer to Section VIII, "Portland General Electric Company."

c. CrossCountry Common Stock. CrossCountry is a newly-formed non-Debtor subsidiary of ENE, ETSC, EOS, and Enron Operations, L.P. As a newly-formed holding company, CrossCountry will hold the Debtors' Pipeline Businesses, which provide natural gas transportation services through an extensive North American pipeline infrastructure. CrossCountry's principal assets will consist of (i) a 100% ownership interest in Transwestern, (ii) a 50% ownership interest in Citrus, and (iii) a 100% interest in Northern Plains. Pursuant to the Plan, at or subsequent to the Effective Date, ENE will cause CrossCountry to distribute its common stock to holders of Allowed General Unsecured Claims, Allowed Enron Guaranty Claims, Allowed Wind Guaranty Claims, and Allowed Intercompany Claims. Upon issuance, the CrossCountry Common Stock will be freely transferable by its recipients that are not "*underwriters*" under section 1145 of the Bankruptcy Code. CrossCountry agreed to use its best efforts to list the CrossCountry Common Stock on a national exchange or NASDAQ, but there can be no assurances that it will do so. Notwithstanding the foregoing, in the event that all or part of CrossCountry is sold prior to distribution of the CrossCountry Common Stock, the net proceeds will be distributed to Creditors in lieu of or in addition to CrossCountry Common Stock. Also notwithstanding the foregoing, upon the joint determination of the Debtors and the Creditors' Committee, before the CrossCountry Common Stock is released to the holders of Allowed Claims, the CrossCountry Common Stock may first be issued to the CrossCountry Trust with the CrossCountry Trust Interests being allocated to the appropriate holders of Allowed

Claims and the reserve for Disputed Claims. The CrossCountry Trust Interests will be uncertificated and non-transferable, except through descent or distribution. When there are sufficient Allowed General Unsecured Claims to permit distribution of 30% of the CrossCountry Common Stock, the stock, if not sold prior to such time, will be released from the CrossCountry Trust to holders of Allowed Claims, with the remainder to be held in reserve for Disputed Claims. For a more detailed description of the restrictions on the transfer of the CrossCountry Common Stock, refer to Section XIII, "Securities Laws Matters" and for more information regarding CrossCountry, refer to Section IX, "CrossCountry Energy Corp."

d. InternationalCo Common Stock. InternationalCo is a Cayman Islands entity formed initially as a shell holding company pending the transfer of certain international energy infrastructure businesses that are indirectly owned by ENE and certain of its affiliates. If all businesses that currently are designated to be transferred to InternationalCo are successfully transferred, InternationalCo will engage in the generation and distribution of electricity, the transmission and distribution of natural gas and LPG, and the processing of NGLs, and will have assets in 13 countries. Pursuant to the Plan, at or subsequent to the Effective Date, ENE will cause InternationalCo to distribute its common stock to holders of Allowed General Unsecured Claims, Allowed Enron Guaranty Claims, Allowed Wind Guaranty Claims, and Allowed Intercompany Claims. The InternationalCo Common Stock will be freely transferable upon issuance by its recipients that are not "*underwriters*" under section 1145 of the Bankruptcy Code. InternationalCo may list the InternationalCo Common Stock on a national exchange or NASDAQ, but there can be no assurances that it will do so. Notwithstanding the foregoing, in the event that all or part of InternationalCo is sold prior to distribution of the InternationalCo Common Stock, the net proceeds will be distributed to Creditors in lieu of or in addition to InternationalCo Common Stock. Also notwithstanding the foregoing, upon the joint determination of the Debtors and the Creditors' Committee, before the InternationalCo Common Stock is released to the holders of Allowed Claims, the InternationalCo Common Stock may first be issued to the InternationalCo Trust with the InternationalCo Trust Interests being allocated to the appropriate holders of Allowed Claims and the reserve for Disputed Claims. The InternationalCo Trust Interests will be uncertificated and non-transferable, except through descent or distribution. When there are sufficient Allowed General Unsecured Claims to permit distribution of 30% of the InternationalCo Common Stock, the stock, if not sold prior to such time, will be released from the InternationalCo Trust to holders of Allowed Claims, with the remainder to be held in reserve for Disputed Claims. For a more detailed description of the restrictions on the transfer of the InternationalCo Common Stock, refer to Section XIII, "Securities Laws Matters" and for more information regarding InternationalCo, refer to Section X, "InternationalCo."

e. Interests in Litigation Trust and Special Litigation Trust. Except for claims arising from certain specified commercial disputes (such as claims against counterparties arising from commodities trading contracts) that are readily attributable to one or more specific Debtors and any avoidance actions, the Plan provides for holders of Allowed General Unsecured Claims to share the proceeds, if any, from numerous potential causes of action. These causes of action shall be deemed transferred to such Creditors on account of their Allowed Claims, and such Creditors will then be deemed to have contributed such causes of actions to either the Litigation Trust or the Special Litigation Trust in exchange for beneficial interests in such trusts. Pursuant to the Plan, upon the Effective Date, the Debtors will distribute Litigation Trust

Interests and the Special Litigation Trust Interests to holders of Allowed General Unsecured Claims in Classes 3 through 176. The Plan contemplates that income or gain, if any, generated from the prosecution or settlement of causes of action by the Litigation Trust and Special Litigation Trust will not be taxable at the trust level, but will flow through to the holders of Litigation Trust Interests and the Special Litigation Trust Interests. In addition, the Plan contemplates that Litigation Trust Interests and Special Litigation Trust Interests will be freely transferable by its recipients that are not "*underwriters*" under section 1145 of the Bankruptcy Code. For a more detailed description of the restrictions on the transfer of the Litigation Trust Interests and Special Litigation Trust Interests, refer to Section XIII, "Securities Laws Matters." No assurance can be given that any income or gain will be generated by the Litigation Trust or the Special Litigation Trust, or that any of the intended tax or transferability features of the Litigation Trust and Special Litigation Trust will ultimately be achieved.

f. Preferred and Common Equity Trusts. Upon the Effective Date, Holders of Allowed Enron Preferred Equity Interests and Allowed Enron Common Equity Interests will receive in exchange for such interests Preferred Equity Trust Interests and Common Equity Trust Interests, respectively. The Preferred Equity Trust and Common Equity Trust will hold the Exchanged Enron Preferred Stock and Exchanged Enron Common Stock, respectively. Holders of the Preferred Equity Trust Interests and Common Equity Trust Interests will have the contingent right to receive cash distributions in the very unlikely event that the value of the Debtors' assets exceed the Allowed Claims, but in no event will the Exchanged Enron Preferred Stock and Exchanged Enron Common Stock be distributed to Creditors. The Preferred Equity Trust Interests and Common Equity Trust Interests will be uncertificated and non-transferable, except through descent or distribution.

5. Effectiveness of the Plan.

The Plan will become effective upon the satisfaction of the following conditions: (i) the entry of the Confirmation Order and the lapse of 10 days without a stay thereof, (ii) all actions and documents necessary to implement the Plan have been effected or executed, , (iii) the requisite consents to the transfer of the InternationalCo Assets and the issuance of the InternationalCo Common Stock have been obtained, (iv) the requisite consents to the issuance of the CrossCountry Common Stock have been obtained, and (v) the requisite consents for the issuance of the PGE Common Stock have been obtained.

To the extent practicable or legally permissible, each of the conditions precedent in Section 33.1 of the Plan, may be waived, in whole or in part, by the Debtors with the consent of the Creditors' Committee. Any such waiver of a condition precedent may be effected at any time by filing a notice thereof with the Bankruptcy Court.

6. Alternative Structures.

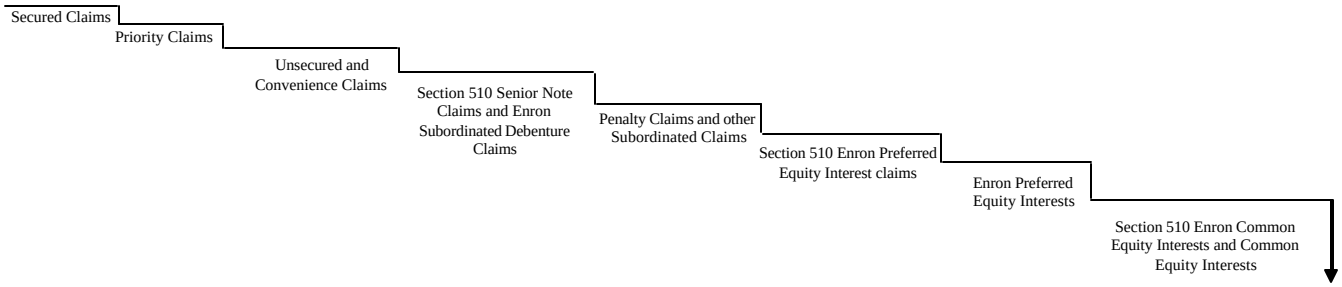
Notwithstanding anything contained in the Plan to the contrary, the Debtors, if jointly determined after consultation with the Creditors' Committee, may, after obtaining the requisite approvals, including, without limitation, in the event the substance of the economic and governance provisions contained in the Plan are materially adversely affected, the approval of the ENA Examiner as Plan facilitator, (a) form one (1) or more holding companies to hold the

common stock of the Entities to be created under the Plan and issue the equity interest therein in lieu of the common stock to be issued under the Plan and (b) form one (1) or more limited liability companies in lieu of the Entities to be created hereunder and issue the membership interests therein in lieu of the common stock to be issued under the Plan.

C. Distributions, Classification and Treatment Under the Plan

1. Priority of Distributions.

The graph below illustrates the descending order of priority of the distributions to be made under the Plan. In accordance with the Bankruptcy Code, distributions are made based on this order of priority such that, absent consent, holders of Allowed Claims or Equity Interests in a given Class must be paid in full before a distribution is made to a more junior Class. It should be noted that the Enron Companies continue to believe that existing ENE common stock and preferred stock has no value. However, the Plan provides ENE stockholders with a contingent right to receive a recovery in the very unlikely event that the total amount of ENE's assets exceeds the total amount of Allowed Claims against ENE. The following graph is provided for illustrative purposes only.



2. Summary of Classification and Treatment.

The table below summarizes the classification, treatment of, and estimated recoveries on, Allowed Claims and Equity Interests under the Plan. Further, the table identifies those Classes entitled to vote on the Plan based on the rules set forth in the Bankruptcy Code. The summary information reflected in the table is qualified in its entirety by reference to the full text of the Plan. Moreover, the estimates set forth below are very preliminary and are based upon information available to the Debtors as of June 1, 2003. As the preliminary value of assets and amount of claims used to calculate the estimated recoveries may be significantly different than those ultimately realized, the actual distributions under the Plan may be substantially higher or lower than the estimated recoveries set forth below.[1]

SUMMARY OF CLASSIFICATION AND TREATMENT

[1] The calculated recoveries in the table exclude claims that may be satisfied via set-off. Estimates of claims that may be satisfied via set-off may be provided in amendments or modifications to the Disclosure Statement.

Class	Type of Allowed Claim or Equity Interest	Treatment	Estimated Recovery	Status
N/A	Administrative Expense Claims	Payment in full, in Cash, or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Chapter 11 Cases or assumed by the Debtors in Possession.	100%	Unimpaired; Not entitled to vote
N/A	Priority Tax Claims	At the option of the Debtors either (a) paid in full, in Cash, (b) paid over a six-year period from the date of assessment as provided in section 1129(a)(9)(C) of the Bankruptcy Code with interest at a rate to be determined by the Bankruptcy Court, or (c) upon such terms as mutually agreed by the holder of an Allowed Priority Tax Claim and the Debtors.	100%	Unimpaired; Not entitled to vote
1	Priority Non-Tax Claims	Payment in full, in Cash.	100%	Unimpaired; Not entitled to vote
2	Secured Claims	At the option of the Debtors either (a) the payment of such holder's Allowed Secured Claim in full, in Cash; (b) the sale or disposition proceeds of the property securing any Allowed Secured Claim to the extent of the value of their respective interests in such property; (c) the surrender to the holder or holders of any Allowed Secured Claim of the property securing such Claim; or (d) such other	100%	Unimpaired; Not entitled to vote

		distributions as shall be necessary to satisfy the requirements of chapter 11 of the Bankruptcy Code.		
3	General Unsecured Claims Against EMCC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EMCC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	58.9%	Impaired; Entitled to vote
4	General Unsecured Claims Against ENE	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ENE and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	14.4%	Impaired; Entitled to vote
5	General Unsecured Claims Against ENA	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ENA and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	18.3%	Impaired; Entitled to vote
6	General Unsecured Claims Against EPMI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EPMI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	21.3%	Impaired; Entitled to vote
7	General Unsecured Claims Against PBOG	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to PBOG and (b) Pro Rata Share of (i)	75.0%	Impaired; Entitled to vote

		three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
8	General Unsecured Claims Against SSLC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to SSLC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	19.5%	Impaired; Entitled to vote
9	General Unsecured Claims Against EBS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EBS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	12.7%	Impaired; Entitled to vote
10	General Unsecured Claims Against EESO	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EESO and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	10.8%	Impaired; Entitled to vote
11	General unsecured Claims Against EEMC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EEMC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	28.9%	Impaired; Entitled to vote
12	General Unsecured Claims Against EESI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EESI	28.0%	Impaired; Entitled to vote

		and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
13	General Unsecured Claims Against EES	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EES and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	61.8%	Impaired; Entitled to vote
14	General Unsecured Claims Against ETS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ETS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
15	General Unsecured Claims Against BAM	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to BAM and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	6.3%	Impaired; Entitled to vote
16	General Unsecured Claims Against ENA Asset Holdings	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ENA Asset Holdings and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
17	General Unsecured	Distributions of (a) Pro Rata	19.2%	Impaired;

	Claims Against EGLI	Share of the Distributive Assets attributable to EGLI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		Entitled to vote
18	General Unsecured Claims Against EGM	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EGM and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
19	General Unsecured Claims Against ENW	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ENW and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.1%	Impaired; Entitled to vote
20	General Unsecured Claims Against EIM	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EIM and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
21	General Unsecured Claims Against OEC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to OEC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	13.0%	Impaired; Entitled to vote

22	General Unsecured Claims Against EECC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EECC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	12.5%	Impaired; Entitled to vote
23	General Unsecured Claims Against EEOSC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EEOSC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
24	General Unsecured Claims Against Garden State	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Garden State and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
25	General Unsecured Claims Against Palm Beach	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Palm Beach and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
26	General Unsecured Claims Against TSI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to TSI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust	8.0%	Impaired; Entitled to vote

		Interests.		
27	General Unsecured Claims Against EEIS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EEIS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	57.3%	Impaired; Entitled to vote
28	General Unsecured Claims Against EESOMI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EESOMI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	39.3%	Impaired; Entitled to vote
29	General Unsecured Claims Against EFSI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFSI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
30	General Unsecured Claims Against EFM	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFM and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	24.5%	Impaired; Entitled to vote
31	General Unsecured Claims Against EBS LP	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EBS LP and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000)	5.0%	Impaired; Entitled to vote

		Special Litigation Trust Interests.		
32	General Unsecured Claims Against EESNA	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EESNA and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.9%	Impaired; Entitled to vote
33	General Unsecured Claims Against LNG Marketing	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to LNG Marketing and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
34	General Unsecured Claims Against Calypso	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Calypso and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
35	General Unsecured Claims Against Global LNG	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Global LNG and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
36	General Unsecured Claims Against EIFM	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EIFM and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and	75.0%	Impaired; Entitled to vote

		(ii) three million (3,000,000) Special Litigation Trust Interests.		
37	General Unsecured Claims Against ENGMC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ENGMC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	19.7%	Impaired; Entitled to vote
38	General Unsecured Claims Against ENA Upstream	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ENA Upstream and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	15.6%	Impaired; Entitled to vote
39	General Unsecured Claims Against ELFI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ELFI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	29.3%	Impaired; Entitled to vote
40	General Unsecured Claims Against LNG Shipping	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to LNG Shipping and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
41	General Unsecured Claims Against EPSC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EPSC and (b) Pro Rata Share of (i) three million (3,000,000)	9.4%	Impaired; Entitled to vote

		Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
42	General Unsecured Claims Against ECTRIC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECTRIC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	18.7%	Impaired; Entitled to vote
43	General Unsecured Claims Against Communications Leasing	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Communications Leasing and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	7.5%	Impaired; Entitled to vote
44	General Unsecured Claims Against Wind	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Wind and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	32.2%	Impaired; Entitled to vote
45	General Unsecured Claims Against Wind Systems	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Wind Systems and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	46.0%	Impaired; Entitled to vote
46	General Unsecured Claims Against EWESC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to	44.1%	Impaired; Entitled to vote

		EWESC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
47	General Unsecured Claims Against Wind Maintenance	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Wind Maintenance and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.7%	Impaired; Entitled to vote
48	General Unsecured Claims Against Wind Constructors	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Wind Constructors and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	43.5%	Impaired; Entitled to vote
49	General Unsecured Claims Against EREC I	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EREC I and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	46.0%	Impaired; Entitled to vote
50	General Unsecured Claims Against EREC II	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EREC II and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	43.5%	Impaired; Entitled to vote

51	General Unsecured Claims Against EREC III	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EREC III and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	44.1%	Impaired; Entitled to vote
52	General Unsecured Claims Against EREC IV	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EREC IV and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.7%	Impaired; Entitled to vote
53	General Unsecured Claims Against EREC V	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EREC V and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	32.2%	Impaired; Entitled to vote
54	General Unsecured Claims Against Intratex	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Intratex and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
55	General Unsecured Claims Against EPPI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EPPI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust	5.0%	Impaired; Entitled to vote

		Interests.		
56	General Unsecured Claims Against Methanol	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Methanol and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	13.8%	Impaired; Entitled to vote
57	General Unsecured Claims Against Ventures	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Ventures and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	9.4%	Impaired; Entitled to vote
58	General Unsecured Claims Against Enron Mauritius	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Enron Mauritius and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
59	General Unsecured Claims Against India Holdings	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to India Holdings and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
60	General Unsecured Claims Against OPP	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to OPP and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000)	75.0%	Impaired; Entitled to vote

		Special Litigation Trust Interests.		
61	General Unsecured Claims Against NETCO	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to NETCO and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
62	General Unsecured Claims Against EESSH	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EESSH and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	19.6%	Impaired; Entitled to vote
63	General Unsecured Claims Against Wind Development	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Wind Development and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	65.8%	Impaired; Entitled to vote
64	General Unsecured Claims Against ZWHC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ZWHC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
65	General Unsecured Claims Against Zond Pacific	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Zond Pacific and (b) Pro Rata Share of (i) three million	5.0%	Impaired; Entitled to vote

		(3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
66	General Unsecured Claims Against ERAC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ERAC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
67	General Unsecured Claims Against NEPCO	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to NEPCO and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	8.3%	Impaired; Entitled to vote
68	General Unsecured Claims Against EPICC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EPICC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	7.5%	Impaired; Entitled to vote
69	General Unsecured Claims Against NEPCO Power Procurement	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to NEPCO Power Procurement and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	8.3%	Impaired; Entitled to vote
70	General Unsecured Claims Against NEPCO Services	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to	8.6%	Impaired; Entitled to vote

	International	NEPCO Services International and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
71	General Unsecured Claims Against San Juan Gas	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to San Juan Gas and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	21.6%	Impaired; Entitled to vote
72	General Unsecured Claims Against EBF LLC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EBF LLC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
73	General Unsecured Claims Against Zond Minnesota	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Zond Minnesota and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	37.1%	Impaired; Entitled to vote
74	General Unsecured Claims Against EFII	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFII and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	29.6%	Impaired; Entitled to vote

75	General Unsecured Claims Against E Power Holdings	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to E Power Holdings and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	36.7%	Impaired; Entitled to vote
76	General Unsecured Claims Against EFS-CMS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS-CMS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	6.6%	Impaired; Entitled to vote
77	General Unsecured Claims Against EMI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EMI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	12.2%	Impaired; Entitled to vote
78	General Unsecured Claims Against Expat Services	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Expat Services and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	16.5%	Impaired; Entitled to vote
79	General Unsecured Claims Against Artemis	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Artemis and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust	15.6%	Impaired; Entitled to vote

		Interests.		
80	General Unsecured Claims Against CEMS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to CEMS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	38.0%	Impaired; Entitled to vote
81	General Unsecured Claims Against LINGTEC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to LINGTEC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	10.1%	Impaired; Entitled to vote
82	General Unsecured Claims Against EGSNVC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EVSNVC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	6.1%	Impaired; Entitled to vote
83	General Unsecured Claims Against LGMC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to LGMC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	7.2%	Impaired; Entitled to vote
84	General Unsecured Claims Against LRC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to LRC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000)	13.6%	Impaired; Entitled to vote

		Special Litigation Trust Interests.		
85	General Unsecured Claims Against LGMI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to LGMI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	14.0%	Impaired; Entitled to vote
86	General Unsecured Claims Against LRCI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to LRCI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	16.0%	Impaired; Entitled to vote
87	General Unsecured Claims Against ECG	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECG and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	7.2%	Impaired; Entitled to vote
88	General Unsecured Claims Against EnRock Management	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EnRock Management and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
89	General Unsecured Claims Against ECI Texas	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECI Texas and (b) Pro Rata Share of (i) three million	75.0%	Impaired; Entitled to vote

		(3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
90	General Unsecured Claims Against EnRock	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EnRock and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
91	General Unsecured Claims Against ECI Nevada	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECI Nevada and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	36.3%	Impaired; Entitled to vote
92	General Unsecured Claims Against Alligator Alley	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Alligator Alley and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
93	General Unsecured Claims Against Enron Wind Storm Lake I	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Enron Wind Storm Lake I and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	16.7%	Impaired; Entitled to vote
94	General Unsecured Claims Against ECTMI	Distributions of (a) Pro Rata Share of the Distributive	21.0%	Impaired; Entitled to vote

		Assets attributable to ECTMI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
95	General Unsecured Claims Against EnronOnline, LLC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EnronOnline, LLC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	12.0%	Impaired; Entitled to vote
96	General Unsecured Claims Against St. Charles Development	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to St. Charles Development and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
97	General Unsecured Claims Against Calcasieu	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Calcasieu and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
98	General Unsecured Claims Against Calvert City Power	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Calvert City Power and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special	5.0%	Impaired; Entitled to vote

		Litigation Trust Interests.		
99	General Unsecured Claims Against Enron ACS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Enron ACS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
100	General Unsecured Claims Against LOA	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to LOA and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
101	General Unsecured Claims Against ENIL	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ENIL and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.8%	Impaired; Entitled to vote
102	General Unsecured Claims Against EI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
103	General Unsecured Claims Against EINT	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EINT and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000)	9.2%	Impaired; Entitled to vote

		Special Litigation Trust Interests.		
104	General Unsecured Claims Against EMDE	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EMDE and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	6.7%	Impaired; Entitled to vote
105	Unsecured Claims Against WarpSpeed	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to WarpSpeed and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
106	General Unsecured Claims Against Modulus	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Modulus and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
107	General Unsecured Claims Against ETI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ETI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	10.1%	Impaired; Entitled to vote
108	General Unsecured Claims Against DSG	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to DSG and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and	6.5%	Impaired; Entitled to vote

		(ii) three million (3,000,000) Special Litigation Trust Interests.		
109	General Unsecured Claims Against RMTC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to RMTC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
110	General Unsecured Claims Against Omicron	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Omicron and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
111	General Unsecured Claims Against EFS I	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS I and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
112	General Unsecured Claims Against EFS II	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS II and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
113	General Unsecured Claims Against EFS III	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS III and (b) Pro Rata Share of (i) three million (3,000,000)	75.0%	Impaired; Entitled to vote

		Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
114	General Unsecured Claims Against EFS V	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS V and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
115	General Unsecured Claims Against EFS VI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS VI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
116	General Unsecured Claims Against EFS VII	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS VII and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
117	General Unsecured Claims Against EFS IX	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS IX and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
118	General Unsecured Claims Against EFS X	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS X and (b) Pro Rata Share of (i)	9.5%	Impaired; Entitled to vote

		three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
119	General Unsecured Claims Against EFS XI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS XI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	7.2%	Impaired; Entitled to vote
120	General Unsecured Claims Against EFS XII	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS XII and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	15.5%	Impaired; Entitled to vote
121	General Unsecured Claims Against EFS XV	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS XV and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
122	General Unsecured Claims Against EFS XVII	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS XVII and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
123	General Unsecured Claims Against Jovinole	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to	5.0%	Impaired; Entitled to vote

		Jovinole and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
124	General Unsecured Claims Against EFS Holdings	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS Holdings and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
125	General Unsecured Claims Against EOS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EOS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	11.3%	Impaired; Entitled to vote
126	General Unsecured Claims Against Green Power	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Green Power and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
127	General Unsecured Claims Against TLS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to TLS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	14.5%	Impaired; Entitled to vote
128	General Unsecured Claims Against ECT	Distributions of (a) Pro Rata Share of the Distributive	75.0%	Impaired; Entitled to vote

	Securities Limited Partnership	Assets attributable to ECT Securities Limited Partnership and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
129	General Unsecured Claims Against ECT Securities LP	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECT Securities LP and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	17.2%	Impaired; Entitled to vote
130	General Unsecured Claims Against ECT Securities GP	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECT Securities GP and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
131	General Unsecured Claims Against KUCC Cleburne	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to KUCC Cleburne and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
132	General Unsecured Claims Against EIAM	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EIAM and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust	75.0%	Impaired; Entitled to vote

		Interests.		
133	General Unsecured Claims Against EBPHXI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EBPHXI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
134	General Unsecured Claims Against EHC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EHC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
135	General Unsecured Claims Against EDM	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EDM and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	6.0%	Impaired; Entitled to vote
136	General Unsecured Claims Against EIKH	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EIKH and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
137	General Unsecured Claims Against ECHVI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECHVI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000)	75.0%	Impaired; Entitled to vote

		Special Litigation Trust Interests.		
138	General Unsecured Claims Against EIAC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EIAC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	7.2%	Impaired; Entitled to vote
139	General Unsecured Claims Against EBPIXI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EBPIXI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
140	General Unsecured Claims Against Paulista	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Paulista and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
141	General Unsecured Claims Against EPCSC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EPCSC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	10.7%	Impaired; Entitled to vote
142	General Unsecured Claims Against Pipeline Services	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Pipeline Services and (b) Pro Rata Share of (i) three million (3,000,000)	14.6%	Impaired; Entitled to vote

		Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
143	General Unsecured Claims Against ETPC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ETPC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
144	General Unsecured Claims Against ELSC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ELSC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
145	General Unsecured Claims Against EMMS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EMMS and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	7.9%	Impaired; Entitled to vote
146	General Unsecured Claims Against ECFL	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECFL and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
147	General Unsecured Claims Against EPGI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EPGI and (b) Pro Rata Share of (i)	5.0%	Impaired; Entitled to vote

		three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
148	General Unsecured Claims Against Transwestern Gathering	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Transwestern Gathering and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
149	General Unsecured Claims Against Enron Gathering	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Enron Gathering and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
150	General Unsecured Claims Against EGP	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EGP and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
151	General Unsecured Claims Against EAMR	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EAMR and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	37.2%	Impaired; Entitled to vote
152	General Unsecured Claims Against EBP I	Distributions of (a) Pro Rata Share of the Distributive	20.3%	Impaired; Entitled to vote

		Assets attributable to EBP I and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
153	General Unsecured Claims Against EBHL	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EBHL and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	23.8%	Impaired; Entitled to vote
154	General Unsecured Claims Against Enron Wind Storm Lake II	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Enron Wind Storm Lake II and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
155	General Unsecured Claims Against EREC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EREC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	9.8%	Impaired; Entitled to vote
156	General Unsecured Claims Against EA III	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EA III and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	20.2%	Impaired; Entitled to vote

157	General Unsecured Claims Against EWLB	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EWLB and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	35.1%	Impaired; Entitled to vote
158	General Unsecured Claims Against SCC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to SCC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	11.0%	Impaired; Entitled to vote
159	General Unsecured Claims Against EFS IV	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS IV and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	49.7%	Impaired; Entitled to vote
160	General Unsecured Claims Against EFS VIII	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS VIII and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote

161	General Unsecured Claims Against EFS XIII	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EFS XIII and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	68.5%	Impaired; Entitled to vote
162	General Unsecured Claims Against ECI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	9.1%	Impaired; Entitled to vote
163	General Unsecured Claims Against EPC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EPC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	26.9%	Impaired; Entitled to vote
164	General Unsecured Claims Against Richmond Power	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Richmond Power and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
165	General Unsecured Claims Against ECTSVC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ECTSVC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special	14.5%	Impaired; Entitled to vote

		Litigation Trust Interests.		
166	General Unsecured Claims Against EDF	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EDF and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	21.0%	Impaired; Entitled to vote
167	General Unsecured Claims Against ACFI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ACFI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	8.0%	Impaired; Entitled to vote
168	General Unsecured Claims Against TPC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to TPC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
169	General Unsecured Claims Against APACHI	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to APACHI and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	19.9%	Impaired; Entitled to vote
170	General Unsecured Claims Against EDC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EDC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000)	11.8%	Impaired; Entitled to vote

		Special Litigation Trust Interests.		
171	General Unsecured Claims Against ETP	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to ETP and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
172	General Unsecured Claims Against NSH	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to NSH and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	75.0%	Impaired; Entitled to vote
173	General Unsecured Claims Against Enron South America	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to Enron South America and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	18.7%	Impaired; Entitled to vote
174	General Unsecured Claims Against EGPP	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to EGPP and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	51.9%	Impaired; Entitled to vote
175	General Unsecured Claims Against PGS	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to PGS and (b) Pro Rata Share of (i) three million (3,000,000)	30.9%	Impaired; Entitled to vote

		Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.		
176	General Unsecured Claims Against PTC	Distributions of (a) Pro Rata Share of the Distributive Assets attributable to PTC and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests.	5.0%	Impaired; Entitled to vote
177	Enron Subordinated Debenture Claims	Distributions of (a) Pro Rata Share of Distributive Assets attributable to ENE and (b) Pro Rata Share of (i) three million (3,000,000) Litigation Trust Interests and (ii) three million (3,000,000) Special Litigation Trust Interests; subject to subordination rights of holders of Senior Indebtedness under section 510(a) of the Bankruptcy Code and, as a result thereof, the aggregate of such distributions shall be distributed to holders of Allowed General Unsecured Claims that constitute Senior Indebtedness.	0%	Impaired; Not entitled to vote
178	Enron Guaranty Claims	Distributions of Pro Rata Share of the Enron Guaranty Distributive Assets.	12.0%	Impaired; Entitled to vote
179	Wind Guaranty Claims	Distributions of Pro Rata Share of the Wind Guaranty Distributive Assets.	29.7%	Impaired; Entitled to vote
180	Intercompany Claims	Distributions of Pro Rata Share of the Intercompany Distributive Assets.	TBA	Impaired Not entitled to vote
181	Convenience Claims	Payment in Cash of the amount of the Convenience	53.0%	Impaired;

	Against EMC	Claim Distribution Percentage against EMC.		Entitled to vote
182	Convenience Claims Against ENE	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ENE.	13.0%	Impaired; Entitled to vote
183	Convenience Claims Against ENA.	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ENA.	16.4%	Impaired; Entitled to vote
184	Convenience Claims Against EPMI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EPMI.	19.2%	Impaired; Entitled to vote
185	Convenience Claims Against PBOG	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against PBOG.	67.5%	Impaired; Entitled to vote
186	Convenienc Claims Against SSLC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against SSLC.	17.6%	Impaired; Entitled to vote
187	Convenience Claims Against EBS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EBS.	11.5%	Impaired; Entitled to vote
188	Convenience Claims Against EESO	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EESO.	9.7%	Impaired; Entitled to vote
189	Convenience Claims Against EEMC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EEMC.	26.0%	Impaired; Entitled to vote
190	Convenience Claims Against EESI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EESI.	25.2%	Impaired; Entitled to vote
191	Convenience Claims Against EES	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EES.	55.7%	Impaired; Entitled to vote

192	Convenience Claims Against ETS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ETS.	67.5%	Impaired; Entitled to vote
193	Convenience Claims Against BAM	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against BAM.	5.6%	Impaired; Entitled to vote
194	Convenience Claims Against ENA Asset Holdings	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ENA Asset Holdings.	67.5%	Impaired; Entitled to vote
195	Convenience Claims Against EGLI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EGLI.	17.3%	Impaired; Entitled to vote
196	Convenience Claims Against EGM	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EGM.	4.5%	Impaired; Entitled to vote
197	Convenience Claims Against ENW	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ENW.	4.6%	Impaired; Entitled to vote
198	Convenience Claims Against EIM	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EIM.	4.5%	Impaired; Entitled to vote
199	Convenience Claims Against OEC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against OEC.	11.7%	Impaired; Entitled to vote
200	Convenience Claims Against EECC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EECC.	11.3%	Impaired; Entitled to vote
201	Convenience Claims Against EEOSC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EEOSC.	4.5%	Impaired; Entitled to vote
202	Convenience Claims	Payment in Cash of the	4.5%	Impaired;

	Against Garden State	amount of the Convenience Claim Distribution Percentage against Garden State.		Entitled to vote
203	Convenience Claims Against Palm Beach	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Palm Beach.	4.5%	Impaired; Entitled to vote
204	Convenience Claims Against TSI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against TSI.	7.2%	Impaired; Entitled to vote
205	Convenience Claims Against EEIS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EEIS.	51.6%	Impaired; Entitled to vote
206	Convenience Claims Against EESOMI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EESOMI.	35.4%	Impaired; Entitled to vote
207	Convenience Claims Against EFSI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFSI.	4.5%	Impaired; Entitled to vote
208	Convenience Claims Against EFM	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFM.	22.0%	Impaired; Entitled to vote
209	Convenience Claims Against EBS LP	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EBS LP.	4.5%	Impaired; Entitled to vote
210	Convenience Claims Against EESNA	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EESNA.	5.3%	Impaired; Entitled to vote
211	Convenience Claims Against LNG Marketing	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against LNG Marketing.	67.5%	Impaired; Entitled to vote

212	Convenience Claims Against Calypso	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Calypso.	4.5%	Impaired; Entitled to vote
213	Convenience Claims Against Global LNG	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Global LNG.	67.5%	Impaired; Entitled to vote
214	Convenience Claims Against EIFM	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EIFM.	67.5%	Impaired; Entitled to vote
215	Convenience Claims Against ENGMC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ENGMC.	17.7%	Impaired; Entitled to vote
216	Convenience Claims Against ENA Upstream	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ENA Upstream.	14.0%	Impaired; Entitled to vote
217	Convenience Claims Against ELFI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ELFI.	26.4%	Impaired; Entitled to vote
218	Convenience Claims Against LNG Shipping	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against LNG Shipping.	67.5%	Impaired; Entitled to vote
219	Convenience Claims Against EPSC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EPSC.	8.5%	Impaired; Entitled to vote
220	Convenience Claims Against ECTRIC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECTRIC.	16.8%	Impaired; Entitled to vote
221	Convenience Claims Against Communications	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against	6.7%	Impaired; Entitled to vote

	Leasing	Communications Leasing.		
222	Convenience Claims Against Wind	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Wind.	29.0%	Impaired; Entitled to vote
223	Convenience Claims Against Wind Systems	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Wind Systems.	41.4%	Impaired; Entitled to vote
224	Convenience Claims Against EWESC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EWESC.	39.7%	Impaired; Entitled to vote
225	Convenience Claims Against Wind Maintenance	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Wind Maintenance.	5.2%	Impaired; Entitled to vote
226	Convenience Claims Against Wind Constructors	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Wind Constructors.	39.1%	Impaired; Entitled to vote
227	Convenience Claims Against EREC I	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EREC I.	41.4%	Impaired; Entitled to vote
228	Convenience Claims Against EREC II	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EREC II.	39.1%	Impaired; Entitled to vote
229	Convenience Claims Against EREC III	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EREC III.	39.7%	Impaired; Entitled to vote
230	Convenience Claims Against EREC IV	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EREC IV.	5.2%	Impaired; Entitled to vote
231	Convenience Claims Against EREC V	Payment in Cash of the amount of the Convenience	29.0%	Impaired; Entitled to vote

		Claim Distribution Percentage against EREC V.		
232	Convenience Claims Against Intratex	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Intratex.	4.5%	Impaired; Entitled to vote
233	Convenience Claims Against EPPI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EPPI.	4.5%	Impaired; Entitled to vote
234	Convenience Claims Against Methanol	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Methanol.	12.5%	Impaired; Entitled to vote
235	Convenience Claims Against Ventures	Payment in Cash of 17.5%of the amount of the Allowed Convenience Claims against Ventures.	8.5%	Impaired; Entitled to vote
236	Convenience Claims Against Enron Mauritius	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Enron Mauritius.	4.5%	Impaired; Entitled to vote
237	Convenience Claims Against India Holdings	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against India Holdings.	4.5%	Impaired; Entitled to vote
238	Convenience Claims Against OPP	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against OPP.	67.5%	Impaired; Entitled to vote
239	Convenience Claims Against NETCO	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against NETCO.	67.5%	Impaired; Entitled to vote
240	Convenience Claims Against EESSH	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EESSH.	17.7%	Impaired; Entitled to vote
241	Convenience Claims Against Wind	Payment in Cash of the amount of the Convenience	59.2%	Impaired; Entitled to vote

	Development	Claim Distribution Percentage against Wind Development.		
242	Convenience Claims Against ZWHC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ZWHC.	67.5%	Impaired; Entitled to vote
243	Convenience Claims Against Zond Pacific	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Zond Pacific.	4.5%	Impaired; Entitled to vote
244	Convenience Claims Against ERAC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ERAC.	67.5%	Impaired; Entitled to vote
245	Convenience Claims Against NEPCO	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against NEPCO.	7.5%	Impaired; Entitled to vote
246	Convenience Claims Against EPICC‘	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EPICC.	6.7%	Impaired; Entitled to vote
247	Convenience Claims Against NEPCO Power Procurement	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against NEPCO Power Procurement.	7.5%	Impaired; Entitled to vote
248	Convenience Claims Against NEPCO Services International	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against NEPCO Services International.	7.7%	Impaired; Entitled to vote
249	Convenience Claims Against San Juan Gas	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against San Juan Gas.	19.4%	Impaired; Entitled to vote
250	Convenience Claims Against EBF LLC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EBF	67.5%	Impaired; Entitled to vote

		LLC.		
251	Convenience Claims Against Zond Minnesota	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Zond Minnesota.	33.4%	Impaired; Entitled to vote
252	Convenience Claims Against EFII	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFII.	26.6%	Impaired; Entitled to vote
253	Convenience Claims Against E Power Holdings	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against E Power Holdings.	33.0%	Impaired; Entitled to vote
254	Convenience Claims Against EFS-CMS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS-CMS.	5.9%	Impaired; Entitled to vote
255	Convenience Claims Against EMI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EMI.	11.0%	Impaired; Entitled to vote
256	Convenience Claims Against Expat Services	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Expat Services.	14.8%	Impaired; Entitled to vote
257	Convenience Claims Against Artemis	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Artemis.	14.0%	Impaired; Entitled to vote
258	Convenience Claims Against CEMS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against CEMS.	34.2%	Impaired; Entitled to vote
259	Convenience Claims Against LINGTEC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against LINGTEC.	9.0%	Impaired; Entitled to vote

260	Convenience Claims Against EGSNVC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EGSNVC.	5.5%	Impaired; Entitled to vote
261	Convenience Claims Against LGMC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against LGMC.	6.5%	Impaired; Entitled to vote
262	Convenience Claims Against LRC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against LRC.	12.3%	Impaired; Entitled to vote
263	Convenience Claims Against LGMI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against LGMI.	12.6%	Impaired; Entitled to vote
264	Convenience Claims Against LRCI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against LRCI.	14.4%	Impaired; Entitled to vote
265	Convenience Claims Against ECG	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECG.	6.5%	Impaired; Entitled to vote
266	Convenience Claims Against EnRock Management	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EnRock Management.	4.5%	Impaired; Entitled to vote
267	Convenience Claims Against ECI Texas	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECI Texas.	67.5%	Impaired; Entitled to vote
268	Convenience Claims Against EnRock	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EnRock.	67.5%	Impaired; Entitled to vote
269	Convenience Claims Against ECI Nevada	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECI	32.6%	Impaired; Entitled to vote

		Nevada.		
270	Convenience Claims Against Alligator Alley	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Alligator Alley.	4.5%	Impaired; Entitled to vote
271	Convenience Claims Against Enron Wind Storm Lake I	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Enron Wind Storm Lake I.	15.0%	Impaired; Entitled to vote
272	Convenience Claims Against ECTMI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECTMI.	18.9%	Impaired; Entitled to vote
273	Convenience Claims Against nronOnLine, LLC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EnronOnLine, LLC.	10.8%	Impaired; Entitled to vote
274	Convenience Claims Against St. Charles Development	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against St. Charles Development.	4.5%	Impaired; Entitled to vote
275	Convenience Claims Against Calcasieu	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Calcasieu.	4.5%	Impaired; Entitled to vote
276	Convenience Claims Against Calvert City Power	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Calvert City Power.	4.5%	Impaired; Entitled to vote
277	Convenience Claims Against Enron ACS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Enron ACS.	4.5%	Impaired; Entitled to vote
278	Convenience Claims Against LOA	Payment in Cash of the amount of the Convenience Claim Distribution	67.5%	Impaired; Entitled to vote

		Percentage against LOA.		
279	Convenience Claims Against ENIL	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ENIL.	5.2%	Impaired; Entitled to vote
280	Convenience Claims Against EI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EI.	4.5%	Impaired; Entitled to vote
281	Convenience Claims Against EINT	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EINT.	8.3%	Impaired; Entitled to vote
282	Convenience Claims Against EMDE	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EMDE.	6.0%	Impaired; Entitled to vote
283	Convenience Claims Against WarpSpeed	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against WarpSpeed.	4.5%	Impaired; Entitled to vote
284	Convenience Claims Against Modulus	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Modulus.	67.5%	Impaired; Entitled to vote
285	Convenience Claims Against ETI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ETI.	9.0%	Impaired; Entitled to vote
286	Convenience Claims Against DSG	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against DSG.	5.9%	Impaired; Entitled to vote
287	Convenience Claims Against RMTC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against RMTC.	67.5%	Impaired; Entitled to vote
288	Convenience Claims Against Omicron	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Omicron.	4.5%	Impaired; Entitled to vote

289	Convenience Claims Against EFS I	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS I.	67.5%	Impaired; Entitled to vote
290	Convenience Claims Against EFS II	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS II.	4.5%	Impaired; Entitled to vote
291	Convenience Claims Against EFS III	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS III.	67.5%	Impaired; Entitled to vote
292	Convenience Claims Against EFS V	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS V.	4.5%	Impaired; Entitled to vote
293	Convenience Claims Against EFS VI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS VI.	4.5%	Impaired; Entitled to vote
294	Convenience Claims Against EFS VII	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS VII.	67.5%	Impaired; Entitled to vote
295	Convenience Claims Against EFS IX	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS IX.	67.5%	Impaired; Entitled to vote
296	Convenience Claims Against EFS X	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS X.	8.5%	Impaired; Entitled to vote
297	Convenience Claims Against EFS XI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS XI.	6.5%	Impaired; Entitled to vote
298	Convenience Claims Against S XII	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS XII.	13.9%	Impaired; Entitled to vote
299	Convenience Claims Against EFS XV	Payment in Cash of the amount of the Convenience	4.5%	Impaired; Entitled to vote

		Claim Distribution Percentage against EFS XV.		
300	Convenience Claims Against EFS XVII	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS XVII.	67.5%	Impaired; Entitled to vote
301	Convenience Claims Against Jovinole	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Jovinole.	4.5%	Impaired; Entitled to vote
302	Convenience Claims Against EFS Holdings	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS Holdings.	67.5%	Impaired; Entitled to vote
303	Convenience Claims Against EOS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EOS.	10.2%	Impaired; Entitled to vote
304	Convenience Claims Against Green Power	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Green Power.	67.5%	Impaired; Entitled to vote
305	Convenience Claims Against TLS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against TLS.	13.0%	Impaired; Entitled to vote
306	Convenience Claims Against ECT Securities Limited Partnership	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECT Securities Limited Partnership.	67.5%	Impaired; Entitled to vote
307	Convenience Claims Against ECT Securities LP	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECT Securities LP.	15.5%	Impaired; Entitled to vote

308	Convenience Claims Against ECT Securities GP	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECT Securities GP.	4.5%	Impaired; Entitled to vote
309	Convenience Claims Against KUCC Cleburne	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against KUCC Cleburne.	4.5%	Impaired; Entitled to vote
310	Convenience Claims Against EIAM	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EIAM.	67.5%	Impaired; Entitled to vote
311	Convenience Claims Against EBPHXI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EBPHXI.	4.5%	Impaired; Entitled to vote
312	Convenience Claims Against EHC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EHC.	67.5%	Impaired; Entitled to vote
313	Convenience Claims Against EDM	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EDM.	5.4%	Impaired; Entitled to vote
314	Convenience Claims Against EIKH	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EIKH.	67.5%	Impaired; Entitled to vote
315	Convenience Claims Against ECHVI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECHVI.	67.5%	Impaired; Entitled to vote
316	Convenience Claims Against EIAC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EIAC.	6.5%	Impaired; Entitled to vote
317	Convenience Claims Against EBPIXI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EBPIXI.	4.5%	Impaired; Entitled to vote

318	Convenience Claims Against Paulista	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Paulista.	4.5%	Impaired; Entitled to vote
319	Convenience Claims Against EPCSC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EPCSC.	9.6%	Impaired; Entitled to vote
320	Convenience Claims Against Pipeline Services	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Pipeline Services.	13.2%	Impaired; Entitled to vote
321	Convenience Claims Against ETPC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ETPC.	67.5%	Impaired; Entitled to vote
322	Convenience Claims Against ELSC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ELSC.	67.5%	Impaired; Entitled to vote
323	Convenience Claims Against MMS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EMMS.	7.1%	Impaired; Entitled to vote
324	Convenience Claims Against ECFL	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECFL.	67.5%	Impaired; Entitled to vote
325	Convenience Claims Against EPGI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EPGI.	4.5%	Impaired; Entitled to vote
326	Convenience Claims Against Transwestern Gathering	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Transwestern Gathering.	4.5%	Impaired; Entitled to vote
327	Convenience Claims Against Enron Gathering	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Enron	4.5%	Impaired; Entitled to vote

		Gathering.		
328	Convenience Claims Against EGP	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EGP.	4.5%	Impaired; Entitled to vote
329	Convenience Claims Against EAMR	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EAMR.	33.5%	Impaired; Entitled to vote
330	Convenience Claims Against EBP-I	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EBP-I.	18.2%	Impaired; Entitled to vote
331	Convenience Claims Against EBHL	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EBHL.	21.4%	Impaired; Entitled to vote
332	Convenience Claims Against Enron Wind Storm Lake II	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Enron Wind Storm Lake II.	4.5%	Impaired; Entitled to vote
333	Convenience Claims Against EREC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EREC.	8.8%	Impaired; Entitled to vote
334	Convenience Claims Against EA III	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EA III.	18.2%	Impaired; Entitled to vote
335	Convenience Claims Against EWLB	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EWLB.	31.6%	Impaired; Entitled to vote
336	Convenience Claims Against SCC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against SCC.	9.9%	Impaired; Entitled to vote
337	Convenience Claims Against EFS IV	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS IV.	44.8%	Impaired; Entitled to vote

338	Convenience Claims Against EFS VIII	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS VIII.	67.5%	Impaired; Entitled to vote
339	Convenience Claims Against EFS XIII	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EFS XIII.	61.6%	Impaired; Entitled to vote
340	Convenience Claims Against ECI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECI.	8.2%	Impaired; Entitled to vote
341	Convenience Claims Against EPC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EPC.	24.2%	Impaired; Entitled to vote
342	Convenience Claims Against Richmond Power	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Richmond Power.	4.5%	Impaired; Entitled to vote
343	Convenience Claims Against ECTSVC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ECTSVC.	13.0%	Impaired; Entitled to vote
344	Convenience Claims Against EDF	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EDF.	18.9%	Impaired; Entitled to vote
345	Convenience Claims Against ACFI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ACFI.	7.2%	Impaired; Entitled to vote
346	Convenience Claims Against TPC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against TPC.	67.5%	Impaired; Entitled to vote
347	Convenience Claims Against APACHI	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against APACHI.	17.9%	Impaired; Entitled to vote
348	Convenience Claims	Payment in Cash of the	10.6%	Impaired;

	Against EDC	amount of the Convenience Claim Distribution Percentage against EDC.		Entitled to vote
349	Convenience Claims Against ETP	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against ETP.	4.5%	Impaired; Entitled to vote
350	Convenience Claims Against NHS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against NHS.	67.5%	Impaired; Entitled to vote
351	Convenience Claims Against Enron South America	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Enron South America.	16.9%	Impaired; Entitled to vote
352	Convenience Claims Against EGPP	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against EGPP.	46.7%	Impaired; Entitled to vote
353	Convenience Claims Against PGS	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against PGS.	27.8%	Impaired; Entitled to vote
354	Convenience Claims Against PTC	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against PTC.	4.5%	Impaired; Entitled to vote
355	Enron Guaranty Convenience Claims	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Enron Guaranty Distributive Assets.	10.8%	Impaired; Entitled to vote
356	Wind Guaranty Convenience Claims	Payment in Cash of the amount of the Convenience Claim Distribution Percentage against Wind Guaranty Distributive Assets.	26.7%	Impaired; Entitled to vote
357-362	Subordinated Claims	No distribution	0%	Impaired; Not entitled to vote

363	Allowed Enron Preferred Equity Interests	No distribution	0%	Impaired; Not entitled to vote
364	Enron Common Equity Interests	No distribution	0%	Impaired; Not entitled to vote
365	Other Equity Interests	No distribution	0%	Impaired; Not entitled to vote

For a more detailed description of the classification, treatment and estimated distributions under the Plan, refer to the Plan attached as Exhibit 1: "Chapter 11 Plan," Section VI.A, "Summary of Debtors' Chapter 11 Plan," Section XIX, "Confirmation Of The Plan," and Appendix C: "Estimated Assets, Claims and Distributions."

D. Assets, Claims and Distributions

1. Estimates.

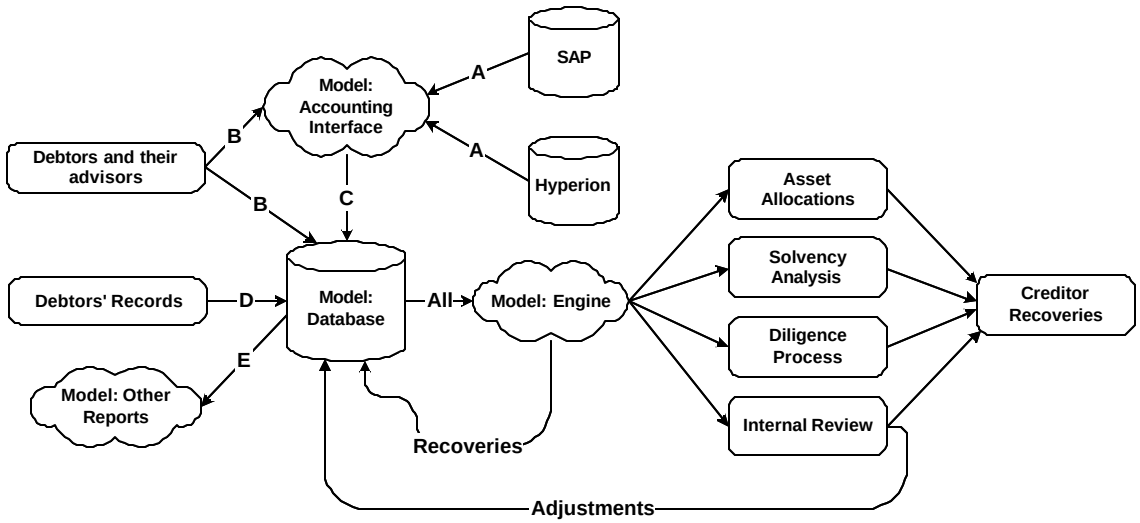
Refer to Appendix C: "Estimated Assets, Claims and Distributions" for a summary description of the assets and liabilities of each Debtor, as well as the estimated recoveries under the Plan for the Creditors of each Debtor. The values, claim amounts, and distribution ranges reflected in these summaries are estimated based on the information available to the Debtors as of the time of preparation of the summaries. Actual results may vary widely from these estimates. Refer to Section XIV.C., "Variance from Valuations, Projections and Estimated Recoveries" for further information.

2. Methodology for Calculating Estimated Recoveries.

As described in more detail below, the estimated recoveries are calculated by analyzing, on a Debtor-by-Debtor basis, the estimated asset value available for distribution under the Plan and the Claims to be satisfied pursuant to the Plan for that Debtor. This data was then coupled with the global compromise embodied in the Plan to generate the estimated recoveries or range of distribution.

a. Blackstone Model. Given the magnitude of third-party and intercompany claims and the complexity of the ownership structure and inter-estate disputes, the Debtors required a complex computer program to maintain the requisite data regarding assets, liabilities, value allocation, and related issues, as well as to provide a means for calculating distributions or recoveries under the Plan. Accordingly, immediately following the Initial Petition Date, Blackstone began to develop the Blackstone Model, a complex computer model designed to serve this purpose. The model is a complex and customized software program consisting of more than 15,000 lines of computer code, as well as multiple, integrated spreadsheets and databases. The model interfaces directly with the Debtors' accounting systems and supporting analyses performed by the Debtors and their advisors regarding assets and liabilities of the estates. To ensure the consistency of the model, it incorporates internal cross-checks and generates detailed summary reports and control schedules.

The Blackstone Model tracks the assets and liabilities of each Debtor and most of the other Enron Companies. Taking into consideration, among other things, the complex web of intercompany claims and equity interests between the Enron Companies, the model calculates the value of the assets of each Debtor and the allocation of that value to satisfy secured, administrative, priority, and unsecured Claims against each Debtor. Further, the Blackstone Model was designed to permit the incorporation of numerous variables reflecting different values and legal assumptions. The graphic below illustrates the Blackstone Model mechanics:



Key to Diagram

A: Third party and intercompany account balances
B: Asset values, trade book estimates, guarantees and claims data
C: Adjusted aggregate assets, claims and intercompany balances
D: Equity ownership, supporting information and bankruptcy case status
E: Recovery percentages used to produce summary reports and control schedules

In June 2002, the Debtors shared a preliminary draft of the Blackstone Model with the Creditors' Committee. The Creditors' Committee tested the validity of the Blackstone Model for purposes of calculating and analyzing various permutations of a potential chapter 11 plan. In February 2003, the Debtors shared a draft of the Blackstone Model with the ENA Examiner for his independent verification. The ENA Examiner similarly concluded that the Blackstone Model was a reliable tool for its intended purpose.

b. Estimated Asset Value to be Distributed Under Plan. Other than cash on hand, the asset valuation information contained in the Blackstone Model reflects either (i) if the asset has been sold, the sales price or (ii) if the asset has not been sold, an estimate developed by Blackstone and management. For this purpose, a Debtor's assets may include Cash, assets held for sale, assets identified for transfer into InternationalCo, claims and causes of action, and investments in subsidiaries. Due to the inherent uncertainties of litigation, for purposes of estimating asset value, no value has been ascribed to any claims or causes of action the Debtors may have.

c. Estimated Claims to be Satisfied Under Plan. The claims estimates included in the Blackstone Model were estimated using the following procedures: (i) Administrative, Secured, and Priority Claims, including administrative claims against other Debtors, have been estimated by the Debtors based upon historical expense levels, filed Claims, and/or the Debtors' books and records, (ii) Intercompany Claims are based upon the intercompany accounts and notes reflected in the Debtors' books and records, as may be adjusted from time to time, and (iii) all other Claims are based upon filed Claims, the books and records of the Debtors, and analyses performed by the Debtors and their professionals.

d. Estimated Range of Distributions. Using the asset and claims data described above, the Blackstone Model generates estimates regarding the range of recovery under a variety of fact patterns. The estimates set forth in the Disclosure Statement were calculated based on the global compromise incorporated into the Plan.

The range for recoveries on general unsecured claims set forth in the graph reflect the highest and lowest estimated recovery of all of the Allowed General Unsecured Classes. Refer to the table below for the estimated recovery for each Class.[2]

II. Introduction to Disclosure Statement

Capitalized terms used throughout this Disclosure Statement are defined in Appendix A: "Material Defined Terms for Enron Disclosure Statement" attached hereto.

As noted above, this Disclosure Statement has not been approved by the Bankruptcy Court as containing adequate information. Accordingly, the information contained in this Disclosure Statement should not be relied on for any purpose.

The Debtors submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to holders of Claims against the Debtors in connection with (i) the solicitation of acceptances of the Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated [_____, 2003], filed by the Debtors with the United States Bankruptcy Court for the Southern District of New York and (ii) the Confirmation Hearing scheduled for [_____, 2003], commencing at [__:__ _.m.] New York City Time.

On [_____, 2003] the Bankruptcy Court, under section 1125 of the Bankruptcy Code, approved this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of the solicited classes of Claims of the Debtors to make an informed judgment with respect to the acceptance or rejection of the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT EITHER OF THE FAIRNESS OR THE MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

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[2] The calculated recoveries in the table exclude claims that may be satisfied via set-off. Estimates of claims that may be satisfied via set-off will be provided in the amended Disclosure Statement.

The Disclosure Statement Order, a copy of which is annexed hereto as Exhibit 2: "Disclosure Statement Order" sets forth in detail, among other things, the deadlines, procedures, and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes, and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the Disclosure Statement Order, the Ballot, and the instructions accompanying the Ballot in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Equity Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code.

A. Purpose of this Disclosure Statement

The purpose of this Disclosure Statement is to provide the holders of Claims against the Debtors with adequate information to make an informed judgment about the Plan. This information includes, among other things, a brief history of the Debtors, a description of the Debtors' prepetition businesses, a description of the Debtors' prepetition assets and liabilities, a summary of the Debtors' Chapter 11 Cases, a summary of the distributions to be made under the Plan, and an explanation of the Plan mechanics.

B. Representations

This Disclosure Statement is intended for the sole use of Creditors and other parties in interest, and for the sole purpose of assisting those parties in making an informed decision about the Plan. Each Creditor is urged to review the Plan in full prior to voting on the Plan to ensure a complete understanding of the Plan and this Disclosure Statement.

No representations or other statements concerning the Debtors (particularly as to their future business operations or the value of their assets) are authorized by the Debtors other than those expressly set forth in this Disclosure Statement. Creditors should not rely upon any representations or inducements made to secure acceptance of the Plan other than those set forth in this Disclosure Statement.

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the Debtors, their businesses and properties, and related financial information were prepared by the Debtors, from information furnished by the Debtors, or from publicly-available information.

As explained in a November 8, 2001 Form 8-K filed by ENE with the SEC, the previously issued financial statements of ENE for the fiscal years ended December 31, 1997 through 2000 and for the first and second quarters of 2001 and the audit reports covering the year-end financial statements for 1997 through 2000 should not be relied upon. In addition, as explained in an April 22, 2002 Form 8-K filed by ENE, the financial statements of ENE for the third quarter of 2001 should not be relied upon.

This Disclosure Statement has not been approved or disapproved by the SEC; neither has the SEC passed upon the accuracy or adequacy of the statements contained herein.

This Disclosure Statement contains statements that are forward-looking. Forward-looking statements are statements of expectations, beliefs, plans, objectives, assumptions, projections, and future events or performance. Among other things, this Disclosure Statement contains forward-looking statements with respect to anticipated future performance of PGE, CrossCountry, and InternationalCo, as well as anticipated future determination of claims, distributions on claims, and liquidation of the Remaining Assets. These statements, estimates, and projections may or may not prove to be correct. Actual results could differ materially from those reflected in the forward-looking statements contained herein. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed. Such risks and uncertainties, including, without limitation: risks inherent in the Chapter 11 process, such as the non-confirmation of the Plan, non-occurrence or delayed occurrence of the Effective Date, or delayed distribution or non-distribution of Plan Securities. The uncertain outcomes of ongoing litigation and governmental investigations involving the Operating Entities and the Debtors, including those involving the U.S. Congress, DOJ, SEC, Office of Public Utility Counsel, EPA, and FERC; the effects of negative publicity on the Operating Entities' business opportunities; the effects of the departure of past and present employees of the Debtors; the uncertain resolution of SPE issues; the preliminary and uncertain nature of valuations and estimates contained in the Plan; financial and operating restrictions that may be imposed on an Operating Entity if ENE is required to register under PUHCA; potential environmental liabilities; increasing competition and operational hazards faced by the Debtors and Operating Entities; the potential lack of a trading market for the Plan Securities distributed to Creditors; uncertainties created by the lack of reported information for securities distributed to Creditors and the lack of independent operating history of the Operating Entities; economic, political, regulatory, and legal risks affecting the finances and operations of the Debtors and the Operating Entities; and, the uncertain timing, costs, and recovery values involved in the Debtors' efforts to recover accounts receivable and to liquidate the remaining assets. The Debtors, PGE, CrossCountry, InternationalCo, and the other Enron Companies undertake no obligation to update any forward-looking statement to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible to predict all such factors, nor can the impact of any such factor be assessed.

This Disclosure Statement summarizes the terms of the Plan, which summary is qualified in its entirety by reference to the full text of the Plan, and if any inconsistency exists between the terms and provisions of the Plan and this Disclosure Statement, then the terms and provisions of the Plan are controlling.

Unless otherwise specified, the statements contained in this Disclosure Statement are made as of the date of the Disclosure Statement and the delivery of this Disclosure Statement does not imply that there have been no changes in the information set forth herein after such date. The Debtors undertake no duty to update this information.

This Disclosure Statement may not be relied on for any purpose other than to determine whether to vote to accept or reject the Plan, and nothing stated herein shall constitute an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtors or any other party, or be deemed conclusive evidence of the tax or other legal effects of the plan on the Debtors or holders of Claims or Equity Interests.

All holders of Claims entitled to vote should carefully read and consider fully the risk factors set forth in Section XIV, "Risk Factors and Other Factors to be Considered" before voting to accept or reject the Plan.

Summaries of certain provisions of agreements referred to in this Disclosure Statement are not complete and are subject to, and are qualified in their entirety by reference to, the full text of the applicable agreement, including the definitions of terms contained in such agreement.

Holders of Claims entitled to vote should read this Disclosure Statement and the Plan carefully and in their entirety and may wish to consult with counsel prior to voting on the Plan.

C. Holders of Claims Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and that are not deemed to have rejected a proposed plan are entitled to vote to accept or reject a proposed plan. Classes of claims or equity interests in which the holders of claims or equity interests are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. Classes of claims or equity interests in which the holders of claims or equity interests will receive no recovery under a chapter 11 plan are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan. For a detailed description of the treatment of Claims and Equity Interests under the Plan, refer to Sections VI.C., "Classification of Claims and Equity Interests," Section VI.A, "Summary of Debtors' Chapter 11 Plan," and XIX, "Confirmation Of The Plan" for further information.

Classes 1 and 2 of the Plan are unimpaired. As a result, holders of Claims in those Classes are conclusively presumed to have accepted the Plan and are not entitled to vote.

Classes 3 through 176, 178, 179 and 181 through 354 of the Plan are impaired and, to the extent Claims in such Classes are Allowed Claims, the holders of such Claims will receive distributions under the Plan. As a result, holders of Claims in those Classes are entitled to vote to accept or reject the Plan.

Class 180 of the Plan, consisting of Intercompany Claims, is presumed to have accepted the Plan and all holders of such Claims are proponents of the Plan. As a result, holders of Claims in Class 180 are not entitled to vote.

Classes 177 and 355 through 363 of the Plan, consisting of certain holders of Claims and all holders of Equity Interests, will not receive any distributions under the Plan. As a result, holders of Claims and Equity Interests in Classes 177 and 355 through 363 are conclusively presumed to have rejected the Plan and are not entitled to vote.

Section 1126 of the Bankruptcy Code defines *"acceptance"* of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. Thus, acceptance of the Plan by Classes 3 through 176, 178, 179 and 181 through 354 will

occur only if at least two-thirds in dollar amount and a majority in number of the holders of such Claims in each Class that cast their Ballots vote in favor of acceptance of the Plan. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. For a more detailed description of the requirements for confirmation of the Plan, refer to Section XIX, "Confirmation Of The Plan" for further information.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtors reserve the right to amend the Plan or request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code or both. Section 1129(b) permits the confirmation of a chapter 11 plan notwithstanding the nonacceptance of a plan by one or more impaired classes of claims or equity interests. Under that section, a plan may be confirmed by a bankruptcy court if the plan does not *"discriminate unfairly"* and is *"fair and equitable"* with respect to each nonaccepting class. For a more detailed description of the requirements for confirmation of a nonconsensual plan, refer to Section XIX, "Confirmation Of The Plan" for further information.

In the event that a Class of Claims entitled to vote does not vote to accept the Plan, the Debtors' determination whether to request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code will be announced prior to or at the Confirmation Hearing.

D. Submitting A Ballot

To determine whether you are entitled to vote on the Plan, refer to Section II.C, "Holders of Claims Entitled to Vote." If you are entitled to vote, you should carefully review this Disclosure Statement, including the attached exhibits and the instructions accompanying the Ballot. Then, indicate your acceptance or rejection of the Plan by voting for or against the Plan on the enclosed Ballot or Ballots and return the Ballot(s) in the postage-paid envelope provided. Refer to Section XVIII, "Voting Procedures" and Exhibit 2: "Disclosure Statement Order" for further information.

To be sure your Ballot is counted, your Ballot must be received by the Debtors' Solicitation Agent, [_____,] as instructed on your Ballot, no later than [__:___ _.m.] New York City Time on [_____, 2003]. Your Ballot will not be counted if received after this deadline. Refer to Section XVIII, "Voting Procedures" for further information.

If you must return your Ballot to your bank, broker, agent, or nominee, then you must return your Ballot to such bank, broker, agent, or nominee in sufficient time for them to process your Ballot and return it to the Debtors' Solicitation Agent before the deadline. Your Ballot will not be counted if received after this deadline. Refer to Section XVIII, "Voting Procedures" for further information.

DO NOT RETURN YOUR SECURITIES OR ANY OTHER DOCUMENTS WITH YOUR BALLOT.

It is important that Creditors exercise their right to vote to accept or reject the Plan. **Even if you do not vote to accept the Plan, you may be bound by it, if it is accepted by**

the requisite holders of Claims. Refer to Section XIX, "Confirmation Of The Plan" for further information. The amount and number of votes required for confirmation of the Plan are computed on the basis of the total amount of Claims actually voting to accept or reject the Plan.

Your Claims may be classified in multiple classes, in which case you will receive a separate Ballot for each class of Claim. For detailed voting instructions and the names and addresses of the persons you may contact if you have questions regarding the voting procedures, refer to your Ballot or to Section XVIII, "Voting Procedures" for further information.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERIES TO THE DEBTORS' CREDITORS. THE DEBTORS THEREFORE BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY CLASS OF CREDITORS AND URGE ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE ON THE PLAN TO ACCEPT THE PLAN.

E. Confirmation Hearing

Under section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled the Confirmation Hearing on [_____, 2003] at [___:___ _.m. New York City Time], in Room 523 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York. The Confirmation Hearing may be adjourned from time to time without notice except as given at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before [_, 2003] at [___:___ _.m. New York City Time]. Refer to Section XIX.C, "Objections To Confirmation Of The Plan" for further information.

THE DEBTORS URGE CREDITORS TO VOTE TO ACCEPT THE PLAN.

III. General Prepetition Information

Capitalized terms used throughout this Disclosure Statement are defined in Appendix A: "Material Defined Terms for Enron Disclosure Statement" attached hereto.

A. Events Leading up to Chapter 11 Filing

From 1985 through mid-2001, the Enron Companies grew from a domestic natural gas pipeline company into a large global natural gas and power company. In the last quarter of 2001, the Enron Companies lost access to the capital markets, both debt and equity, and had insufficient liquidity and financial resources to satisfy their current financial obligations. Thereafter, on December 2, 2001, ENE and 13 subsidiaries filed voluntary chapter 11 petitions. Listed below are selected ENE and rating agency announcements during late 2001.

August 14	ENE announces the resignation of Jeffrey K. Skilling as ENE's President and CEO and the assumption of such duties by Chairman Kenneth L. Lay.

October 16	ENE reports a net loss for the third quarter 2001 of $618 million including non-recurring charges totaling $1.01 billion after-tax; non-recurring charges consisted of: $287 million related to asset impairments recorded by Azurix; $180 million associated with the restructuring of Broadband Services; and $544 million related to losses associated with certain investments.
	ENE holds a conference call on third quarter 2001 earnings and acknowledges a $1.2 billion equity reduction.
	Moody's announces ENE's Credit Rating is held at Baa1 (three notches above non-investment grade), but is placed on review for downgrade.
October 22	ENE announces it will cooperate fully with the SEC's request to provide information regarding certain related-party transactions.
October 24	ENE announces it has named Jeff McMahon as CFO and Andrew Fastow, previously ENE's CFO, will be on a leave of absence from ENE.
October 25	Fitch announces ENE's Credit Rating is held at BBB+ (three notches above non-investment grade) but is placed on negative watch.
	ENE announces it drew on its committed lines of credit to provide cash liquidity in excess of $1 billion.
October 29	Moody's announces ENE's Credit Rating is downgraded to Baa2 (two notches above non-investment grade) and is placed on review for downgrade.
October 31	ENE announces election of William C. Powers, Jr., Dean of The University of Texas School of Law, to the ENE Board of Directors and formation of the Powers Committee to examine and take any appropriate actions with respect to transactions between ENE and entities connected to related parties.
	ENE also reports that the SEC has opened a formal investigation into certain of the matters that were the subject of recent press reports and that previously were the subject of its informal inquiry.
November 1	ENE announces that JPMCB and Salomon Smith Barney Inc., as co-arrangers, have executed commitment letters to provide $1 billion of secured credit lines supported by ENE's NNG and Transwestern assets.
	S&P announces downgrade of ENE's Credit Rating to BBB (two notches above non-investment grade) with negative outlook.
November 5	Fitch announces ENE's Credit Rating is downgraded to BBB- (Fitch's lowest investment grade rating) and is placed on negative watch.

November 8 ENE announces the filing of a Form 8-K that provides information about:

- A required restatement of prior period financial statements to reflect the previously disclosed $1.2 billion reduction to shareholders' equity, as well as adjustments required, based on (then) current information, that certain off-balance sheet entities should have been included in ENE's consolidated financial statements;
- The restatement of its financial statements for 1997 through 2000 and the first two quarters of 2001;
- The accounting basis for the above-mentioned reduction to shareholders' equity;
- The special committee appointed by the ENE Board of Directors to review transactions between ENE and related parties;
- Information regarding the two LJM limited partnerships formed by ENE's then CFO; and
- Transactions between ENE and certain other ENE employees.

November 9 ENE and Dynegy announce the execution of the Merger Agreement and the $1.5 billion asset-backed equity infusion by Dynegy to ENE. Dynegy agreed to pay $1.5 billion to acquire preferred stock and other rights of an ENE subsidiary that owns NNG. In the event the merger is not completed, Dynegy will have the right to acquire 100% of the equity in the NNG subsidiary.

Moody's announces downgrade of ENE's Credit Rating to Baa3 (Moody's lowest investment grade rating) and places Credit Rating on review for further downgrade.

S&P announces downgrade of ENE's Credit Rating to BBB- (S&P's lowest investment grade rating) with negative outlook.

Fitch announces ENE's Credit Rating is held at BBB- (Fitch's lowest investment grade rating) but is taken off of negative watch.

November 19 ENE announces that it has filed its third-quarter 2001 Form 10-Q, which provides further information on third quarter earnings adjustments and other issues and outlines a restructuring plan. The Form 10-Q also included additional detailed information regarding ENE's then current liquidity and upcoming maturities of debt and other obligations (including a $690 million note payable that will become a demand obligation on November 27, 2001 due to the recent downgrade by S&P and $3.9 billion

	in facilities that could be accelerated due to stock price and ratings triggers).
November 21	ENE announces that it is in active discussions with its primary lenders on a restructuring of its debt obligations to further enhance liquidity.
November 28	ENE announces it has received a notice from Dynegy that, effective immediately, it is terminating the Merger Agreement.
	ENE also announces that S&P, Moody's, and Fitch have downgraded ENE's Credit Rating to below investment grade.
	Moody's announces ENE's Credit Rating is downgraded to B2 (five notches below investment grade) and is placed on review for downgrade.
	S&P announces ENE's Credit Rating is downgraded to B- (six notches below investment grade) and is placed on negative outlook.
	Fitch announces ENE's Credit Rating is downgraded to CC (eight notches below investment grade) and is placed on negative watch.
November 30	S&P announces ENE's Credit Rating is downgraded to CC (eight notches below investment grade) with negative outlook.
December 2	ENE announces that it, along with certain of its subsidiaries, have filed voluntary petitions for chapter 11 reorganization with the U. S. Bankruptcy Court for the Southern District of New York.

Refer to "Related Documents" at http://www.enron.com/corp/por/ for the public filings referenced above, as well as certain reports prepared by the ENE Examiner, the Powers Committee, and various government agencies and committees.

B. Prepetition Business Activities

1. General. Headquartered in Houston, Texas, the Enron Companies historically provided products and services related to natural gas, electricity, and communications to wholesale and retail customers. As of the Initial Petition Date, the Enron Companies employed approximately 32,000 individuals worldwide. The Enron Companies were principally engaged in (a) the marketing of natural gas, electricity and other commodities, and related risk management and finance services worldwide, (b) the delivery and management of energy commodities and capabilities to end-use retail customers in the industrial and commercial business sectors, (c) the generation, transmission, and distribution of electricity to markets in the northwestern United States, (d) the transportation of natural gas through pipelines to markets throughout the United States, and (e) the development, construction, and operation of power plants, pipelines, and other energy-related assets worldwide. Many of the Enron Companies that are operating companies have not filed bankruptcy petitions and continue to operate their businesses.

Set forth below is a brief description of various categories of major businesses of the Enron Companies existing as of the Initial Petition Date. Although the Debtors' prepetition business activities can be summarized in a discussion of these businesses, each of the businesses included numerous separate legal entities. Any reference to a business should be construed as a reference to the separate legal entities that comprise such business.

2. Wholesale Services. As of the Initial Petition Date, Wholesale Services encompassed the global wholesale business related to natural gas, power, LNG, metals, coal, crude and liquids, weather, forest products, steel, and other commodities.[3] This business also included EnronOnline®, an e-commerce site for global commodity transactions. The Enron Companies built their wholesale businesses through asset ownership, contractual access to third-party assets, and market-making activities.

The activities of these businesses can be categorized into two business lines: (i) commodity sales and services and (ii) assets and investments.

a. Commodity Sales and Services. The businesses included in the Wholesale Services segment provided physical commodity and price risk management services to their customers through forward and other contracts. In late 1999, Wholesale Services launched an internet-based e-commerce system, EnronOnline®, which allowed wholesale customers to view Wholesale Services' real-time pricing and complete commodity transactions with the relevant Enron Company trading in the particular commodity or product, as principal, with no direct interaction.

b. Assets and Investments. Wholesale Services entered into, managed, and/or operated numerous investments and various physical and financial assets related to the energy industry, as well as physical assets in the paper and steel industries. As of the Initial Petition Date, these activities included (i) development of power generation facilities, (ii) investment in intrastate gas pipelines, natural gas compression, NGL and LNG operations, (iii) equity and debt financing to third parties for the exploration and development of oil, gas, and coal reserves, and (iv) investment in paper and steel processing facilities.

3. Retail Services. As of the Initial Petition Date, Retail Services extended ENE's energy expertise and capabilities to energy end-users in the industrial and commercial business sectors.[4] The Retail Services businesses provided energy end-users in the United States and

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[3] In addition to certain non-Debtor affiliates, Wholesale Services included the following Debtors: ENA, EPMI, EMCC, ENA Upstream, ENA Asset Holdings, BAM, Palm Beach, ENGMC, Intratex, EGLI, EGM, EIM, Garden State, EFM, LNG Marketing, Calypso, Global LNG, EIFM, ELFI, LNG Shipping, ECTRIC, NETCO, ERAC, EBF LLC, EFII, ENW, Calcasieu Development, Calvert City Power, RMTC, ECTMI, EnronOnline, LLC, LOA, St. Charles Development, TLS, OEC, EEOSC, Ventures, NEPCO, EPICC, NEPCO Power Procurement, NEPCO Services International, LINGTEC, EGSNVC, LGMC, LRC, LGMI, LRCI, Enron ACS, KUCC Cleburne, ECT Securities Limited Partnership, ECT Securities LP, ECT Securities GP, Richmond Power, and ECTSVC.

[4] In addition to certain non-Debtor affiliates, Retail Services included the following Debtors: EES, EESO, EESNA, EESOMI, EEIS, EEMC, EESI, EFSI, EFS-CMS, TSI, EESSH, Artemis, ServiceCo, CEMS, Omicron, EFS I, EFS II, EFS III, EFS IV, EFS V, EFS VI, EFS VII, EFS IX, EFS X, EFS XI, EFS XII, EFS XIII, EFS XV, EFS XVII, Jovinole, and EFS Holdings.

Europe with a broad range of energy products and services, including sales of natural gas, electricity, liquids and other commodities, and the provision of energy management services, such as energy tariff and information services, energy outsourcing, demand-side management services, and price risk management services.

4. Electricity Transmission and Distribution Operations. The only domestic electric utility operation conducted as of the Initial Petition Date by the Enron Companies was, and continues to be, the business conducted by PGE, a wholly-owned, non-Debtor subsidiary of ENE. PGE is engaged in the generation, purchase, transmission, distribution, and retail sale of electricity in the State of Oregon. PGE also sells wholesale electric energy to utilities, brokers, and power marketers located throughout the western United States. As of December 31, 2002, PGE served approximately 743,000 retail customers. Refer to Section VIII, "Portland General Electric Company" for further information.

5. Natural Gas Pipelines. As of the Initial Petition Date, the natural gas pipelines business operated one of the largest gas transmission systems in the United States spanning approximately 42,000 miles.[5] ENE and its subsidiaries operated domestic interstate natural gas pipelines extending from Texas to the Canadian border and across the southern United States from Florida to California. Included in the Enron Companies' domestic interstate natural gas pipeline operations were Transwestern, Citrus, Northern Plains, and NNG, each of which is briefly described below. Refer to Section IX, "CrossCountry Energy Corp." for further information about Transwestern, Citrus and Northern Plains. NNG was sold in February 2002; refer to Section IV.B.4, "Asset Sales" for further information.

a. Transwestern Pipeline Company. Transwestern, a non-Debtor, is an interstate pipeline engaged in the transportation of natural gas. Transwestern is subject to regulation by FERC. Through its approximately 2,600-mile pipeline system, Transwestern transports natural gas from western Texas, Oklahoma, eastern New Mexico, and the San Juan Basin in northwestern New Mexico and southern Colorado primarily to the California market and secondarily to markets off the east end of its system.

b. Citrus. Citrus, a non-Debtor that is 50% owned by ENE, owns primarily a FERC-regulated interstate pipeline company, Florida Gas. Such pipeline company transports natural gas for third parties through a pipeline that extends from south Texas to south Florida.

c. Northern Plains. Northern Plains, a non-Debtor, either directly or through a subsidiary, holds a general partner interest of approximately 1.65%, and a limited partner interest of approximately 1.06%, in Northern Border Partners. Northern Border Partners owns a 70% interest in an approximately 1,249-mile interstate pipeline system that transports natural gas from the Montana-Saskatchewan border near Port of Morgan, Montana to interconnecting pipelines and local distribution systems in the states of North Dakota, South Dakota, Minnesota, Iowa, and Illinois. Northern Border Partners owns two additional interstate pipelines and partnership interests in other energy assets.

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[5] In addition to certain non-Debtor affiliates, natural gas pipelines included the following Debtors: ETS, EPPI, EAMR, EMMS, EOS, EPCSC, Pipeline Services, ETPC, Transwestern Gathering, Enron Gathering, EGP, ELSC, EPGI, Alligator Alley, Methanol, and EPC.

d. NNG. NNG was an interstate pipeline engaged in the transportation of natural gas. NNG was subject to regulation by FERC. Through its approximately 16,500-mile pipeline system, NNG transported natural gas from the Permian Basin in Texas to the Great Lakes as well as in other markets in the production areas of Colorado, Kansas, New Mexico, Oklahoma, Texas, and North Dakota.

6. Global Assets. As of the Initial Petition Date, Global Assets included energy-related assets throughout the world that are not included in the Wholesale or Retail businesses, including, but not limited to, assets in the United States, Brazil, and India.[6] Global Assets managed most of the Enron Companies' energy assets and operations (power plants, pipelines, and distribution companies) outside of North America and Europe. As of the Initial Petition Date, these operations existed in approximately 15 countries and territories across the globe, primarily in developing markets. Refer to Section X, "InternationalCo" for further information.

Global Assets also included (i) ENE's investment in Azurix, a global water company engaged in the business of owning, operating and managing water and wastewater assets, providing water- and wastewater- related services and developing and managing water resources and (ii) Enron Wind Corp., which, together with its subsidiaries, was an integrated manufacturer and developer of wind power, providing power plant design and engineering, project development, and operations and maintenance services.[7]

7. Broadband Services. Broadband Services' businesses included the provision of (i) bandwidth management and intermediation services and (ii) content delivery services. During 2000, Broadband Services continued its work on establishing the EIN, a high-capacity, global fiber optic network. At December 31, 2000, Broadband Services had started trading contracts in multiple bandwidth products and had signed service agreements with several content providers. However, ultimately, Broadband Services was unable to fulfill its business goals and, in 2001, it began to wind down its business affairs.[8]

C. Debtors' Prepetition Credit Facilities

1. ENE Revolving Credit Facilities. Prior to the Initial Petition Date, ENE maintained two corporate revolvers with a total commitment of $3 billion. Both facilities were widely syndicated to over 50 banks. The facilities include the following:

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[6] In addition to certain non-Debtor affiliates, Global Assets included the following Debtors: Enron Mauritius, India Holdings, OPP, San Juan Gas, E Power Holdings, Expat Services, ENIL, EI, EINT, EMDE, EIAM, EBPHXI, EHC, EDM, EIKH, ECHVI, EIAC, EBPIXI, Paulista, ECFL, EDFL, ACFI, TPC, APACHI, EDC, ETP, NSH, Enron South America, and EGPP.

[7] In addition to certain non-Debtor affiliates, the Wind business group included the following Debtors: Wind, Wind Constructors, Wind Development, Wind Maintenance, EWESC, and Wind Systems.

[8] In addition to certain non-Debtor affiliates, Broadband Services included the following Debtors: EBS, EBS LP, Communications Leasing, ECI Nevada, ECI Texas, Enrock, Enrock Management, ECG, WarpSpeed, DSG, Modulus, and ETI.

a. $1.75 billion 364-day senior unsecured committed revolving credit facility for general corporate purposes including commercial paper backstop. ENE was the underlying credit for the facility. Citibank and JPMCB were Co-Administrative Agents. The facility closed on May 14, 2001. The facility was fully drawn in October 2001.

b. $1.25 billion long-term senior unsecured committed revolving credit facility for general corporate purposes including commercial paper backstop. ENE was the underlying credit for the facility. Citibank and JPMCB were Co-Administrative Agents. The facility closed on May 18, 2000. The facility was fully drawn in October 2001.

2. Pipeline Credit Facilities. Two ENE non-Debtor subsidiaries entered into corporate revolvers during the fourth quarter of 2001 with a total commitment of $1.0 billion for general corporate purposes. The facilities include the following:

a. Transwestern Pipeline Company. Transwestern had a $550 million 364-day senior secured committed revolving credit facility. The facility was secured by substantially all of the assets of Transwestern. ENE was the guarantor of the facility. Citicorp North America, Inc. and JPMCB were Co-Administrative Agents. The facility closed on November 13, 2001, has been extended through November 6, 2003 and has been converted to a term loan. The facility was fully drawn on the closing. Refer to Section XIV.H, "CrossCountry" for further information.

b. Northern Natural Gas Company. NNG had a $450 million 364-day senior secured committed revolving credit facility. The facility was secured by substantially all of the assets of the borrower. ENE was the guarantor for the facility. Citicorp North America, Inc. and JPMCB were Co-Administrative Agents. The facility closed on November 19, 2001. The facility was fully drawn on the closing. As part of the transfer of NNG to Dynegy, the ENE guaranty was later released. Refer to Section IV.B.3.b, "Dynegy Merger Agreement, Related Litigation, and Settlement" for further information.

3. Letter of Credit Facilities. Prior to the Initial Petition Date, ENE maintained two syndicated committed letter of credit facilities, and obtained numerous letters of credit from various financial institutions under non-committed reimbursement agreements.

a. Trade Finance and Reimbursement Agreement dated as of September 10, 2001 among ENE, the banks named therein and West LB as Issuing Bank in the amount of $245 million. There were approximately $166 million in outstanding letters of credit as of the Initial Petition Date.

b. Letter of Credit and Reimbursement Agreement dated as of May 14, 2001 among ENE, the banks named therein and JPMCB as Issuing Bank in the amount of $500 million. There were approximately $290 million in outstanding letters of credit as of the Initial Petition Date.

c. In addition to the letters of credit referred to above, there were various letters of credit issued for the benefit of ENE in the notional amount of approximately $651 million as of the Initial Petition Date.

D. Debtors' Prepetition Debt Securities

As set forth in the Debtors' Schedules, as of November 30, 2001, the following debt securities of ENE were outstanding:

Name of Trustee / Payee / Principal Obligee	Instrument	Amount Outstanding as of November 30, 2001 as set forth in the Debtors' Schedules	CUSIP No.
The Bank of New York, as Trustee	7.00% Exchangeable Note Payable due 07/31/02	$258,860,208	293561882
The Bank of New York, as Trustee	9.125% Note Payable due 04/01/03	$191,139,784	293561AQ9
The Bank of New York, as Trustee	9.875% Note Payable due 06/15/03	$104,553,472	293561AF3
The Bank of New York, as Trustee	7.875% Note Payable due 06/15/03	$336,730,469	293561CB0
The Chase Manhattan Bank, as Issuing and Principal Paying Agent	0.62% Bond due 06/18/03	$336,917,756	EC3993465
The Chase Manhattan Bank, as Issuing and Principal Paying Agent	0.77% Bond due 06/18/03	$84,404,257	EC3993424
The Bank of New York, as Trustee	6.625% Note Payable due 10/15/03	$72,656,595	293561BN5
The Chase Manhattan Bank, as Issuing and Principal Paying Agent	0.97% Bond due 06/18/04	$84,225,925	EC3999553
The Bank of New York, as Trustee	7.625% Note Payable due 09/10/04	$191,722,726	293561AR7
The Bank of New York, as Trustee	6.75% Note Payable due 09/01/04	$86,054,844	293561AY2
The Bank of New York, as Trustee	6.75% Senior Notes due 09/15/04	$40,706,875	293561BM7
Wells Fargo Bank, Minnesota, N.A. as Trustee	4.375% Bond due 04/08/05	$387,099,470	EC1194538
The Bank of New York, as Trustee	8.375% Note Payable due 05/23/05	$176,559,887	29357WAA5
The Bank of New York, as Trustee	6.75% Senior Subordinate Debentures due 07/01/05	$164,518,074	293561AT3
The Bank of New York, as Trustee	6.625% Note Payable due 11/15/05	$250,690,104	293561BS4
Wells Fargo Bank, Minnesota, N.A. as Registrar and Agent Trustee, Paying Agent	9.625% Note Payable due 03/15/06	$172,338,473	460575AR4
The Bank of New York, as Trustee	6.40% Note Payable due 07/15/06	$239,646,720	293561BT2

Name of Trustee / Payee / Principal Obligee	Instrument	Amount Outstanding as of November 30, 2001 as set forth in the Debtors' Schedules	CUSIP No.
The Bank of New York, as Trustee	7.125% Senior Notes due 05/15/07	$149,442,344	293561AX4
The Bank of New York, as Trustee	6.875% Note Payable due 10/15/07	$89,214,052	293561AZ9
The Bank of New York, as Trustee	6.725% Note Payable due 11/15/08	$200,560,417	293561BP0
The Bank of New York, as Trustee	6.75% Note Payable due 08/01/09	$182,382,065	293561BA3
The Bank of New York, as Trustee	8.25% Senior Subordinate Debentures due 09/15/12	$104,799,094	293561AS5
The Bank of New York, as Trustee	7.375% Note Payable due 05/15/19	$385,500,983	293561BX3
Wells Fargo Bank, Minnesota, N.A. as Trustee	Convertible Senior Note due 2021	$1,273,997,427	293561CC8/293561CD6
The Bank of New York, as Trustee	7.00% Senior Debentures due 08/15/23	$17,149,123	293561AU0
The Bank of New York, as Trustee	6.95% Note Payable due 07/15/28	$200,380,772	293561BW5
The Bank of New York, as Trustee	6.95% Note Payable due 07/15/28	$184,634,817	293561BU9
The Chase Manhattan Bank, as Issuing and Principal Paying Agent	0.52% Bond due 05/15/02	$210,533,911	EC3880365
The Chase Manhattan Bank, as Issuing and Principal Paying Agent	0.493% Bond due 06/13/02	$164,996,442	EC4075627
The Bank of New York, as Trustee	6.50% Note Payable due 08/01/02	$153,250,000	293561BL9
JPMorgan Chase, as Issuing and Paying Agent	Enron Corp. Commercial Paper Program	$4,340,625	29356AYW0

E. Capital Structure

1. Preferred Stock. ENE authorized a total of 16.5 million shares of preferred stock. The preferred stock ranks in preference to the common stock as to distribution of assets of ENE upon the liquidation, dissolution, or winding up of ENE. As of the Initial Petition Date, ENE had four series of preferred stock outstanding:

a. 9.142% Perpetual Second Preferred Stock. An aggregate of 35.568509 shares of ENE preferred stock are designated the 9.142% Perpetual Second Preferred Stock. As of the Initial Petition Date, 35.568509 shares of 9.142% Perpetual Second Preferred Stock were issued and outstanding. All shares of 9.142% Perpetual Second Preferred Stock are held by Enron Equity. Refer to Section III.F.21, "Enron Equity Corp." for further information.

b. Cumulative Second Preferred Convertible Stock. An aggregate of 1.37 million shares of ENE preferred stock are designated the Cumulative Second Preferred Convertible Stock. As of the Initial Petition Date, 1,137,991 shares of Cumulative Second Preferred Convertible Stock were issued and outstanding. Pursuant to its terms, each share is convertible to a certain number of shares of ENE common stock.

c. Mandatorily Convertible Single Reset Preferred Stock, Series C. An aggregate of 182,908 shares of ENE preferred stock are designated the Mandatorily Convertible Single Reset Preferred Stock, Series C. As of the Initial Petition Date, 182,908 shares of Mandatorily Convertible Single Reset Preferred Stock, Series C were issued and outstanding. All shares of Mandatorily Convertible Single Reset Preferred Stock, Series C are held by Preferred Voting Trust, which is part of the Marlin financing structure. Refer to Section III.F.36, "Marlin" for further information. Pursuant to its terms, each share is convertible to a certain number of shares of ENE common stock.

d. Mandatorily Convertible Junior Preferred Stock, Series B. An aggregate of 250,000 shares of ENE preferred stock are designated the Mandatorily Convertible Junior Preferred Stock, Series B. As of the Initial Petition Date, 250,000 shares of Mandatorily Convertible Junior Preferred Stock, Series B were issued and outstanding. All shares of Mandatorily Convertible Junior Preferred Stock, Series B are held by Condor, which is part of the Osprey/Whitewing financing structure. Refer to Section III.F.41, "Osprey/Whitewing" for further information. Pursuant to its terms, each share is convertible to a certain number of shares of ENE common stock.

2. Common Stock. ENE authorized 1.2 billion shares of no par common stock. As of December 5, 2001, 764,361,414 shares of common stock were issued and outstanding, and 14,503,586 shares were issued and held as treasury stock by ENE. In the event of liquidation, dissolution, or winding up of ENE, the holders of ENE common stock are entitled to share ratably in all assets of ENE remaining after provision for payment of liabilities and satisfaction of the liquidation preference of any shares of ENE preferred stock that may be outstanding. The holders of ENE common stock have no preemptive, subscription, redemption, or conversion rights. The rights, preferences, and privileges of holders of ENE common stock are subject to those holders of ENE preferred stock.

3. Stock Plans. ENE had four Stock Plans under which options for shares of ENE's common stock have been or could have been granted to officers, employees and non-employee members of the board of directors. The Stock Plans allowed for grants of either incentive stock options or nonqualified stock options. Under three of the Stock Plans, options were not allowed to be granted at less than the fair market value of a share on the date of the grant. Under the 1999 stock plan, however, options were granted at an exercise price designated by the Compensation Committee of the Board. Under the Stock Plans, ENE could grant options with a maximum term of 10 years. Options vested under varying schedules. As of October 31, 2001, options were outstanding on approximately 86.5 million common stock shares. Currently, there is no expectation that any of these options will be exercised.

F. Debtors' Financing Transactions

Prior to the Initial Petition Date, as part of their business and to raise funds for a variety of purposes, the Enron Companies entered into a number of on- and off-balance sheet financing transactions. Certain of those transactions involved the creation of special purpose entities or structures. As of the Initial Petition Date, the Enron Companies had approximately fifty ongoing financing transactions with various lending institutions and other investors.

Approximately $2.8 billion to $3.3 billion in assets are associated with these financing transactions. The majority of this value is associated with the Osprey/Whitewing, Rawhide, and Cerberus transactions. Significant assets are described below in the individual summaries. It is important to note that there is no guarantee that any value from these assets will inure to the benefit of the Debtors' estates. Additionally, there are significant liabilities associated with the financing transactions and several billion dollars in claims have been filed against the Debtors in connection therewith.

Complete or partial settlements relating to six of the transactions have been approved by the Bankruptcy Court since the Initial Petition Date. A description of each of the settlements is included with the individual transaction summary below. Settlement negotiations are ongoing with respect to several of the other transactions; however, there can be no assurance that these negotiations will result in value to the Debtors or a reduction in claims against the Debtors.

On April 8, 2002, the Bankruptcy Court entered an order appointing the ENE Examiner to investigate the ongoing transactions, as well as many transactions that had been unwound or otherwise completed prior to the Initial Petition Date. Refer to Section IV.A.4.b, "ENE Examiner" for further information The ENE Examiner has filed a series of reports wherein he reported and commented upon these transactions.

In addition, many of the financing transactions have been the subject of various Congressional committee reports and/or widely discussed in the media. Refer to "Related Documents" at http://www.enron.com/corp/por/ for further information.

The Debtors neither confirm the accuracy or completeness of, nor admit or deny, any of the factual accounts, allegations, or conclusions set forth in the reports prepared by the ENE Examiner, the Congressional committees, or any other parties.

The following provides a general description of the Debtors' significant financing transactions as of the Initial Petition Date. Many of these ongoing transactions have been, are currently, or may in the future be the subject of litigation. That litigation may or may not involve the Debtors. The summaries below, which are based on the Debtors' perspective and which are subject to further review, elaboration, or modification, are included for informational purposes only. Given the potential for litigation involving some of these transactions, it should be noted that the lenders, investors, and other parties involved in the transactions (as well as the ENE Examiner, governmental bodies, and other third parties who have reviewed these transactions) may dispute all or part of these descriptions.

1. Al Rajhi

a. Legal Structure. In July 2001, Man Group Finance Ltd., an entity unaffiliated with the Enron Companies, purchased from EMC for $100 million warrants to purchase commodities in the future on the London Metal Exchange. EMCC purchased similar warrants from Al Rajhi for approximately $102 million with payment to be made in 169 days. ENE guaranteed its affiliates' obligations under the applicable transaction documents.

b. Significant Potential Liabilities of Debtors. Al Rajhi potentially has a claim against ENE as guarantor of EMC's and EMCC's obligations.

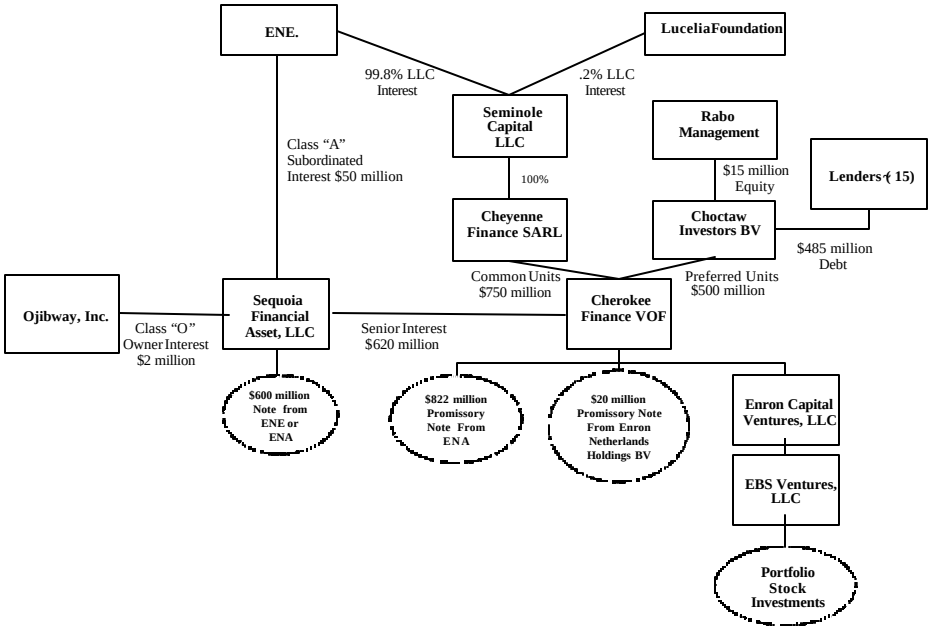
2. Apache/Choctaw

a. Legal Structure. Project Apache was a minority investment financing. In 1999, Sequoia was formed as a FASIT to securitize 30-day receivables of ENE, ENA, and EPMI and to issue securities backed by those receivables, cash, and short-term commercial paper issued by ENA and ENE. ENE purchased a $50 million Class A subordinated interest in Sequoia. Ojibway, an unrelated party, purchased a $2 million Class O interest in Sequoia. Refer to Section III.F.51, "Zephyrus/Tammy" for further information.

Cheyenne and a bank group led by Rabo Merchant Bank N.V. formed Cherokee to purchase $1.23 billion in FASIT securities from Sequoia. ENE, through Seminole and Cheyenne, invested $750 million in Cherokee and received $750 million of Cherokee common units. The bank group invested $500 million in Cherokee through Choctaw, with Choctaw receiving $500 million of Cherokee preferred units.

In October 2002, Choctaw purported to exercise its right to take control of the management of Cherokee.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, Cherokee's assets included (a) $620 million of notes from Sequoia, (b) $822 million note receivable from ENA, (c) $20 million note receivable from ENHBV, and (d) 100% equity in Enron Capital Ventures, LLC with underlying assets valued at $3.6 million.

d. Significant Potential Liabilities of the Structure. Cherokee issued a preferred interest to Choctaw totaling $500 million, which is in default.

e. Significant Potential Liabilities of Debtors. ENA's payment obligations under the $822 million note and ENE's guaranty of such obligation. Refer to Section IV.C.1.d "Litigation Related to Structures" for further information.

3. Backbone

a. Legal Structure. Backbone 1 was created under the Backbone 1 Agreement with Wilmington as owner trustee, ABN as the certificate holder of the class A beneficial interests and Backbone 2 as the certificate holder of the class B beneficial interests. Backbone 1 was created, among other things, to (i) acquire dark fiber IRUs (which interests were acquired by Backbone 1 from LJM2 pursuant to an assignment and assumption agreement; refer to Section III.G, "Related Party Transactions" for further information), and (ii) enter into the Backbone A Loan. The beneficial interest certificates issued in respect of the Class A and Class B interests were in the amount of $3.6 million for the Class A certificate and $64,532,090 for the B certificate.

Backbone 2 was created under the Backbone 2 Agreement with Wilmington acting as owner trustee and BSCS XXIII, Inc. as beneficial interest holder. The beneficial interest certificate has an aggregate value of $1,000. Backbone 2 was created, among other things, to (i) enter into the Backbone B Loan, and (ii) acquire the Class B certificate interest in Backbone 1 with the proceeds from the Backbone B Loan.

Backbone 1 entered into, and drew down on the Backbone A Loan with certain banks, including Fleet as syndication agent and co-arranger, and ABN as administrative agent, sole lead arranger and book runner. The A Loan was unsecured and issued in the aggregate principal amount of $46.7 million which amount was split 50/50 between ABN and Fleet. The A Loan was paid in full on January 19, 2001.

Backbone 2 entered into, and drew down on the Backbone B Loan with certain banks, including Fleet as syndication agent and co-arranger, and ABN as administrative agent, sole lead arranger and book runner. The B Loan is secured by a security interest in Backbone 2's Class B beneficial interest in Backbone 1, and issued in the aggregate principal amount of $64,531,090 which amount was split 50/50 between ABN and Fleet. At the Initial Petition Date, Backbone 2 owed approximately $45.6 million under the Backbone B Loan.

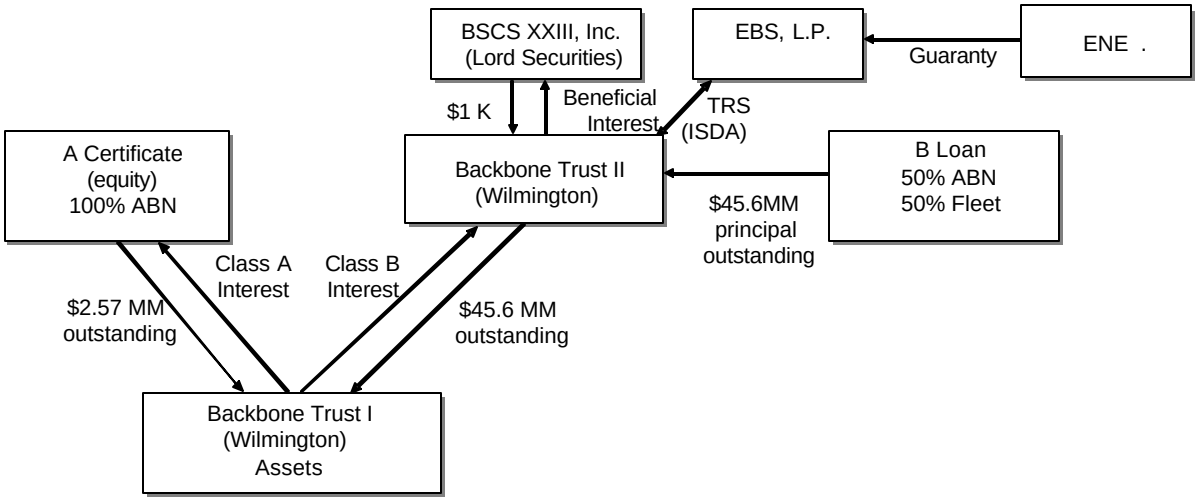
Backbone 2 entered into a total return swap with EBS LP pursuant to which Backbone 2 passed through as a fixed payment all monies paid by the Backbone 1 Class B certificate in return for EBS LP's payment of a floating amount equal to amounts due under the B Loan.

As part of the transaction, ENE entered into a performance guarantee in favor of Backbone 2 pursuant to which ENE guaranteed EBS LP's obligations under the total return swap.

On December 21, 2000, LJM-B2 and Backbone 1 entered into an Assignment of IRU Agreement pursuant to which LJM-B2 conveyed to Backbone 1 in exchange for $86,182,810 from Backbone 1, all of LJM-B2's interest in that certain IRU Agreement dated June 30, 2000, as amended, by and among LJM-B2 and EBS. Backbone I also paid LJM-B2 $27,248,280 for the rights to a pending sales agreement for certain of the IRUs.

EBS and Backbone 1 then restated their respective rights with respect to the IRUs in an Amended and Restated IRU Agreement.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. During 2000 and 2001, all IRUs in Backbone 1 were sold. At the Initial Petition Date, the assets of Backbone 1 included a demand note from ENE in the approximate amount of $1.4 million and a letter of credit issued by BoA ensuring the payment of a note issued by a third-party purchaser of certain IRUs. In 2002, the letter of credit was drawn by Backbone 1, and, pursuant to a stipulation and order filed with the Bankruptcy Court, ABN and Fleet withdrew the cash proceeds from Backbone 1 and issued letters of credit for the benefit of ENE and its affiliated Debtors. ENE and its affiliated Debtors can draw upon the letters of credit upon settlement of, or successful contest to, the Backbone transaction. Unless contest proceedings have been initiated, the letters of credit will terminate on or about November 13, 2003.

d. Significant Potential Liabilities of the Structure. Backbone 2 owes approximately $45.6 million to ABN and Fleet under the Backbone B Loan.

e. Significant Potential Liabilities of Debtors. EBS LP and ENE, as guarantor, may be obligated under the terms of the total return swap.

4. Bammel/Triple Lutz

a. Legal Structure. Three transactions comprise the Bammel Gas structure:

(i) Bammel Gas Trust Transaction (December 1997). Pursuant to this transaction HPL and HPLR (x) conveyed 80 million MMBtus of storage gas to BGT, an entity held by Sundance and BoA,[9] for $232 million and (y) received from BGT the right to use the transferred gas (which right was subsequently transferred on May 31, 2001 to BAM)[10]. On

[9] Each of BoA's and Sundance's interest consists of 3% of BGT's capitalization.

[10] This right to use is set forth in the Amended and Restated Pressurization and Storage Gas Borrowing Agreement, dated as of May 30, 2001, by and among BAM, Asset Holdings, and the Bank of New York, as trustee of BGT.

May 31, 2001, HPL repurchased 25 million MMBtus of such storage gas from BGT, leaving only cushion gas with BGT.

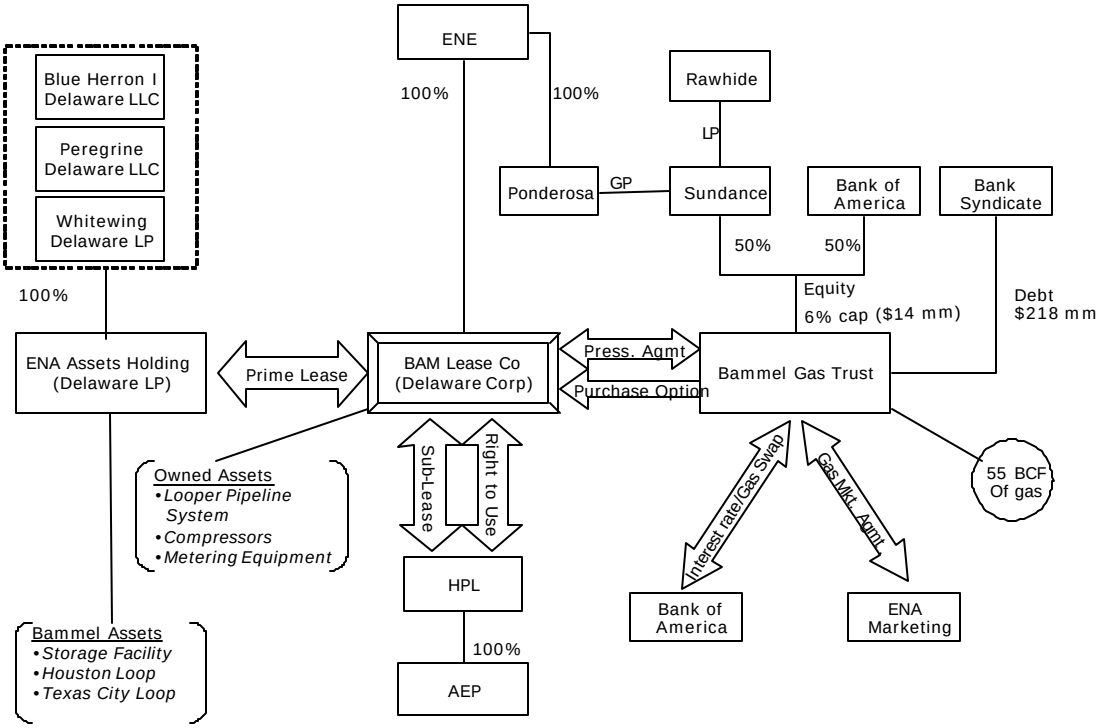
(ii) Asset Holdings Transaction (November 1999). ENE and HPL formed HPL Asset Holdings L.P. (n/k/a. Asset Holdings, a Whitewing entity). HPL contributed its Bammel storage and gas transportation assets in consideration for a 99.89% limited partnership interest and a .01% general partnership interest in Asset Holdings. ENE indirectly contributed $1 million for a .1% limited partnership interest in Asset Holdings. Contemporaneously, Asset Holdings leased back the Bammel assets to HPL for an eighteen-year term (which lease rights were subsequently transferred to BAM on May 31, 2001 for an extended term through July 31, 2031).

Concurrently, HPL contributed its general partnership interest in Asset Holdings to Blue Heron I, LLC, and then contributed its interest in Blue Heron I, LLC to the Whitewing structure, and contributed its limited partnership interest in Asset Holdings to Whitewing LP in exchange for a limited partnership interest in Whitewing LP.

(iii) Project Triple Lutz (May 31, 2001). Through a series of transactions (including the transfer by HPL of its limited partnership interest in Whitewing LP, its leasehold interest in the Prime Lease Assets and various other interests to BAM) (x) ENE sold the stock of HPL and HPLR to AEP Holding, (y) AEP Holding obtained (A) a thirty-year sublease for the Prime Lease Assets, (B) a lease of the Looper pipeline system, Bammel compressors and metering equipment owned by BAM and used in connection with the operation of the leased assets and the Prime Lease Assets, and (C) the right to use certain cushion gas for an upfront payment of $626 million, including $274 million of prepaid lease payments (pursuant to a right to use agreement, dated May 31, 2001), and (z) AEP Holding was granted a purchase option to purchase the Prime Lease Assets, the assets set forth in subsection (c) of this paragraph,[11] and the cushion gas.

[11] These assets were leased via the sublease agreement.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. BAM currently has rights to 13.75 bcf of gas, 2.3 bcf of which is non-recoverable, in the Bammel storage facility plus ownership of certain other assets such as the Looper Pipeline System, compressors, and metering equipment. It also leases from Asset Holdings under the Prime Lease the Bammel storage facility, the Houston Loop, and the Texas City Loop.

d. Significant Potential Liabilities of the Structure. BAM has potential liabilities under the pressurization agreement, Prime Lease, the sublease, and the right to use agreement with AEP Holdings, all described above.

e. Significant Potential Liabilities of Debtors. Pursuant to a performance guaranty, ENE guaranteed the punctual performance and payment of the obligations of BAM, Asset Holdings, and ENA under certain transaction documents, including the pressurization agreement with BGT, whether for indemnities, fees, swap payments and other advances, or payments thereunder.

By virtue of a Consent and Acknowledgement Agreement, Asset Holdings must continue to acknowledge AEP Holdings' right to sublease the Bammel assets.

5. BCI Note

a. Legal Structure. In December 1999, ETB, a wholly-owned indirect subsidiary of ENE, issued the ETB Note to EDF, a wholly-owned indirect subsidiary of ENE.

At the same time, Elektro, an indirect subsidiary of ENE, issued a $213,090,185.24 note to ETB on the same terms as the ETB Note.

In June 2000, in connection with the closing of a buy and sellback agreement entered into between ENE and BCI, ENE purchased the ETB Note from EDF at par. ENE and BCI then entered into the buy and sellback agreement in July 2000, whereupon ETB reissued the ETB Note to BCI. The buy and sellback agreement required BCI to purchase the ETB Note from ENE at par and required ENE to repurchase the ETB Note in June 2006, or sooner upon the occurrence of certain events, for the then-outstanding balance thereof.

b. Significant Assets Associated with the Structure. ENE indirectly holds 100% of the capital stock of ETB. ETB holds a majority of the preferred shares of Elektro. With respect to ETB, the Elektro note to ETB may be considered an asset; however, such asset is offset by a corresponding liability pursuant to the ETB Note.

c. Significant Potential Liabilities of the Structure. The debt evidenced by the ETB Note and the Elektro note to ETB.

d. Significant Potential Liabilities of Debtors. As of the Initial Petition Date, the principal amount outstanding under the ETB Note was $213,090,185.24, for which ETB was primarily liable and ENE was a guarantor.

e. Structure Resolution. As of December 31, 2002, the ETB Note's maturity was extended, its effective interest rate was reduced, and its semi-annual payment dates were modified. ENE's obligation to repurchase the note was extinguished. Additionally, Elektro effectively became a guarantor of ETB's obligations under the ETB Note.

6. Bob West Treasure L.L.C.

a. Legal Structure. ENA formed BWT, a Delaware limited liability company, effective December 15, 1999. As of the Initial Petition Date, the membership interests in BWT consisted of ENA as the managing member, and LJM Norman and SE Thunderbird, both as members.

Prior to the Initial Petition Date, BWT entered into a series of agreements in connection with partially financing EEX Corporation's[12] acquisition of certain entities owned by Tesoro Petroleum Corporation and its affiliates. The entities acquired by EEX Corporation included EEX E&P, which, among other things, was engaged in exploration, production, gathering, transportation, and marketing of oil, natural gas, condensate, and associated hydrocarbons.

Pursuant to the BWT Forward Contract, BWT (i) prepaid EEX E&P $105 million to buy certain quantities of natural gas to be delivered over time and (ii) appointed EEX E&P as its marketing agent to sell the natural gas on BWT's behalf and deliver the gas proceeds to BWT on a monthly basis at the BWT Gas Index Price. EEX E&P's obligations to BWT under the

[12] EEX Corporation is a third party entity and is not an affiliate of any of the Debtors.

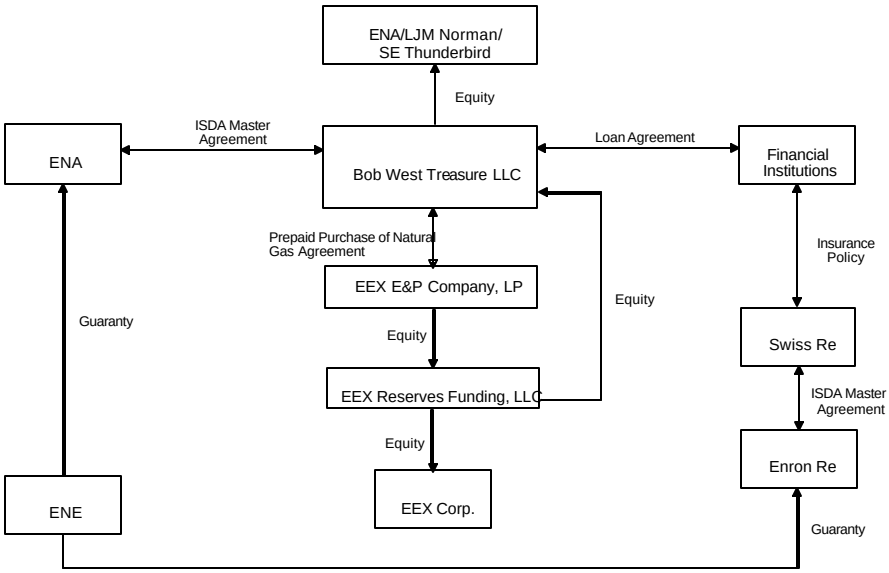
BWT Forward Contract were secured by mortgages and security agreements on certain real and personal properties of EEX E&P. Moreover, pursuant to an undertaking agreement, EEX Corporation effectively guaranteed certain of EEX E&P's obligations to BWT under the BWT Forward Contract.

To hedge certain of its risks under the BWT Forward Contract, BWT entered into the BWT Swap with ENA to document: (a) a natural gas swap whereby ENA was to pay a fixed price in exchange for the BWT Gas Index Price and (b) two interest rate swaps whereby BWT was to receive LIBOR and pay ENA a fixed rate. ENE guaranteed ENA's obligations under the BWT Swap and EEX E&P guaranteed BWT's obligations under the BWT Swap. BWT's obligations to ENA under the BWT Swap were secured by a second priority lien and security interest on certain of BWT's assets, including a second priority collateral assignment of all collateral granted to BWT by EEX E&P as security for EEX E&P's obligations under the BWT Forward Contract.

In addition to entering into the BWT Forward Contract and the BWT Swap, BWT made a $3 million capital contribution to acquire a 50% membership interest in EEX Reserves. EEX Reserves owns 100% of the equity of EEX E&P. Thereafter EEX Capital and BWT entered into a call agreement pursuant to which (a) EEX E&P had the ability to terminate the BWT Forward Contract prior to its termination date and (b) EEX Capital had the ability to purchase BWT's membership interests in EEX Reserves.

In connection with the BWT Forward Contract, BWT obtained a $105 million loan from a syndicate of financial institutions led by RBC. The loan was secured by a first priority lien and security interest on all of the assets of BWT, including a collateral assignment of all collateral granted to BWT by EEX E&P as security for EEX E&P's obligations under the BWT Forward Contract. In connection with this loan, BWT purchased an insurance policy from EFR, guaranteed by Swiss Re, for the benefit of the lenders. EFR, in turn, entered into a swap arrangement with Enron Re, whereby Enron Re took the first loss position on the insurance policy up to $10 million, plus 10%, of any claim amounts thereafter. ENE guaranteed Enron Re's obligations under the swap arrangement. Immediately prior to March 31, 2003, Enron Re had exposure under the reinsurance swap.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, BWT's assets were comprised of the BWT Forward Contract, the security interests in EEX E&P's assets related thereto, and an equity interest in EEX Reserves.

d. Significant Potential Liabilities of the Structure. Immediately prior to March 31, 2003, BWT (a) owed the financial institutions principal and interest under the BWT loan agreement, and (b) had exposure under the BWT Swap.

e. Significant Potential Liabilities of Debtors. Prior to March 31, 2003, ENA had exposure under the BWT Swap. ENE was a guarantor of ENA's obligations under the BWT Swap and Enron Re's obligations under the reinsurance swap.

f. Structure Resolution. In March 2003, ENE and ENA received approval of a settlement agreement that was entered into by and among EEX E&P, EEX Capital, BWT, ENA, Enron Re, EFR, RBC, in its capacities as administrative agent and collateral agent, Royal Bank of Canada (Caribbean) Corporation, in its capacity as bank insurance trustee (for purposes of specified provisions only), RBC Dominion Securities Inc. (for purposes of specified provisions only), and other transaction documents referenced therein, including mutual releases with certain of the parties. The comprehensive settlement generally provided for: (a) the termination of the BWT Forward Contract; (b) the exercise by EEX Capital of its call option under a call agreement between EEX Capital and BWT; and (c) from the proceeds received by BWT upon the termination of the BWT Forward Contract (together with other proceeds from BWT and from BWT's cash collateral account at RBC), the (i) repayment of principal and interest owed by BWT under the BWT loan agreement, (ii) repayment to EFR of amounts paid

by EFR under an insurance policy, (iii) payment to ENA of amounts owing to ENA pursuant to the termination and settlement of the BWT Swap, and (iv) repayment to Enron Re of amounts, if any, paid by Enron Re in connection with the reinsurance swap (and not previously reimbursed to Enron Re). The settlement closed on March 31, 2003.

7. Brazos LP

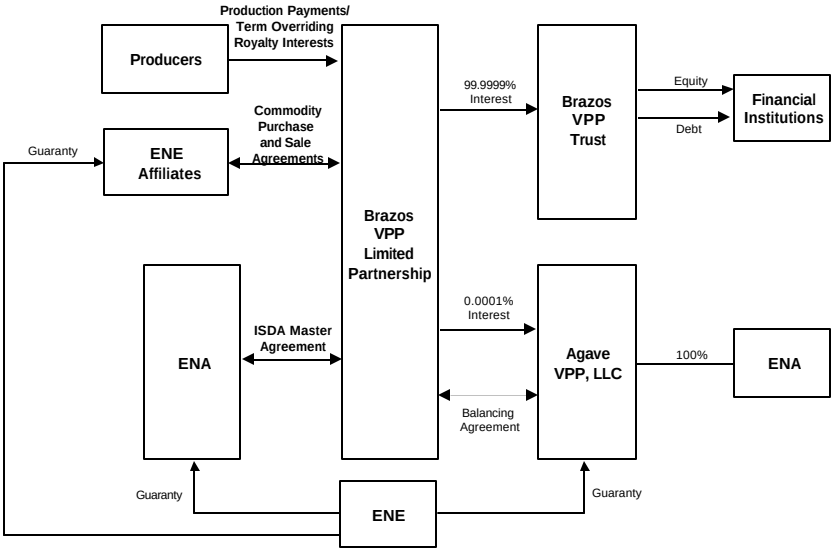
a. Legal Structure. In December 2000, Brazos LP, a limited partnership formed under the laws of Delaware, received cash contributions from its limited partner (99.9999% interest) Brazos Trust, a Delaware business trust, and its general partner (0.0001% interest) Agave, a wholly-owned subsidiary of ENA. The cash contributed by Brazos Trust as consideration for its limited partner interest in Brazos LP was generated from debt and equity issued by Brazos Trust to third-party financial institutions. In addition, this structure facilitated additional investments of debt and equity by financial institutions in Brazos Trust and in turn by Brazos Trust in Brazos LP.

Brazos LP's primary business purpose is to acquire, own, hold, operate, manage, and dispose of production payments and term overriding royalty interests and to engage in any other activities incidental, necessary, or appropriate to the foregoing. Brazos LP used cash contributions made primarily by its limited partner, Brazos Trust, to acquire such production payments and royalty interests from ENE affiliates and third parties from time to time. In December 2000, Brazos LP entered into (i) an ISDA Master Agreement with ENA and associated commodity and interest rate confirmations, and (ii) two commodity purchase and sale agreements for the sale of crude oil and natural gas to ERAC, an ENA affiliate, and ENA, respectively. Brazos LP subsequently entered into a gas purchase and sale agreement with ENA Upstream, an ENA affiliate.

In December 2000, Brazos LP retained Agave to act as servicer to perform certain operating activities and as balancer to advance money to Brazos LP, subject to certain conditions, should a shortfall occur in amounts owed to Brazos LP due to a timing difference between scheduled volumes of commodities to be delivered in a month and actual volumes of commodities delivered in that month.

ENE guaranteed its affiliates' obligations under the applicable transaction documents, except those of Brazos LP.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, Brazos LP held four separate production payments and/or term overriding royalty interests which provide crude oil and natural gas to Brazos LP, and an ISDA Master Agreement with associated confirmations with ENA.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, (i) Brazos LP owed the delivery of crude oil and natural gas to ENA affiliates, (ii) Brazos LP may have owed a mark-to-market payment to ENA under the ISDA Master Agreement and associated confirmations between ENA and Brazos LP if they had been terminated, (iii) Brazos LP may have had cash distribution obligations to its contractual counterparties, including, without limitation, Agave, ENA Upstream, ERAC, and Brazos Trust, and (iv) Brazos Trust may have had cash distribution obligations to the holders of debt and equity instruments issued by Brazos Trust to third-party financial institutions.

e. Significant Potential Liabilities of Debtors. ENA may have exposure to Brazos LP under the ISDA Master Agreement and related confirmations between ENA and Brazos LP upon termination and settlement thereof. Claims may be made against ENA, ENA Upstream and ERAC under commodity purchase and sale agreements with Brazos LP. ENE has guaranteed the obligations of ENA, Agave, ENA Upstream, and ERAC under various agreements between those entities and Brazos LP.

f. Structure Resolution. As of April 19, 2002, Agave ceased being the general partner of Brazos LP. As of July 30, 2002, (i) Agave ceased being servicer and having balancing obligations to Brazos LP, (ii) Brazos LP and Brazos Trust waived certain claims

against Agave for breach of its obligations as former general partner of Brazos LP and in respect of its servicing and balancing obligations to Brazos LP, and (iii) to the extent of such waivers, Brazos LP and Brazos Trust released ENE from its guarantee of those obligations.

8. Cash V

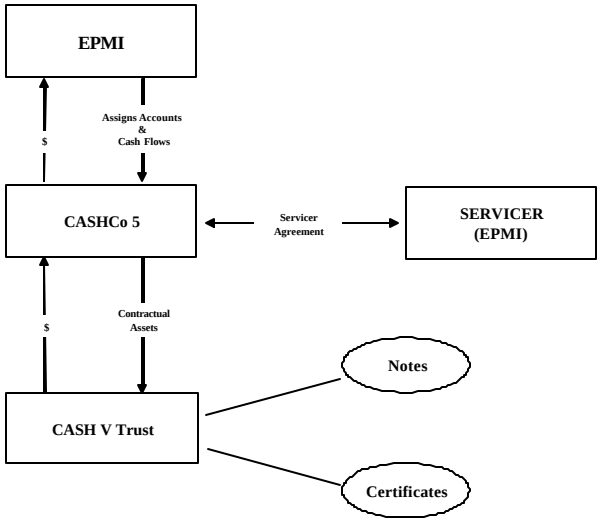
a. Legal Structure. In June 1997, EPMI assigned the rights to a stream of capacity payments from VEPCO to CashCo 5. CashCo 5 assigned its rights to the capacity payments to Cash V Trust. Cash V Trust issued notes and certificates in the amount of approximately $131 million to fund the purchase of the assigned capacity payments.

Cash V Trust retained EPMI to act as its servicer. The servicer has an obligation to provide liquidity to Cash V Trust in an amount no greater than approximately $3.9 million to cover timing delays associated with payment by VEPCO.

ENE guaranteed EPMI's obligations under the applicable transaction documents.

VEPCO terminated the capacity contract in November 2001.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. The structure holds a potential claim against VEPCO for termination damages.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, Cash V Trust had obligations of approximately $68.3 million.

e. Significant Potential Liabilities of Debtors. ENE guaranteed the obligations of EPMI.

9. Cash VI

a. Legal Structure. On June 19, 1998, ECTRIC, a Delaware corporation, assigned to ECTEF, a wholly-owned non-Debtor subsidiary of ECTRIC, all of its rights and obligations pursuant to an in-the-money electricity derivative contract dated April 1, 1996, with British Energy Generation Limited, a wholly-owned subsidiary of British Energy (formerly known as Nuclear Electric Limited and also AGR & PWR Co. Limited).

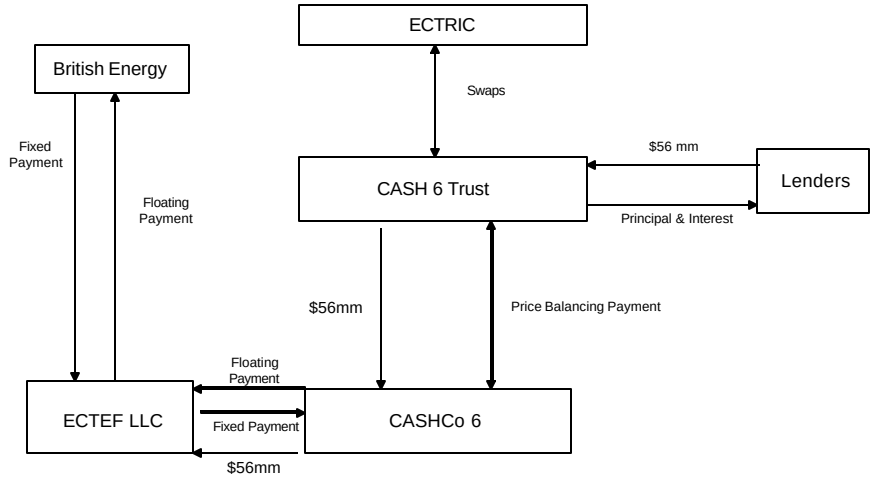
ECTEF assigned its rights to any payments under the contract to CashCo 6, a wholly-owned subsidiary of ECTRIC. CashCo 6 in turn assigned its rights to any payments under the contract to Cash VI Trust.

Cash VI Trust issued $56,185,004.02 in notes to Barclays to fund its purchase of the contract payments from CashCo 6. The Cash VI Trust entered into swaps with ECTRIC to hedge its interest rate, currency, inflation, and power price risks. Cash VI Trust retained ECTRIC to act as its servicer.

ENE issued a performance guarantee to the Cash VI Trust, for the benefit of the noteholder, of the obligations of ECTEF, CashCo 6, and ECTRIC under the applicable transaction documents.

After the Initial Petition Date, ECTEF and British Energy Generation Limited entered into negotiations for a settlement of ECTEF's claims under the contract, but a settlement was never executed. On November 28, 2002, British Energy announced that it was seeking to negotiate a financial restructuring of the British Energy Group to avoid an English insolvency proceeding. ECTEF terminated the contract on December 9, 2002. Refer to Section IV.B.3.f, "British Energy" for further information.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, Cash VI Trust was the assignee of the proceeds under the derivative contract. As noted above, the British Energy Group is undergoing a restructuring. Refer to Section IV.B.3.f, "British Energy" for further information.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, Cash VI Trust had note obligations to Barclays of approximately $50 million and swap obligations to ECTRIC of approximately $32 million.

e. Significant Potential Liabilities of Debtors. ENE issued the performance guaranty noted above.

10. Cerberus

a. Legal Structure. In November 2000, EAH assigned 11.5 million common shares of EOG Resources to Aeneas. In exchange for such assignment, EAH received a Class A membership interest in Aeneas and a right to receive a special distribution on the closing date after the execution of the amended and restated limited liability company agreement of Aeneas. The Class A Interest represented 100% of the voting interest and a .01% economic interest in Aeneas. However, EAH could not cause Aeneas to take certain actions, including to sell, or otherwise dispose of, the EOG shares without the consent of Heracles Trust.

Aeneas issued a Class B membership interest to Psyche in exchange for a promissory note. Psyche then assigned the Class B membership interest to Heracles for $517.5

million and used the proceeds to repay the promissory note to Aeneas. Heracles entered into a facility agreement with RBC to fund the purchase of the Class B membership interest.

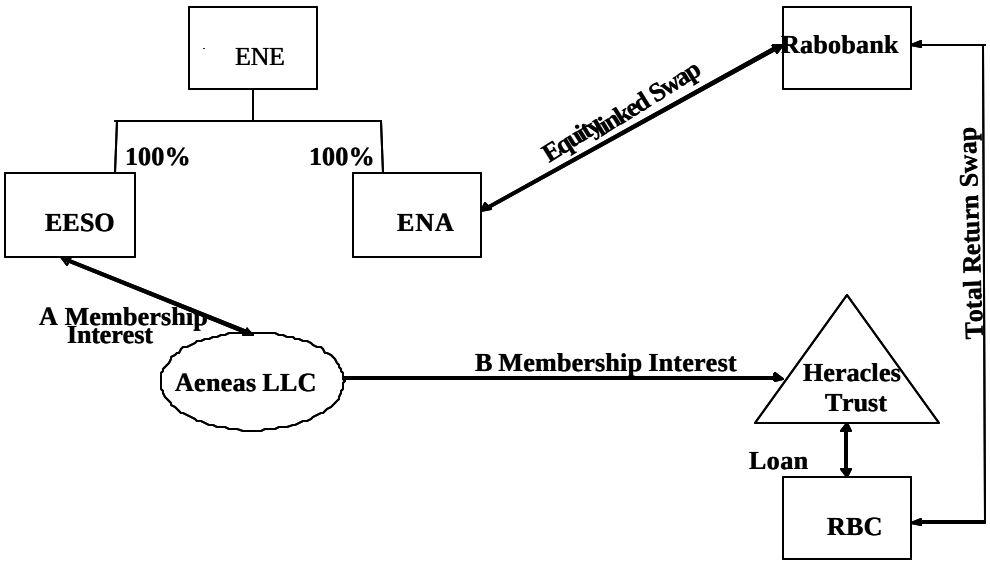
The structure was amended on January 31, 2001, primarily to incorporate Rabobank as the credit support provider to RBC. EAH assigned (i) its right to receive distributions from Aeneas to Psyche and (ii) its right to receive distributions from Psyche to RBC. EAH assigned all of its remaining interest in Aeneas and Psyche to EESO. RBC assigned the interests received from EAH to Rabobank.

Additionally, at the time of the amendment, Rabobank and RBC entered into a total return swap agreement pursuant to which Rabobank agreed to pay RBC an amount equal to the principal and interest payable by Heracles, and RBC agreed to pay Rabobank all amounts actually paid by Heracles under the facility agreement.

Rabobank and ENA entered into an equity-linked swap agreement for the scheduled term of the facility agreement, pursuant to which (i) ENA agreed to pay Rabobank (x) a floating rate based on LIBOR plus a margin on the approximate original principal amount borrowed under the facility agreement, and (y) if the price per share realized by Rabobank upon the sale of a reference portfolio of EOG stock is less than the strike price specified in the swap, an amount equal to the strike price minus the realized price multiplied by 11.5 million; and (ii) Rabobank pays ENA (x) amounts equal to dividends paid on the EOG shares, and (y) if the price per share realized by Rabobank upon the sale of a reference portfolio of EOG stock is greater than the strike price specified in the swap, an amount equal to the realized price minus the strike price multiplied by 11.5 million.

b. Structure Diagram as of Initial Petition Date.

Cerberus Structure



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, Aeneas held 11.5 million shares of EOG Resources. These shares were sold in November 2002, and the proceeds are in escrow. Refer to Section IV.B.4, "Asset Sales" for further information.

d. Significant Potential Liabilities of the Structure. $517 million loan from RBC.

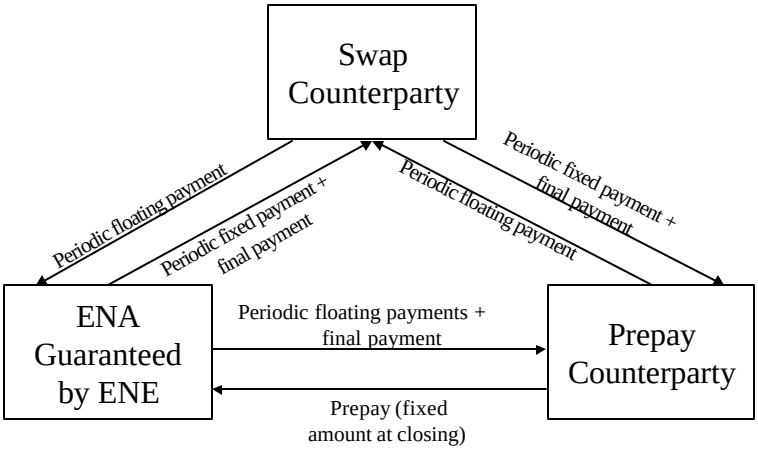
e. Significant Potential Liabilities of Debtors. ENA's obligations, and ENE's guaranty thereof, under the equity linked swap with Rabobank.

11. Citibank/Delta Prepays

a. Legal Structure. At the Initial Petition Date, the six prepay transactions described below involving Citibank and Delta were outstanding. On the closing date of each transaction, ENA entered into two swap transactions, one with Delta and one with Citibank. Under one swap (i) the prepay counterparty made a prepayment of the fixed amount due under the swap to ENA, and (ii) ENA agreed to make (x) periodic floating payments based on the price of a barrel of crude oil multiplied by a set number of barrels, and (y) a final payment of not more than a capped amount set under the swap. Under the second swap, ENA (i) received from the swap counterparty a periodic floating payment based on the price of a barrel of crude oil multiplied by a set number of barrels, (ii) paid a periodic fixed payment, and (iii) paid a final payment of not less than the transaction amount minus a floating amount based on the price of a barrel of crude oil multiplied by a set number of barrels. ENE understands that Citibank and Delta entered into related transactions on each closing date, but ENE has no information related to the performance under, or possible termination of, those transactions. The following is a brief summary of the transactions on each closing date:

Transaction Date	Transaction Amount	Prepay Counterparty	Swap Counterparty
December 1999	$800,000,000	Delta	Citibank
February 2000	£ 206,750,000	Delta	Citibank
August 2000	$475,000,000	Citibank	Delta
May 2001	$475,000,000	Citibank	Delta
May 2001	£ 109,500,000	Citibank	Delta
May 2001	€ 170,000,000	Citibank	Delta

b. Structure Diagram as of the Initial Petition Date.



c. Significant Potential Liabilities of Debtors. ENA, and ENE as guarantor, are obligated under the swap transactions described above.

12. Cornhusker

a. Legal Structure. ENA indirectly owns 100% of the sole limited partner (10%) in Ponderosa Ltd., which owns a 263-MW cogeneration facility located in Cleburne, Texas. DPC indirectly owns 100% of the general partner interests (90%) in Ponderosa Ltd.

DPC's wholly-owned subsidiary, PPE, entered into the PPE loan agreement with various financial institutions to finance a portion of its acquisition of the general partner interests in Ponderosa Ltd. Contemporaneous with the PPE loan agreement, DPC Ponderosa, the direct 100% parent of PPE, and KBC, the agent to the financial institutions party to the PPE loan agreement, entered into the DPC option agreement, whereby KBC, as agent, was granted an irrevocable option to purchase all of DPC Ponderosa's interest in PPE.

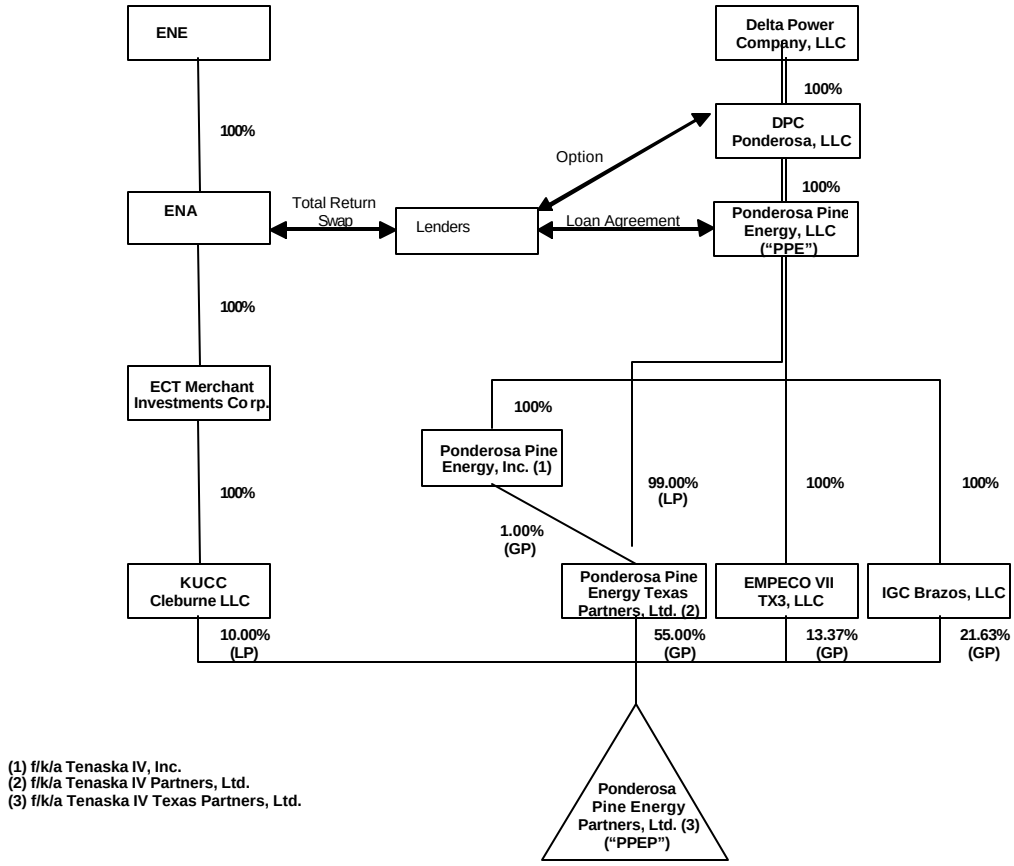
Also contemporaneous with the execution of the PPE loan agreement and the DPC option agreement, ENE entered into the Cornhusker swap with KBC, in its capacity as agent for the financial institutions, pursuant to which ENE (or its designee) was granted an irrevocable option to purchase (i) the interest in the obligations of PPE under the PPE loan agreement or (ii) the interest in PPE obtained through the exercise of the purchase option under the DPC option agreement.

Also under the Cornhusker swap, ENE agreed to make fixed quarterly payments to KBC equal to the cost of carry on the principal amount outstanding under the PPE loan

agreement, plus the commitment fee for a revolving credit commitment under the PPE loan agreement. KBC agreed to make quarterly payments to ENE of all amounts received from PPE in respect of the loans made under the PPE loan agreement. The Cornhusker swap also provided that upon the maturity or acceleration of the loans under the PPE loan agreement, ENE will pay to KBC all principal, interest, and other sums due to KBC on such date, and KBC will pay to ENE all monies received from PPE in respect of the loans as of such date.

Additionally, PPE and ENA entered into three agreements associated with PPE's indirect ownership interests in Ponderosa Ltd.: (a) a corporate services agreement whereby ENA is to provide, either itself or through affiliates or subcontractors, corporate, administrative, staffing, and project and asset management support services; (b) an oral gas management agreement whereby ENA is to provide gas management services to Ponderosa Ltd.; and (c) a consulting services agreement whereby PPE is to provide consulting services to ENA on matters relating to the development and implementation of energy strategies in Texas.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. Ponderosa Ltd. owns a 263-MW cogeneration facility located in Texas and associated contracts.

d. Significant Potential Liabilities of the Structure. The lenders to PPE had outstanding approximately $216.4 million.

e. Significant Potential Liabilities of Debtors. ENE's payment obligations under the Cornhusker swap.

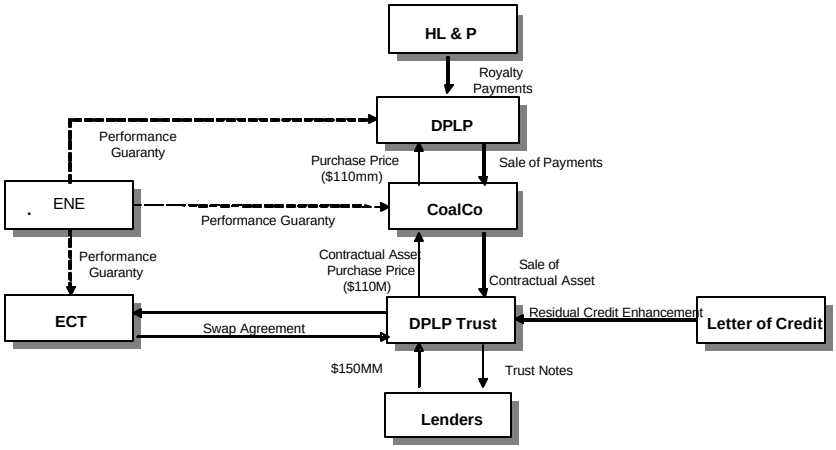
13. Destec Properties Limited Partnership

a. Legal Structure. In September 1997, DPLP, a wholly-owned subsidiary of ENA, assigned its rights to royalty payments due from HL&P to CoalCo for $110 million. CoalCo, in turn, assigned such rights to the royalty payments to the DPLP Trust for $110 million.

The DPLP Trust issued $150 million of notes with a maturity date of February 5, 2013. ENA entered into a swap agreement with DPLP Trust whereby ENA paid the monthly interest obligation of the Trust and ENA received a floating payment. ENA also received approximately $40 million for entering into the swap. A $9 million letter of credit issued by Toronto Dominion Bank to the DPLP Trust provides residual credit support to the DPLP Trust. ENE guaranteed the obligations of CoalCo and DPLP under each of the applicable transaction documents.

The DPLP Trust originally retained DPLP to act as its servicer, but DPLP was removed as servicer after the Initial Petition Date. On December 4, 2001, the DPLP Trust terminated the swap agreement with ENA.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. The DPLP Trust has a potential claim under the terminated swap with ENA and a potential claim on the remaining royalty payments from HL&P.

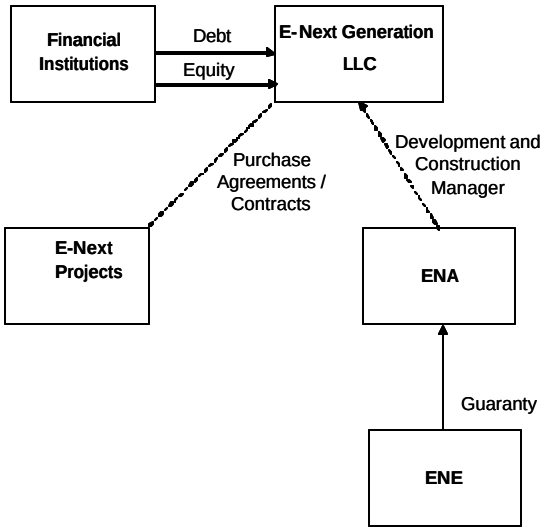
d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, the DPLP Trust had note obligations of approximately $110 million.

e. Significant Potential Liabilities of Debtors. ENA's obligations described above and ENE's guaranty of ENA's obligations.

14. E-Next

a. Legal Structure. E-Next is a Delaware limited liability company established in late 2000 to acquire, own, develop, construct, operate, and maintain the E-Next Projects. E-Next pursues its objectives through itself and certain of its subsidiaries. E-Next obtains its funding for the E-Next Projects from equity and debt, which is provided by various financial institutions.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, E-Next held purchase agreements for the manufacture of one 7FA simple cycle turbine, one heat recovery steam generator, and one steam turbine. All three contracts were terminated after the Initial Petition Date.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, the debt and equity holders had funded approximately $21 million for progress payments that E-Next had made to the equipment manufacturers.

e. Significant Potential Liabilities of Debtors. As of the Initial Petition Date, ENA, as the development and construction manager for E-Next, owed the debt and equity holders their outstanding funded amounts (approximately $21 million).

15. Enron Capital LLC

a. Legal Structure. In October 1993, ENE formed Enron Capital LLC to facilitate the issuance of $200 million in preferred equity. Enron Capital LLC, a limited life company organized under the laws of Turks and Caicos Islands, was initially a wholly-owned subsidiary of ENE. As part of this financing, the LLC sold 8.55 million shares of 8% Cumulative Guaranteed MIPS with a $25 per share liquidation preference to the public. The proceeds of the offering (together with the initial capital contribution that ENE made to the LLC) were loaned by the LLC to ENE, and are evidenced by a subordinated loan. ENE paid for the expenses and commissions relating to the offering. Enron Capital LLC exists solely for the purpose of issuing the partnership preferred securities and loaning the proceeds to ENE. The guaranty issued by ENE may give rise to a prepetition unsecured claim against ENE.

b. Significant Assets Associated with the Structure. The significant asset associated with the structure is the ENE obligation to repay the proceeds lent by Enron Capital LLC to ENE.

c. Significant Potential Liabilities of the Structure. Enron Capital LLC issued 8.55 million shares of 8% Cumulative Guaranteed MIPS with a $25 per share liquidation preference to the public. ENE guaranteed the payment of the liquidation preference and the monthly dividends relating to the MIPS, as more fully described below. There are no other liabilities in the structure.

d. Significant Potential Liabilities of Debtors. ENE guaranteed the payment in full of (A) any accumulated arrears and accruals of unpaid dividends on the MIPS securities that had been declared out of monies legally available, (B) the redemption price, including any accumulated arrears and accruals of unpaid dividends on the MIPS securities that had been declared, along with the amount payable upon redemption of the MIPS out of monies legally available, and (C) upon a liquidation of the LLC, the lesser of (i) the aggregate of the liquidation preference and all accumulated arrears and accruals of unpaid dividends (whether or not declared) on the MIPS securities to the date of such payment, and (ii) the amount of assets of the LLC remaining available for distribution in liquidation to the holders of the MIPS securities. The guaranty issued by ENE may give rise to a prepetition unsecured claim against ENE.

16. Enron Capital Resources

a. Legal Structure. In May 1994, ENE formed Enron Capital Resources, L.P. to facilitate the issuance of $75 million in preferred equity. Enron Capital Resources, L.P., a limited partnership organized under the laws of Delaware, was initially a wholly-owned subsidiary of ENE. As part of this financing, the LP sold 3 million limited partnership interests designated as 9% Cumulative Preferred Securities with a $25 per share liquidation preference to the public. The proceeds of the offering (together with the initial capital contribution that ENE made to the LLC) were loaned by the LP to ENE, and are evidenced by a subordinated loan. ENE paid for the expenses and commissions relating to the offering. Enron Capital Resources, L.P. exists solely for the purpose of issuing the preferred securities and loaning the proceeds to ENE. ENE is the sole general partner of the LP.

b. Significant Assets Associated with the Structure. The significant asset associated with the structure is the ENE obligation to repay the proceeds lent by Enron Capital Resources, L.P. to ENE.

c. Significant Potential Liabilities of the Structure. Enron Capital Resources, L.P. sold 3 million limited partnership interests designated as 9% Cumulative Preferred Securities with a $25 per share liquidation preference to the public. ENE guaranteed the payment of the liquidation preference and the monthly dividends relating to the preferred securities, as more fully described below. There are no other liabilities in the structure.

d. Significant Potential Liabilities of Debtors. ENE guaranteed the payment in full of (A) any accumulated arrears and accruals of unpaid distributions on the preferred securities that had been declared out of monies legally available, (B) the redemption

price, including any accumulated arrears and accruals of unpaid distributions on the preferred securities that had been declared, along with the amount payable upon redemption of the preferred securities out of monies legally available, and (C) upon a liquidation of the LP, the lesser of (i) the aggregate of the liquidation preference and all accumulated arrears and accruals of unpaid distributions (whether or not declared) on the preferred securities to the date of such payment, and (ii) the amount of assets of the LP remaining available for distribution in liquidation to the holders of the preferred securities. The guaranty issued by ENE may give rise to a prepetition unsecured claim against ENE.

17. Enron Capital Trust I

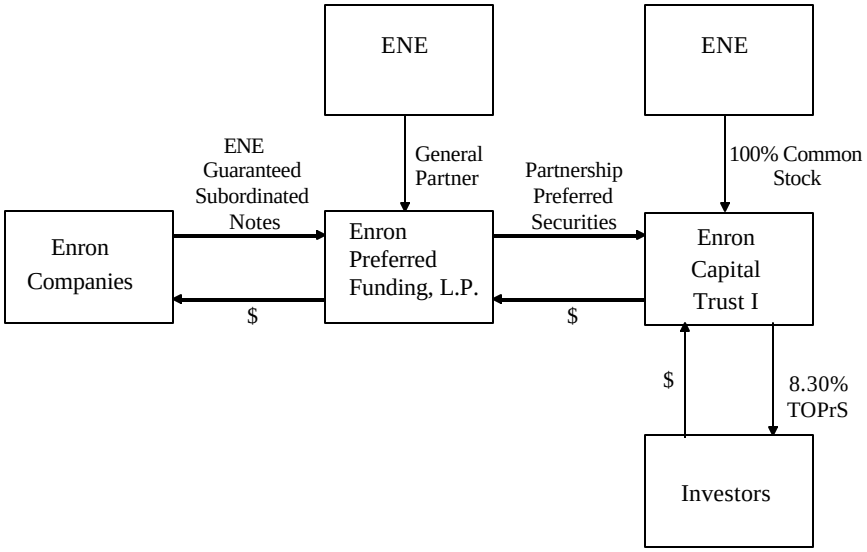
a. Legal Structure. In November 1996, ENE formed Trust I and EPF to facilitate the issuance of $200 million in trust originated preferred securities, or TOPrS.

Trust I, a Delaware statutory business trust, was initially created as a wholly-owned affiliate of ENE. As part of this financing, the trust sold 8 million shares of 8.30% TOPrS with a $25 per share liquidation value to the public. Approximately 99% of the proceeds of the offering were used by Trust I to purchase 8.30% partnership preferred securities of EPF, a Delaware limited partnership, while the remaining funds were used to purchase highly-rated debt securities from entities not affiliated with ENE. ENE guaranteed payment of the TOPrS to the limits that funds were available in Trust I, and such guaranty was subordinated to be on a parity with the highest priority of preferred stock of ENE.

EPF was established for the sole purpose of issuing partnership interests to Trust I and investing the proceeds in securities of ENE and its affiliates as well as highly-rated debt securities from unaffiliated entities. ENE owned all partnership interests in EPF, other than the partnership preferred securities, and served as EPF's general partner. After the sale of partnership interests to Trust I, ENE caused EPF to use 99% of the proceeds to purchase subordinated debentures of ENE, debentures of ENA, and debentures of ETS, and to use 1% to invest in outside investments.

Under the documents governing EPF, distributions on partnership preferred securities from income or dividends to the partnership were to be made in the sole discretion of ENE, as general partner. ENE, as general partner, also had the right, subject to the conditions set forth in the documents governing EPF, to replace any of the debentures held by EPF with equity or debt securities of affiliates of ENE.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. The significant assets associated with the structure are ENE subordinated debentures, ENA debentures, ETS debentures, and a small amount of highly-rated debt securities from entities not affiliated with ENE, comprised mainly of highly-rated fixed income securities (current balance of $2.5 million). The subordinated debentures purchased by the partnership from ENE had 20-year terms and ranked junior to all senior indebtedness of the company. The debentures purchased by the partnership from ENA and ETS had 20-year terms and ranked pari passu with senior indebtedness of these Debtors, respectively.

d. Significant Potential Liabilities of the Structure. Trust I issued 8 million shares of 8.30% TOPrS with a $25 per share liquidation value to the public. There are no other liabilities in the structure.

e. Significant Potential Liabilities of Debtors. ENE guaranteed the payment in full of (A) all accrued but unpaid distributions on the TOPrS securities to the extent that funds were available in Trust I for such distributions, (B) the amount payable upon redemption of the TOPrS to the extent that sufficient funds are available in Trust I, and (C) generally, the liquidation value of the TOPrS to the extent that there are sufficient assets in the trust available for distribution. ENE also provided these guarantees to EPF with respect to the payment of partnership distributions and liquidation amounts, if necessary, provided that the funds were available in the partnership for such distributions.

Additionally, ENE fully and unconditionally guaranteed payments in respect of the debt issued by ENE and its affiliates to EPF. All of the guarantees issued by ENE may constitute contractually subordinated unsecured obligations of the company and rank subordinate

and junior to all other liabilities of the company and rank pari passu with the most senior preferred stock issued by ENE and with any guarantee entered into by the company in respect of preferred securities issued by any affiliate.

18. Enron Capital Trust II

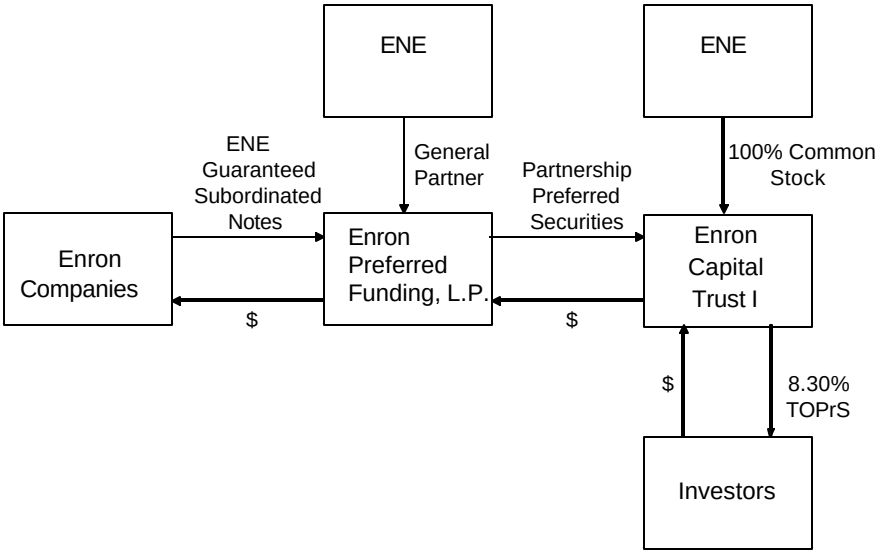
a. Legal Structure. In January 1997, ENE formed Trust II and EPF II to facilitate the issuance of $150 million in trust originated preferred securities, or TOPrS.

Trust II, a Delaware statutory business trust, was initially created as a wholly-owned affiliate of ENE. As part of this financing, the trust sold 6 million shares of 8.125% TOPrS with a $25 per share liquidation value to the public. Approximately 99% of the proceeds of the offering were used by Trust II to purchase 8.125% partnership preferred securities of EPF II, a Delaware limited partnership, while the remaining funds were used to purchase highly-rated debt securities from entities not affiliated with ENE. ENE guaranteed payment of the TOPrS to the limits that funds were available in Trust II, and such guaranty was subordinated to be on a parity with the highest priority of preferred stock of ENE.

EPF II was established for the sole purpose of issuing partnership interests to Trust II and investing the proceeds in securities of ENE and its affiliates as well as entities not affiliated with ENE. ENE owned all partnership interests in EPF II, other than the partnership preferred securities, and served as EPF II's general partner. After the sale of partnership interests to Trust II, ENE caused EPF II to use 99% of the proceeds to purchase subordinated debentures of ENE, debentures of ENA and debentures of ETS, and to use 1% to invest in outside investments. The subordinated debentures purchased by the partnership from ENE and debentures of ENA and ETS had 20-year terms and ranked junior to all senior indebtedness of the company.

Under the documents governing EPF II, distributions on partnership preferred securities from income or dividends to the partnership were to be made in the sole discretion of ENE, as general partner. ENE, as general partner, also had the right, subject to the conditions set forth in the documents governing EPF II, to replace any of the debentures held by EPF II with equity or debt securities of affiliates of ENE.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. The significant assets in the structure are ENE subordinated debentures, ENA debentures, ETS debentures, and a small amount of highly-rated debt securities from entities unaffiliated with ENE, comprised mainly of highly-rated fixed income securities (current balance of $1.8 million). The subordinated debentures purchased by EPF II from ENE had 20 year terms and ranked junior to all senior indebtedness of the company. The debentures purchased by the partnership from ENA and ETS had 20-year terms and ranked pari passu with senior indebtedness of these Debtors, respectively.

d. Significant Potential Liabilities of the Structure. Trust II issued 6 million shares of 8.15% TOPrS with a $25 per share liquidation value to the public. There are no other liabilities in the structure.

e. Significant Potential Liabilities of Debtors. ENE guaranteed the payment in full of (A) all accrued but unpaid distributions on the TOPrS securities to the extent that funds were available in Trust II for such distributions, (B) the amount payable upon redemption of the TOPrS to the extent that sufficient funds are available in Trust II, and (C) generally, the liquidation value of the TOPrS to the extent that there are sufficient assets in Trust II available for distribution. ENE also provided these guarantees to EPF II with respect to the payment of partnership distributions and liquidation amounts, if necessary, provided that the funds were available in EPF II for such distributions.

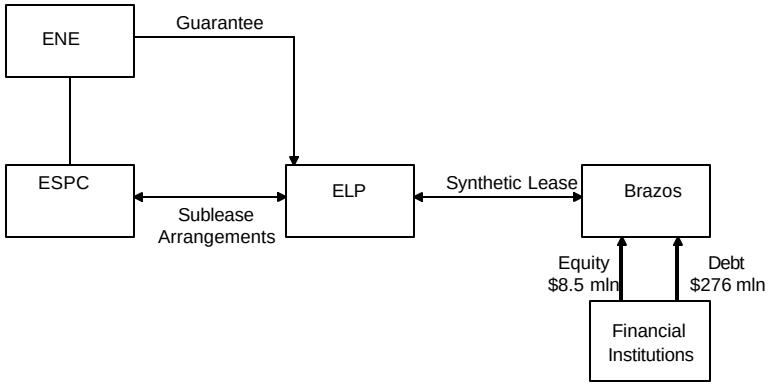
Additionally, ENE fully and unconditionally guaranteed payments in respect of the debt issued by ENE and its affiliates to EPF II. All of the guarantees issued by ENE may constitute contractually subordinated unsecured obligations of the company and rank subordinate and junior to all other liabilities of the company and rank pari passu with the most senior

preferred stock issued by ENE and with any guarantee entered into by the company in respect of preferred securities issued by any affiliate.

19. Enron Center North Synthetic Lease

a. Legal Structure. In April 1997, ENE refinanced an existing synthetic lease on the Enron Building through a new synthetic lease arrangement. To effect the refinancing, Brazos, a third-party limited partnership owned by financial institutions, acquired the fee interest in the Enron Building from Enron Houston Headquarters Trust (State Street Bank and Trust Company of Connecticut, National Association as Trustee) for $284.5 million. The purchase by Brazos was financed with proceeds of the Smith Street Loan and Smith Street Equity. Contemporaneous with such financing, Brazos and OPI, an ENE affiliate, entered into a lease, pursuant to which OPI was granted a leasehold interest in the Enron Building. OPI assigned the lease to ELP, an ENE affiliate, and the obligations of ELP under the lease were guaranteed by ENE. ELP and ENE thereafter entered into a sublease, pursuant to which ELP subleased the Enron Building to ENE, the rights and obligations of which were subsequently assigned by ENE to EPSC, a subsidiary of ENE. The Smith Street Loan is secured by a lien on the real property constituting the Enron Building and a collateral assignment of all interest of Brazos in the lease and the ENE guaranty. The lease expired in April 2002, and ENE and its affiliates have been occupying the Enron Building pursuant to forbearance arrangements described in the structure resolution section below.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. The only asset included in the synthetic lease structure is the Enron Building.

d. Significant Potential Liabilities of the Structure. Brazos incurred the Smith Street Loan in the original principal amount of $275,965,000. As security for this loan, Brazos assigned to the banks its rights, title, and interest in both the lease to OPI and the corporate guarantee from ENE.

e. Significant Potential Liabilities of Debtors. During the life of the lease, ELP had various financial obligations guaranteed by ENE, including but not limited to payment for rent, insurance, maintenance, and taxes. As of end of the lease, the parties to the structure may have certain options which include, without limitation: (i) ELP could refinance the lease; (ii) ELP could purchase the Enron Building for $284,500,000; or (iii) if ELP neither refinanced

the lease nor purchased the Enron Building, then the Enron Building could be sold to a third party, and to the extent of any deficiency between the amount of sales proceeds and structure liabilities, ENE might be liable for up to approximately $284,500,000. Application and interpretation of the terms of documents governing this structure will determine the priority of the ultimate distribution of any amounts received in respect of structure liabilities and sales of structure assets among the third-party holders of structure debt and equity, and ELP and ENE.

f. Structure Resolution. On May 14, 2002, JPMCB, as agent for the bank syndicate, ELP, ENE, and EPSC entered into a forbearance agreement in which the banks agreed not to pursue before April 1, 2003 any rights and remedies that may be available to them as a result of defaults asserted by the banks under certain structure documents in exchange for (A) ENE paying all due but unpaid rent and amounts under certain parking, building, and common area services agreements as of May 14, 2002, (B) ENE paying rent monthly in reducing amounts as outlined in the agreement, (C) ENE paying 2001 and 2002 property taxes, (D) ENE maintaining adequate insurance on the Enron Building, and (E) ENE remaining current on certain parking, building, and common area services agreements. The initial forbearance agreement was subsequently amended twice to, among other things, extend the forbearance period until April 30, 2003 and May 31, 2003, and reduce the amount of rent payable and space occupied by ENE and its affiliates. The initial forbearance agreement then was further amended in May 2003 to (a) effectively extend the forbearance period until March 31, 2004, (b) provide for a sale of the Enron Building pursuant to an auction to be conducted under the supervision of the Bankruptcy Court on a date not later than November 15, 2003, (c) provide for a deed in lieu of foreclosure of the Enron Building to JPMCB, as agent for the banks, on December 31, 2003 if the auction sale has not been consummated, (d) provide for the form of lease to be entered into by the new owner of the Enron Building upon a title transfer under either preceding clause (b) or (c), with such lease expiring March 31, 2004 and being on substantially the same economic terms for the same occupancy as provided in the amended forbearance agreement, and (e) provide the methodology for calculating any deficiency claim, taking into account the sales price of the Enron Building in the auction or its appraised value in the event of a deed in lieu of foreclosure.

20. Enron Corp. "Equity Forwards"

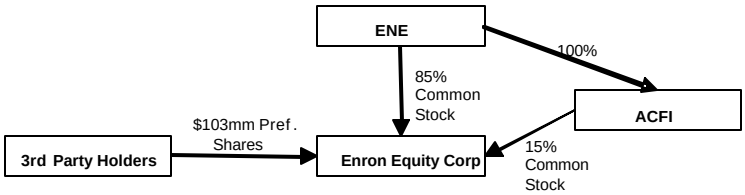
a. Legal Structure. ENE entered into certain agreements with various counterparties that have at times been referred to as "Equity Forwards" and "Equity Swaps" and purport to provide, in general and among other terms, that ENE would purchase a specified number of shares of its common stock at a fixed price on a pre-set future date, or ENE would make periodic payments on pre-set future dates based on a contractual formula tied to the price of its common stock.

b. Significant Potential Liabilities of the Debtors. In connection with the foregoing, a claim has been asserted by one counterparty alleging that ENE obligated itself under an agreement which purports to provide for a note payable obligation to the counterparty in an amount in excess of $173 million, and claims have also been asserted by at least two other counterparties alleging that ENE is liable to them under agreements in amounts totaling in excess of $125 million.

21. Enron Equity Corp.

a. Legal Structure. In December 1994, ENE formed Enron Equity to hold indirect interests in certain international assets and to issue preferred stock through a private placement to third-party investors. Enron Equity sold 880 shares of 8.57% preferred stock for $88 million. Enron Equity used the funds received in the private placement to purchase investments, including (1) $35,568,509 of 9.142% Perpetual Second Preferred Stock of ENE, (2) an 8.645% 5-year, fixed rate senior unsecured note of ENE in the amount of $59,280,848, (3) an 8.831% 30-year, fixed rate senior unsecured note of ENE in the amount of $22,651,212 and (4) a 5-year warrant to purchase an additional $59,280,848 of 8.645% 5-year, fixed rate senior unsecured notes of ENE. In April 1996, Enron Equity sold 150 shares of 7.39% preferred stock for $15 million. Enron Equity used the funds received to purchase additional notes from ENE.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. At the Initial Petition Date, Enron Equity held several ENE obligations described above and an indirect interest in several international projects through an equity ownership in EGPP.

d. Significant Potential Liabilities of the Structure. The holders of the preferred stock can demand redemption after Enron Equity fails to pay dividends for six consecutive quarters. The holders of at least 80% of the preferred stock demanded redemption in May 2003.

e. Significant Potential Liabilities of Debtors. ENE note and preferred stock obligations as described above.

22. Enron Funding Corp./Monte

a. Legal Structure. Enron Funding, a Delaware corporation and a wholly-owned subsidiary of ENE, entered into the CP Program, pursuant to which Enron Funding issued up to $350 million in U.S. dollar denominated, short-term promissory notes ("CP Notes") in the commercial paper market to qualified institutional buyers and accredited investors. The CP Notes had varying maturity dates ranging up to 85 days, carried an S&P rating of A-1+ and a Moody's rating of P-1, and were unsecured. Enron Funding's obligations to pay the CP Notes on maturity were guaranteed by ENE. The aggregate face amount of all outstanding CP Notes could not exceed the amount of funds available under the Liquidity Facility (as described below) less $5 million. Each CP Note was sold at a discount and, thus, the net proceeds received by Enron Funding was less than the face value of each CP Note. The net proceeds from the CP Program, to the extent not used to repay maturing CP Notes, were loaned by Enron Funding to ENE on an unsecured basis.

The CP Program was backed by Enron Funding's $355 million Liquidity Facility. The Liquidity Facility was led by Barclays and syndicated to several banks that had ratings from S&P and Moody's of A-1+ or P-1, respectively. Under the Liquidity Facility, the banks provided immediately available funds to Enron Funding to pay amounts due upon maturity of the CP Notes and, except at the maturity of the CP Program, to allow Enron Funding to make working capital loans to ENE under the Enron Revolving Credit Facility (as discussed below). Enron Funding's payment obligations under the Liquidity Facility were guaranteed by ENE.

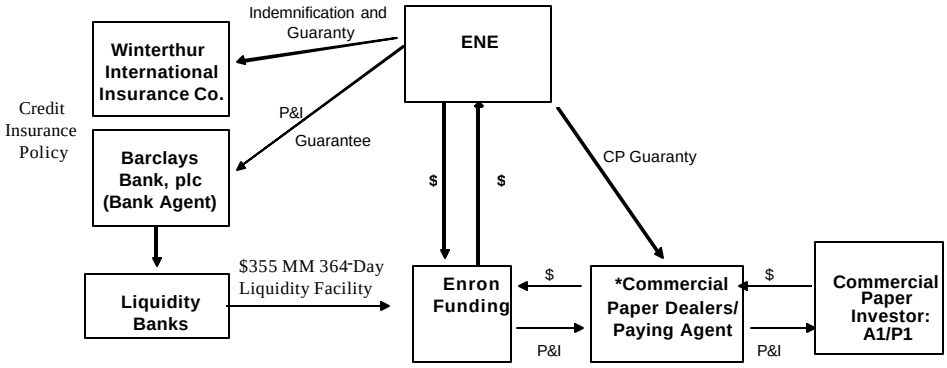
To insure against losses incurred for any unpaid amounts under the Liquidity Facility, the banks thereunder obtained a $355 million Credit Insurance Policy from Winterthur, an English insurance company that syndicated the credit risk to seven other underwriters.

To the extent Enron Funding had proceeds available from the Liquidity Facility and the CP Program, Enron Funding agreed to make certain loans to ENE of up to $355 million pursuant to the terms of the Enron Revolving Credit Facility. The principal amount of each loan made by Enron Funding to ENE under the Enron Revolving Credit Facility equaled the net proceeds received by Enron Funding from the corresponding issuance of CP Notes in the CP Program on such date. Each such loan made by Enron Funding to ENE carried a rate of interest per annum equal to (i) the discount rate at which the corresponding CP Notes were issued under the CP Program (as converted to an interest-bearing equivalent rate) plus (ii) an agreed margin. The loans issued by Enron Funding to ENE matured on the same date as the corresponding tranche of CP Notes issued by Enron Funding to the commercial paper market. ENE used the proceeds from the Enron Revolving Credit Facility for general corporate purposes.

In the event the underwriters under the Credit Insurance Policy were required to pay the banks for a claim made under the Credit Insurance Policy, then (i) ENE and Enron Funding were obligated to pay the underwriters for such claimed amounts pursuant to an indemnity, (ii) ENE and Enron Funding were obligated to pay a step up premium to the insurers pursuant to certain premium adjustment agreements, (iii) the underwriters were entitled to exercise a right to subrogation to the rights of the banks to receive payment from Enron Funding for the amount of the claim paid by the underwriters, (iv) Enron Funding was obligated to pay (to the extent it has funds to do so) the underwriters for the amounts subrogated by the underwriters under the Liquidity Facility pursuant to a note payable to the underwriters, and (v) to the extent Enron Funding is unable to pay the amounts owed under the note payable to the underwriters, ENE guaranteed such payment.

In December 2001, Enron Funding made two draws on the Liquidity Facility in the aggregate principal amount of $58,290,000 to repay certain CP Notes. The underwriters under the Credit Insurance Policy paid the banks for such amount in accordance with the terms of the Credit Insurance Policy.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets. Enron Funding has approximately $400,000 of cash and a receivable from ENE in the amount of approximately $58 million relating to unpaid advances under the Enron Revolving Credit Facility.

d. Significant Potential Liabilities of the Structure. Enron Funding has the obligation to pay the principal and interest on the outstanding amounts advanced under the Liquidity Facility. Barclays has claimed approximately $192,000 under the Liquidity Facility in unclaimed fees and expenses.

Enron Funding has the contingent obligation to indemnify Barclays, as the bank insurance agent, for any damages arising out of or related to the Credit Insurance Policy or the Liquidity Facility pursuant to the terms of an indemnity agreement dated as of March 6, 2000, by and between Enron Funding, ENA, and Barclays.

Enron Funding is obligated to pay the underwriters under the Credit Insurance Policy for any amounts paid by the underwriters to the banks for claims made under the Credit Insurance Policy under the terms of (i) a Deed of Indemnity dated as of March 6, 2000, (ii) a promissory note entered into to evidence the underwriters' right of subrogation, and (iii) certain premium adjustment agreements under which Enron Funding are obligated to pay a "step-up premium" in an amount equal to a specified percentage of the claim amount, but in the case of (i) and (ii) above only to the extent it has funds available for such payment which are not then needed to pay maturing CP Notes.

Enron Funding has the obligation to pay a fee to ENE for its duties as servicing agent under the terms and conditions of that certain administrative services agreement dated as of March 6, 2000, by and between Enron Funding and ENE, as servicing agent.

e. Significant Potential Liabilities of Debtors. ENE guaranteed the obligations of Enron Funding under a number of different guarantees and indemnities in favor of: (i) Chase Manhattan Bank, as issuing and paying agent for the CP Notes and as a fiduciary for

certain purposes for the holders of the CP Notes, (ii) the holders of the CP Notes, (iii) Barclays, as administrative agent on behalf of the banks under the Liquidity Facility, (iv) Barclays, as bank insurance agent under the Liquidity Facility, (v) the banks who are lenders under the Liquidity Facility, (vi) the parties indemnified under the Liquidity Facility, and (vii) the underwriters pursuant to the Deed of Indemnity for any amounts paid under the Credit Insurance Policy.

ENE was also obligated to pay (i) the principal and interest due on the aggregate outstanding loans made by Enron Funding to ENE under the Enron Revolving Credit Agreement, and (ii) a monthly lender facility fee to Enron Funding based upon the maximum amount ENE was entitled to borrow under the Enron Revolving Credit Agreement.

23. Enron Teeside Operations Ltd.

a. Legal Structure.

(i) ETOL I & II. As part of these transactions, RBSF purchased B shares of TOH4L. RBSF financed this purchase through the issuance of approximately GBP 161.5 million in senior and subordinated debt and approximately GBP 5.6 million in equity. At closing, RBSF entered into a total return swap with ENE under which RBSF and ENE agreed to make payments to one another based on (i) the distributions received by RBSF on the B shares and (ii) the amounts owed by RBSF on its senior and subordinated debt. If on any date when interest or principal are due under RBSF's debt agreements the distributions received by RBSF on the B shares exceeds principal and interest due, then RBSF will pay the excess distributions to ENE under the swap. If, on the other hand, distributions received on the B shares are less than the principal and interest payments due, then ENE shall pay RBSF an amount equal to the shortfall.

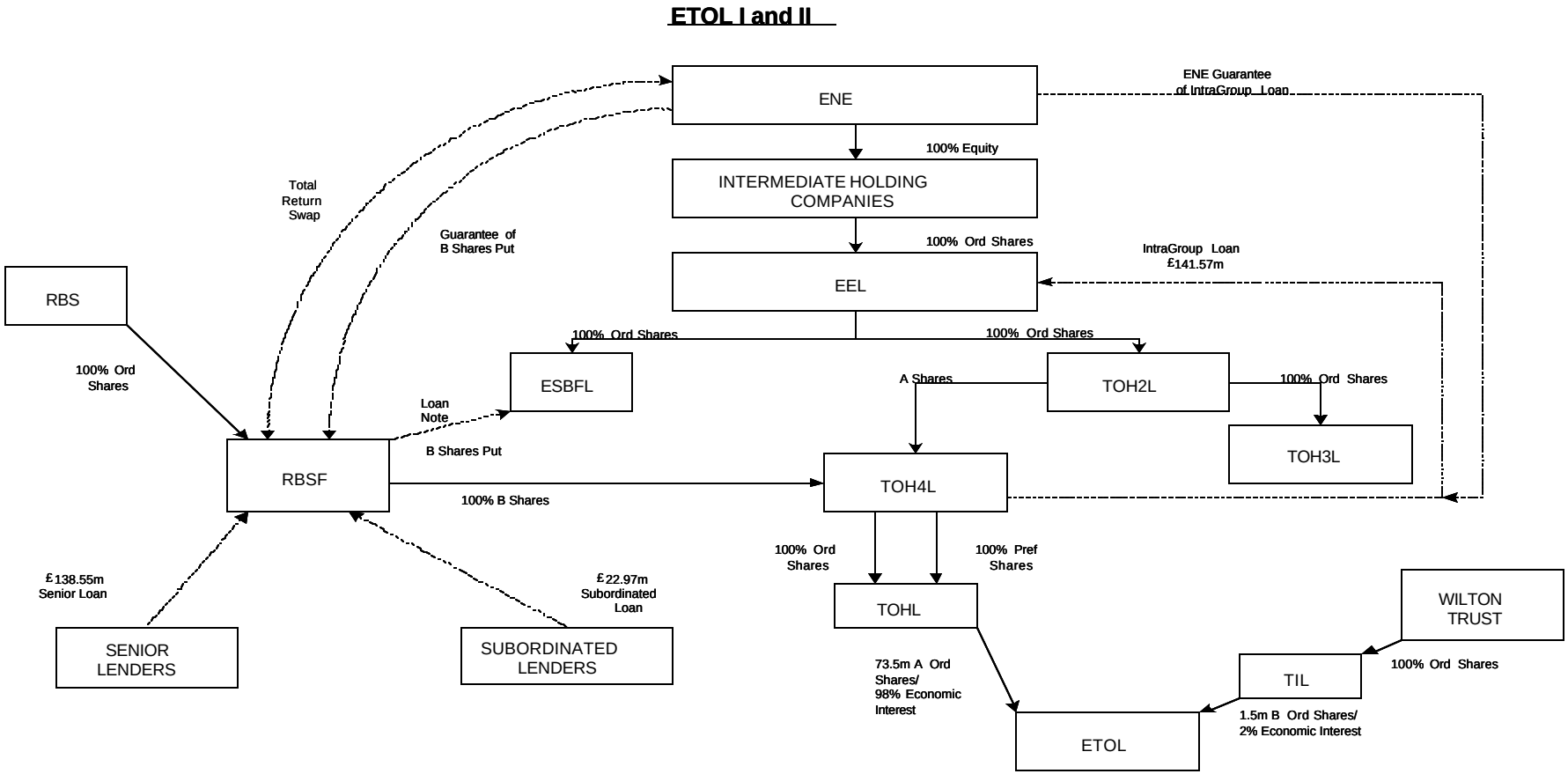
In connection with RBSF's purchase of the B shares of TOH4L, ESBFL granted RBSF a right to put the B shares to ESBFL upon the occurrence of an event of default or other event that causes an early termination of the total return swap with ENE. ENE guaranteed ESBFL's obligations under such put agreement.

As part of the ETOL I & II transactions, TOH4L provided a loan of GBP 141.6 million to EEL. ENE guaranteed EEL's obligations under this loan.

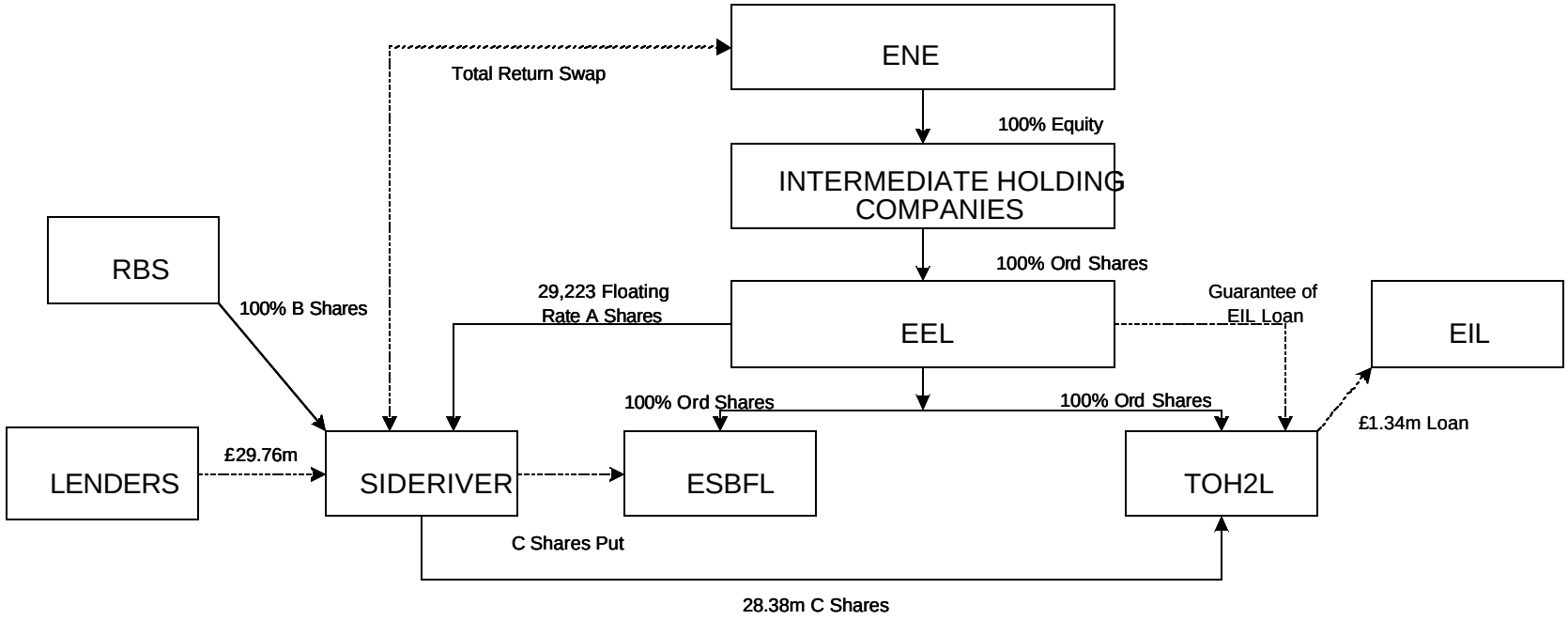
(ii) ETOL III. In the ETOL III transaction, Sideriver, a company incorporated under the laws of England and Wales, purchased C shares in TOH2L, a private company incorporated in England and Wales. As part of its financing efforts, Sideriver borrowed GBP 29.76 million from RBS. Sideriver simultaneously entered into a total return swap with ENE under which Sideriver and ENE agreed to make payments to one another based on (i) the distributions received by Sideriver on the C shares and (ii) the amounts owed on its debt to RBS. If on any date when interest or principal are due under the debt agreement the distributions received by Sideriver on the C shares exceed principal and interest due to RBS, then Sideriver will pay the excess distributions to ENE. If, on the other hand, distributions are less than the principal and interest payments due, then ENE shall pay Sideriver an amount equal to the shortfall. The aggregate principal balance due under Sideriver's debt agreement with RBS is approximately GBP 27.96 million.

ESBFL granted Sideriver a right to put the C shares to ESBFL, and ENE guaranteed ESBFL's obligations under such put agreement.

b. Structure Diagram as of the Initial Petition Date.



ETOL III


ENE
Total Return Swap
100% Equity
INTERMEDIATE HOLDING COMPANIES
RBS
100% Ord Shares
29,223 Floating Rate A Shares
100% B Shares
EEL
Guarantee of EIL Loan
EIL
100% Ord Shares
100% Ord Shares
£1.34m Loan
LENDERS
£29.76m
SIDERIVER
ESBFL
TOH2L
C Shares Put
28.38m C Shares

c. Significant Assets Associated with the Structure. The significant asset related to ETOL I and II was ENE's indirect interest in ETOL, represented by the TOH4L B shares. The B shares had a fixed rate of return and the residual economics of TOH4L that did not flow to RBSF through the B shares was owned by TOH2L. These residual economics, represented by the TOH2L C shares, were monetized in the ETOL III transaction.

d. Significant Potential Liabilities of the Structure. As part of ETOL I and II, RBSF issued GBP 141.5 million in senior debt and GBP 23 million in subordinated debt. Sideriver owes GBP 27.96 million to RBS in the ETOL III transaction.

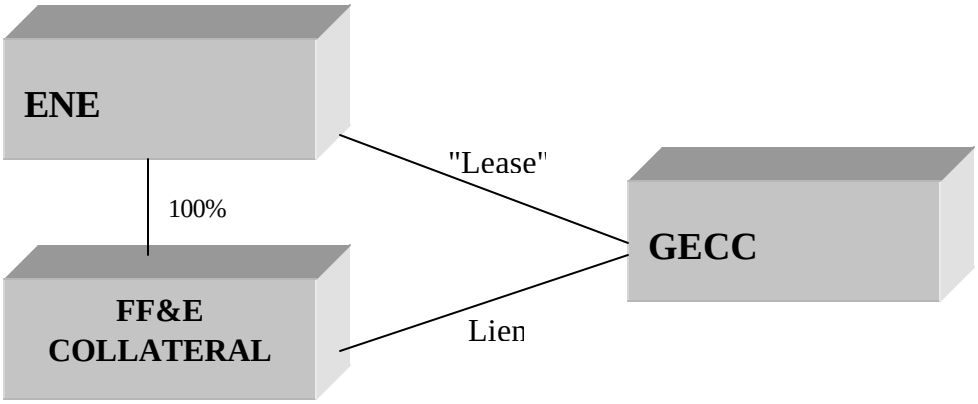
e. Significant Potential Liabilities of Debtors. ENE entered into total return swaps with RBSF and Sideriver as part of these transactions, as discussed above, as well as guarantees for the benefit of RBSF, EEL, and Sideriver.

24. FF&E Synthetic Lease

a. Legal Structure. On March 29, 2001, ENE entered into a synthetic lease with GECC on certain furniture, fixtures, and equipment located at the Enron Building, and allowing for the future financing of furniture, fixtures, and equipment to be located at Enron Center South. The initial financing, which occurred at the closing, was approximately $14 million, and refinanced collateral that was previously involved in a synthetic lease with Sumitomo Bank Leasing and Finance, Inc.

On June 29, 2001 and September 26, 2001, ENE financed additional furniture and fixtures in connection with Enron Center South in the aggregate amount of approximately $7.5 million. Although the documents provided GECC the ability to assign its rights to a commercial paper conduit, ENE is not aware of any such assignment taking place.

b. Structure Diagram as of the Initial Petition Date.



c. Significant Assets Associated with the Structure. Although the documentation is phrased as a lease for accounting purposes, the parties acknowledged that ENE continued to own the assets, subject to the lien of GECC.

d. Significant Potential Liabilities of the Structure. At the Initial Petition Date, approximately $21.5 million was outstanding in connection with this facility.

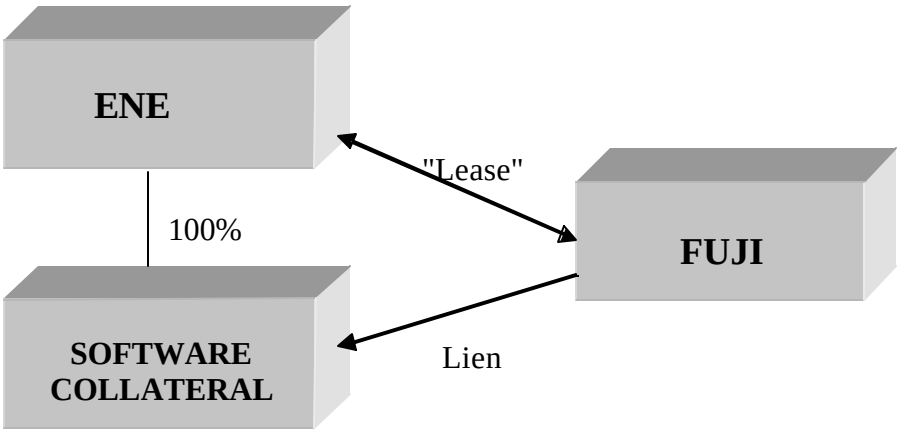
e. Significant Potential Liabilities of Debtors. During the existence of the financing, ENE had various obligations including, but not limited to, payment of rent, insurance, maintenance, and taxes. ENE's current obligations are set forth in the stipulations discussed below.

f. Structure Resolution. On January 22, 2002, ENE entered into a stipulation with GECC providing for the payment of adequate protection to GECC for the continued use of the collateral. On January 16, 2003, ENE and GECC entered into a stipulation relating to the sale of certain collateral encumbered by the GECC liens located in the Enron Building, which among the things, established the value of the collateral located in the Enron Building, provided GECC with an allowed secured claim relating to the sale of such collateral, provided GECC with the payment of the proceeds derived from the sale of such collateral, and amended the adequate protection stipulation previously entered into between the parties. ENE continues to use the collateral located at the Enron Building that is subject to GECC's lien, and continues to pay the stipulated amount of adequate protection to GECC.

25. Fuji Software Lease

a. Legal Structure. On June 25, 1993, ENE entered into a synthetic lease with Fuji relating to certain of ENE's internally developed software. The documents relating to the software lease were amended a number of times, most recently on June 28, 2001, to effect, among other things, a refinancing of the facility.

b. Structure Diagram as of the Initial Petition Date.



c. Significant Assets Associated with the Structure. Although the documentation is phrased as a lease for accounting purposes, the parties acknowledged that ENE continued to own the software, subject to the lien of Fuji.

d. Significant Potential Liabilities of the Structure. At the Initial Petition Date, approximately $44 million was outstanding in connection with this facility.

e. Significant Potential Liabilities of Debtors. During the existence of the financing, ENE had various obligations including, but not limited to, payment of rent, insurance, and taxes.

f. Structure Resolution. On March 27, 2003, the Bankruptcy Court entered an agreed order approving a settlement between ENE and Fuji. The settlement provided for the payment of $39.5 million to Fuji and its affiliates and provided for an Allowed General Unsecured Claim in favor of Fuji in the amount of $8 million, in return for certain releases from Fuji.

26. Gallup/Kachina

a. Legal Structure. ECS is the owner of the Class A membership interests in ECC LLC and its managing member.

(i) Project Kachina. As of June 30, 1999, ECS assigned and contributed to ECC LLC (i) all of ECS's interests in and to certain electric motor drivers and appurtenant equipment located at Transwestern's Bisti Compressor Station and Bloomfield Compressor Station in New Mexico and (ii) all of ECS's rights and obligations in and to certain related contracts, including compression services agreements, operations maintenance agreements, and PPAs.

As consideration, ECC LLC issued Class B membership interests to ECS, which ECS assigned to Echo, a third-party equity investor, for a net payment of $6.7 million. The Class B membership interests entitle Echo to a sharing ratio of 81% in ECC LLC's Kachina business, while ECS, as the owner of the Class A membership interests, has a 19% sharing ratio in ECC LLC's Kachina business.

(ii) Project Gallup. As of March 30, 2000, ECS assigned and contributed to ECC LLC (i) ECS's right, title, interest and claim to a certain electric motor driver and appurtenant equipment located at Transwestern's Gallup Compressor Station in New Mexico, and (ii) all of ECS's rights and obligations in and to certain related contracts, including a compression services agreement, operations maintenance agreement, and PPA (subject to some exceptions).

As consideration, ECC LLC issued Class C membership interests to ECS, which ECS assigned to Echo for a net payment of $4.5 million. The Class C membership interests entitle Echo to a sharing ratio of 95% in ECC LLC's Gallup business, while ECS, as the owner of the Class A membership interests, has a 5% sharing ratio in ECC LLC's Gallup business.

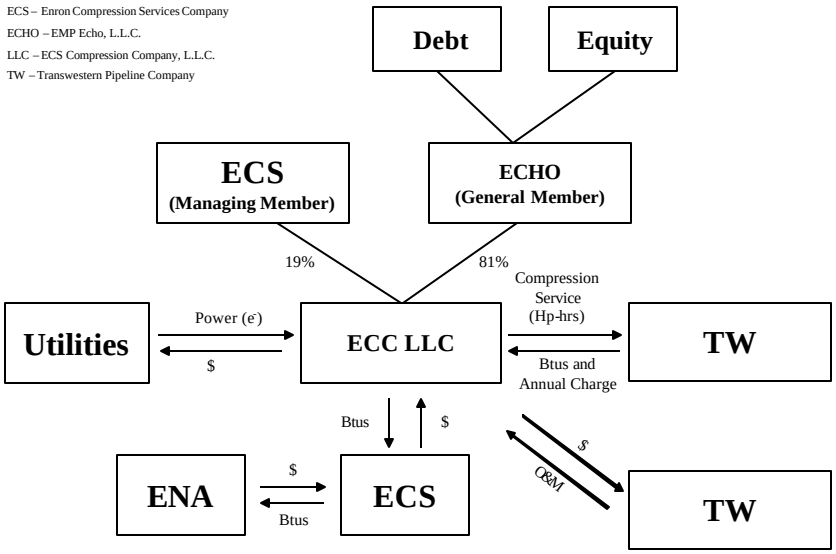
Under agreements for both the Kachina and Gallup projects, ECC LLC provides compression services to Transwestern in exchange for a specified amount of natural gas and an annual service charge. ECC LLC sells the natural gas to ECS pursuant to an Enfolio Master Firm Purchase Agreement for a fixed price. ECS in turn sold the gas to ENA pursuant to an

Enfolio Master Firm Purchase Agreement; however, that agreement was terminated on or after the Initial Petition Date.

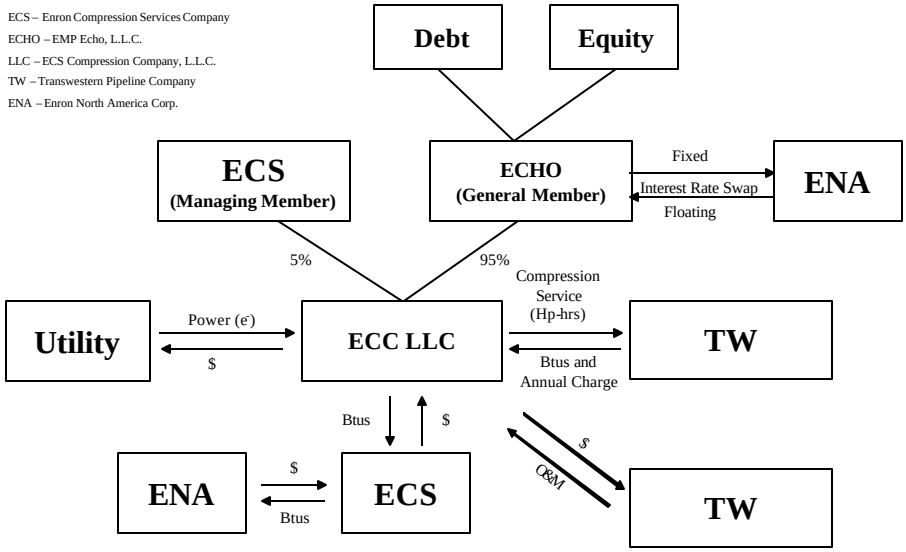
As of the Initial Petition Date, ENA and Echo were parties to an interest rate swap in connection with the Gallup structure pursuant to which Echo pays ENA a fixed rate (8.48%) and ENA pays Echo floating LIBOR + 1.25%. The swap has not been terminated, and ENA is exposed to fluctuations in LIBOR rates.

b. Structure Diagrams.

(i) Kachina.



(ii) Project Gallup



c. Significant Assets Associated with the Structure. ECC LLC owns the compressor motors and equipment located at the Bisti and Bloomfield Compressor Stations and at the Gallup Compressor Station and associated contracts.

d. Significant Potential Liabilities of the Structure. Certain potential tax obligations of ECC LLC are to be determined.

e. Significant Potential Liabilities of Debtors. ENE indemnified Echo for certain liabilities relating to Echo's ownership interest in ECC LLC.

27. Hawaii

a. Legal Structure. At the Initial Petition Date, Project Hawaii consisted of nine separate asset monetizations through either Hawaii I or Hawaii II. Hawaii I was established as a nine-month revolving facility and Hawaii II was established as a two-year revolving facility.

Each monetization involved five to six individual parties: a Sponsor, which is ENE or an ENE consolidated subsidiary that desired to monetize the present value of an asset; an Asset LLC and a Transferor LLC (each formed by the Sponsor); either Hawaii I or Hawaii II; a Swap Counterparty (usually ENA), and a Guarantor (where required, ENE).

Each Sponsor contributed an asset to a separate Asset LLC. In exchange for such contributions, the Sponsors received Class A membership interests in the various Asset LLCs and a right to receive a special distribution on the closing date but after the closing time for the

transaction. A Class A interest represents 100% of the voting power, with certain restrictions, of such Asset LLC and the right to receive .01% of all distributions made by the Asset LLC.

Each Asset LLC issued its Class B membership interest to the Transferor LLC in return for the contribution of a promissory note from the Transferor LLC. The Class B interests are non-voting. Each Transferor LLC assigned the Class B interest to a series of either Hawaii I or Hawaii II.

Hawaii I and Hawaii II were initially formed with a contribution of $100 by CIBC in return for a beneficial interest certificate, CIBC, in its capacity as holder of the beneficial interest certificate, then directed the Owner Trustee (Wilmington) to establish a separate series of the applicable trust to purchase and separately account for and hold each Class B interest.

Hawaii I and Hawaii II are each a party to a credit facility, each dated November 20, 2000, each among CIBC, as administrative agent, CIBC World Markets Corp., as sole lead arranger and bookrunner, First Union National Bank and SAN PAOLO IMI S.p.A, as co-arranger, BNP Paribas, as syndication agent, Bayerische, as documentation agent, and the lenders party thereto.[13]

In order to finance the purchase of Class B interests, Hawaii I and Hawaii II (i) issued Series Certificates of Beneficial Ownership to CIBC and (ii) drew down advances under the Credit Facilities. The aggregate cash purchase price for all Series Certificates purchased by CIBC, in its capacity as holder of the Series Certificates of Beneficial Ownership, was $18,733,305.[14] Interest accrues on the Series Certificate at an aggregate rate equal to 15% per annum. Through separate tranches under each Credit Facility, Hawaii I and Hawaii II drew down aggregate principal amount equal to $436,430,114.[15] The interest rate payable under the Credit Facility is equal to (i) a rate not higher than the Federal Funds Rate plus 0.5%, in the case of base rate advances, and (ii) the LIBOR rate for the applicable one-, two- or three-month periods (as selected by the applicable trust) plus 0.55% (Hawaii I) or 0.75% (Hawaii II), in the case of LIBOR rate advances.

Upon receipt of the proceeds of the sale of the Class B Membership interest from the applicable trust, the Transferor LLC paid the note to the Asset LLC. Upon receipt of the payment on the note, the Asset LLC made a special distribution to the Sponsor. The Sponsors received an aggregate amount in special distributions equal to $455,163,419.

In connection with each purchase of a Class B interest, ENA (or in limited circumstances, ENE) and the applicable trust entered into a total return swap agreement, pursuant to which (i) on each interest payment date under the Credit Facility (x) ENA paid the

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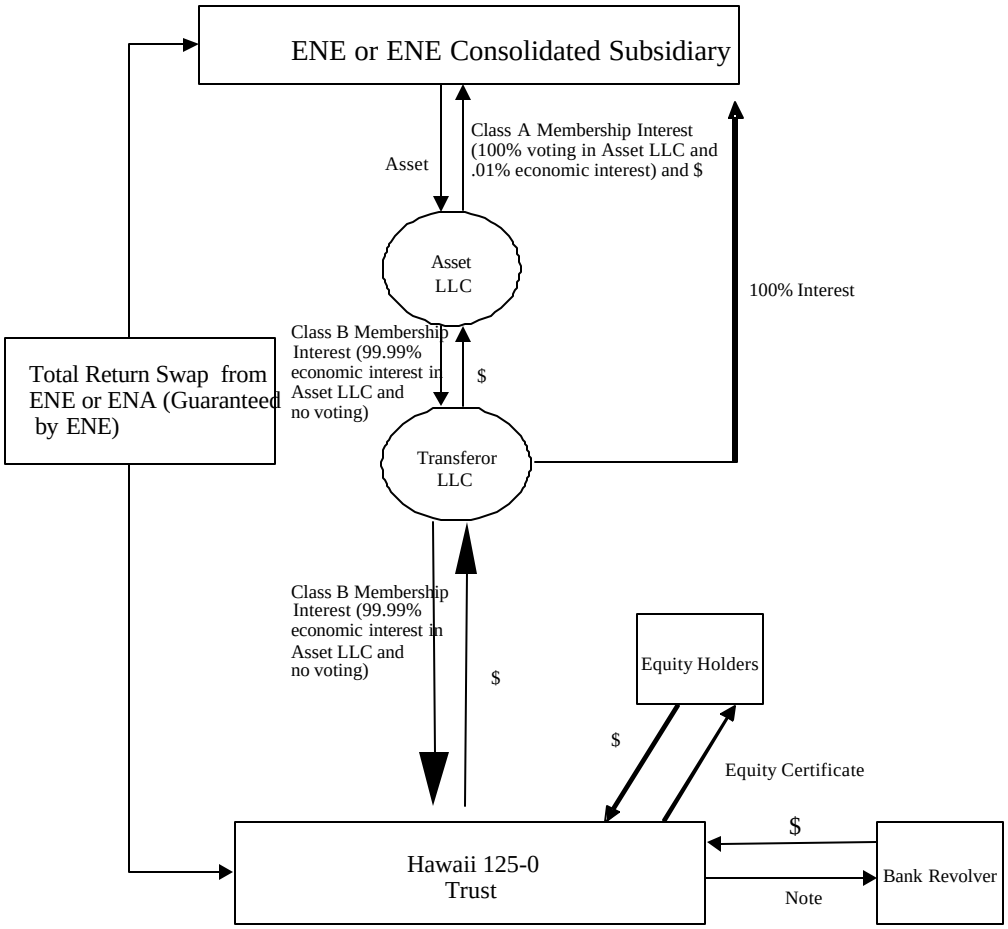
[13] The Hawaii I Credit Facility had a committed amount of $165 million, and the Hawaii II Credit Facility had a committed amount of $385 million.

[14] $12,733,305 of Series Certificates were issued for Hawaii II and $6 million for Hawaii I.

[15] $273,998,298 was drawn under the Hawaii II Credit Facility and $162,431,816 was drawn under the Hawaii I Credit Facility.

applicable trust all interest and other sums due to the lenders on such date and (y) the applicable trust paid to ENA all monies or other consideration received with respect to the Class B interest as of such date less any amounts payable on the Series Certificate on such date and (ii) on the maturity date of the loans under the Credit Facility, (x) ENA paid to the applicable trust all principal, interest, and other sums due to the lenders on such date and (y) the applicable trust paid to ENA all funds on hand on such date, less any amounts payable to CIBC, as the holder of the Series Certificate. The lenders have priority over CIBC, in its capacity as holder of the Series Certificate with respect to all distributions to be made by Hawaii I or Hawaii II, and consequently the swap agreement provides credit support only for the loans under the Credit Facility. Payments made by ENA to Hawaii I or Hawaii II under the swap agreement cannot be applied in re-paying CIBC, in its capacity as holder of the Series Certificate, or paying accrued yield on the Series Certificate.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure.

(i) **<u>Series McGarret Q</u>** McGarret III, L.L.C., as the Asset LLC, holds a Special Warrant to purchase 2,791,800 shares of non-voting common stock of New Power Holdings, Inc. at a price of $0.05 per share.

(ii) **Series McGarret R.** McGarret II, L.L.C., as the Asset LLC, holds a Special Warrant to purchase 8,458,200 shares of non-voting common stock of New Power Holdings, Inc. at a price of $0.05 per share.

(iii) **Series McGarret S.** McGarret I, L.L.C., as the Asset LLC, holds a Special Warrant to purchase 6,766,400 shares of the non-voting common stock of New Power Holdings, Inc. at a price of $0.05 per share.

(iv) **Series McGarret I.** McGarret VIII, L.L.C., as the Asset LLC, holds a Class C Membership Interest in EBS Content Systems L.L.C.

(v) **Series McGarret J.** McGarret X, L.L.C., as the Asset LLC, holds a Class A Membership Interest in LE Hesten Energy LLC.

(vi) **Series McGarret L.** McGarret XII, L.L.C., as the Asset LLC, holds a Series A Porcupine Certificate of Tahiti Trust in the amount of $30 million representing a fractional interest in a $259,212,085 Porcupine Note made payable to Pronghorn I, LLC by Porcupine I LLC.

(vii) **Series McGarret T.** McGarret XI, L.L.C., as the Asset LLC, holds 100% of the outstanding shares of common stock in CGas Inc.

(viii) **Series McGarret U.** McGarret XIII, L.L.C., as the Asset LLC, holds a Series Porcupine B Certificate of Tahiti Trust in the amount of $20 million, which represents a fractional interest in a $259,212,085 Porcupine Note made payable to Pronghorn I, LLC by Porcupine I LLC.

(ix) **Series McGarret V.** McGarret VI, L.L.C., as the Asset LLC, holds a Class B Certificate representing a $15 million beneficial interest in European Power Limited Company. The Amended and Restated Trust Agreement of European Power Limited Company controls the transfer of this Class B Certificate. Enron European Power Investor LLC, as the Sponsor, remains the record holder of this certificate. The Sponsor is required to transfer legal title to the certificate upon request by the Asset LLC.

d. Significant Potential Liabilities of the Structure. The amount outstanding under the Hawaii I Credit Facility is approximately $162 million. The amount outstanding under the Hawaii II Credit Facility is approximately $274 million.

e. Significant Potential Liabilities of Debtors. Under the swap agreements, ENA, where it is a party to such agreements, and ENE, as swap counterparty or guarantor, may be obligated for the difference between the amounts received by Hawaii I or Hawaii II in asset sales or other distributions from assets, and the amounts outstanding under the Credit Facilities.

28. Inauguration/Eletrobolt

a. Legal Structure. Project Inauguration is a $475 million, 20-month term facility set up in December 2000 to (1) finance, develop, and construct Eletrobolt in the State of

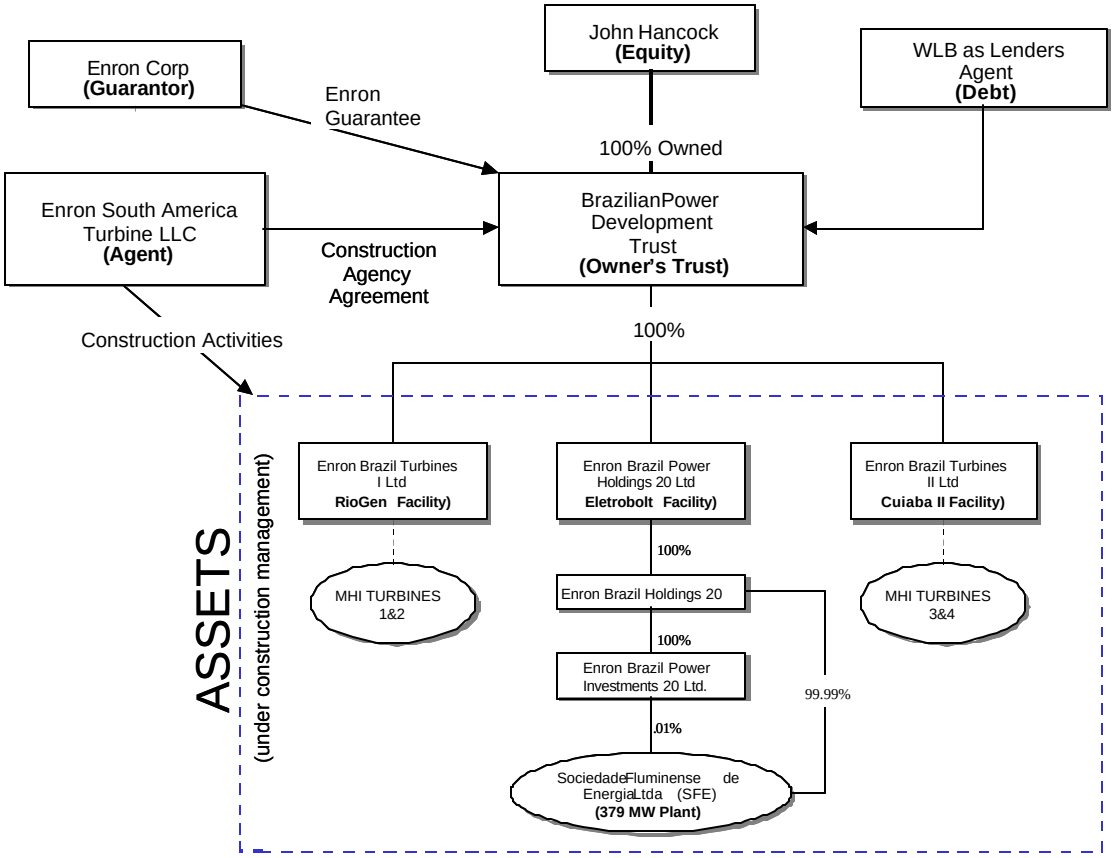
Rio de Janeiro, Brazil and (2) order for purchase four MHI natural gas turbines, two each of which were to be used in the development of the RioGen and Cuiabá II power plant projects in Brazil. Project Inauguration was set up to satisfy accounting requirements to allow off-balance-sheet treatment of certain types of construction loans.

Project Inauguration was effected through a construction agency agreement between BPDT, ESAT, an indirect wholly-owned subsidiary of ENE, and Wilmington (BPDT's administrative agent). The owner of the Eletrobolt project and the RioGen and Cuiabá II assets is BPDT, which is not an ENE affiliate. BPDT funded the construction of Eletrobolt and the purchase of the MHI turbines by issuing membership interests to John Hancock Life Insurance Company (3% of the funding) and through a credit agreement by issuing secured notes to a syndicate of 17 banks led by West LB (97% of the funding). The notes are secured by a pledge of all assets (Eletrobolt and the MHI turbines) and the collateral assignment of BPDT's rights under an ENE guaranty. BPDT appointed ESAT as its agent to oversee the planning, engineering and construction of both Eletrobolt and the MHI turbines.

ENE provided a guaranty for ESAT's performance. Per accounting rules, the guaranty is limited to 89.9% of amounts outstanding, but increases to 100% under certain circumstances such as a bankruptcy filing by ENE.

Under the construction agency agreement, ESAT (on the earlier of (i) the August 31, 2002 maturity date or (ii) prior to or at completion of Eletrobolt) had the option to repurchase the entire Project Inauguration, Eletrobolt itself, or the MHI turbines. In the event that ESAT exercised the purchase option for the entire Project Inauguration, the purchase price would be equal to an amount sufficient to repay the lenders and John Hancock in full. In the event that ESAT exercised the purchase option specifically for either Eletrobolt or the MHI turbines, the purchase price would be an amount sufficient to repay the lenders and John Hancock the outstanding balance remaining on the particular asset plus all other amounts due under any related Project Inauguration documents. In addition to the purchase options, ESAT had the option to lease the entire Project Inauguration, Eletrobolt itself, or the MHI turbines from the Trust for a term of 5 years.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. BPDT holds the assets of Project Inauguration (Eletrobolt and the MHI turbines). John Hancock owns 100% of BPDT. The lenders hold a security interest in the assets and in BPDT's rights under the ENE guaranty.

BPDT has several subsidiary companies that control the day-to-day operations of the assets under Project Inauguration and work with ESAT to implement all construction activities. Specifically, Enron Brazil Power Holdings 20 Ltd. constructs Eletrobolt and also is the parent company of SFE (the company in the Consortium Agreement that is responsible for converting the natural gas into electricity at Eletrobolt). Enron Brazil Turbines I Ltd. is responsible for oversight of the RioGen power plant project (incorporates 2 of the MHI turbines) and Enron Brazil Turbines II Ltd. is responsible for oversight of the Cuiabá II power plant project (incorporates the remaining 2 MHI turbines).

BPDT also is the beneficiary of a $214.1 million promissory note from ENHBV.

d. Significant Potential Liabilities of the Structure. BPDT is obligated to repay principal and interest on the notes issued to the lenders and yield on the certificates issued to John Hancock. BPDT meets this obligation from payments it receives in connection with ESAT's purchase option exercise, the receipt of proceeds under certain insurable events, and/or the receipt of payments under the 5-year lease option.

As agent for BPDT, ESAT was responsible for supervising and managing the construction of Eletrobolt and the MHI turbines within an agreed-upon budget and time period. ESAT provided the budget, made all requests for money from the lenders and BPDT to pay construction costs, hired all engineers and contractors, and paid all workers. ESAT may indemnify BPDT, the lenders, and certain third parties against harm or loss only for acts or failures to act on ESAT's part.

ESAT's obligations as the agent are guaranteed to BPDT by the ENE guaranty. The lenders have a security interest in BPDT's rights under the ENE guaranty and the assets within Project Inauguration.

If upon the earlier of (i) August 31, 2002, or (ii) the completion of Eletrobolt, the MHI turbines or the entire Project Inauguration, ESAT had not exercised either of the purchase options or the lease option, BPDT could have exercised a remarketing option whereby ESAT would be responsible for performing actions necessary to remarket Project Inauguration to third parties and for paying a deposit amount, supported by the ENE guaranty, equal to 89.9% of the outstanding capital costs of Project Inauguration.

To further market the electricity produced by Eletrobolt, SFE, Petrobras, and ECE entered into a Consortium Agreement whereby Petrobras supplies natural gas to SFE, SFE uses the natural gas to generate electricity, SFE supplies the electricity to ECE, and ECE markets the electricity to Brazilian consumers, collects and accounts the sale proceeds, and makes distributions to all Consortium Agreement parties pursuant to the terms of the Consortium Agreement. The Consortium Agreement (and any related marketing arrangements) is completely independent from the construction agency agreement and any other transaction associated with the Project Inauguration financing. In addition, SFE receives an allocation, which consists of a fixed capacity payment (covers fixed costs, debt service, and return on equity) and an energy payment (covers variable costs). Petrobras is responsible for making up any shortfall in the SFE allocation if there are insufficient funds generated from the sale of the electricity. In exchange, Petrobras is paid for the cost of the fuel supplied and 25% of any upside beyond the SFE allocation and the cost of the fuel. ECE sells the electricity either in the spot market or through short-term bilateral contracts. In return for marketing electricity, collecting the funds and keeping track of the accounting, reporting and distribution of the funds pursuant to the Consortium Agreement, ECE gets 75% of any upside beyond the SFE allocation and the cost of the fuel.

SFE owes ENHBV $214.1 million in the form of a promissory note and an import-finance agreement.

e. Significant Potential Liabilities of Debtors. ESAT's obligations as the agent are guaranteed to BPDT by the ENE guaranty. The lenders have a security interest in BPDT's rights under the ENE guaranty and the assets within Project Inauguration

f. Structure Resolution. On June 28, 2002, BPDT, West LB, ESAT, ENE, Enron Brazil Turbines II Ltd., Enron Brazil Turbines I Ltd., and equipment supplier MHI entered into a Settlement Agreement and Mutual Release to resolve the remaining payment and

performance obligations under the Cuiabá and RioGen turbine purchase agreements. Following Bankruptcy Court approval, the Settlement Agreement became effective on August 16, 2002.

Under the Settlement Agreement, MHI released all the parties to the Cuiabá and RioGen turbine purchase agreements from all claims and remaining payment and performance obligations, credited approximately $14.0 million paid to it for the Cuiabá turbines to the remaining $20 million due under the RioGen turbines and in exchange received a one-time payment of $6.0 million from the Trust to complete the RioGen turbines. The Cuiabá turbine purchase agreement was cancelled and BPDT presently has full title and possession of the RioGen turbines. Refer to Section IV.B.3.c, "Mitsubishi Heavy Industries" for further information.

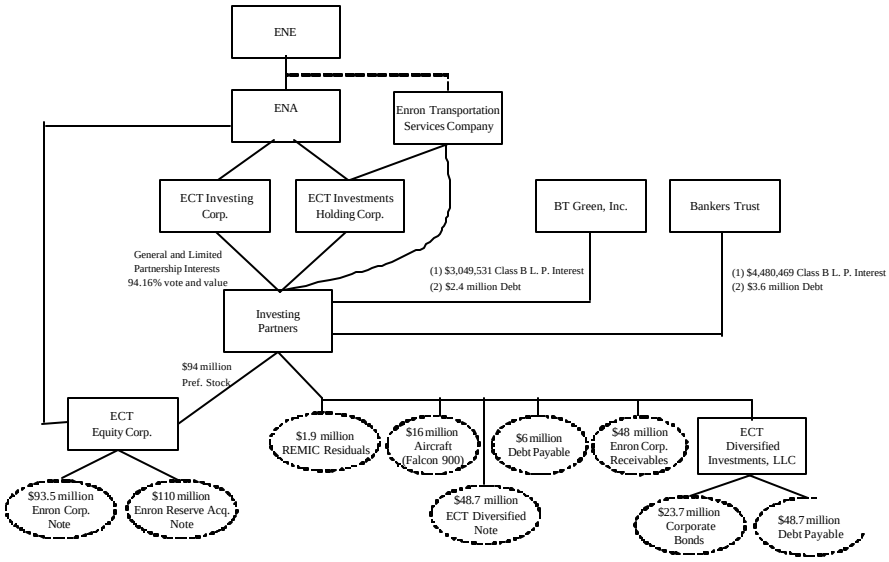
Settlement discussions with respect to the Eletrobolt power plant are on-going.

29. Investing Partners/Steele

a. Legal Structure. During 1997, ENE and BT (and its affiliates) formed Investing Partners to acquire and manage a portfolio of financial assets, including residual real estate mortgage interests, certain aircraft assets, ENE intercompany notes, equity interests of ENE affiliates, and corporate bonds.

At or around the date of formation, Investing Partners borrowed $51.2 million from ENA and purchased $51.2 million of investment grade corporate bonds from BT. ENE indirectly contributed to Investing Partners, through its subsidiaries (ECT Investing Corp., ECT Investments Holding Corp., and ETS), $42.8 million of cash, an aircraft subject to debt of $42.6 million, preferred stock in ECT Equity Corp., and various intercompany receivables. The ENE subsidiaries received general and limited partnership interests in Investing Partners representing approximately 94.16% of the voting power and value of Investing Partners. BT and its affiliates became limited partners in Investing Partners and contributed $4.4 million of cash and $7.5 million of REMIC residual interests to Investing Partners. BT and its affiliates received limited partnership interests representing 5.84% of the voting power and value of Investing Partners and $4.5 million of Investing Partners debt securities.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, Investing Partners' significant assets included $48 million of ENE intercompany receivables, various intercompany receivables of other ENE affiliates (including Debtors and non-Debtors) in the aggregate amount of $16 million, residual REMIC interests, $94 million in preferred stock of ECT Equity Corp., a corporate aircraft with a net book value of $16 million, and 100% membership interest in ECT Diversified Investments, L.L.C., whose primary asset is $24 million in corporate bonds.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, Investing Partners' significant liabilities included $6 million zero coupon debt to BT, various intercompany payables, and BT's $8 million limited partnership interest.

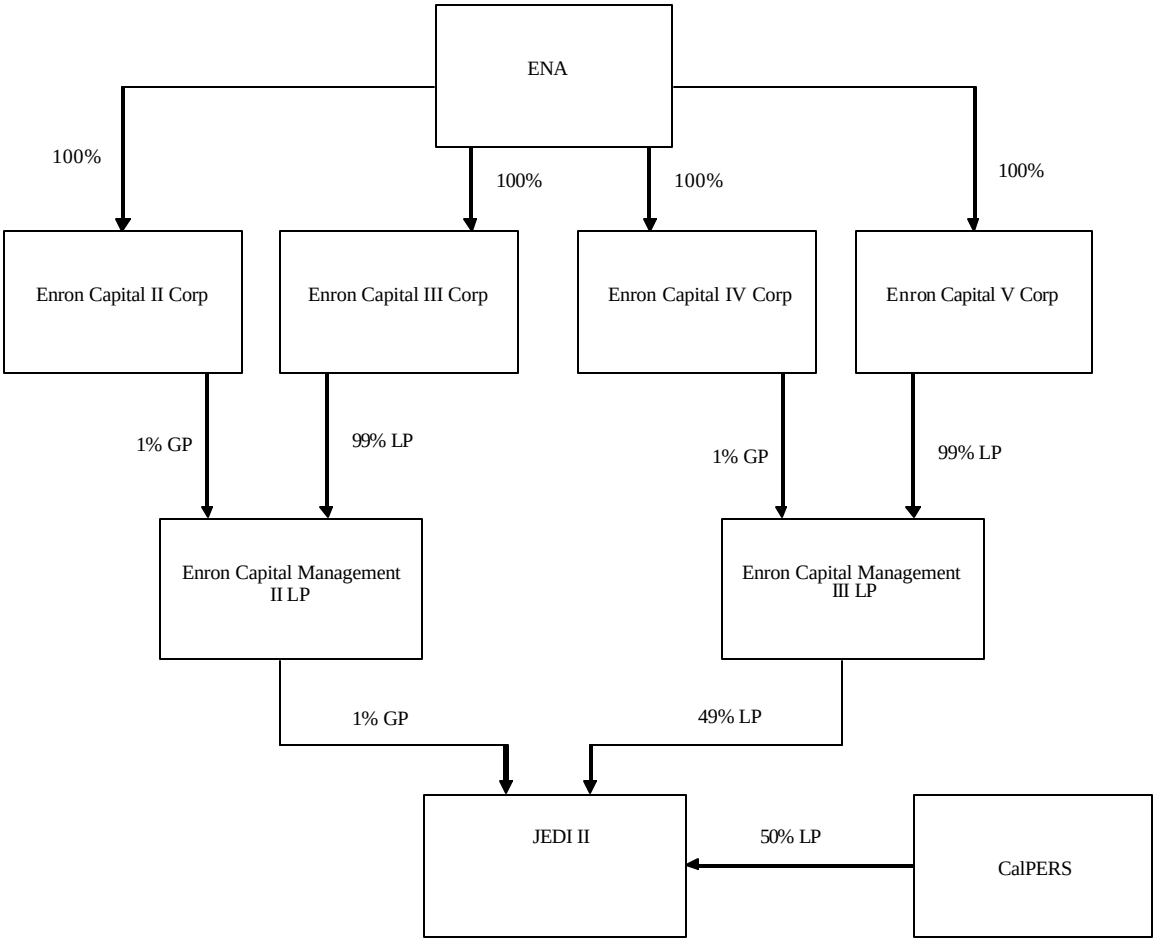
e. Significant Potential Liabilities of Debtors. ENE guaranteed various obligations of the ENE affiliates in the structure, including Investing Partners' obligations under the debt securities issued to BT and its partnership agreement. In addition, ENE entered into various put agreements with BT and its affiliates requiring, under certain circumstances, ENE to purchase recapitalization notes issued by Investing Partners to BT after a recapitalization of Investing Partners. Such recapitalization of Investing Partners would convert BT's outstanding debt and equity interests in Investing Partners into debt securities of Investing Partners guaranteed by ENE.

30. Joint Energy Development Investments II Limited Partnership

a. Legal Structure. JEDI II was formed in December 1997 as a venture capital partnership for the purpose of (i) acquiring, owning, holding, making, participating in, exercising rights with respect to, and disposing of certain qualified investments with the purpose

of achieving a target pre-tax internal rate of return on aggregate capital invested of 20%, and (ii) subject to certain other limitations (primarily based on concentration limits, geography, and risk) to engage in any other business activity necessary or incidental to the business purposes set forth above and that was not forbidden by applicable law. Qualified investments are related to natural gas, crude oil, electricity and other forms of energy, as well as an investment in Enron Energy Services, an ENE subsidiary.

b. Structure Diagram



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, JEDI II had approximately $278 million in assets, according to its unaudited year end financial statements.

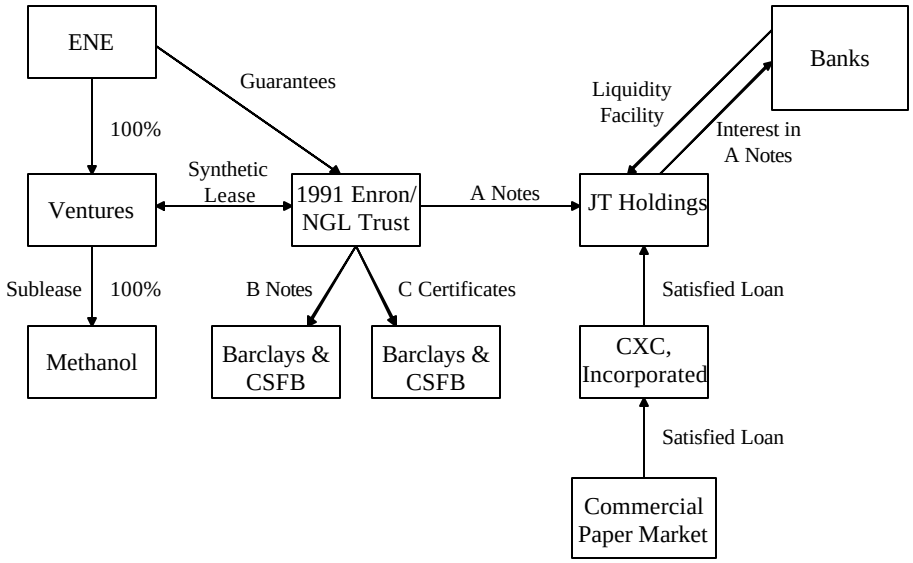
d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, JEDI II had approximately $4 million in liabilities, according to its unaudited year end financial statements.

31. JT Holdings Synthetic Lease

a. Legal Structure. In December 2000, Ventures, a wholly-owned ENE subsidiary, refinanced an existing synthetic lease facility guaranteed by ENE covering the two remaining assets in the facility: (i) real property and a methanol plant thereon in Pasadena, Texas, with a termination value of approximately $74 million, and (ii) real property and gas storage facilities thereon in Mt. Belvieu, Texas, with a termination value of approximately $36 million. The refinancing was accomplished by amending the structure documents to, among other things, extend the term of the leases by five years and facilitate the sale and assignment by certain financial institutions of their interests in the structure to certain other financial institutions. In June 2001, the Mt. Belvieu assets were sold for their approximate termination value, reducing the amended $110 million synthetic lease facility to the approximate $74 million covering the Pasadena assets.

The lease covering the Pasadena, Texas property is between State Street (in its capacity as trustee of the 1991 Enron/NGL Trust), as lessor, and Ventures, as lessee. In December 1991, the 1991 Enron/NGL Trust had issued $600 million aggregate principal and stated amounts of Interim Trust Notes, Series A Trust Notes, Series B Trust Notes, and Series C Trust Certificates to finance its acquisition of several assets (including the Pasadena, Texas property), and refinanced these instruments in December 1995. The Series A Trust Notes and Series B Trust Notes were issued to JT Holdings, a SPE unaffiliated with ENE; JT Holdings financed its purchase thereof through CXC Incorporated, a commercial paper conduit affiliated with Citibank, and such financing was backed by a syndicate of financial institutions. Assets were sold from the synthetic lease structure from time to time, and by the December 2000 refinancing, only the Pasadena and Mt. Belvieu, Texas assets remained. The 1991 Enron/NGL Trust restructured the instruments covering these remaining assets in December 2000, issuing (i) new Series A Trust Notes, due on December 6, 2005, to JT Holdings (ENE understands that the indebtedness of JT Holdings to CXC Incorporated has been satisfied and that Citibank, Bank of Tokyo-Mitsubishi, Ltd. and The Bank of Nova Scotia hold interests in the A-Notes through JT Holdings); (ii) the Series B Trust Notes, due on December 6, 2005, to Barclays and CSFB; and (iii) the Series C Trust Certificates, due on expiration or termination of the lease, to Barclays and CSFB.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, the significant assets in this structure consist of real property and a shutdown methanol plant thereon located in Pasadena, Texas.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, the following instruments issued by the 1991 Enron/NGL Trust and evidencing an aggregate principal or stated liability of approximately $74 million were outstanding: Series A Trust Notes in the principal amount of approximately $59.2 million, Series B Trust Notes in the principal amount of approximately $12,215,622, and Series C Trust Certificates in an aggregate stated amount of approximately $2,584,378; these debt and equity instruments are interest and yield bearing, respectively.

e. Significant Potential Liabilities of Debtors. During the life of the lease, Ventures has various financial obligations that are guaranteed by ENE, including, but not limited to, payment for rent, insurance, maintenance, and taxes. At the end of the lease, the parties to the structure may have the following three options: (i) refinance the lease; (ii) ENE/Ventures could purchase the assets for the termination value of approximately $74 million, or (iii) if ENE/Ventures neither refinance the lease nor purchase the assets, then the assets might be sold to a third party, and to the extent of any deficiency between the amount of sales proceeds and structure liabilities, ENE might be liable for up to either the residual guarantee amount of approximately $59.2 million or the termination value of approximately $74 million. Application and interpretation of the terms of documents governing this structure will determine the priority of the ultimate distribution of any amounts received in respect of structure liabilities and sales of structure assets among the holders of the Series A Trust Notes, Series B Trust Notes, and Series C Trust Certificates, and Ventures and ENE.

32. K-Star

a. Legal Structure. In June 2001, KStar LP, a limited partnership formed under the laws of Delaware, received cash contributions from its limited partner (99.9999% interest) KStar Trust, a Delaware business trust, and its general partner (0.0001% interest) Maguey, a wholly-owned subsidiary of ENA. The cash contributed by KStar Trust as consideration for its limited partner interest in KStar LP was generated from debt and equity issued by KStar Trust to third-party financial institutions.

KStar LP's primary business purpose is to acquire, own, hold, operate, manage, and dispose of a production payment and term overriding royalty interest and to engage in any other activities incidental, necessary, or appropriate to the foregoing. KStar LP used the cash contributions made by its partners in June 2001 to acquire such production payment and royalty interests from an ENA subsidiary that had acquired them from a third party. KStar LP also then entered into (i) interest rate and commodity swaps with ENA who assigned them to SRFP in August 2001, which then contemporaneously entered into similar swaps with ENA, and (ii) two commodity purchase and sale agreements for the sale of crude oil and natural gas to ERAC and ENA Upstream, respectively, each of which are affiliates of ENA.

In June 2001, KStar LP also retained Maguey to act as servicer to perform certain operating activities and as balancer to advance money to KStar LP, subject to certain conditions, should a shortfall occur in amounts owed to KStar LP due to a timing difference between scheduled volumes of commodities to be delivered in a month and actual volumes of commodities delivered in that month. Mescalito, a wholly-owned subsidiary of Maguey, replaced Maguey as balancer in August 2001.

In August 2001, the original noteholder of KStar Trust assigned its debt interests in KStar Trust to another third-party financial institution and KStar Trust obtained an insurance policy from two third-party insurers for the benefit of KStar Trust's new noteholder. The insurance policy covered outstanding principal and interest on the KStar Trust notes held by the noteholder. The insurers also issued an insurance policy for the benefit of Mescalito to insure KStar LP's obligation to reimburse Mescalito for balancing advances. The insurers also issued a policy for the benefit of SRFP to insure KStar LP's payment under the interest rate and commodity swaps.

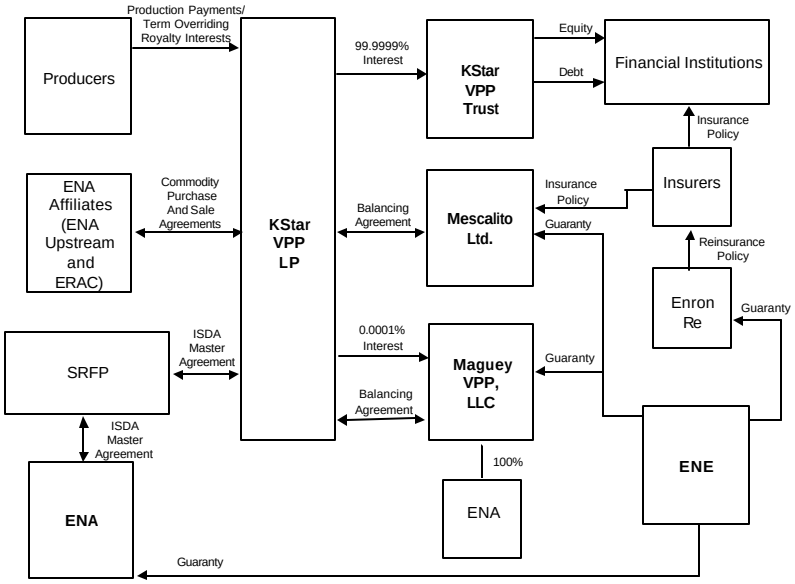
Contemporaneously with the issuance of the insurance policies, the insurers and Enron Re entered into a reinsurance agreement, pursuant to which Enron Re agreed to pay the first $10 million of claims and 15% of all claims thereafter under the insurance policies.

ENE guaranteed its affiliates' obligations under the applicable transaction documents, except for those of KStar LP.

By letters dated January 3, 2002, KStar Trust, as sole limited partner of KStar LP, (i) notified Maguey of its removal as general partner of KStar LP, effective immediately, asserting that Maguey had materially breached provisions of the amended and restated limited partnership agreement of KStar LP, and (ii) notified KStar LP of such removal and that KStar Trust had elected to continue KStar LP's existence and appoint NoStar, LLC, an entity

unaffiliated with ENE, as general partner of KStar LP effective January 4, 2002. By letter dated January 11, 2002, Maguey (i) notified KStar Trust that Maguey was not in material breach of the KStar LP partnership agreement and (ii) recognized the right of KStar Trust to remove Maguey as general partner at KStar Trust's discretion, Maguey offered to waive its right to 30-days prior notice of removal provided that KStar Trust took action and provided notice to Maguey that it was being removed as general partner without cause. KStar Trust did not provide such notice.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, KStar LP held a production payment and a term overriding royalty interest, and an ISDA Master Agreement with associated confirmations with SRFP.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, (i) KStar LP owed the delivery of crude oil and natural gas to ENA affiliates, (ii) KStar LP potentially owed a mark-to-market payment to SRFP, assuming the ISDA Master Agreement between SRFP and KStar LP had been terminated, (iii) KStar LP may have had cash distribution obligations to its contractual counterparties, including, without limitation, Maguey, Mescalito, ENA Upstream, ERAC, and KStar Trust, and (iv) KStar Trust may have had cash distribution obligations to the holders of debt and equity instruments issued by KStar Trust to third-party financial institutions.

e. Significant Potential Liabilities of Debtors. SRFP delivered a Notice of Event of Default and Designation of Early Termination Date of December 3, 2001 in respect of the ENA-SRFP ISDA Master Agreement and associated confirmations which include, without limitation, those related to this structure under which ENA may have exposure to SRFP; SRFP

asserted an aggregate loss of approximately $41.8 million under the ISDA Master Agreement, some portion of which may be related to this structure. Claims may be made against ENA Upstream and ERAC under commodity purchase and sale agreements with KStar LP. Additionally, ENE has guaranteed the obligations of ENA, Mescalito, Maguey, ENA Upstream, ERAC, and Enron Re under various agreements between these entities and KStar LP and the third-party insurers.

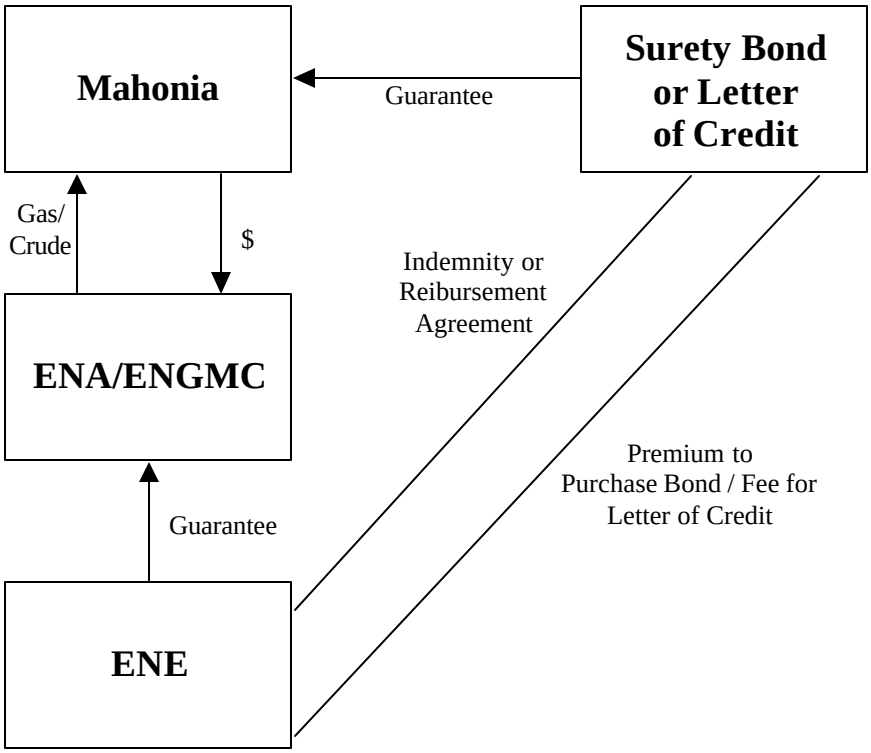
33. Mahonia Prepaid Forward Contracts

a. Legal Structure. For a number of years prior to the Initial Petition Date, ENA and ENGMC entered into prepaid forward contracts with Mahonia Ltd. and Mahonia Natural Gas Ltd. Under each prepaid forward contract, ENA or ENGMC agreed to either (i) deliver a fixed volume of natural gas or crude oil, or (ii) make a payment based on a fixed price for natural gas in return for a lump sum cash payment. ENE guaranteed the obligations of its subsidiaries that entered into the prepaid forward contracts with Mahonia. The prepaid forward contracts with Mahonia which remained open as of the Initial Petition Date are as follows:

ENE Company	Date Executed	National Value at Closing	Mark-to-Market Value at 12/03/01
ENGMC	12/18/1997	$299,991,679	8,166,574
ENGMC	6/26/1998	250,000,000	50,797,539
ENGMC	12/01/1998	249,994,352	96,391,022
ENGMC	6/28/1999	499,999,986	391,061,132
ENA	6/28/2000	649,999,352	627,291,618
ENA	12/28/2000	330,403,325	253,151,919
ENA	9/28/2001	350,000,000	338,880,229

ENA and ENGMC also entered into contracts to hedge exposure under each of the prepaid forward contracts; many of the hedge contracts were entered into with JPMCB. ENE secured, for the benefit of Mahonia, either a surety bond or letter of credit to guaranty the payment of ENE.

b. Structure Diagram as of Initial Petition Date.



c. Significant Liabilities of Debtor. ENA and ENGMC are obligated under the prepaid forward contracts and ENE guaranteed those obligations. ENE also has reimbursement or indemnification obligations under the surety bonds and letter of credit.

34. Maliseet/Cochise

a. Legal Structure. In January 1999, ENE recapitalized an existing subsidiary and renamed it Maliseet. Maliseet elected to be a REIT.

ENE purchased a diversified portfolio of publicly-traded mortgage securities for approximately $25 million from BT Green, Inc., an affiliate of BT (now part of DB), and contributed them to Maliseet. ENE received voting and non-voting preferred stock of Maliseet. Concurrently, ENE sold 1,000 shares of the common stock of Maliseet to BT.

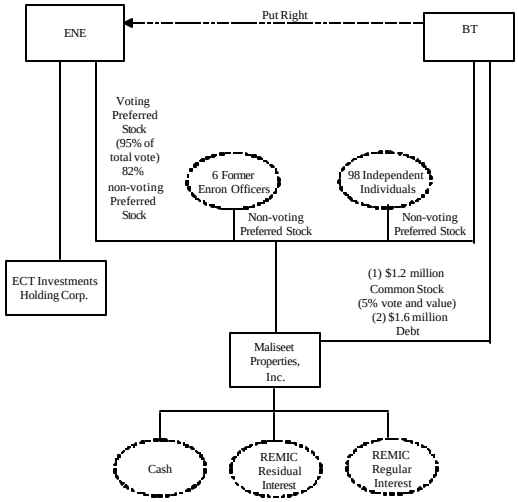
BT contributed to Maliseet (i) a diversified portfolio of publicly-traded mortgage securities valued at approximately $2.7 million and (ii) securities representing the residual interest in certain real estate mortgage investment conduits with an agreed value of $165,000.

BT received, in return, 1,000 shares of common stock of Maliseet and a zero-coupon promissory note for the net carrying amount of $1.6 million.

In addition, ENE sold non-voting preferred stock of Maliseet of nominal value to 98 independent investors and six individuals who were then officers of ENE and Maliseet.

Simultaneously with the REIT transactions, ECT Investments Holding Corp., an ENE subsidiary, purchased the beneficial interest in a trust holding two commercial aircraft from BT for $44 million. The aircraft were on long-term lease to unrelated lessees.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, Maliseet's significant assets consisted of $9 million in cash, $21 million in publicly-traded mortgage securities, and REMIC residual interests.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, Maliseet's significant liabilities included deferred compensation and pension liabilities with a net present value of approximately $8 million and a $1.9 million zero coupon debt payable to BT.

e. Significant Potential Liabilities of Debtors. Under the terms of the transaction documents, ENE is obligated to cause Maliseet to effect a recapitalization at any time on or after January 28, 2004 if requested by a 1% holder of preferred or common stock. Upon such recapitalization, the Maliseet common stock and the promissory note held by BT would be exchanged for debt securities of Maliseet, referred to as recapitalization notes. Such recapitalization notes would be guaranteed by ENE. Maliseet may have a claim against ENE for the amount of the deferred compensation and pension liabilities described in subsection d. above.

35. Margaux

a. Legal Structure. At the inception of the transaction, ENE entered into a fixed/floating swap with a Whitewing entity (Pelican Bidder LLC) that was tied to the operating performance of three power projects: Sarlux (Italy), Trakya (Turkey), and Nowa Sarzyna (Poland). The risks transferred by these swaps were:

Sarlux:	limited operating risks, regulatory risks, and revenue indexation mismatches;
Trakya:	limited operating risks, limited country risks;
Nowa Sarzyna:	limited operating risks

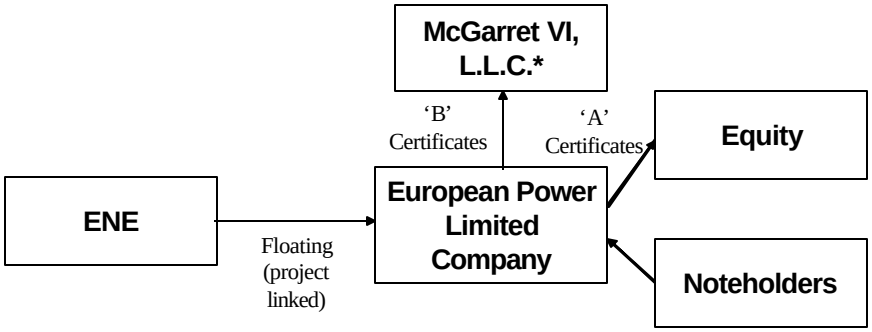
Floating payments from ENE to Pelican Bidder LLC were based on the underlying risks of the plants outlined above; however, these payments were capped at the expected operating performance levels of the facilities. As such, the floating payments could only decline relative to the initial expected payment stream. Semi-annual payments due under the floating leg of the swap were determined by a periodic analysis of the value of the hedged risks as determined by a third-party engineering firm. On the other side of the swap, a fixed payment schedule from Pelican Bidder LLC to ENE was established on the date the swap was executed.

Subsequent to the execution of the swap, Pelican Bidder LLC sold its rights to the floating payments from ENE to EPLC, a trust established for the purpose of executing the Margaux transaction. Using the proceeds from the issuance of A certificates ($30 million, $10 million of which were issued to LJM2-Margaux), non-voting B certificates ($15 million, sold to Enron European Investor LLC), and privately-placed notes ($95 million, due 2010), EPLC paid Pelican Bidder LLC $121 million for its interest in the swap.

In November 2000, Pelican Bidder LLC settled its fixed payment obligation under the swap by paying ENE $132.3 million. As a result, the only remaining obligation under the swap is ENE's floating payment obligation to EPLC. In December 2000, Enron European Investor LLC sold its B Certificates to McGarret VI, L.L.C. (Refer to Section III.F.27, "Hawaii" for further information) for $51.8 million.

Cash generated by the swap with ENE is distributed by EPLC as follows: (1) first cash is dedicated to the noteholders ($95 million principal + accrued interest + make-whole, if any); (2) after the noteholders are repaid, the excess is dedicated, on a pro-rata basis, to the A-certificate holders and the B-certificate holders ($45 million investment + accrued yield + make-whole, if any); (3) the excess, if any, is payable to the B-certificate holders.

b. Structure Diagram as of Initial Petition Date.



Refer to Section III.F.27, "Hawaii" for further information.

c. Significant Assets Associated with the Structure. EPLC's only asset is ENE's payment obligation under the swap as described above.

d. Significant Potential Liabilities of the Structure. EPLC issued $95 million in notes and $345 million in certificates to fund its purchase of Pelican Bidder LLC's interest in the swap with ENE.

e. Significant Potential Liabilities of Debtors. ENE's obligations under the swap as described above.

36. Marlin

a. Legal Structure. In 1998, ENE formed Azurix, a holding company incorporated in Delaware. In December 1998, ENE contributed its stock in Azurix to Atlantic. ENE holds a 50% beneficial interest in Atlantic, as well as 100% of the cumulative preferred stock of Azurix. The remaining 50% beneficial interest in Atlantic is held by Marlin. Marlin is owned by certain certificate holders and it has issued approximately $475 million and €515 million (total approximately $915 million) in bonds.[16] Although each of ENE and Marlin has the right to appoint 50% of the boards of Atlantic and Azurix, to date, only ENE has exercised its right to appoint these directors.

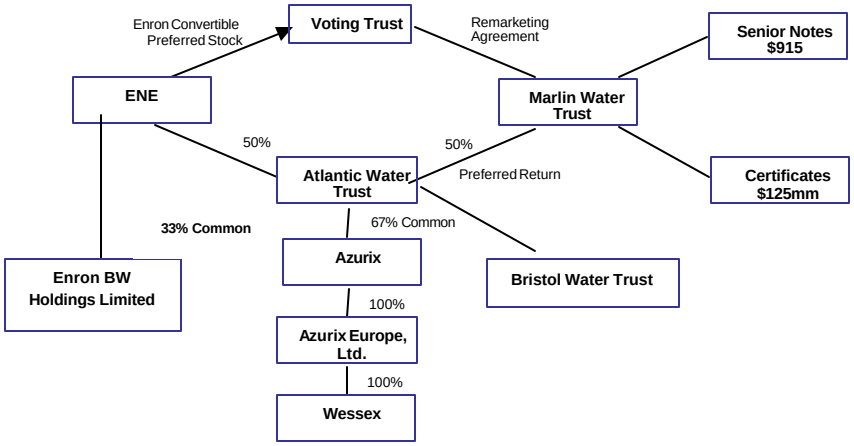
[16] The amount outstanding may change based on currency fluctuations.

When ENE contributed its interest in Azurix to Atlantic in 1998, it also contributed £73 million in the form of indebtedness owed to it by Azurix's wholly-owned subsidiary, Azurix Europe. Atlantic then contributed that receivable to its wholly-owned subsidiary, Bristol. Azurix Europe paid interest on this obligation in June and December of each year commencing 1999. Azurix Europe repaid this debt in its entirety, including accrued interest, in December 2001.

A portion of the funds raised by Marlin from the issuance of certificates and notes was contributed to Bristol to be invested in ENE debt securities. The principal and interest payments on such investments were used to fund the interest payments on the notes and the required yield on the certificates issued by Marlin.

In 1999, in an initial public offering, Azurix sold 33-1/3% of its common stock to the public. In 2001, ENE, through its wholly-owned subsidiary Enron BW Holdings Limited, acquired the common stock of Azurix previously held by the public. The remainder of the common stock of Azurix is owned by Atlantic.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. Azurix has been engaged in the business of owning, operating, and managing water and wastewater assets and providing water- and wastewater-related services. However, Azurix has recently undertaken an effort to sell many of its assets. On November 7, 2001, Azurix sold Azurix North America Corp. and Azurix Industrials Corp., through which it conducted its North American operations. On May 21, 2002, Azurix completed the sale of Wessex, its subsidiary operating in southwestern England. Currently, Azurix is in the process of liquidating its assets and winding up the

remainder of its business affairs. Refer to Section IV.B.4, "Asset Sales" for further information regarding the Azurix-Wessex sale.

d. Significant Potential Liabilities of the Structure. Marlin issued $475 and € 515 million (total $915 million) of bonds and $125 million of certificates.

e. Significant Potential Liabilities of Debtors. ENE committed to cause the sale of ENE convertible preferred stock in certain instances, including if the $915 million bonds of Marlin were defaulted upon. Because the sale of the convertible preferred stock did not occur ENE is contractually obligated to redeem the bonds in full, less any proceeds Marlin receives from the liquidation of Atlantic's assets. Bristol holds ENE notes of approximately $125 million including principal and interest accrued prior to the Initial Petition Date. ENE is the counterparty to a currency option agreement with Bristol to convert £73 million to $125 million. Refer to Sections VIII.E, "Description of Capital Stock and Director and Officer Indemnification," and IV.C.1.f(v)(A), "Other Pending Litigation or Arbitrations" for further information.

37. Motown

a. Legal Structure. DPC, an unrelated third party, indirectly acquired a 50% ownership interest in each of MPLP and Ada Cogen. Ada Cogen and MPLP are project companies that own 29.4-MW and 129-MW gas-fired, combined-cycle power plants in Michigan.

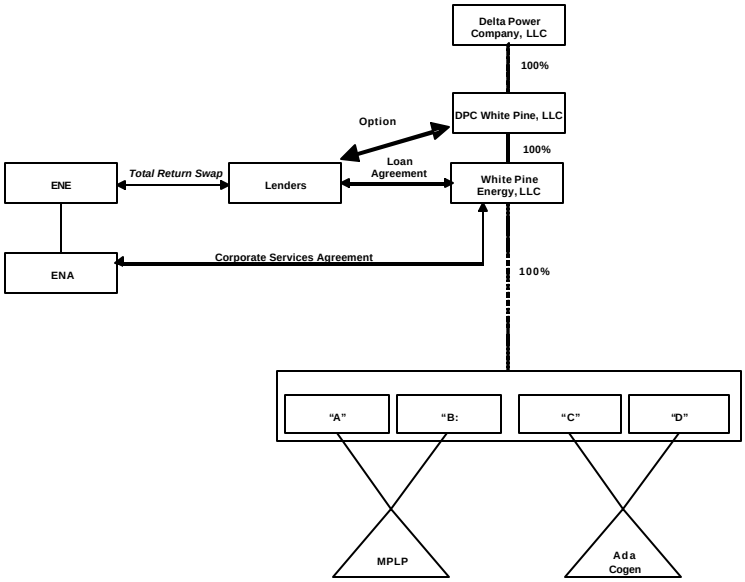
DPC's wholly-owned subsidiary, WPE, entered into the WPE loan agreement to finance a portion of its acquisition of the interests in MPLP and Ada Cogen. Contemporaneous with the WPE loan agreement, DPC White Pine, the direct 100% parent of PPE, and KBC, the agent to the financial institutions party to the WPE loan agreement, entered into the DPC White Pine option agreement, whereby KBC, as agent, was granted an irrevocable option to purchase all of DPC White Pine's interest in WPE.

Also contemporaneous with the execution of the WPE loan agreement and the DPC White Pine option agreement, ENE entered into the Motown swap with KBC, in its capacity as agent for the financial institutions, pursuant to which ENE was granted an irrevocable option to purchase (i) the interest in the obligations of WPE under the WPE Loan Agreement or (ii) the interest in WPE obtained through the exercise of the purchase option under the DPC White Pine option agreement.

Also under the Motown swap, ENE agreed to make fixed quarterly payments to KBC equal to the cost of carry on the principal amounts outstanding under the WPE loan agreement, plus the commitment fee for a revolving credit commitment under the WPE loan agreement. KBC agreed to make quarterly payments to ENE of all amounts received from WPE in respect of the loans made under the WPE loan agreement. The Motown swap also provided that upon the maturity or acceleration of the loans under the WPE loan agreement, ENE will pay to KBC all principal, interest, and other sums due to KBC on such date, and KBC will pay to ENE all monies received from WPE in respect of the loans as of such date.

Additionally, WPE and ENA entered into two agreements associated with WPE's indirect ownership interests in MPLP and Ada Cogen: (a) a corporate services agreement whereby ENA is to provide, either itself or through affiliates or subcontractors, corporate, administrative, staffing and project and asset management support services; and (b) a consulting services agreement whereby WPE is to provide consulting services to ENA on matters relating to the development and implementation of energy strategies in Michigan.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. MPLP owns a 129-MW gas-fired electric generating facility and Ada Cogen owns a 29.4-MW gas-fired electric generating facility, both located in Michigan.

d. Significant Potential Liabilities of the Structure. The lenders to WPE had outstanding approximately $63.1 million.

e. Significant Potential Liabilities of Debtors. ENE's payment obligations under the Motown Swap.

38. Nikita

a. Legal Structure. On September 28, 2001, Nikita, an indirect wholly-owned subsidiary of ENE, contributed 3,276,811 EOTT common units, 7,000,000 EOTT subordinated units, and $9,318,213 of EOTT additional partnership interests to Timber. In exchange for such contribution, Nikita received a Class A membership interest in Timber and a right to receive a special distribution on the closing date after the execution of the limited liability company agreement of Timber. The Class A Interest represents 100% of the voting

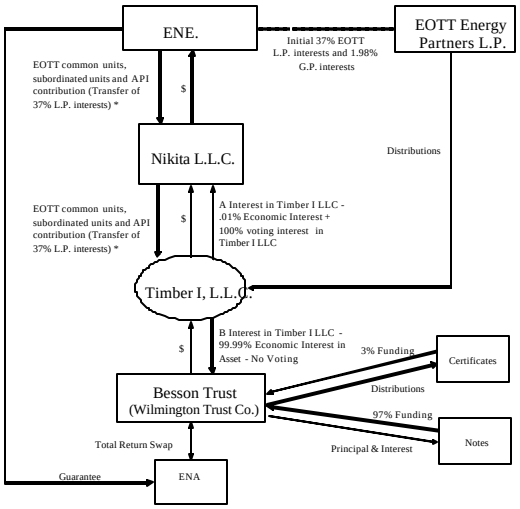
interest and a .01% economic interest in Timber. However, Nikita may not cause Timber to take certain actions, including to sell, or otherwise dispose of, the EOTT interests described above without the consent of Besson Trust.

Timber issued a Class B membership interest to Besson Trust, a Delaware business trust. As consideration for the Class B Interest, Besson Trust paid an aggregate cash purchase price of $80 million. The Class B Interest is generally non-voting and represents a 99.99% economic interest in Timber.

Besson Trust financed its acquisition of the Class B Interest through the issuance of its certificate of beneficial interest to CSFB for cash consideration equal to $8,135,000. Yield accrues on the certificate of beneficial interest at an aggregate rate equal to 15% per annum. CSFB subsequently assigned its interest in the certificate of beneficial interest to its affiliate, DLJ. Besson Trust further financed its purchase of the Class B Interest through a credit facility, dated September 28, 2001, among Barclays, as administrative agent, and the lenders party thereto in the amount of $176,865,000. Barclays was the only lender under the credit facility. Besson Trust used the proceeds from the issuance of the certificate of beneficial interest and $71,865,000 drawn under the credit facility to acquire the Class B Interest in Timber.

ENA and Besson Trust are parties to a total return swap agreement, pursuant to which (A) on each interest payment date under the credit facility (x) ENA pays to Besson Trust all interest and other sums due to the lenders on such date and (y) Besson Trust pays to ENA all monies or other consideration received with respect to the Class B Interest as of such date less any amounts payable on the certificate of beneficial interest on such date, and (B) on the maturity date of the loans under the credit facility, (x) ENA pays to Besson Trust all principal, interest and other sums due to the lenders on such date and (y) Besson Trust pays to ENA all funds on hand at Besson Trust on such date, less any amounts payable to the holder of the certificate of beneficial interest. The lenders have priority over the holder of the certificate of beneficial interest with respect to all distributions to be made by Besson Trust, and consequently the total return swap provides credit support only for the loans under the credit facility. Payments made by ENA to Besson Trust under the total return swap cannot be applied in re-paying the certificate of beneficial interest or paying all monies or other consideration received with respect to the Class B Interest as of such date less any amounts payable on the certificate of beneficial interest on such date.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. Timber owns the EOTT interests described above. EOTT and certain of its affiliates filed for protection under chapter 11 of the Bankruptcy Code on October 8, 2002 in the Corpus Christi Bankruptcy Court, and announced that the company emerged from chapter 11 effective March 1, 2003, in accordance with the order approving the amended Plan of Reorganization entered on February 18, 2003. Under EOTT's plan of reorganization, the Subordinated Units and Additional Partnership Units were cancelled and extinguished effective March 1, 2003. In exchange for every common unit, Timber will receive .02 units and .05185 warrants to purchase units in EOTT Energy LLC. The warrants have a strike price of $12.50. Refer to Section IV.F, "Related U.S. Bankruptcy Proceedings" for further information on the EOTT bankruptcy.

d. Significant Potential Liabilities of the Structure. Besson Trust is obligated under the credit facility described above.

e. Significant Potential Liabilities of Debtors. ENE, pursuant to a guaranty dated September 28, 2001, guaranteed the payment and performance obligations of ENA under the total return swap.

39. Nile

a. Legal Structure. EESSH, an indirect wholly-owned subsidiary of ENE, contributed 24,081,551 shares of common stock of ServiceCo to Pyramid I. In exchange for such contribution, EESSH received a Class A membership interest in Pyramid I and a right to receive a special distribution on the closing date after the execution of the limited liability

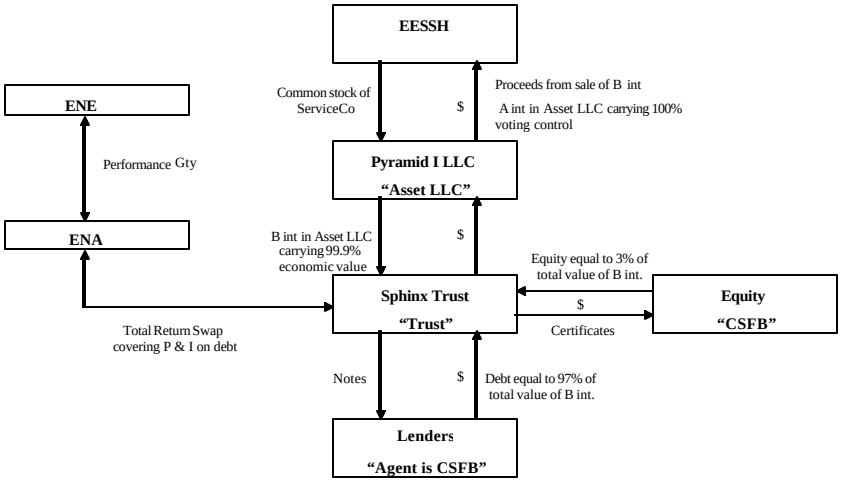
company agreement of Pyramid I. The Class A Interest represents 100% of the voting interest, with certain restrictions, in Pyramid I and a .01% economic interest in Pyramid I.

In order to fund the acquisition of ServiceCo stock, Pyramid I issued a Class B membership interest to Sphinx Trust, a Delaware business trust. As consideration for the Class B Interest, Sphinx Trust paid an aggregate cash purchase price of $25 million. The Class B Interest is generally non-voting and represents 99.99% of the economic interest of Pyramid I.

Sphinx Trust financed its acquisition of the Class B interest through the issuance of its certificate of beneficial interest to DLJ for cash consideration equal to $1,008,793. Yield accrues on the certificate of beneficial interest at an aggregate rate equal to 15% per annum. Sphinx Trust further financed its purchase of the Class B Interest through a credit facility, dated September 28, 2011, among CSFB, as administrative agent, and the lenders party thereto. Currently, CSFB is the only lender under the credit facility. Sphinx Trust used the proceeds from the issuance of the certificate of beneficial interest and $23,991,207 drawn under the credit facility to acquire the Class B Interest in Pyramid I.

Sphinx Trust and ENA are parties to a total return swap agreement, pursuant to which (A) on each interest payment date under the credit facility (on a net basis) (x) ENA pays to Sphinx Trust an amount equal to the shortfall (if any) between (i) distributions received by Sphinx Trust on the Class B Interest and any sales proceeds of the Class B Interest and (ii) principal, interest, and any other amounts payable to the lenders under the credit facility from time to time; and (B) on each payment date under the credit facility (on a net basis) (x) Sphinx Trust pays ENA the excess (if any) of (i) distributions received by Sphinx Trust on the Class B Interest and any sales proceeds of the Class B Interest over (ii) the aggregate of all amounts payable under the credit facility and all scheduled distributions to DLJ. DLJ is subordinate to the lenders in right of payment from Sphinx Trust. As such, the total return swap agreement effectively provides credit support for the lenders but not for DLJ. Payments made by ENA to Sphinx Trust under the total return swap agreement cannot be applied in re-paying the certificate of beneficial interest or the Series A Certificate or paying any yield on such certificates.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. ServiceCo is a small, energy asset installation and maintenance company. On April 25, 2003, most of the ServiceCo shareholders, including EESSH and Pyramid I, entered into a Redemption Agreement, providing for the redemption of all or portions of their shares of ServiceCo stock. The initial closing of the Redemption Agreement transactions occurred on June 9, 2003. Following the subsequent consummation of a sale of ServiceCo and/or all or substantially all of ServiceCo's assets, Pyramid I will be entitled to receive a designated amount of cash in exchange for all of the ServiceCo shares held by Pyramid I, based upon the net worth of ServiceCo at the time of such sale. Sphinx Trust, DLJ, and CSFB have consented to Pyramid I's participation in the ServiceCo Redemption Agreement transactions. Refer to Section IV.A, "Significant Postpetition Developments" for further information.

d. Significant Potential Liabilities of the Structure. Sphinx Trust is obligated under the credit facility described above.

e. Significant Potential Liabilities of Debtors. In addition to ENA's obligations described above, ENE, pursuant to a guaranty dated September 28, 2001, guaranteed the payment and performance obligations of ENA under the total return swap agreement.

40. Omaha Office Building Synthetic Lease

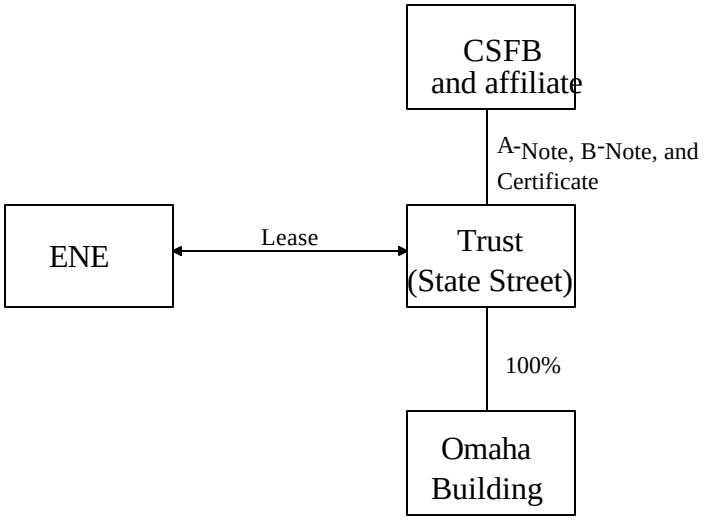
a. Legal Structure. In December 1991, ENE entered into a synthetic lease with State Street covering the Omaha Property, which was owned of record by State Street, as trustee. In July 1997, the lease was amended and extended, resulting in a final maturity date of June 30, 2002.

In 1991, when the original lease was executed, State Street, as trustee, issued Series A Trust Notes and Series B Trust Notes to Citicorp Leasing and CSFB, and a Series C Trust Certificate to Citicorp Leasing to finance the purchase of the Omaha Property. Citicorp Leasing invested $8,901,524.18 in a Series A Trust Note, $1,641,391.65 in a Series B Trust Note, and $635,347.91 in the Series C Trust Certificate. CSFB provided the balance of the financing by investing $9.1 million in a Series A Trust Note and $900,000 in a Series B Trust Note.

In July 1997, in order to induce ENE to extend the term of the lease, CSFB and its affiliate, Credit Suisse Leasing 92A, L.P., advanced to State Street an additional $2.8 million, which was used by State Street to provide ENE with a tenant allowance. The additional $2.8 million was allocated pro rata among the Series A Trust Notes, the Series B Trust Notes, and the Series C Trust Certificate, increasing the aggregate amount thereof to $24 million. At the time that the lease was extended, Citicorp Leasing assigned the Series A Trust Note and the Series B Trust Note it held to CSFB and the Series C Trust Certificate to Credit Suisse Leasing 92A, L.P., resulting in (a) CSFB owning beneficially and of record a Series A Trust Note due June 30, 2002 in the original principal amount of $20.4 million and a Series B Trust Note due June 30, 2002 in the original principal amount of $2.88 million, and (b) Credit Suisse Leasing 92A, L.P. owning beneficially and of record the Series C Trust Certificate evidencing a $720,000 payment obligation plus accrued yield.

ENE executed a residual guaranty for the benefit of State Street pursuant to which ENE agreed to pay to State Street an amount equal to $20.4 million on June 30, 2002 unless ENE purchased the Omaha Property or State Street had exercised its rights pursuant to a termination value agreement to cause ENE to pay to State Street, upon the occurrence of an event of default or a "*trigger event*" under the lease, an amount equal to the outstanding principal and interest on the debt plus any closing costs associated with the sale of the Omaha Property to a third party.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. The Omaha Property was the only asset in this structure, which was appraised in 2002 at varying values approximating or less than the amounts owing by ENE under the lease, the residual guaranty, the termination value agreement, and other operative documents.

d. Significant Potential Liabilities of the Structure. As outlined above, the trust was obligated to repay amounts owing under the Series A Trust Notes, the Series B Trust Notes, and the Series C Trust Certificate.

e. Significant Potential Liabilities of Debtors. During the life of the lease, ENE had various financial obligations including, but not limited to, payment for rent, insurance, maintenance, and taxes. ENE was also obligated to pay up to $20.4 million under the terms of the residual guaranty, or if an event of default or *"trigger event"* occurred under the terms of the lease, to pay to State Street the termination value.

f. Structure Resolution. In December 2002, the Bankruptcy Court approved a final settlement of the Omaha synthetic lease structure set forth in a termination agreement among ENE, State Street, State Street (MA), CSFB, and Credit Suisse Leasing 92A, L.P., dated November 15, 2002. Pursuant to the termination agreement, the parties agreed to satisfy all claims relative to the structure documents by terminating them; releasing the parties thereto from any further liability thereunder; directing State Street to convey title to the Omaha Property to CSFB or its designee; providing that CSFB and Credit Suisse Leasing 92A, L.P. pay to ENE 70% of any sales proceeds for the Omaha Property exceeding $25 million for sales made five years after the Bankruptcy Court entered a final order approving the execution, delivery, and

performance of the termination agreement; and providing for certain other matters consistent therewith. The Omaha Property subsequently was sold for less than $25 million.

41. Osprey/Whitewing

a. Legal Structure. Whitewing LP is a Delaware limited partnership between Osprey and several ENE subsidiaries. Whitewing LP was established to invest in the activities of business units of various Enron Companies.

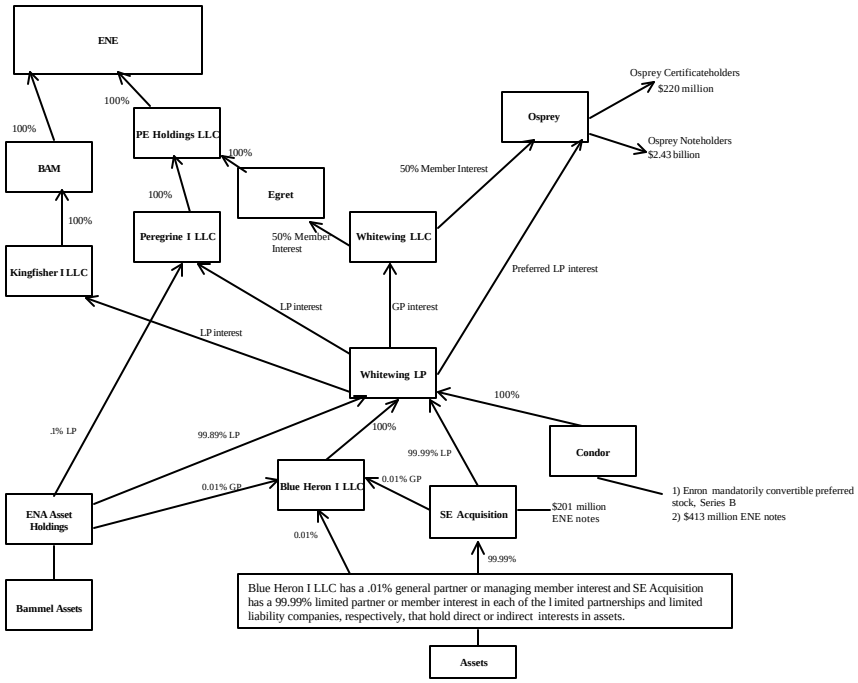
Osprey, through two offerings consummated on September 24, 1999 and October 5, 2000, and an equity issuance on July 12, 2000, raised $2.65 billion consisting of $2.43 billion of Osprey Notes and $220 million of Osprey Certificates. Osprey invested the proceeds primarily in Whitewing LP, including Osprey's purchase of a preferred limited partnership interest in Whitewing LP, with a nominal amount of proceeds used to purchase a 50% member interest (the Class B interest) in Whitewing LLC. Whitewing LP in turn used the proceeds to redeem an outstanding unaffiliated equity investor in the predecessor entity to Whitewing LP and to invest directly and indirectly (through its subsidiaries) in ENE debt instruments, permitted partnership investments, and Condor. The assets of this structure are held through subsidiaries of Whitewing LP, including Condor, ENA Asset Holdings, and SE Acquisition; SE Acquisition's subsidiaries hold primarily all of the significant assets other than ENE debt and equity securities.

In connection with the 1999 Osprey transactions, Whitewing LP converted from a limited liability company to a limited partnership and (i) ENE's membership interest in the limited liability company was redesignated as a limited partner interest that ENE assigned to Peregrine I LLC, a wholly-owned ENE subsidiary, and (ii) ENE, through this subsidiary, contributed an ENE demand note to Whitewing LP. In connection with this conversion, ENE caused its outstanding Series A Junior Voting Convertible Preferred Stock held by the former limited liability company to be exchanged for shares of ENE Mandatorily Convertible Junior Preferred Stock, Series B, no par value, and Whitewing LP, in turn, contributed these shares, along with ENE debt instruments and cash, to Condor and received the sole certificate of beneficial interest in Condor. Condor invested the cash in an ENE debt instrument.

Also in connection with the 1999 Osprey transactions, Egret, a wholly-owned ENE subsidiary, purchased a 50% member interest (the Class A interest) in Whitewing LLC, the general partner of Whitewing LP. As the Class A member of Whitewing LLC, Egret controls the management of Whitewing LLC, subject to certain rights of Osprey that include consent rights for certain actions and the ability to cause management of Whitewing LLC to be assumed by a four-person board of directors. If such a board is established, two directors would be designated by each of Egret and Osprey. Through its indirect 100% ownership of Egret, ENE continues to retain management and control of Whitewing LLC, Whitewing LP, and SE Acquisition and its subsidiaries, subject to Osprey's rights.

ENE has filed with the Bankruptcy Court preference actions against certain Whitewing entities. Refer to Section IV.C.1.b(i), *"Enron Corp., et al., v. Whitewing Associates, L.P., et al.* (Adv. No. 03-02116, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division)" for further information.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. In addition to ENE debt and equity securities, investments held within this structure include indirect economic interests in several European power projects, a power distribution company and a natural gas distribution company in South America, and an economic interest in several debt and equity investments related to North American exploration and production, power and technology companies. Refer to Section IV.B.4, "Asset Sales" for information regarding the Arcos sale.

d. Significant Potential Liabilities of the Structure. Osprey issued $2.43 billion in Osprey Notes and $220 million in Osprey Certificates. Refer to Section IV.C.1.b(i), "*Enron Corp., et al., v. Whitewing Associates, L.P., et al.* (Adv. No. 03-02116, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division)" for further information.

e. Significant Potential Liabilities of Debtors. Condor may have a claim against ENE for approximately $2.43 billion, because certain transactions have not occurred under a share settlement agreement between ENE and Condor, and a remarketing and registration rights agreement among ENE, Osprey, Whitewing LLC, Whitewing LP, Condor, the Osprey indenture trustee, and initial remarketing agents, including, without limitation, the sale of the ENE Mandatorily Convertible Junior Preferred Stock, Series B. In addition, ENE issued $413 million in notes payable to Condor and $201 million in notes payable to SE Acquisition and one of its subsidiaries. Application and interpretation of the terms of documents governing this structure will determine the priority of the ultimate distribution of any amounts received in respect of these liabilities and sales of structure assets among the holders of the Osprey Notes and Osprey Certificates, and ENE.

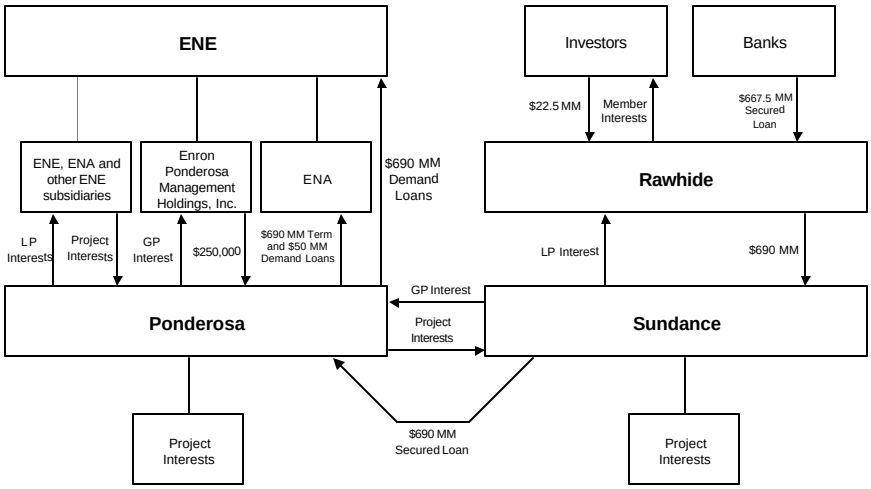
42. Rawhide

a. Legal Structure. Project Rawhide was consummated in December 1998. Ponderosa and Sundance were created to hold approximately $2.4 billion in contributed value of equity and debt interests primarily in power and energy-related assets in the Americas, Europe, and the Philippines contributed by ENE and its affiliates. These asset interests initially were contributed to Ponderosa and in consideration therefor, ENE and its affiliates were issued the limited partner interests in Ponderosa. Ponderosa then contributed approximately $858 million of such contributed asset interests to Sundance in consideration for the general partner interest in Sundance. The sole limited partner interest in Sundance was issued to Rawhide through the following series of transactions: Rawhide (i) was capitalized with an aggregate $22.5 million equity investment by two third-party institutional investors (Rawhide's capital contributing members are (1) Hoss LLC ($12.5 million), the sole membership interest in which was acquired in March 2000 by LJM2 Norman from HCM High Yield Opportunity Fund, L.P. (a hedge fund managed by Harch Capital Management, Inc.), and (2) Little Joe LLC ($10 million), the sole member of which is Crescent/Mach I Partners, L.P., an affiliate of Trust Company of the West), (ii) incurred $727.5 million of secured debt to CXC Incorporated, a commercial paper conduit affiliated with Citibank (this indebtedness was backed by a syndicate of banks that ENE understands has succeeded to CXC Incorporated's interests), and (iii) used the resulting $750 million of aggregate proceeds to make a capital contribution to Sundance in consideration for being issued the sole limited partner interest in Sundance. Sundance then made a $750 million secured loan to Ponderosa, which then made an unsecured term loan of like amount to ENA that is guaranteed by ENE. The general partner interest in Ponderosa was issued to a wholly-owned ENE subsidiary, Enron Ponderosa Management Holdings, Inc., in consideration for its cash capital contribution of $250,000 to Ponderosa.

Since December 1998, approximately $60 million of the principal amount of each of the Ponderosa loan to ENA, the Sundance loan to Ponderosa, and the CXC Incorporated loan to Rawhide was repaid from an approximate $60 million repayment of principal under the loan from Ponderosa to ENA, and the capital account of Rawhide in Sundance was decreased by the same amount. In addition, Ponderosa made demand loans to ENE, constituting permitted investments of cash in the structure (including, without limitation, proceeds from sales of project interests from time to time), the outstanding unpaid principal balance of which, as of the Initial Petition Date, was approximately $698 million.

In November 2001, Citicorp North America, Inc. as collateral agent for the banks under the secured loan to Rawhide, delivered a notice of "Appointment of Portfolio Manager" for Sundance and Ponderosa. In this notice, Citicorp North America, Inc. asserted, among other things, that: (i) the occurrence of certain events, including, without limitation, downgrades in ENE's long-term unsecured debt ratings and nonpayment of loans by Ponderosa to ENE, effects dissolution under Delaware law of Sundance and Ponderosa and commencement of winding up their respective business and liquidating their respective assets, (ii) the occurrence of such events also empowered Citicorp North America, Inc. to appoint a "Sundance Portfolio Manager" and "Ponderosa Portfolio Manager," each of which has certain rights with respect to such winding up and liquidation, and (iii) it had appointed Citibank as Sundance Portfolio Manager and Ponderosa Portfolio Manager. ENE disputes the validity, effectiveness, and scope of the purported appointment.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, (i) Ponderosa held interest-bearing debt instruments issued by ENE (approximately $698 million in unpaid principal) and ENA (approximately $690 in unpaid principal on term loan and $50 million in unpaid principal on demand note, both of which are guaranteed by ENE), and by EGPP (related to power plants in the Philippines and Central America) (an aggregate approximate $137.5 million in unpaid principal), (ii) Sundance held an interest-bearing debt instrument issued by Ponderosa (approximately $690 million in unpaid principal), and (iii) the banks held an interest-bearing debt instrument issued by Rawhide (approximately $667.5 million in unpaid principal). Significant assets held through Ponderosa's subsidiaries include varying interests in natural gas distribution facilities in Brazil and Argentina, a gas pipeline and processing plant in Argentina, and a pipeline in Colombia. Significant assets held through Sundance include common units representing limited partner interests in Northern Border Partners that owns a significant interest in a U.S. interstate pipeline.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, the outstanding principal balance of the loan by banks to Rawhide was approximately $667.5 million.

e. Significant Potential Liabilities of Debtors.

(i) Demand Loans. As of the Initial Petition Date, the aggregate unpaid principal balance of the (i) ENE demand loans payable to Ponderosa was approximately $698 million, and they became due and payable in November 2001 without demand as a result of S&P downgrades in ENE's long-term unsecured debt rating, and (ii) ENA demand note payable to Ponderosa and guaranteed by ENE was approximately $50 million.

(ii) Term Loan. As of the Initial Petition Date, the aggregate outstanding principal balance of the term loan by Ponderosa to ENA guaranteed by ENE was approximately $690 million.

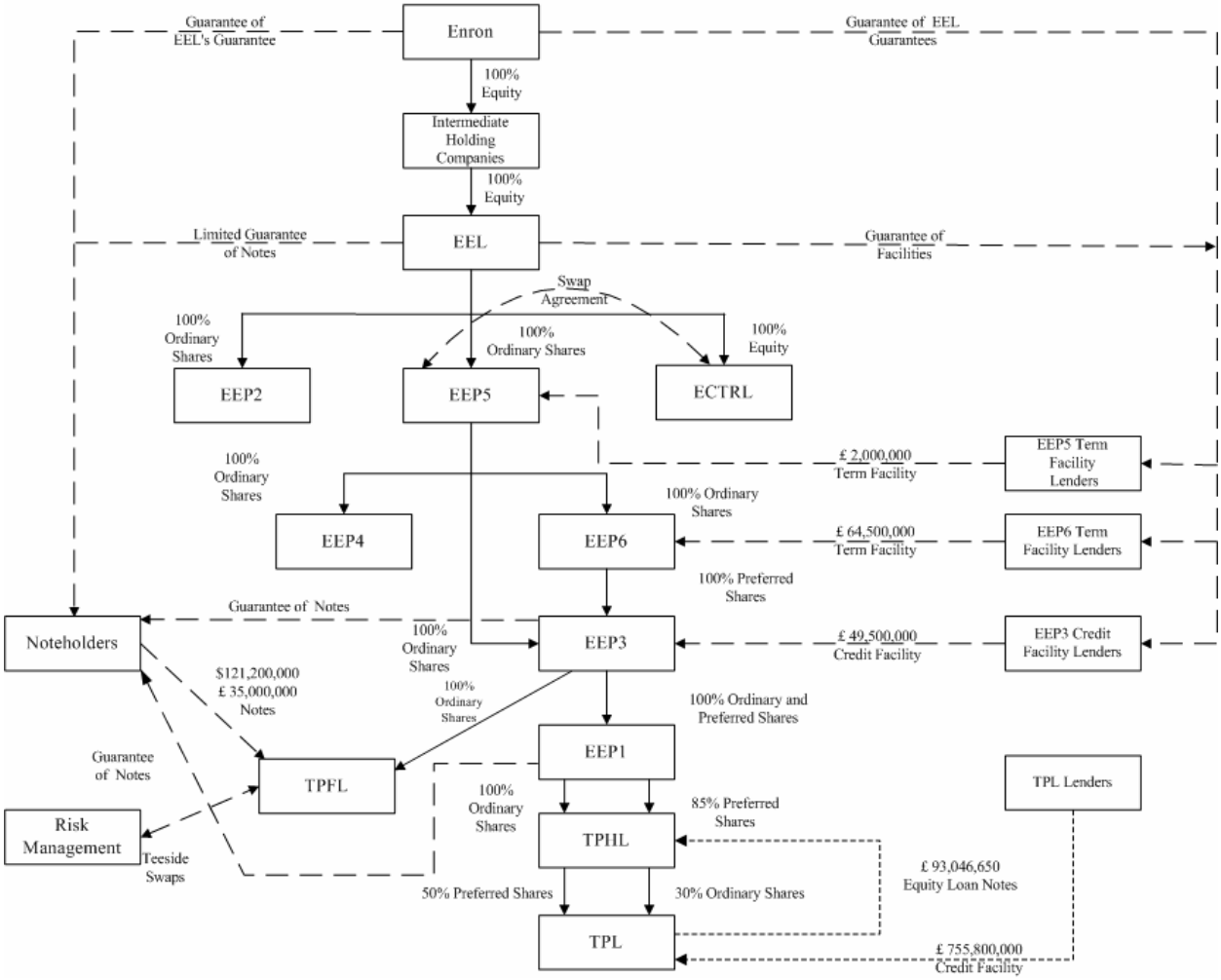
(iii) LP Obligations. Several limited partners of Ponderosa are Debtors, as of June 28, 2003, these include ENE, ENA, Enron Capital Management (as a division of ENE), ACFI, EDF, EGPP, Ventures, and ERAC. The limited partners of Ponderosa may be required to make capital contributions to Ponderosa with respect to certain liabilities, including, without limitation, (i) payments with respect to certain indemnification obligations of Ponderosa and Sundance, (ii) certain contribution obligations required with respect to assets contributed to Ponderosa, including those contributed onto Sundance, (iii) payments for deficiencies between sales proceeds from the disposition of contributed assets and the value at which they were contributed to Ponderosa, and (iv) payments of certain Ponderosa including without limitation expenses, liabilities, obligations, settlements, claims, losses, and costs.

(iv) ENE Guarantees. ENE has guaranteed certain payment and performance obligations of its subsidiaries (excluding the payment by Ponderosa of principal or interest on the loan by Sundance to Ponderosa), including, without limitation, those of ENA under the Ponderosa loan to ENA, and of the partners of Ponderosa and of Ponderosa as general partner of Sundance (excluding certain obligations of Ponderosa, as Sundance's general partner, to make preferred payments to Sundance's limited partner) under the limited partnership agreements of Ponderosa and Sundance, respectively.

43. Riverside

a. Legal Structure. In 1991, ECTRL, a U.K. subsidiary of ENE, entered into various construction and financing agreements with several U.K. power producers and lenders to finance and construct a 1,875-MW power plant in the northeast U.K. Following construction of the power plant, ECTRL's ownership interests in the power plant were transferred among several subsidiaries of ECTRL's parent (EEL, an indirect subsidiary of ENE) to monetize such ownership interests. In connection with the monetization transactions, EEL guaranteed various debt obligations of its direct and indirect subsidiaries and ENE guaranteed EEL's guarantees of such obligations.

b. Structure Diagram as of the Initial Petition Date.



c. Significant Assets Associated with the Structure. EEP1, an indirect, wholly-owned subsidiary of EEL, owns 100% of the ordinary shares and 85% of the preferred shares of TPHL, which is the entity that owns 50% of the preferred shares and 30% of the ordinary shares of TPL, which is the entity that owns the power plant. In addition, TPHL is the holder of approximately GBP 93,046,650 in equity loan notes issued by TPL in connection with the financing of the power plant.

d. Significant Potential Liabilities of the Structure. In connection with the construction of the power plant, TPL entered into a credit facility with an estimated outstanding balance of GBP 755.8 million and issued to TPHL, as noted above, approximately GBP 93,046,650 in equity loan notes. In addition, various direct and indirect wholly-owned subsidiaries of EEL issued indebtedness in connection with the monetization and transfer of the ownership interests in the power plant as follows: (i) EEP3 issued approximately GBP 49.5 million of secured indebtedness pursuant to a secured credit facility; (ii) EEP5 issued approximately GBP 2 million pursuant to a secured credit facility; (iii) EEP6 issued approximately GBP 64.5 million pursuant to a secured credit facility; and (iv) TPFL issued fixed and floating rate secured notes with any aggregate principal amount of GBP 35 million and

$121.2 million. EEL guaranteed the debt obligations of its subsidiaries referred to in the prior sentence in connection with these transactions.

e. Significant Potential Liabilities of Debtors. ENE guaranteed the obligations of EEL to provide the guarantees noted above.

44. Slapshot

a. Legal Structure. Slapshot was a transaction involving CPS, ENE's principal newsprint and directory paper asset in Quebec, Canada, entered into on June 22, 2001. Slapshot lenders were not granted a security interest in the shares of CPS or in its assets, the principal credit support for the financing being provided by ENE through the Put Agreement and Total Return Swap, described more fully below. Proceeds of the Slapshot financing were used to repay ENE under a bridge loan entered at the time of CPS's acquisition in March 2001.

Shortly prior to ENE's bankruptcy filing, but following a cross-default by ENE, Flagstaff, a wholly-owned subsidiary of JPMCB which extended the Slapshot loan, irrevocably put certain warrant rights, described below, to ENE, in accordance with the terms of the Put Agreement. The exercise of the put option under the Put Agreement had the effect of substituting ENE as the party responsible for paying the unamortized portion of the Slapshot loan payable to Flagstaff, in the place and stead of Hansen, the original Slapshot borrower and a wholly-owned subsidiary of CPS. Because ENE's ability to honor its payment obligations under the Put Agreement and Total Return Swap arrangements remains subject to the automatic stay provisions applicable to ENE's bankruptcy, ENE has yet to pay to Flagstaff any amounts due under the Total Return Swap.

The Slapshot transaction is briefly summarized as follows:

(i) Flagstaff loaned Hansen $1.4 billion under an unsecured credit agreement. To fund the Hansen credit facility, Flagstaff received a $375 million secured loan from a syndicate of banks and a $1.04 billion loan from Chase. In connection with the Hansen credit agreement, Hansen issued a $1.4 billion note to Flagstaff bearing an annual interest rate of 6.12% and a maturity date of June 23, 2006. Under the terms of the Hansen credit agreement, in addition to the outstanding principal due thereunder, a make-whole amount consisting of (a) the accrued and unpaid interest due on or before the date of any voluntary or involuntary prepayment of principal under the loan, and (b) the present value of all payments of interest under the Hansen credit agreement that would have been payable on the principal that was prepaid had such payment of interest occurred on the originally-intended maturity date of June 23, 2006, becomes due and payable upon any prepayment of principal or upon an event of default (which includes material cross-defaults and the filing for bankruptcy protection by ENE) under the Hansen credit agreement.

(ii) Hansen in turn loaned $1.4 billion to CPS in exchange for a $1.4 billion intercompany demand note bearing annual interest of 6.13% and a final maturity date of June 23, 2006. The intercompany note in favor of Hansen contains a waiver of remedies that significantly limits Hansen's right of recourse against CPS, as well as rights of third parties deriving their rights through Hansen.

(iii) Hansen entered into a subscription agreement with Newman, another wholly-owned subsidiary of CPS, pursuant to which Newman agreed to make a deferred payment (on the earlier of (i) June 23, 2006 or (ii) the date upon which the principal amount owing under the Hansen credit agreement becomes due and payable) to Hansen in return for the Class A Preferred Convertible Shares of Hansen.

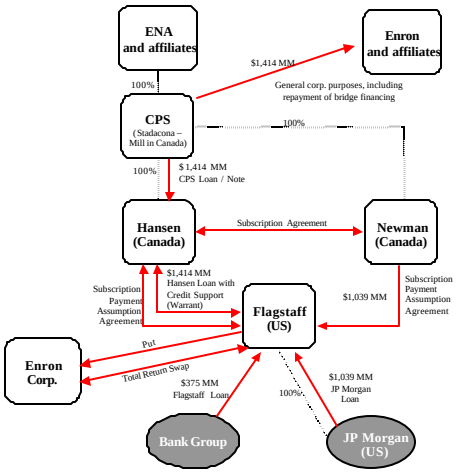
(iv) Hansen, Newman, and Flagstaff entered into an assumption agreement pursuant to which Newman paid Flagstaff $1.04 billion in return for the assumption by Flagstaff of Newman's future obligation to pay the $1.4 billion subscription price under the subscription agreement to Hansen (to occur on the earlier of (i) June 23, 2006 or (ii) the date upon which the principal amount owing under the Hansen credit agreement becomes due and payable). Under the subscription payment assumption agreement, the Hansen Class A shares are to be issued to Newman.

(v) Flagstaff and Hansen entered into a warrant agreement pursuant to which Flagstaff received a warrant that could be exercised for nonconvertible Class B Preferred Shares of Hansen. At any time prior to the occurrence of an event of default under the Hansen credit agreement, Flagstaff may exercise, and at any time after the occurrence of an event of default under the Hansen credit agreement, any holder other than Flagstaff may exercise, the Hansen warrant (at a purchase price of $1.00 per Hansen Class B share) for the number of Hansen Class B shares equal in aggregate value to the make-whole amount determined as of the date of exercise, whether or not the make-whole amount is then due and payable.

(vi) Flagstaff and ENE entered into a put option agreement pursuant to which Flagstaff has the right, upon an event of default under the Hansen credit agreement, to cause ENE to purchase the Hansen warrant and Hansen's rights to the make-whole amount under the Hansen credit agreement in return for a put purchase price equal to the fair market value of the Hansen warrant and Hansen's rights to the make-whole amount under the Hansen credit agreement as determined by ENE , or, if no determination is made on the same business day that ENE receives notice of Flagstaff's intent to cause ENE to make the purchase, then equal to the tangible net worth of Hansen.

(vii) Flagstaff and ENE entered into a total return swap. The payment date under the total return swap is the date of assignment of the Hansen warrant and Hansen's rights to the make-whole amount under the Hansen credit agreement to ENE pursuant to the put agreement. On the payment date, Flagstaff pays an amount equal to the value of the Hansen warrant and Hansen's rights to the make-whole amount under the Hansen credit agreement, as determined under the put agreement, to ENE, in return for ENE's payment to Flagstaff of an amount equal to the make-whole amount owed by Hansen to Flagstaff under the Hansen credit agreement. The net effect of an exercise of the put option under the put agreement and the triggering of the total return swap, is the payment by ENE to Flagstaff of the make-whole amount.

b. Structure Diagram as of the Initial Petition Date.



c. Significant Potential Liabilities of Debtors. ENE may be obligated under the total return swap to pay Flagstaff a sum equal to the make-whole amount**.**

45. SO_2

a. Legal Structure. The SO_2 Inventory Project was established to monetize an inventory of sulfur-dioxide emissions credits held by ENA. To effectuate the project, ENA executed an ENA GTC along with a confirmation dated September 28, 2001, with Colonnade Limited, a Guernsey, Channel Islands company. Under the GTC, ENA purported to agree to sell 757,975 emissions credits to Colonnade in return for a cash payment of $128,372,535. A month later, ENA purported to sell an additional 166,607 emissions credits to Colonnade under an agreement, dated October 30, 2001 for a cash payment of $29,108,639.

Colonnade also entered into a call option agreement, dated October 30, 2001 for the emissions credits with Herzeleide, LLC, a Delaware limited liability company, and a put option agreement concerning the emissions credits with Grampian LLC, a Delaware limited liability company. Herzeleide and Grampian are wholly-owned subsidiaries of ENE.

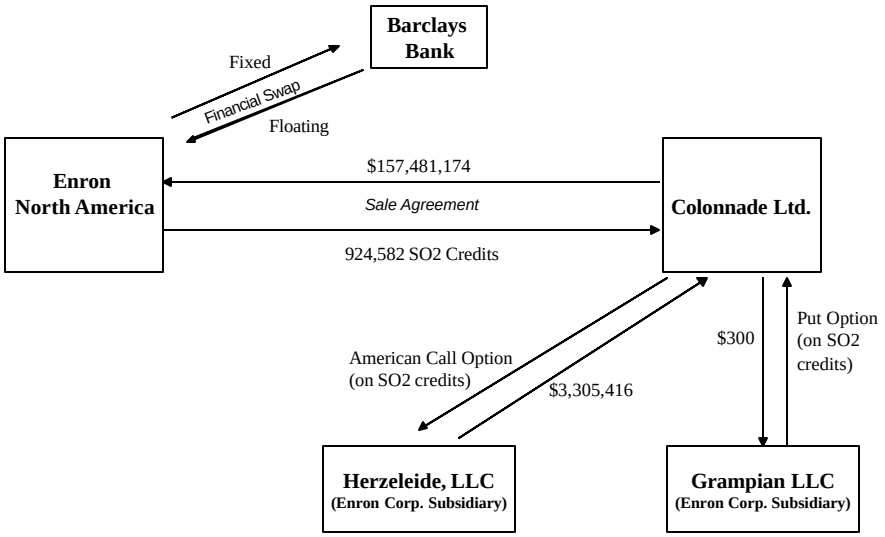
ECT had previously entered into an ISDA master agreement and a credit support annex, both dated January 13, 1994, as amended from time to time, as supplemented by three confirmations of swap between Barclays and ENA (formerly known as ECT), each dated October 30, 2001, with Barclays. Under the terms of the swap, ENA makes fixed payments (equal to the sum of the fixed price per emissions credit and the notional quantity of emissions credits referenced per year) and Barclays makes floating payments (based on a quoted bid price). The total amount of the fixed payments payable by ENA pursuant to all three swap

confirmations is $157,481,173. The total amount of the floating payments payable by Barclays is variable, based on the applicable reference spot price per emissions credit.

On October 30, 2001, ENE and Barclays entered into a Charge on Cash, under which ENE deposited $59.5 million in cash into a Barclays account in London. The agreement purported to allow Barclays to withdraw funds from this account to meet any present or future obligation and liability of ENE, or any of its subsidiaries, to Barclays or certain of its affiliates.

ENE guaranteed Herzeleide's and Grampian's obligations under the call option agreement and the put option agreement, respectively, and was the guarantor of ENA's obligations under the swap confirmations.

b. Structure Diagram as of the Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, Colonnade purported to own 924,582 emissions credits.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, ENA was obligated on certain financial swaps with Barclays, and Grampian was obligated on that certain put option to Colonnade.

e. Significant Potential Liabilities of Debtors. On December 4, 2001, Barclays sent ENA a Notice of Termination as a Result of Voluntary Filing, claiming that the ENA bankruptcy was an event of default under the master ISDA agreement. On December 31, 2001, Barclays sent ENA a Statement of Payment on Early Termination that calculated the amounts due under the swap confirmations. Barclays used the average of 2 market quotations ($94,774,866) for the value of the floating payments payable by Barclays under the three swap

confirmations. The total amount of the fixed payments payable by ENA remained $157,481,173. Barclays thus claimed that it was owed $62,706,307 by ENA.

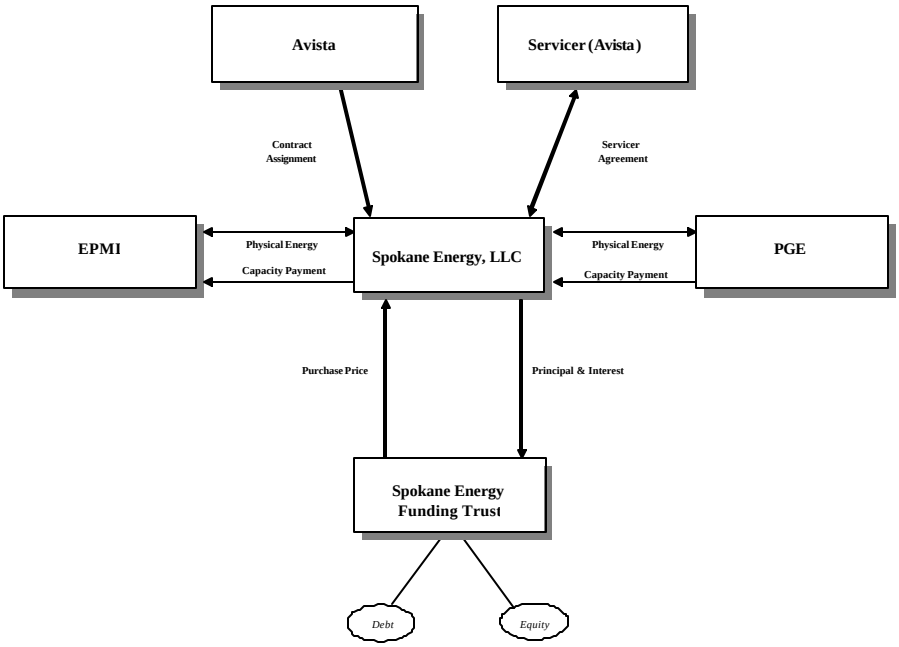
46. Spokane

a. Legal Structure. On October 1, 1998, EPMI entered into long-term physical power supply agreement with Spokane. The Spokane contract serves as a physical and financial hedge for Spokane's obligations to PGE under a contract dated June 26, 1992, that Avista monetized by assigning to Spokane for a payment of approximately $145 million. The PGE contract gives PGE an option to purchase peak energy in exchange for off-peak energy and capacity payments.

The Spokane Trust issued notes and certificates to fund the assignment of the PGE contract to Spokane, and Spokane in turn collaterally assigned the Spokane contract and PGE contract to the Spokane Trust as collateral.

ENE issued a performance guarantee to the Spokane Trust, for the benefit of the noteholders, of the obligations of EPMI under the Spokane contract.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. Spokane has power contracts with PGE and EPMI.

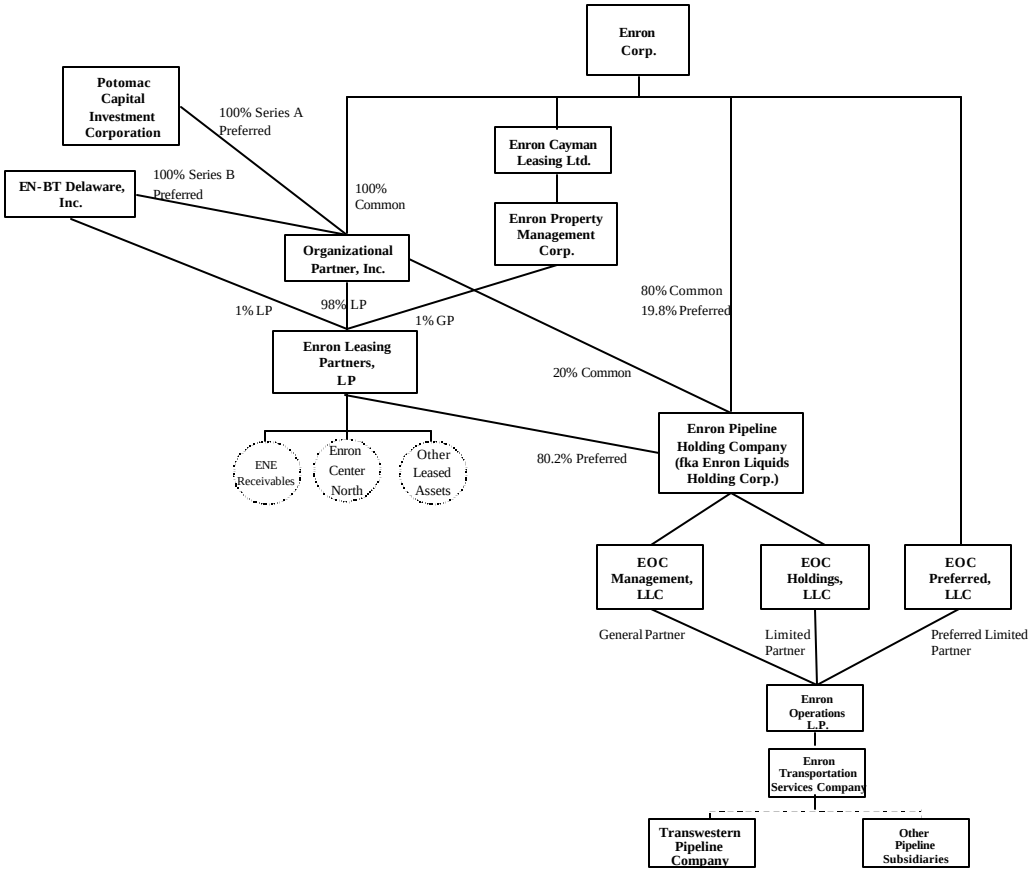
d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, the Spokane Trust had obligations of approximately $139 million.

e. Significant Potential Liabilities of Debtors. For EPMI, the unliquidated value of the Spokane contract. ENE guaranteed the obligations of EPMI under the Spokane contract.

47. Teresa

a. Legal Structure. In 1997, ENE contributed certain assets to OPI which, in turn, contributed such assets to ELP. Such contributed assets included, among others, the lease for the Enron Building. For a description of the synthetic lease transaction relating to the Enron Building, refer to Section III.F.19, "Enron Center North Synthetic Lease" for further information. Shortly after ENE's contribution, DB and Potomac Capital Investment Corporation provided the minority investment financing to the structure by investing in shares of preferred stock of OPI.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, ELP's significant assets included net receivables from ENE, the Enron Building (subject to loan and Forbearance Agreement dated May 14, 2002 relating to the loan), subordinated preferred stock in Enron Pipeline Holding Company, an entity that indirectly holds an interest in the stock of ETS, and other leasing assets.

OPI's significant assets included $131 million cash arising from an income tax refund (subject to current IRS audit) and net receivables from ENE.

d. Significant Potential Liabilities of the Structure. ELP's significant liability is the debt on the Enron Building.

e. Significant Potential Liabilities of Debtors. Refer to Section III.F.19, "Enron Center North Synthetic Lease" for further information.

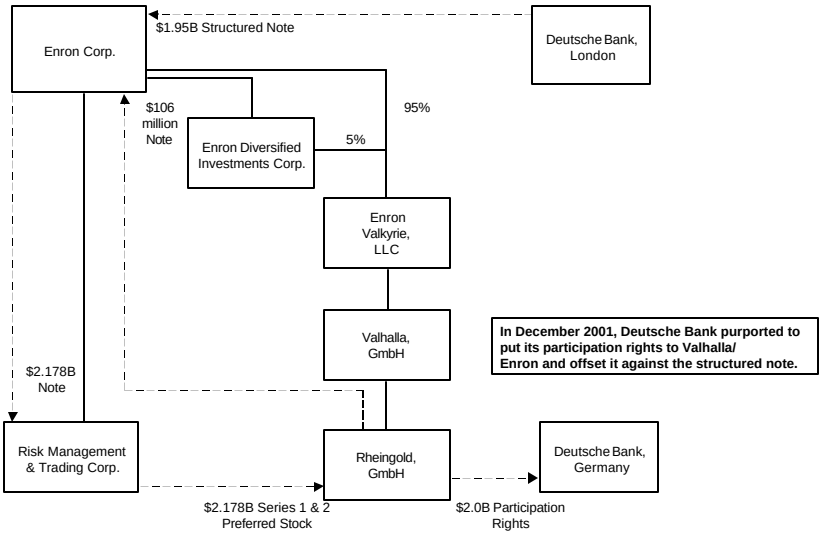
48. Valhalla

a. Legal Structure. In 2000, various ENE subsidiaries formed Valkyrie, Valhalla, and Rheingold, to implement a financing transaction with DB. Through the structure these subsidiaries borrowed a net $50 million from DB.

ENE invested $178 million in Rheingold (indirectly through Valkyrie and Valhalla). DB acquired "*participation rights*" of Rheingold for $2 billion. Rheingold used the funds to purchase $2.178 billion in preferred stock from RMTC, an indirect subsidiary of ENE. RMTC then loaned $2.178 billion to ENE, and ENE loaned $1.95 billion to DB in the form of a structured note receivable. Contemporaneously, ENE and DB entered into an interest rate swap with a $50 million notional principal balance.

As part of the steps described above, DB, Valhalla, and Valkyrie executed various puts and calls on the participation rights issued to DB by Rheingold, and ENE guaranteed the performance of Valhalla and Valkyrie under those arrangements. The puts and calls provided a mechanism for unwind upon certain default events including the material downgrade of either party's credit rating.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. The only significant asset associated with the structure is $2.178 billion in preferred stock of RMTC.

d. Significant Potential Liabilities of the Structure. Immediately prior to ENE's bankruptcy filing, DB purported to put its interest in Rheingold to Valhalla and, pursuant to the various legal documents, offset the Rheingold interest against its structured note payable to ENE. ENE has reserved its right to contest DB's purported put. The validity of the purported put may ultimately be resolved by the Bankruptcy Court; the outcome of such action would impact the equity ownership of Rheingold. If DB's offset is not valid, the structure's significant liability is Rheingold's $2 billion "participation rights" obligation to DB. If DB's offset is valid, then Valhalla owns the participation rights, and ENE may have a claim against Valhalla arising

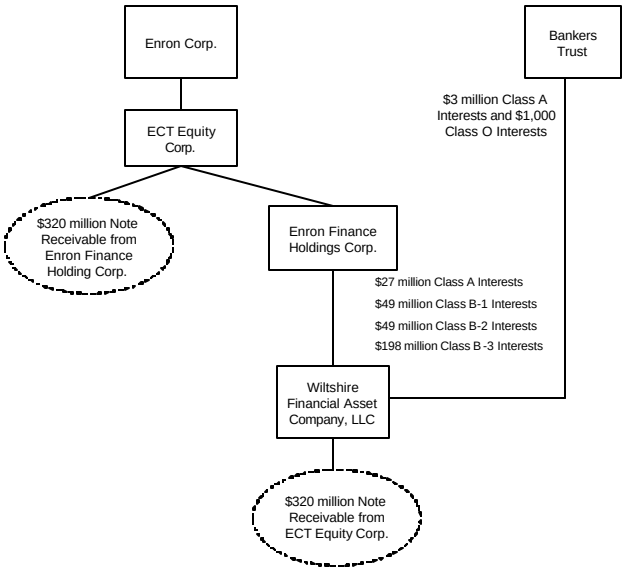
out of satisfaction of ENE's guarantee. Whether or not DB's offset is valid, Rheingold owes ENE $106 million.

e. Significant Potential Liabilities of Debtors. Refer to III.F.48.d, "Significant Potential Liabilities of the Structure" for further information.

49. Wiltshire Financial Asset Company/Renegade

a. Legal Structure. In 1998, ENE and BT formed Wiltshire as a FASIT. BT loaned $320 million to ECT Equity Corp., an ENE affiliate, which loaned the funds to EFHC, an ENE affiliate. ENE guaranteed ECT Equity Corp.'s obligations. EFHC lent $8 million to ENE and contributed the remaining $312 million to Wiltshire in exchange for various Class A and Class B FASIT interests. BT contributed $8 million to Wiltshire in exchange for Class A and Class O FASIT interests. Wiltshire utilized the $320 million contributed by BT and EFHC to acquire the ECT Equity Corp. note held by BT.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, Wiltshire holds a $320 million note receivable from ECT Equity Corp.

d. Significant Potential Liabilities of the Structure. As of the Initial Petition Date, Wiltshire owes $3 million to BT on its Class A and Class O FASIT interests and $323 million to EFHC on its Class A and Class B FASIT interests.

e. Significant Potential Liabilities of Debtors. The guaranty issued by ENE may give rise to a prepetition unsecured claim against ENE.

50. Yosemite and Credit Linked Notes

a. Legal Structure. From 1999 through 2001, ENE and Citibank structured several transactions designed to issue notes, the credit quality of which was comparable to ENE unsecured obligations. In each transaction, an SPE, often a trust, was formed to issue notes and equity certificates. The SPE would then invest the proceeds of the note and certificate issuances in permitted investments.[17] The SPE then entered into a credit default and periodic payment swap with Citibank. Under the periodic payment portion of the swap, Citibank would pay to the SPE amounts sufficient to pay periodic interest, and, when due, periodic yield on the notes and certificates, respectively, issued by the SPE, and the SPE would pay to Citibank amounts received from the permitted investments. Under the credit default terms of the swap, upon an ENE credit event, such as bankruptcy, Citibank could deliver senior unsecured obligations of ENE to the SPE in exchange for the permitted investments of the SPE. It is ENE's belief that after ENE filed for bankruptcy, Citibank delivered the obligations represented by the Citibank/Delta Prepays (refer to Section III.F.11, "Citibank/Delta Prepays" for further information) to the SPEs in exchange for the permitted investments. The transaction amounts and permitted investments for each transaction are as follows:

(i) Yosemite Securities Trust I Yosemite I issued 8.25% Series 1999-A Linked Enron Obligations and trust certificates, raising a total of $825 million, of which $800 million was used to purchased a promissory note from Delta, and the remaining $25 million was used to purchase a promissory note from ENE. As of the Initial Petition Date, the trust certificate holders of Yosemite I were SE Raptor LP, a subsidiary of Whitewing (refer to Section III.F.41, "Osprey/Whitewing" for further information), ENE and a third-party institutional investor.

(ii) Yosemite Securities Company Ltd. Yosemite Securities issued 8.75% Series 2000-A Linked Enron Obligations and company certificates, raising a total of £222.25 million, of which £206.75 million was used to purchase a promissory note from Delta and the remaining £15.5 million was used to purchase a promissory note from ENE. As of the Initial Petition Date, the trust certificate holders of Yosemite Securities were SE Raptor LP, a subsidiary of Whitewing (refer to Section III.F.41, "Osprey/Whitewing" for further information), ENE and a third-party institutional investor.

(iii) Enron Credit Linked Notes Trust. The CLN Trust issued 8.00% Enron Credit Linked Notes, as well as trust certificates, raising a total of $550 million, which was used to purchase a certificate of deposit from Citibank. The trust certificate holders are third-party institutional investors. As part of this transaction, Citibank loaned ENE $25 million as evidenced by a promissory note issued to Citibank.

(iv) Enron Credit Linked Notes Trust II. The CLN Trust II issued 7.375% Enron Credit Linked Notes, as well as trust certificates, raising a total of $550 million, which was used to purchase a certificate of deposit from Citibank. The trust certificate holders

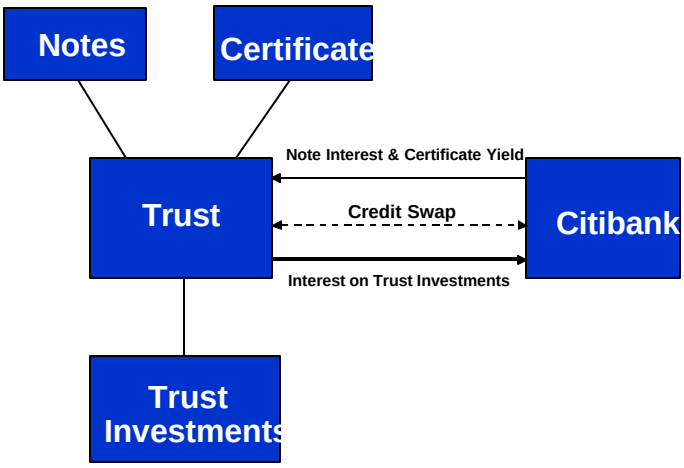
[17] For the Yosemite transactions, the permitted investments included, among other things, ENE unsecured obligations. For the Credit Linked Notes transactions, the permitted investments did not include ENE unsecured obligations.

are third party institutional investors. As part of this transaction, Citibank loaned ENE $25 million as evidenced by a promissory note issued to Citibank.

(v) Enron Sterling Credit Linked Notes Trust. The Sterling CLN Trust issued 7.25% Enron Sterling Credit Linked Notes, as well as trust certificates, raising a total of £139 million, which was used to purchase a certificate of deposit from Citibank. The trust certificate holders are third-party institutional investors. As part of this transaction, Citibank loaned ENE £15.5 million as evidenced by a promissory note issued to Citibank.

(vi) Enron Euro Credit Linked Notes Trust. The Euro CLN Trust issued 6.50% Enron Euro Credit Linked Notes, as well as trust certificates, raising a total of ∈222.5 million, which was used to purchase a certificate of deposit from Citibank. The trust certificate holders are third-party institutional investors. As part of this transaction, Citibank loaned ENE ∈29.1 million as evidenced by a promissory note issued to Citibank.

b. Structure Diagram as of Initial Petition Date.



- A+ / A1 or better
- Yosemite allowed to directly purchase ENE debt securities

2

c. Significant Assets Associated with the Structure. As of the Initial Petition Date, each SPE held the permitted investments as described above. It is ENE's belief that, after ENE filed for bankruptcy, Citibank delivered the obligations represented by the Citibank/Delta Prepays (refer to Section III.F.11, "Citibank/Delta Prepays" for further information) to the SPEs in exchange for the permitted investments.

d. Significant Potential Liabilities of the Structure.

(i) Yosemite Securities Trust. Yosemite I issued notes and trust certificates totaling $825 million.

(ii) Yosemite Securities Company Ltd. Yosemite Securities issued notes and company certificates, totaling 222.25 million.

(iii) Enron Credit Linked Notes Trust. CLN Trust issued notes and trust certificates totaling $550 million.

(iv) Enron Credit Linked Notes Trust II. CLN Trust II issued notes and trust certificates totaling $550 million.

(v) Enron Sterling Credit Linked Notes Trust. Sterling CLN Trust issued notes and trust certificates totaling £139 million.

(vi) Enron Euro Credit Linked Notes Trust. Euro CLN Trust issued the notes and trust certificates totaling $222.5 million.

e. Significant Potential Liabilities of Debtors.

(i) Yosemite Securities Trust I. ENE is obligated under the promissory note originally issued to Yosemite I. Additionally, ENA's obligations under certain Citibank/Delta prepay transactions, which have now been assigned to Yosemite I, were supported by a guaranty from ENE.

(ii) Yosemite Securities Company Ltd. ENE is obligated under the promissory note originally issued to Yosemite Securities. Additionally, ENA's obligations under certain Citibank/Delta prepay transactions, which have now been assigned to Yosemite Securities, were supported by a guaranty from ENE.

(iii) Enron Credit Linked Notes Trust. ENE is obligated under the promissory note originally issued to Citibank. Additionally, ENA's obligations under certain Citibank/Delta prepay transactions, which have now been assigned to CLN Trust, were supported by a guaranty from ENE.

(iv) Enron Credit Linked Notes Trust II. ENE is obligated under the promissory note originally issued to Citibank. Additionally, ENA's obligations under certain Citibank/Delta prepay transactions, which have now been assigned to CLN II Trust, were supported by a guaranty from ENE.

(v) Enron Sterling Credit Linked Notes Trust. ENE is obligated under the promissory note originally issued to Citibank. Additionally, ENA's obligations under certain Citibank/Delta prepay transactions, which have now been assigned to Sterling CLN Trust, were supported by a guaranty from ENE.

(vi) Enron Euro Credit Linked Notes Trust. ENE is obligated under the promissory note originally issued to Citibank. Additionally, ENA's obligations under certain Citibank/Delta prepay transactions, which have now been assigned to Euro CLN Trust, were supported by a guaranty from ENE.

51. Zephyrus/Tammy

a. Legal Structure. Project Tammy was a minority-interest investment involving the formation of EFP, a Delaware limited liability company. EFP invested in certain

permitted assets, including debt securities of Sequoia. Refer to Section III.F.2, "Apache/Choctaw" for further information.

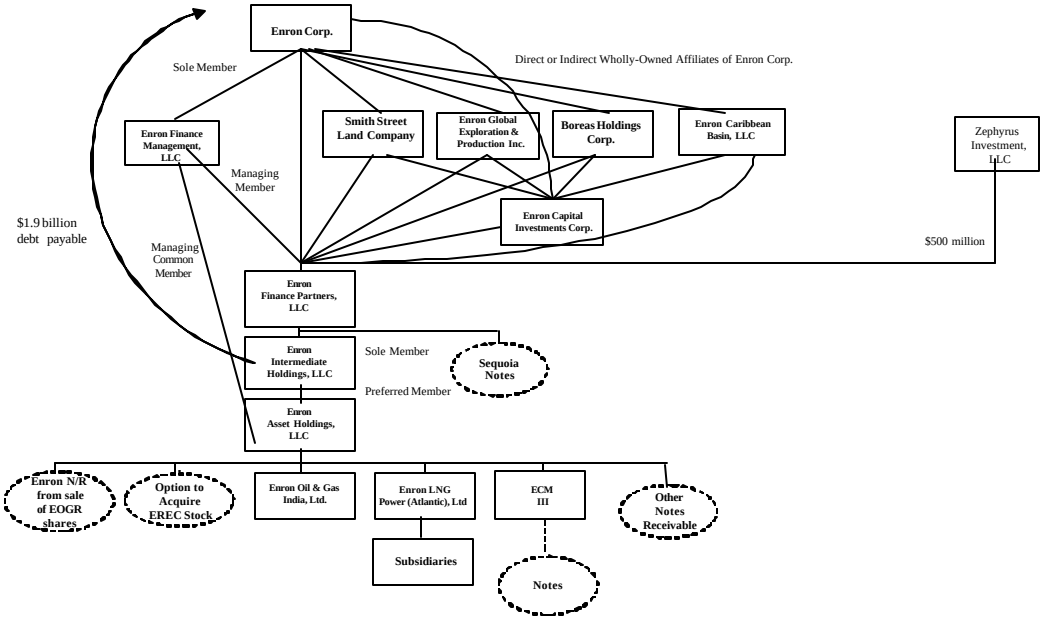
EFP has three classes of membership interests: Class A, Class B and Class C. The Class A Member is Enron Finance Management LLC and the Class B Members are ENE and various ENE subsidiaries. The Class B Members contributed certain assets in exchange for their Class B membership interest in EFP. EFP contributed these assets (except for a $125 million demand note issued by ENE) to EIH, in exchange for 100% of the membership interest in EIH. EIH, in turn, contributed these assets (other than a $200 million demand note issued by ENE) to EAH, in exchange for the Class B membership interest of EAH. As a result of the various contributions of these assets, (i) EFP holds a $125 million demand note, (ii) EIH holds a $200 million demand note, and (iii) EAH holds all of the remaining contributed assets.

In addition to the contribution of the assets by the Class B Members of EFP, Zephyrus, a Delaware limited liability company, contributed $500 million in cash in exchange for the Class C Membership Interest in EFP. Zephyrus was capitalized by a third-party syndication led by JPMCB contributing debt ($481.725 million) and equity ($18.275 million) to Zephyrus. The proceeds of Zephyrus's investment were used by EFP to purchase debt securities of Sequoia and other permitted investments.

Contemporaneous with the contribution of assets through the Tammy structure, certain ENE debt was assumed by the entities within the structure. Prior to Tammy, ENE issued, from time to time, various debt securities pursuant to a certain indenture. Project Tammy included the assignment and assumption of approximately $1.72 billion of the debt securities. After consummation of the series of assumptions and assignments of the obligations under the debt securities, (i) ENE continued to remain liable to the holders in respect of all of the debt securities issued under the indenture, (ii) each Class B Member remained liable to ENE in respect of such Class B Member's assumed obligations, (iii) EIH remained liable to ENE in respect of the EIH assumed obligations, and (iv) EFP was released from EFP's assumed obligations and was not liable to ENE in respect thereof.

In October 2002, Zephyrus purported to exercise its right to take control of the management of EFP.

b. Structure Diagram as of Initial Petition Date.



c. Significant Assets Associated with the Structure. As of the Initial Petition Date, EFP's significant assets were (a) a $125 million note receivable from ENE; (b) a $508 million note receivable from ENA; (c) a 100% equity interest in EIH; and (d) a $6 million note receivable from Sequoia.

At the Initial Petition Date, EIH's only significant assets were a $215 million ENE demand note and its Class B membership interest in EAH.

At November 30, 2001, EAH's assets were (a) $400,000 cash, (b) 100% of the stock of EOGIL, (c) a $32.5 million note receivable from EGEP China Company, a Mauritius company, (d) an ENE note receivable of $542 million representing proceeds from the sale of EOG stock, (e) a $20 million note receivable from Enron Finance Management, LLC, (f) a $1 option to purchase all of the common stock of EREC, (g) 100% of the stock of Enron LNG Power (Atlantic) Ltd., and (h) a derivative interest in a receivable representing proceeds from the sale of East Coast Power.

d. Significant Potential Liabilities of the Structure. EFP issued a class C preferred interest in the amount of $500 million.

EIH has a $1.9 billion payable to ENE in respect of ENE's obligation under the Harris Indenture Trust.

e. Significant Potential Liabilities of Debtors. ENE and ENA have payables to the structure, as discussed above. Refer to Sections IV.C.1.c, "Trading Litigation," and IV.C.1.d "Litigation Related to Structures" for further information.

G. Related Party Transactions

Information included in this section represents a summary of ENE's 8-K filed November 8, 2001 and other ENE or third-party public filings and reports on the subject of ENE's related party transactions. The descriptions below, which are based on the Debtors' view of the historical facts and which are subject to further review, elaboration, or modification, are included for informational purposes. Others familiar with these proceedings may dispute all or part of these descriptions or assessments.

On October 28, 2001, ENE established the Powers Committee, which was charged *"to examine and take any appropriate actions with respect to transactions between the Enron Companies and entities connected to related parties."* The Powers Committee retained Wilmer, Cutler & Pickering as its counsel, which, in turn, retained Deloitte & Touche for independent accounting advice. On February 1, 2002, the Powers Committee released the Powers Report. Findings from the Powers Report included revelations about the extensive financial enrichment of certain former ENE employees and conclusions related to the objectives for, and implementation of, related party transactions. Significant detail describing the related party transactions is provided in the Powers Report, which is available online in the "Related Documents" section at http://www.enron.com/corp/por/.

1. Chewco

a. General Summary. From June 1993 through November 1997, an ENE subsidiary was the general partner and a third party, CalPERS, was the limited partner of Joint Energy, a $500 million joint venture investment partnership. Joint Energy was formed primarily to invest in and manage certain natural gas and energy related assets. In November 1997, Joint Energy made a liquidating distribution to CalPERS of $383 million. Concurrently, Chewco purchased a limited partnership interest in Joint Energy for $383 million, $132 million of which was financed by an interest-bearing loan from Joint Energy to Chewco, and $240 million of which was borrowed from a third-party financial institution, supported by a guarantee from ENE.

From December 1997 to December 2000, Chewco received distributions of $433 million from Joint Energy. Among other things, Chewco used a portion of these distributions to make repayments on its Joint Energy loan, and to repay the additional borrowing from the third-party financial institution. In March 2001, ENE purchased Chewco's limited partnership interest in Joint Energy for $35 million. The impact of ENE's buyout was a consolidation of Joint Energy into ENE's consolidated financial statements. In September 2001, ENE paid an additional $2.6 million to Chewco in connection with a tax indemnification agreement between Joint Energy, Chewco, and ENE. Of the total purchase consideration, $26 million was used by Chewco to make a payment on the Joint Energy loan.

b. Chewco Financial Restatement. ENE's decision to consolidate Chewco was based on ENE's assessment that Chewco did not meet the accounting criteria to qualify as

an unconsolidated SPE. As a result of Chewco's failure to meet the criteria, Joint Energy, in which Chewco was a limited partner, also did not qualify for nonconsolidation treatment. In its November 8, 2001 8-K, ENE reported the decision to consolidate both Chewco and Joint Energy beginning in November 1997.

2. The LJM Partnerships

a. General Background. Upon information and belief, LJM1 was formed as a private investment limited partnership in June 1999, and LJM2 was also formed as a private investment partnership a few months later in October 1999. They were described to the Board as potential sources of capital to buy assets from ENE, potential equity partners for ENE investments, and counterparties to help mitigate risks associated with ENE investments. The Board also was informed that LJM1 and LJM2 intended to transact business with third parties. Prior to approving Mr. Fastow's affiliation with LJM1 and LJM2, the Board determined that Mr. Fastow's participation in the partnerships would not adversely affect the interests of ENE. The Board approved the initial transaction with LJM1 and recognized that ENE might (but was not required to) engage in additional transactions with LJM1. ENE believes that the initial capital commitments to LJM1 were $16 million, and the aggregate capital commitments to LJM2 were $394 million. LJM1 was first disclosed as a related-party transaction in ENE's June 30, 1999 10-Q, and LJM2 was referenced in the 1999 10-K. In ENE's 2000 and 2001 proxy statements filed with the SEC, Andrew Fastow was identified by name as the "*senior officer of Enron*" involved with the LJM partnerships. ENE now believes that Mr. Fastow received in excess of $30 million relating to his LJM management and investment activities.

The Board directed that certain controls be put into place relating to Mr. Fastow's involvement with the partnerships and transactions between ENE and the LJM partnerships. The Board required review and approval of each transaction by the Office of the Chairman of the Board, the CAO, and the chief risk officer. The Board also recognized the ability of the Chairman of the Board to require Mr. Fastow to resign from the partnerships at any time, and directed that the Audit and Compliance Committee of the Board conduct annual reviews of transactions between ENE and LJM1 and LJM2 completed during the prior year. The proper implementation of these controls and procedures was one of the subjects of the Powers Committee's investigation.

b. Summary of LJM Transactions. From June 1999 through September 2001, ENE and ENE-related entities entered into 24 business relationships in which LJM1 or LJM2 participated. These relationships were of several general types, including: (1) sales of assets by ENE to LJM2 and by LJM2 to ENE; (2) purchases of debt or equity interests by LJM1 or LJM2 in ENE-sponsored SPEs; (3) purchases of debt or equity interests by LJM1 or LJM2 in ENE affiliates or other entities in which ENE was an investor; (4) purchases of equity investments by LJM1 or LJM2 in SPEs designed to mitigate market risk in ENE's investments; (5) the sale of a call option and a put option by LJM2 on physical assets; (6) transactions involving LJM and third parties; and (6) a subordinated loan to LJM2 from an ENE affiliate.

(i) Sale of Assets. In June 2000, LJM2 purchased dark fiber optic cable from an Enron Company (EBS Inc.) for a purchase price of $100 million. LJM2 paid an Enron Company $30 million in cash and the balance in an interest-bearing note for $70 million.

An Enron Company recognized $67 million in pre-tax earnings in 2000 related to the asset sale. Pursuant to a marketing agreement with LJM2, an Enron Company was compensated for marketing the fiber to others and providing operation and maintenance services to LJM2 with respect to the fiber. LJM2 sold a portion of the fiber to industry participants for $40 million, which resulted in an Enron Company recognizing agency fee revenue of $20.3 million. LJM2 sold the remaining dark fiber for $113 million in December 2000 to Backbone 1 which was formed to acquire the fiber. Refer to Section III.F.3, "Backbone" for further information. In December 2000, LJM2 used a portion of the proceeds to pay in full the $70 million note and accrued interest owed to the Enron Company through which it had purchased the dark fiber in June 2000. LJM2 earned $2.4 million on its resale of the fiber.

(ii) Purchases of Equity/Debt in Enron-Sponsored SPEs. Between September 1999 and December 2000, LJM1 or LJM2 purchased equity or debt interests in nine ENE-sponsored SPEs. LJM1 and LJM2 invested $175 million in the nine SPEs. These transactions enabled the Enron Companies to monetize assets and generated pre-tax earnings to ENE of $2 million in 1999.

ENE believes that LJM received cash of $15 million, $64 million, and $53 million in 1999, 2000 and 2001, respectively, relating to its investments in these entities. In three instances, third-party financial institutions also invested in the entities. LJM invested on the same terms as the third-party investors. In one of these nine transactions, an Enron Company entered into a marketing agreement with LJM2 that provided an Enron Company with the right to market the underlying equity. This arrangement gave an Enron Company profit potential in proceeds received after LJM2 achieved a specified return level. In six of these nine transactions, ENE repurchased all or a portion of the equity and debt initially purchased by LJM.

(iii) Investment in ENE Affiliates. In two transactions, LJM2 made direct and indirect investments in stock (and warrants convertible into stock) of New Power Holdings, Inc. which initially was a wholly-owned subsidiary of ENE, and subsequently included other strategic and financial investors. In October 2000, New Power Holdings, Inc. became a public company.

In January 2000, LJM2 invested $673,000 in Cortez Energy Services LLC, a limited liability company formed by an Enron Company and LJM2, and an Enron Company contributed five million shares of New Power Holdings, Inc. stock to Cortez. In July 2000, in a private placement, LJM2 purchased warrants exercisable for New Power Holdings, Inc. stock for $50 million on the same terms as third-party investors.

In September 1999, LJM1 acquired from an Enron Company a 13% equity interest in a company owning a power project in Brazil for $10.8 million, and acquired redeemable preference shares in a related company for $500,000. An Enron Company recognized a $1.7 million loss on the sale of these interests to LJM1. An Enron Company recognized revenues of $65 million, $14 million, and $5 million from a commodity contract with the company owning the power project in 1999, 2000, and 2001, respectively. As part of an exclusive marketing arrangement to sell LJM1's equity in the project to third parties and to limit LJM1's return, an Enron Company paid LJM1 a $240,000 fee in May 2000. In 2001, an Enron

Company repurchased LJM1's 13% equity interest and the redeemable preference shares for $14.4 million. An Enron Company currently owns this equity interest.

In December 1999, LJM2 paid an Enron Company $30 million for a 75% equity interest in a power project in Poland. An Enron Company recognized a $16 million gain in 1999 on the sale. An Enron Company paid $750,000 to LJM2 as an equity placement fee. In March 2000, an Enron Company repurchased 25% of the equity in the Polish power project from LJM2 for $10.6 million, and Whitewing acquired the remaining 50% from LJM2 for $21.3 million. An Enron Company and Whitewing still own their respective equity interests.

In December 1999, LJM2 acquired a 90% equity interest in an Enron Company with ownership rights to certain natural gas reserves for $3 million. As a result, ENE recognized $3 million in revenue from an existing commodity contract. Subsequently, LJM2 assigned a portion of its ownership interest in the entity to an Enron Company and Whitewing at no cost (to achieve certain after-tax benefits). Refer to III.F.6, "Bob West Treasure L.L.C." for further information.

(iv) Portfolio SPEs. ENE and LJM established a series of SPEs in order to mitigate market exposures on ENE investments, including investments in New Power Holdings, Inc., Rhythms NetConnections, Inc., and other technology, energy, and energy-related companies. LJM made $191 million in equity investments in five separate SPEs, three of which (Raptor I, II and IV) were also capitalized with ENE stock and derivatives that could have required the future delivery of ENE stock. Raptor III was capitalized with an economic interest in warrants convertible into stock of New Power Holdings, Inc. Refer to Section III.G.2.c, "LJM1 Financial Restatement" for information concerning the fifth SPE. An Enron Company subsequently engaged in hedging transactions with these SPEs, which included price swap derivatives, call options, and put options. The derivatives and options generally were intended to hedge an Enron Company's risk in certain investments having an aggregate notional amount of approximately $1.9 billion.

With respect to the four Raptor SPEs, ENE acquired LJM2's equity in the SPEs during the third quarter of 2001 for $35 million. ENE recognized pre-tax earnings (losses) relating to risk management activities of $119 million, $518 million, and ($166) million in 1999, 2000, and 2001, respectively, including the effect of a $711 million pre-tax charge recognized in 2001, related to the termination of the Raptor SPEs. During 2000 and the nine months ended September 30, 2001, the Raptor SPEs hedged losses of $501 million and $453 million, respectively. The fifth SPE was used to hedge an Enron Company's exposure arising from an investment in the stock of Rhythms NetConnections, Inc. However, it was subsequently determined that it did not meet the criteria to qualify for unconsolidated treatment. Refer to Section III.G.2.c, "LJM1 Financial Restatement" for further information.

In total, LJM1 and LJM2 invested $191 million and received $319 million (an estimated $95 million of which is non-cash value from the receipt of 3.6 million shares of ENE restricted stock) related to their investments in these five SPEs.

(v) Call Option. In May 2000, an Enron Company purchased a call option from LJM2 on two gas turbines, at the same time that LJM2 contracted to purchase the

gas turbines from the manufacturer. An Enron Company paid LJM2 $1.2 million for this right during a seven-month period in 2000. The call option gave an Enron Company the right to acquire these turbines from LJM2 at LJM2's cost, which was $11.3 million. The call option was subsequently assigned from an Enron Company to an ENE-sponsored SPE capitalized by a third-party financial institution. In December 2000, the call option was exercised by the SPE, and it acquired the turbines from LJM2 at cost.

(vi) Transactions with LJM and Other Entities. An Enron Company sold its contractual right to acquire a gas turbine to a utility for $15.8 million in July 2000. An Enron Company recognized a pre-tax gain of $3.5 million on the transaction. At the same time, the utility entered into a put option agreement with LJM2 relating to the turbine under which the utility paid LJM2 $3.5 million. Subsequently, upon the execution of an engineering, procurement, and construction contract with a wholly-owned subsidiary of ENE, the utility assigned the contractual right to acquire the gas turbine to that subsidiary.

In December 1999, an Enron Company sold an equity investment in Enron Nigeria Barge Ltd. to an investment bank and provided seller financing. In June of 2000, LJM2 purchased this equity investment directly from the investment bank for $7.5 million and the assumption of the seller-financed note from an Enron Company. In September 2000, LJM2 sold the equity investment to an industry participant for $31.2 million. The proceeds from LJM2's sale were used by LJM2 to repay the principal and interest on the note from an Enron Company in the amount of $23 million. The remaining $8.2 million repaid LJM2's $7.5 million purchase price and provided a profit of $700,000 to LJM2.

(vii) Transaction between LJM and Whitewing. In December 1999, a wholly-owned subsidiary of Whitewing entered into a $38.5 million credit agreement with LJM2, the borrower. The loan had a term of one year and carried an interest rate of LIBOR+2.5%. The loan amount (including interest) of $40.3 million was repaid by LJM2 in 2000.

(viii) Currently Outstanding LJM2 Transactions. ENE believes that LJM2 currently has interests in six of the investments described above in which LJM2 originally invested $124 million, and that LJM2 has received cash inflows of $27 million from these investments. These investments include $23 million in equity in two ENE-sponsored SPEs, $32.5 million in equity in Osprey, $3 million in equity in an Enron Company, and $50.7 million in direct equity investments in New Power Holdings Co., Inc. (representing two transactions). Refer to Section III.F.41, "Osprey/Whitewing" for further information.

c. LJM1 Financial Restatement. ENE's decision that the LJM1 subsidiary should be consolidated in 1999 and 2000 is based on ENE's assessment that the subsidiary did not qualify for nonconsolidation treatment because of inadequate capitalization. At the time of the November 2001 restatement, ENE concluded that the hedging transactions in which ENE engaged with the LJM1 subsidiary (related to ENE's investment in the stock of Rhythms NetConnections, Inc.) should have been consolidated into ENE's financial statements for 1999 and 2000. This consolidation had the effect of reducing ENE's net income in 1999 and 2000 and shareholders' equity in 1999 and increasing shareholders' equity in 2000, thus eliminating the income recognized by ENE on these derivative transactions.

d. LJM2 Financial Restatement. The financial restatement associated with LJM2-related party transactions involved four SPEs known as the Raptors, which were created in 2000. The Raptors permitted ENE to hedge market risk in certain of its investments. During 2000 and the first nine months of 2001, the Raptors hedged losses related to ENE investments of $501 million and $435 million, respectively. The Raptors were originally capitalized with ENE common stock in exchange for a note receivable of $172 million. Subsequent contracts with the Raptors in the first quarter of 2001 obligated ENE to issue common stock in the future in exchange for notes receivable totaling $828 million. ENE originally accounted for the transactions by increasing notes receivable and shareholders' equity. The restatement arose due to ENE's belief, upon review, that the note receivable should have been presented as a reduction to shareholders' equity (similar to a shareholder loan). ENE also recorded a $200 million equity reduction related to the excess of the fair value of contracts deliverable by ENE over the notes receivable. The total impact was a reduction in shareholders' equity and notes receivable by $1.2 billion. ENE repurchased LJM2's equity interests in the Raptors in the third quarter of 2001 for $35 million.

e. LJM2 Co-Investment, L.P. Bankruptcy. Refer to Section IV.F.3, "LJM2" for further information.

3. RADR

According to the Kopper Agreement, in 1997, Michael Kopper and Andrew Fastow devised a scheme to enrich themselves through the sale of ENE's wind farms to two SPEs – RADR ZWS MM, LLC and RADR ZWS, LLC. Kopper and Fastow recruited friends of Kopper to act as equity investors in the RADR entities. These individuals received funds from Fastow through Kopper to make the investments. From 1997 through 2000, these two RADR entities generated approximately $4.5 million for the investors. The proceeds were later used to repay Fastow and to pay other ENE employees and their family members.

IV. Debtors' Chapter 11 Cases

Capitalized terms used throughout this Disclosure Statement are defined in Appendix A: "Material Defined Terms for Enron Disclosure Statement" attached hereto.

A. Significant Postpetition Developments

Given the complexity and enormity of these Chapter 11 Cases, there have been a number of significant occurrences in a variety of areas. The most significant of these are described below.

1. Venue.

Shortly after the Initial Petition Date, a number of parties in interest filed motions pursuant to 28 U.S.C. § 1412 to transfer the venue of the Chapter 11 Cases from the Southern District of New York to the Southern District of Texas.

The Venue Movants argued that venue should be transferred to Texas essentially because the Enron Companies' headquarters, certain of its business operations, and many of its

creditors were located there. The Debtors, the Creditors' Committee, and many other parties in interest opposed the motion, arguing, among other things, that (a) the Debtors' choice of forum in New York was entitled to deference; (b) the bulk of the relevant professionals for the Debtors, the Creditors' Committee, many of the largest creditors, and the capital markets necessary to assist in these cases were all located in New York; (c) these cases could be efficiently administered in New York; (d) due to the number of foreign insolvency proceedings, the New York court's experience with foreign proceedings was invaluable; and (e) the total creditor body was so widespread that a Texas forum would not be so overwhelmingly convenient for creditors as to justify overriding the Debtors' choice of venue.

After intensive discovery, a contested hearing was held before the Bankruptcy Court. On January 11, 2002, the Bankruptcy Court issued a forty-two page memorandum decision denying the motion for a change of venue. No party appealed, or sought leave to appeal, the Bankruptcy Court's venue decision.

2. Postpetition Financing.

On the Initial Petition Date, the Debtors moved for entry of an interim and final order approving the DIP Credit Agreement. As set forth therein, the DIP Credit Agreement provided a credit facility in the aggregate amount of $1.5 billion, including a letter of credit subfacility up to the amount of the aggregate available commitment, the issuance of guarantees, and the granting of collateral by the parties thereto. On December 3, 2001, the Bankruptcy Court entered the Interim DIP Order approving the DIP Credit Agreement on an interim basis and authorizing borrowings and issuances of letters of credit in an amount up to $250 million.

Subsequent to the entry of the Interim DIP Order, the DIP Objectants interposed the DIP Objections to the entry of a final order approving postpetition financing for the Debtors. The majority of the DIP Objections were premised on either (i) the blanket imposition of liens, pursuant to the DIP Credit Agreement, on the assets of the Debtors in favor of the DIP Lenders, and/or (ii) the mechanics of the Debtors' existing cash management system, particularly the daily "sweep" of cash from ENA bank accounts to the ENE concentration account. Indeed, in that regard, certain of the DIP Objectants either joined separate pleadings of other creditors objecting to the continued use of the Debtors' existing cash management system or filed separate pleadings themselves in respect thereto.

Thereafter, the Bankruptcy Court conducted a multi-day evidentiary hearing with respect to the Debtors' use of cash. Upon conclusion and due deliberation, on February 21, 2002, the Bankruptcy Court directed the appointment of the ENA Examiner, and on February 25, 2002, the Bankruptcy Court entered an order permitting, among other things, the Debtors to continue using their centralized cash management system, subject to certain modifications. Refer to Section IV.A.4.a, "ENA Examiner" for further information. The modifications included, without limitation, an interim prohibition on Cash Sweeps from ENA to ENE and a grant of adequate protection for intercompany transfers in the form of superpriority Junior Reimbursement Claims and Junior Liens. Refer to Section IV.A.3 "Cash Management and Overhead Allocation" for further information.

The Debtors subsequently determined that, with the exception of letters of credit, they did not foresee the need to borrow funds in the form or manner as contemplated by the DIP Credit Agreement. As a result, the Debtors determined that, in the exercise of their sound business judgment, an amended postpetition credit facility, which would permit the Debtors to obtain up to $250 million in letters of credit, and to use such letters of credit in the operation of their businesses, would be optimal.

After various inquiries and preliminary discussions with potential alternative lenders and financial institutions, the Debtors determined that amending the DIP Credit Agreement was the most efficient means to obtaining the necessary credit support. On July 2, 2002, after notice and hearing, the Bankruptcy Court entered an order authorizing the Debtors to obtain postpetition financing pursuant to the Amended DIP Credit Agreement.

Essentially, the Amended DIP Credit Agreement permitted the Debtors to obtain up to $250 million in letter-of-credit financing, including a sub-limit of $50 million for the issuance of letters of credit for the benefit of non-Debtor affiliates, and to use such letters of credit in the operation of their respective businesses. Pursuant to the terms of the Amended DIP Credit Agreement, ENE deposited $25 million up-front in a letter of credit cushion account maintained at the offices of JPMCB, and each Debtor for whose benefit a letter of credit shall be issued shall place cash collateral in an amount equal to 110% of the face amount of such letter of credit in a separate deposit account maintained at the offices of JPMCB. The Amended DIP Credit Agreement does not require the Debtors to incur any new fees beyond those originally required under the DIP Credit Agreement. The Amended DIP Credit Agreement was scheduled to terminate on June 3, 2003.

On May 8, 2003, the Bankruptcy Court entered an order approving the extension of the Debtors' postpetition financing pursuant to the Second Amended DIP Credit Agreement. The extension decreases the aggregate amount available for letters of credit to $150 million, increases the sub-limit for letters of credit issued for the benefit of non-Debtor affiliates to $65 million, decreases the amount deposited by ENE in the letter of credit cushion account to $15 million, and decreases JPMCB's and Citicorp's annual fees as Collateral Agent and Paying Agent, respectively, to $200,000 each. The Second Amended DIP Credit Agreement is scheduled to terminate on June 3, 2004. ENE paid an extension fee to the DIP Lenders in an amount equal to 0.20% of the aggregate amount available under the Second Amended DIP Credit Agreement.

3. Cash Management and Overhead Allocation.

Prior to the Initial Petition Date, and for a period of time thereafter, ENE's Cash Sweeps transferred revenues on a daily basis from the Debtors' (and ENE-controlled non-Debtors') bank accounts to an ENE concentration account. As reported by the ENA Examiner, the Cash Sweeps from ENA following the Initial Petition Date resulted in an intercompany receivable of approximately $481 million to ENA from ENE. Refer to Section IV.A.4.a, "ENA Examiner" for further information regarding the Cash Sweeps and the reports of the ENA Examiner with respect thereto.

On December 3, 2001, the Bankruptcy Court entered an order authorizing the Debtors to continue using their centralized cash management system. Thereafter, certain creditors, including creditors of ENA, filed motions to separate ENA from the Debtors' existing cash management system.

On February 25, 2002, after notice and a two-day evidentiary hearing, the Bankruptcy Court entered the Amended Cash Management Order, which was proposed by the Creditors' Committee with the consent of the Debtors. The Amended Cash Management Order authorizes the Debtors to continue using their centralized cash management system, subject to certain amendments. The amendments include, without limitation, a temporary prohibition on Cash Sweeps from ENA to ENE (later permanently extended by separate order) and a grant of adequate protection for intercompany transfers in the form of superpriority Junior Reimbursement Claims or Junior Liens, as defined below.

The Amended Cash Management Order provides:

> Notwithstanding any other Order of the Court, as adequate protection for each Debtor for the continued use of the Centralized Cash Management System, to the extent that any Debtor transfers (or transferred) property (including cash) following the Petition Date (the "Adequately Protected Debtor") to or for the benefit of any other Debtor (the "Beneficiary Debtor"), with an aggregate fair value in excess of the aggregate fair value of property (including cash) or benefit received by the Adequately Protected Debtor from the Beneficiary Debtor following the Petition Date, then…(a) the Adequately Protected Debtor shall have (x) an allowed claim against the Beneficiary Debtor for the fair value of property (including cash) or benefit transferred (net of any reasonable expenses for overhead or other services reasonably allocated or reasonably charged to the Adequately Protected Debtor), under Sections 364(c)(1) and 507(b), having priority over any and all administrative expenses of the kind specified in Sections 503(b) and 507(b) of the Bankruptcy Code, which claim shall bear interest at the Prevailing Rate…for the period accruing from and after the date such claim arises until repayment thereof (collectively, the "Junior Reimbursement Claim") and (y) a lien on all property of the Beneficiary Debtor's estate under Section 364(c)(3) of the Bankruptcy Code securing such Junior Reimbursement Claim ("Junior Lien"). . .

Amended Cash Management Order, ¶ 5(a).

Such Junior Reimbursement Claims and Junior Liens are junior and subject and subordinate only to the superpriority claims and liens granted to the DIP Lenders and their agent in respect of the Debtors' DIP obligations.

Furthermore, the Amended Cash Management Order provides for extensive protections to the Debtors and their Creditors with respect to cash transfers by Debtors to non-Debtor affiliates. The Amended Cash Management Order also provides for certain reporting requirements as additional adequate protection for the continued use of the Debtors' cash management system. Furthermore, the Amended Cash Management Order directed the Debtors, after consultation with the Creditors' Committee, to develop a formula for the allocation of shared overhead expenses among Debtors and, if applicable, their non-Debtor affiliates.

On November 21, 2002, the Bankruptcy Court entered the Overhead Allocation Formula Order. The Overhead Allocation Formula Order provides that the Debtors may use the Allocation Formula to allocate shared overhead and other expenses among the Debtors and non-Debtors for the duration of the postpetition period. Under the Allocation Formula, shared overhead expenses include, but are not limited to: salaries and benefits; employee expenses; outside services; payroll taxes; depreciation; and general business expenses such as supplies, rents, and computer-related costs (including depreciation expenses). Shared overhead expenses include the total expenditures of ENE, EPSC, and ENW.

The Overhead Allocation Formula Order also provides for the allocation of other expenses not directly related to overhead, including expenses for professional services and permits certain expenditures relating to orderly dissolution of entities. Moreover, the Overhead Allocation Formula Order provides for certain terms and conditions that are specific to ENA and certain ENA-related entities.

4. Appointment of Examiners.

a. ENA Examiner.

(i) Appointment. During January and February 2002, approximately 10 different creditors, primarily trading creditors and sureties, moved for appointment of a trustee or examiner for ENA, appointment of a separate creditors' committee for ENA, or appointment of separate counsel for ENA. On February 21, 2002, in the midst of the cash management dispute described above, the Bankruptcy Court sua sponte directed the appointment of the ENA Examiner; and on March 12, 2002, the Bankruptcy Court approved the U.S. Trustee's appointment of Harrison J. Goldin as the ENA Examiner to serve in the Chapter 11 Case of ENA. On June 21, 2002, the Bankruptcy Court issued a memorandum decision denying the appointment of a separate committee or counsel for ENA.

(ii) Scope.

(A) Initial Scope Upon Appointment. Following the Bankruptcy Court's sua sponte appointment, by order dated February 21, 2002, the Bankruptcy Court entered an order concerning the scope of the ENA Examiner's duties. Specifically, the Bankruptcy Court directed the ENA Examiner to (i) prepare a report regarding the issues raised concerning ENA's continued participation in the Debtors' centralized cash management system, and (ii) participate in internal cash approval and risk assessment committed used by the Debtors in their ongoing operations. The Bankruptcy Court also directed the ENA Examiner to (i) perform such other tasks as may be agreed upon or recommended by parties in interest and

approved by the Bankruptcy Court and (ii) engage in such other activities as the Bankruptcy Court subsequently authorized or directed.

(B) Initial Duties Defined. Following the submission of recommendations by parties in interest as to the specific duties of the ENA Examiner, by order dated March 6, 2002, the Bankruptcy Court directed that the ENA Examiner's duties be limited to investigation and filing of a "Cash Management Report" and recommendations concerning (i) the propriety of ENA's continued participation in the Debtors' centralized cash management system and (ii) the allocation of certain overhead expenses to ENA. This order provided that the ENA Examiner should file his report with the Bankruptcy Court no later than 20 business days from the date of entry of an order approving the U.S. Trustee's appointment. Moreover, the order directed that the ENA Examiner file a weekly list of all deposits and disbursements made into and out of the Consolidation Account[18] and that the ENA Examiner file a written report, at least monthly, regarding the status of ENA's cash, cash equivalents, proceeds of the sale of ENA assets, and advances from direct and indirect subsidiaries and affiliates of ENA.

(C) ©ENA Plan Facilitator. In connection with the first extension of the Debtors' Exclusive Filing Period, by order dated April 24, 2002, the Bankruptcy Court expanded the role of the ENA Examiner to provide that the ENA Examiner will serve as a "facilitator of a chapter 11 plan in the ENA chapter 11 case." Refer to Section IV.A.6, "Exclusivity" for further information regarding extensions of the Debtors' Exclusive Periods.

(D) Expanded Duties. On May 8, 2002, the Bankruptcy Court approved and entered the Expanded Duties Order, which incorporated all of the recommendations proposed in the ENA Examiner Interim Report, and, subject to certain conditions, permanently extended the prohibition on Cash Sweeps from ENA to ENE, as proposed by the Debtors themselves, following discussions with the Creditors' Committee. Pursuant to the Expanded Duties Order, the scope of the ENA Examiner's role was expanded to include, among other things, reporting on a proposed methodology for repayment of net intercompany receivables, continuing to monitor the meetings of the BTRC, reporting on how any modification to the Debtors' DIP financing affects ENA, and working with the Debtors, the Creditors' Committee and other parties in interest to facilitate the chapter 11 plan process for ENA and its subsidiaries as expeditiously as possible.

(E) Conflicts Examiner. On May 22, 2003, the Bankruptcy Court further expanded the ENA Examiner's duties by authorizing him to investigate five institutions as to which the ENE Examiner has a conflict of interest.

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[18] As noted in the ENA Examiner's Interim Report, the Bankruptcy Court's March 6, 2002 order did not specifically define the "Consolidation Account," but referred to a definition in the Amended Cash Management Order. However, the Amended Cash Management Order did not define "Consolidation Account" either. Thus, the ENA Examiner interpreted it to mean the account into which the cash of ENA is swept and consolidated.

(iii) ENA Examiner's Reports.

(A) Weekly Reports. The ENA Examiner continues to investigate and monitor the cash activities of ENA, and files weekly cash reports with the Bankruptcy Court.

(B) Interim Cash Management Reports. On April 9, 2002, the ENA Examiner filed the ENA Examiner Interim Report.[19] In this report, the ENA Examiner preliminarily found that *"it is highly likely that more than sufficient assets exist subject to the Junior Liens for repayment of ENA postpetition transfers to Enron."* In addition, the ENA Examiner found that there had not been any cash transfers from ENA to ENE since February 25, 2002 and future Cash Sweeps had been frozen indefinitely. Finally, the ENA Examiner concluded that his participation in the Debtors' centralized cash management system *"provide[s] significant protection of ENA Cash, assets and liabilities and . . . provide[s] significant assurance that the"* net intercompany receivable for amounts transferred by ENA for the benefit of other Debtors under the cash management system *"will ultimately be repaid."* The Debtors neither admit nor deny any of the allegations or conclusions set forth in such report. The ENA Examiner Interim Report also proposed certain recommendations regarding the scope of any further investigation by the ENA Examiner, which resulted in the approval of the Expanded Duties Order.

(C) ©Reports Concerning Joint Plan Efforts. On October 30, 2002, the ENA Examiner issued a report and recommendation regarding the Debtors' requested extension of exclusivity. In this report, the ENA Examiner stated that a joint chapter 11 plan, *"if workable and equitable, is the preferable solution to these cases."* The ENA Examiner issued another report concerning the joint plan efforts of the Debtors and the Creditors' Committee on February 10, 2003. In this report, the ENA Examiner described (i) the status of the plan process among the Debtors and the Creditors' Committee, (ii) the cooperation and productive dialogue exchanged between the ENA Examiner and the Debtors, including numerous meetings with the Debtors' CEO and other members of senior management, (iii) the scheduling of future sessions with the Debtors' financial advisor to review in detail the Blackstone Model and the underlying data it contains, as well as its assumptions and probabilities, and (iv) the sharing of factual and legal analysis by the Debtors and the Creditors' Committee concerning the issue of substantive consolidation of the estates of ENE and ENA. In his capacity as plan facilitator, the ENA Examiner stated that he *"continues to believe that a joint plan of reorganization with weighted distributions, if workable, equitable and developed timely, is the preferred solution to these cases."* On May 5, 2003, the ENA Examiner issued his latest report on the status of the development of a chapter 11 plan. The ENA Examiner described the ongoing plan process entailing numerous in-depth meetings over a three-month period, including a comprehensive review of the Blackstone Model and analysis and deconstruction of the Debtors' plan proposal. The ENA Examiner explained that the Debtors and their financial advisor provided the ENA Examiner full access to the Blackstone Model. The ENA Examiner also described meetings with representatives of the Debtors and the Creditors' Committee to discuss the compromise underlying the Plan, which meetings provided the ENA Examiner with

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[19] The ENA Examiner Interim Report can be found at http://www.enron.com/corp/por.

essential information critical to his role as plan facilitator. Based on the knowledge and understanding gained through the numerous discussions and meetings regarding the Plan proposal, the ENA Examiner stated that he was in the process of preparing a counter-proposal to the Plan negotiation among the Debtors and the Creditors' Committee. The ENA Examiner also stated that he *"continues to believe that a joint plan of reorganization with weighted distributions, if workable, equitable and developed timely, is the preferred solution to these cases."*

(iv) Status of Plan Facilitation. As described in the May 5, 2003 report on the development of a joint plan, the ENA Examiner continued to meet with the Debtors and representatives of the Creditors' Committee throughout May and June 2003 to discuss the Plan. These discussions have been ongoing and have included in-person meetings as well as an exchange of written materials. The compromises and settlements incorporated into the Plan reflect an agreement reached among the Debtors, the Creditors' Committee, and the ENA Examiner.

b. ENE Examiner.

(i) Appointment. Between January and March 2002, approximately 12 creditors filed motions (and joinders) for appointment of a trustee, or appointment of either a trustee or examiner, or appointment of an examiner for ENE. Refer to Section IV.D.1.d, "Requests for Additional Committees" for further information. Ultimately, the Debtors agreed to the appointment of the ENE Examiner, and, as a result of many negotiating sessions with divergent creditor groups and the SEC, the parties agreed upon the terms of an order for the appointment of the ENE Examiner, which included delineation of the examiner's duties. All pending motions for appointment of a trustee were withdrawn.

On May 22, 2002, the U.S. Trustee appointed Neal Batson as the ENE Examiner. The Bankruptcy Court, by order dated May 24, 2002, approved the U.S. Trustee's appointment of the ENE Examiner. The ENE Examiner selected Alston & Bird LLP (a law firm in which he is a non-equity partner) as attorneys to the ENE Examiner. The Examiner also selected Plante & Moran, LLP as the primary accounting firm to assist in this examination, supported by George Bentson and Al Hartgraves, professors of accounting at the Goizueta Business School at Emory University. The retention of the ENE Examiner's Professionals has been approved by the Bankruptcy Court.

(ii) Scope. In April 2002, the Bankruptcy Court entered the April 8th Order directing the appointment of an examiner to:

> inquire into, inter alia, all transactions (as well as all entities as defined in the Bankruptcy Code and prepetition professionals involved therein): (i) involving special purpose vehicles or entities created or structured by the Debtors or at the behest of the Debtors (the "SPEs") that are (ii) not reflected on the Enron Corp. balance sheets, or that (iii) involve hedging using the Enron Corp. stock or (iv) as to which the Enron Examiner has the reasonable belief are reflected, reported or omitted in the relevant entity's financial

> statements not in accordance with generally accepted accounting principles, or that (v) involve potential avoidance actions against any prepetition insider or professional of the Debtors.

The April 8th Order further provides that the ENE Examiner shall:

> if appropriate, include in a report (taking into account the absolute priority rule, the financial condition of the Debtors' estates and the need not to waste value available to creditors) whether or not there is a legal mechanism for holders (except entities affiliated with Debtors) of any equity interest in the Debtors to share in the Debtors' estate.

(iii) ENE Examiner's First Report. On September 21, 2002, the ENE Examiner filed his First Interim Report, which focused on six SPE transactions. The ENE Examiner concluded that those transactions were, in varying degrees, capable of being recharacterized under a "true sale" challenge. The Debtors neither admit nor deny any of the allegations or conclusions set forth in such report. Refer to "Related Documents" at http://www.enron.com/corp/por/ for a copy of the ENE Examiner's First Interim Report.

(iv) ENE Examiner's Second Report. On March 5, 2003, the ENE Examiner filed his Second Interim Report. This report focuses on substantially all of the Enron Companies' material SPEs identified as of the date of the report. The Debtors neither admit nor deny any of the allegations or conclusions set forth in such report. Significant detail describing the related-party transactions is provided in Appendix L to the ENE Examiner's Second Interim Report. In addition, the Second Interim Report:

- Provides the ENE Examiner's preliminary views of the role of the SPEs in the decline of the Enron Companies;
- Sets forth the ENE Examiner's conclusions regarding the susceptibility of the SPEs to "true sale" or substantive consolidation challenges; and
- Identifies the transactions that the ENE Examiner perceives as potential avoidable transfers.

Refer to "Related Documents" at http://www.enron.com/corp/por/ for a copy of the ENE Examiner's Second Interim Report.

(v) ENE Examiner's Additional Reports. It is anticipated that the ENE Examiner will file additional reports reflecting the completion of his analysis.

(vi) Expansion of Duties to Include NEPCO. By order dated October 7, 2002, the Bankruptcy Court expanded the scope of the ENE Examiner's role to address issues raised by several NEPCO customers and creditors of customers who had asserted, among other things, that the NEPCO Debtors had been injured by Cash Sweeps into ENE's cash management system and that a constructive trust for the benefit of certain NEPCO creditors should be imposed on cash swept by ENE. The Bankruptcy Court directed the ENE Examiner to

investigate ENE's acquisition and use of NEPCO's cash through the cash management system. Specifically, the ENE Examiner investigated the following issues: (a) the amounts and timing of sweeps of cash generated by NEPCO into the cash management system; (b) the sources of the NEPCO cash swept in the cash management system; (c) the disposition of the swept cash by ENE, including the location of deposits and the details of its use, if any; (d) whether the swept NEPCO cash can be traced; (e) whether any fraud, dishonesty, incompetence, misconduct, mismanagement or irregularity by NEPCO or ENE occurred in connection with the Cash Sweeps; and (f) whether the factual and legal predicates for the imposition of a constructive trust for the amount of the cash swept by ENE may be asserted by NEPCO.

The ENE Examiner has not analyzed certain issues regarding the postpetition conduct of NEPCO, the former management of NEPCO or others, and is awaiting direction from the Bankruptcy Court regarding any further investigation.

(vii) ENE Examiner's Report Relating to NEPCO. The NEPCO Examiner issued an initial report on April 7, 2003. The Debtors neither admit nor deny any of the allegations or conclusions set forth in such report. In summary, the report notes that with respect to the above issues: (a) the Cash Sweeps occurred as a daily process of the cash management system and were not the result of an "eve of bankruptcy" transfer; (b) the cash was received by NEPCO as a result of collections from (primarily domestic) construction customers; (c) the cash was used by ENE for general corporate purposes; (d) the cash could theoretically but not practically be traced; (e) the ENE Examiner found no evidence of fraud, negligence, or other malfeasance with regard to NEPCO's participation in the cash management system; and (f) the requisite elements for the imposition of a constructive trust by NEPCO over the funds swept to ENE under the cash management system do not appear to be present.

The ENE Examiner concluded that NEPCO would be unable to establish the elements required to impose a constructive trust and that the time, expense, and uncertainty involved in tracing accounts and other assets not included in the cash management system were unwarranted. Consequently, the ENE Examiner recommended that it not conduct any further tracing.

5. Automatic Stay.

Under section 362 of the Bankruptcy Code, substantially all pending litigation and other attempts to collect on outstanding Claims against the Debtors as of such Debtor's respective Petition Date are stayed while the Debtors continue business operations as Debtors In Possession. As to all pending lawsuits to which the automatic stay is applicable, the Debtors have taken the position that they will not, except in extraordinary cases, allow the litigation to proceed where there is a possibility that judgment could be entered against one or more Debtors. Accordingly, all such litigation remains stayed as of the date hereof, except in those limited situations where the Debtors have either voluntarily agreed to a modification of the automatic stay or the Bankruptcy Court has so ordered. Refer to Section IV.C, "Litigation and Government Investigations" for further information.

Four general categories of motions to lift the automatic stay have been filed in the Debtors' Chapter 11 Cases:

a. Contract Lift Stay Motions. Contract Lift Stay Motions have been filed by counterparties seeking to terminate certain contracts. With respect to the Contract Lift Stay Motions, except in those situations where the Debtors have determined it to be in their estates' best interests to allow the subject contracts to be terminated, the Debtors have opposed each and every such motion, and the Bankruptcy Court has refused to grant relief to allow the termination.

b. Litigation Lift Stay Motions. Certain parties have filed Litigation Lift Stay Motions seeking to continue prosecution of prepetition litigation against the Debtors. With respect to the Litigation Lift Stay Motions, except in those limited circumstances in which the Debtors agreed to such relief because allowing such prepetition litigation would have no impact on Debtors' chapter 11 estates, the Debtors have opposed all such motions. The Bankruptcy Court has generally refused to permit the prepetition litigation to proceed, except in certain limited circumstances. Refer to Section IV.C, "Litigation and Government Investigations" for further information.

c. Setoff Lift Stay Motions. Setoff Lift Stay Motions have been filed by parties seeking to effect setoffs of debts owed as between the Debtors and third parties. With respect to the Setoff Lift Stay Motions, where the Debtors have sufficient information to evaluate the relief requested, the Debtors have agreed to a modification of the automatic stay in those instances where so doing was, in the Debtors' reasonable business judgment, beneficial to their chapter 11 estates. Otherwise, Debtors have opposed all such motions, and the Bankruptcy Court has generally refused to allow such setoffs to occur.

d. Lift Stay to Compel Arbitration Motions. Refer to Section IV.C, "Litigation and Government Investigations" for further information.

6. Exclusivity.

Section 1121(b) of the Bankruptcy Code provides for an Exclusive Filing Period of 120 days after the commencement of a chapter 11 case, during which a debtor has the exclusive right to file a plan of reorganization. In addition, section 1121(c)(3) of the Bankruptcy Code provides that if the debtor files a plan within the Exclusive Filing Period, it has an Exclusive Plan Solicitation Period of 180 days after commencement of the chapter 11 case to obtain acceptances of such plan. Pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend or increase the Exclusive Periods.

Prior to the expiration of the initial Exclusive Periods, the Debtors sought an extension of such periods, citing a multitude of factors, including: (i) the size and complexity of the Debtors' Chapter 11 Cases; (ii) the substantial efforts required to stabilize and rehabilitate the Debtors' businesses, including the sale of Debtors' trading business; and (iii) the need to conduct a thorough analysis of the Debtors' complex business and financing transactions in order to form an accurate picture of Debtors' assets and liabilities.

By order dated April 24, 2002, the Bankruptcy Court entered an order extending the Exclusive Periods through August 31, 2002 for the Exclusive Filing Period and October 30, 2002 for the Exclusive Plan Solicitation Period for ENA only, and October 1, 2002 for the Exclusive Filing Period and November 29, 2002 for the Exclusive Plan Solicitation Period for all

other Debtors. Subsequently, both ENA and the other Debtors found it necessary to seek additional extensions of their Exclusive Periods. The Bankruptcy Court granted such extensions, as summarized in the table below.

Date of Court Order	ENA Exclusive Filing Period Extended To	ENA Exclusive Plan Solicitation Period Extended To	Other Debtors' Exclusive Filing Period Extended To	Other Debtors' Exclusive Plan Solicitation Period Extended To
April 24, 2002	August 31, 2002	October 30, 2002	October 1, 2002	November 29, 2002
September 25, 2002	November 30, 2002	January 31, 2003	n/a	n/a
October 31, 2002	January 31, 2003	March 31, 2003	January 31, 2003	March 31, 2003
February 20, 2003	April 30, 2003	June 30, 2003	April 30, 2003	June 30, 2003
May 13, 2003	June 30, 2003	November 29, 2003	June 30, 2003	November 29, 2003
June 30, 2003	July 11, 2003	n/a	July 11, 2003	n/a

7. Executory Contracts and Unexpired Leases.

Section 365 of the Bankruptcy Code grants the Debtors the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. If an executory contract or unexpired lease is rejected, the counterparty to the agreement may file a claim for damages incurred by reason of the rejection. In the case of rejection of leases of real property, such damage claims are subject to certain limitations imposed by the Bankruptcy Code.

On January 9, 2002, the Bankruptcy Court approved an order providing for certain procedures governing the rejection of executory contracts and unexpired leases on limited notice. This procedure alleviated additional expense to the Debtors' estates and the attendant delay that would have resulted if the Debtors had been required to proceed by separate motion and hearing for every executory contract and unexpired lease they determined to reject. The procedures were amended by a Bankruptcy Court order dated April 11, 2002, to address certain issues relating to the rejection of certain contracts for the physical delivery of power and gas to end users. Under the rejection procedures, the Debtors have rejected in excess of 40,000 unnecessary and economically burdensome contracts.

In addition, the Debtors have to date assumed only one contract not assigned in connection with an asset sale or settlement agreement. By order dated February 13, 2003, ENE assumed a Framework Management Agreement with Equity Trust, which serves as in-country managing director to manage ENE's direct and indirect Dutch corporations and limited

partnerships. Refer to Section IV.B, "Settlements and Asset Liquidations" for further information.

8. Employee Matters.

a. Compensation and Benefits Programs. Except as otherwise provided in the Plan, on the Effective Date, the Debtors or Reorganized Debtors will assume all of their tax-qualified defined benefit pension plans, tax-qualified defined contribution retirement plans, health and welfare benefit plans (medical and health, life insurance, death, dental, vision care, short and long-term disability, retiree medical and dental and supplemental unemployment), performance-based incentive plans, retention plans, workers' compensation programs, and directors and officers indemnifications included in the bylaws and/or certificates of incorporation and insurance plans will, for the duration of the period for which the Debtors have obligated themselves to provide such benefits. Notwithstanding the foregoing, the Debtors or Reorganized Debtors may seek to amend, modify, or terminate any of the foregoing. The obligations, if any, of each Debtor in respect of the foregoing, as modified, will, on the Effective Date, be assumed by and become obligations of the Reorganized Debtors.

b. Employee Retention Plans.

(i) Prepetition Retention Arrangements. In November 2001, retention payments totaling approximately $55 million were made to approximately 600 Debtor employees. Receipt of these payments was predicated on the recipient employees remaining employed for a 90 day period ending on February 28, 2002. In addition, recipients were required to sign an agreement to repay 125% of the retention payment in the event they voluntarily terminated their employment prior to February 28, 2002. The payments are referred to in the Severance Settlement Litigation as the "90 Day Payments."

During 2002, ENE filed motions with the Bankruptcy Court seeking to provide additional retention incentives to certain recipients of the 90 Day Payments through a waiver of potential preference and/or fraudulent conveyance avoidance actions related to the 90 Day Payments. In exchange, the covered employees would be required to release certain claims against the Debtors. In August 2002, the Bankruptcy Court granted the motion with respect to current employees who did not hold officer level positions at the time of bankruptcy, and has reserved ruling on the remainder of the relief requested.

(ii) Key Employee Retention Plan I. On May 8, 2002, the Bankruptcy Court approved KERP I. KERP I provided eligible employees with certain retention and/or severance benefits. KERP I also provided for a "liquidation incentive pool," pursuant to which covered employees, who were not eligible to receive retention and/or severance payments, were eligible to receive bonus payments based upon the amount recovered in liquidating certain contracts and non-core Debtor assets. All final payments to eligible participants under KERP I were, and are, contingent upon the participants executing waivers and releases of claims against the Debtors (except for certain claims, such as those related to ERISA plan benefits, deferred compensation plan benefits, workers' compensation benefits, and unemployment insurance benefits).

Under the retention component of KERP I, participants were awarded bonuses, 25% of which was payable on the last business day preceding each of May 31, 2002, August 31, 2002, November 31, 2002, and February 28, 2003. The remaining 75% was payable upon the earlier of: (i) February 28, 2003 or (ii) the participant's death, disability, or involuntary termination of employment. If a participant voluntarily resigned or was terminated for "cause" prior to receiving a payment, remaining payments were forfeited. Any amounts forfeited were made available to be reallocated by the Debtors' Management Committee. The maximum amount available for retention bonuses was $40 million and the maximum amount available for severance payments was $7 million. The retention and severance benefit components of KERP I expired on February 28, 2003.

Under the Liquidation Incentive Pool component of KERP I, a LIP Participant may share in a pool funded by the cash generated from the liquidation of certain of the Debtors' assets that began on March 1, 2002. The maximum amount payable under the Liquidation Incentive Pool is $90 million. The Liquidation Incentive Pool is calculated as follows:

Accrual %	**Incremental Cash Collected**	**Cumulative Cash Collected**	**Maximum Incremental Accrual**	**Maximum Cumulative Accrual**
0.50%	$1 billion	>$500 million to $1 billion	$5.0 million	$5.0 million
0.50%	$1 billion	>$1 billion to $2 billion	$5.0 million	$10.0 million
0.50%	$1 billion	>$2 billion to $3 billion	$5.0 million	$15.0 million
1.00%	$1 billion	>$3 billion to $4 billion	$10.0 million	$25.0 million
1.00%	$1 billion	>$4 billion to $5 billion	$10.0 million	$35.0 million
1.00%	$1 billion	>$5 billion to $6 billion	$10.0 million	$45.0 million
1.50%	$1 billion	>$6 billion to $7 billion	$15.0 million	$60.0 million
1.50%	$1 billion	>$7 billion to $8 billion	$15.0 million	$75.0 million
1.50%	$1 billion	>$8 billion to $9 billion	$15.0 million	$90.0 million

The Liquidation Incentive Pool is distributed to LIP Participants following established LIP Collection Milestone of $500 million actually collected from the sales of covered assets. Each time a LIP Collection Milestone is achieved, the Debtors' Management Committee allocates amounts for distribution under the Liquidation Incentive Pool among such LIP Participants as it determines, in its sole discretion, in the form of a liquidation bonus. LIP Collection Milestones may be achieved until the earlier of (a) the date on which all covered assets have been sold or liquidated, (b) the date the Debtors determine not to sell the covered

assets or (c) the consummation of a plan of reorganization; provided, that if a LIP Participant has taken substantial steps to conclude a sale of assets prior to the consummation of a plan of reorganization, the Management Committee may consider the proceeds from such sale in determining whether a LIP Collection Milestone has been achieved.

Fifty-percent of the liquidation bonus is paid as soon as practicable after each LIP Collection Milestone is achieved. The remaining 50% is deferred and distributed following the earlier of (i) the consummation of a plan of reorganization, (ii) involuntary termination, death, or disability, and (iii) the following dates with regard to any liquidation bonuses payable on each $3 billion of incremental cash collected: (a) a date that is 12 months following the accrual date for up to the first $3 billion of incremental cash collected, (b) a date that is nine months following the accrual date for up to the second $3 billion of incremental cash collected, and (c) a date that is six months following the accrual date for up to the third $3 billion of incremental cash collected. The Management Committee in its sole discretion determines a LIP Participant's liquidation bonus.

LIP Participants who voluntarily resign prior to payment or who are terminated for cause prior to receipt of any deferred payments, forfeit the remaining portion of any deferred liquidation bonus. Any amount forfeited may be reallocated in such amounts, at such times and among such participants as determined by management in its sole discretion. Any amounts reallocated to other LIP Participants shall be deemed part of their liquidation bonus.

KERP I was amended, as approved by Bankruptcy Court order dated October 31, 2002, to allow further ease of administration and to permit an additional reallocation of funds available under KERP I.

KERP I had fewer than 1,000 participants in each quarter, with a total of 1,004 participants over the course of the four quarters. Cash payments under the retention component of KERP I equaled approximately $10.5 million, and deferred payments equaled approximately $27.7 million. Unallocated funds at the close of KERP I were approximately $1.8 million. For the Liquidation Incentive Pool, all information is through Milestone 5 (meaning cash collected was greater than $4 billion, but less than $5 billion). Cash payments for Milestone 1 through Milestone 5 equaled approximately $6.2 million. The deferred balance for Milestone 2 through Milestone 5 equals approximately $4.3 million. Deferred payments for Milestone 1 and payments made, or in the process of being made, due to involuntary terminations of employment equal approximately $1.3 million. Unallocated funds equal approximately $600,000. The unused amounts under KERP I were made available for payments under KERP II.

(iii) Key Employee Retention Plan II. On February 6, 2003, the Bankruptcy Court granted the Debtors' motion to approve KERP II. KERP II became effective on March 1, 2003. In most material respects, KERP II mirrors the retention and severance components of KERP I, providing key employees with certain retention and/or severance benefits. In general, all full-time employees of the Debtors are eligible to receive either severance benefits or retention payments under KERP II unless otherwise covered by another plan providing similar benefits. However, an employee is not eligible for final payment if the employee resigns or is terminated for cause. To receive a final payment, employees must sign a general release similar to that for KERP I.

(A) Retention Payments. Certain of the Debtors' employees whose skills or knowledge are critical to the Debtors are eligible to receive retention payments. In KERP II, the Debtors are authorized to make retention payments of up to $29 million, in addition to any funds carried over from KERP I. KERP II expires on February 27, 2004. Participants who are eligible for retention payments are provided with a quarterly target. At any quarter end or throughout the course of KERP II, the target could be subject to change due to a participant's performance or the changing needs of the Debtors' estates. Fifty percent (50%) of the earned quarterly retention is paid as soon as practicable following the close of each plan quarter (May 30, August 29, November 28, 2003, and February 27, 2004). The remaining 50% of the earned retention in each quarter is non-vested, deferred, and will be paid to the employee upon involuntary termination or as soon as practicable after February 27, 2004.

(B) Severance Benefits. Certain of the Debtors' employees who are neither covered by another plan nor covered by the liquidation incentive pool under KERP I, and who are involuntarily terminated without cause at any time during the term of KERP II are eligible for severance benefits under KERP II. Under the Plan, severance benefits will be a minimum of $4,500 and a maximum calculated to be the greater of: (x) two weeks base pay for every full or partial year of service, with a maximum of eight weeks pay; or (y) two weeks base pay for every full or partial year of service, plus two weeks base pay for every $10,000 increment, or part thereof, in base salary, with the total sum calculated under this subclause (y) not to exceed $13,500. Severance benefits for participants who are also eligible for retention payments are subject to offset. To the extent such a participant's severance benefits would exceed the total retention payments received, the participant receives the difference to bring his total amount up to the severance benefits amount. If total retention payments received by any such participant exceed amounts payable as severance benefits, no severance benefits are payable.

(iv) Future Arrangements. Consistent with its business needs and the goal of maximizing value for all of its creditors, ENE continues to evaluate the need for ongoing retention incentives relative to the preservation of value and continuation of the Debtors' estates, the liquidation of non-core assets and the ultimate distribution of interests of PGE, CrossCountry, and InternationalCo. If the Debtors determine that further incentives are warranted, approval of the Bankruptcy Court and/or Creditors' Committee will be sought.

c. Retiree Benefits. Except as noted below, on and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the Debtors will continue to pay all retiree benefits (within the meaning of section 1114 of the Bankruptcy Code), at the level established in accordance with section 1114 of the Bankruptcy Code, at any time prior to the Confirmation Date, for the duration of the period for which the Debtors have obligated themselves to provide such benefits. Notwithstanding the foregoing, the Debtors may seek to modify such retiree benefits in accordance with section 1114 of the Bankruptcy Code. The obligations, if any, of each Debtor, as modified, will, on the Effective Date, be assumed by and become obligations of the Debtors or the Reorganized Debtors.

Under COBRA, if certain of the Debtors' retirees lose their coverage under the Debtors' group health plans due to the bankruptcy cases, they may be entitled to elect continuation of their coverage pursuant to COBRA in another group health plan maintained by

the Debtors or a member of its controlled group of corporations. Retirees are not required to purchase coverage under COBRA. Retirees may, instead, purchase coverage from third party sources and determine which is the least expensive coverage. Retirees electing to purchase COBRA coverage would be required to pay for the coverage, up to an amount not to exceed 102% of the cost of coverage for similarly situated beneficiaries. There can be no assurance that the Debtors will not seek to terminate their retiree benefits obligations in a manner that does not result in COBRA liability under the group health plans of the Debtors or members of their ERISA controlled group of corporations. Non-debtor members of the Debtors' ERISA controlled group of corporations may be adversely affected if they are required to provide COBRA coverage to the Debtors retirees.

In addition, the Debtors maintain the Enron Gas Pipelines Employee Benefits Trust, which was maintained as a central repository for contributions made by certain of the Debtors' federally-regulated affiliates toward the cost of retiree medical benefits. The estimated present value of retiree benefit obligations for pipeline retirees, calculated as of December 31, 2002 in accordance with the Financial Accounting Standard 106, is approximately $75 million. As of December 31, 2002, the Enron Gas Pipelines Employee Benefits Trust held approximately $30 million in assets, composed of cash, cash equivalents and mutual fund investments. The projected liability for retiree benefits exceeds the value of assets reserved for such purposes by $45 million. The estimated present value of retiree benefit obligations for all participants in the Enron Corp. Medical Plan for Inactives is approximately $110 million, as of December 31, 2002. Other than the assets of the Enron Gas Pipelines Employee Benefits Trust, all benefit obligations are unfunded.

d. Pension Benefits/Pension Benefit Guaranty Corporation. The Debtors and their affiliates are contributing sponsors to, or are members of a contributing sponsor's controlled group of the Pension Plans. The Pension Plans are tax-qualified defined benefit pension plans covered by and subject to Title IV of the ERISA. PBGC administers the termination insurance program under Title IV of ERISA.

PBGC has filed 31 proofs of claim in the Chapter 11 Cases. The claims are duplicative in nature, with 21 representing unliquidated claims for PBGC insurance premiums and claims for due but unpaid minimum funding contributions under section 412(a) of the IRC. The Debtors are current on their PBGC premiums and their contributions to the Pension Plans. Therefore, the Debtors value these claims at $0. Additionally, PBGC has filed 10 proofs of claim for unfunded benefit liabilities. As of the date hereof the claims for unfunded benefit liabilities assert a liability of $305.5 million. If the Pension Plans are terminated by the PBGC during the Chapter 11 Cases, PBGC's claims will mature against the Debtors' estates.

e. Other Severance Benefit Payments; Severance Litigation. Pursuant to the Debtors' motion for authorization to pay prepetition employee compensation, benefits, reimbursable business expenses and related administrative costs, dated December 3, 2001, as amended by order of the Bankruptcy Court, dated January 15, 2002, the Debtors made payments of up to $4,500 to approximately 4,200 of their employees who were severed in December 2001, and an additional hardship payment of $1,178 to each eligible former employee. The Debtors' total payments to former employees pursuant to the foregoing was approximately $24 million.

Employees of certain of the Debtors were not eligible for payments pursuant to the foregoing and received payments totaling approximately $462,000.

On February 14, 2002, a group of the Debtors' former employees filed a motion in the Bankruptcy Court seeking, among other things, severance pay in accordance with the Debtors' prepetition severance pay plan (one week of base pay for each full or partial year of employment plus one week of base pay for each $10,000, or fraction thereof, of base pay, the total of which was eligible for doubling in exchange for execution of a general release). The Debtors and the Creditors' Committee objected to the motion. Following the objection, the Debtors, the Creditors' Committee, the Employee Committee, and representatives from the Rainbow/PUSH Coalition and the AFL-CIO successfully negotiated additional severance payments and entered into the Severance Settlement for certain former employees who were discharged in the period between December 3, 2001 and February 28, 2002, as well as certain employees who were discharged in 2001 but prior to the Initial Petition Date.

On August 28, 2002, the Bankruptcy Court approved the Severance Settlement. Under the terms of the Severance Settlement, former employees who "opted-in" to the Severance Settlement are eligible to receive severance as calculated by the formula used in the prepetition severance pay plan up to a maximum of $13,500 in additional severance (less payments included in the $24 million previously distributed). In exchange for such payment, former employees were required to waive any employment termination claims against the Debtors. The Severance Settlement also authorized the Employee Committee to investigate and attempt to recover certain prepetition bonus payments made to certain employees. The proceeds from such litigation would be distributed to former employees who opted into the severance settlement.

Former employees who elected not to participate in the Severance Settlement and "opted out" were permitted to pursue their claims for employment termination payments separately in the Bankruptcy Court. The Debtors and the Creditors' Committee moved to estimate the administrative expense liabilities owed to such opt-out severance claimants. The estimation proceedings required any opt-out claimants to submit an estimation response form to the Debtors detailing the facts and circumstances regarding termination of employment. Each claimant was then given the right to argue his or her claim in the Bankruptcy Court. On October 4, 2002, the Bankruptcy Court issued an "Estimation Order" regarding these Opt-Out Claimants, which places the claimants into one of five different categories based upon their circumstances, and awarded administrative expenses in amounts ranging from 0% to 30% of the face amount of their claims.

Opt-Out Claimants whose claims were not filed by the deadline were not entitled to any additional administrative expenses other than the prior payments. In addition, for several Opt-Out Claimants, the amount of administrative expense liabilities for termination was fixed and liquidated, but the claims have not been allowed due to other objections to allowance raised by the Debtors and the Creditors' Committee. The dates of commencement and termination of employment of the Opt-Out Claimants and their benefit to the Debtors' estates may impact their likelihood of receiving a distribution on their claims.

f. Payment of Retention Bonuses and Prosecution of Certain Preference Actions. Pursuant to the Severance Settlement, the Debtors have assigned to the Employee

Committee the Severance Settlement Fund Litigation. The net proceeds, if any, to be realized from the Severance Settlement Fund Litigation will be distributed in accordance with the Severance Settlement. Any payments received by any employee will be calculated for purposes of determining recoveries on account of Allowed General Unsecured Claims in accordance with Section 7.92 of the Plan.

The Severance Settlement Fund Litigation involves the payment of 90 Day Payment bonuses in November 2001, totaling approximately $55 million. The bonuses were paid to approximately 600 employees. As described more fully above, during 2002, the Debtors filed motions with the Bankruptcy Court seeking to provide retention incentives to certain employees through a waiver of preference and fraudulent conveyance claims related to the 90 Day Payments. In exchange, such individuals would be required to release certain claims against the Debtors. In August, 2002, the Bankruptcy Court granted the motion with respect to current employees who did not hold officer level positions at the time of bankruptcy, and has reserved ruling on the remainder of the relief requested. With respect to recipients who have not been released as part of KERP I, the Employee Committee has issued demands and commenced litigation seeking repayment, including, without limitation, those claims and causes of action which are the subject of the litigation styled: (a) *Thresa A. Allen, et al. v. Official Employment-Related Issues Committee, Enron Corp., Enron North America Corp.; Enron Net Works, L.L.C.*, Adversary Proceeding No. 03-02084-AJG, currently pending in the Bankruptcy Court, (b) *Official Employment-Related Issues Committee of Enron Corp., et al. v. John D. Arnold, et al.*, Adversary Proceeding No. 03-3522, currently pending in the United States Bankruptcy Court for the Southern District of Texas, (c) *Official Employment-Related Issues Committee of Enron Corp., et al. v. James B. Fallon, et al.*, Adversary Proceeding No. 03-3496, currently pending in the United States Bankruptcy Court for the Southern District of Texas, (d) *Official Employment-Related Issues Committee of Enron Corp., et al. v. Jeffrey McMahon*, Adversary Proceeding No. 03-3598, currently pending in the United States Bankruptcy Court for the Southern District of Texas, and (e) *Official Employment–Related Issues Committee of Enron Corp., et al. v. John J. Lavorato, et al.*, Adversary No. 03-3721, currently pending in the United States Bankruptcy Court for the Southern District of Texas, Houston Division.

9. Retention of Professionals

On April 4, 2002, the Bankruptcy Court entered an order (as modified on October 24, 2002 and May 29, 2003) authorizing the Debtors to enter into an agreement to employ Stephen Forbes Cooper, LLC[20] as an independent contractor to provide management services for the Debtors, effective as of January 28, 2002. All compensation and reimbursement due to Stephen Forbes Cooper, LLC is treated as an Allowed Administrative Expense Claim and is paid in accordance with the employment agreement between the parties rather than pursuant to the Bankruptcy Court order governing compensation and reimbursement of Chapter 11 Professionals.

[20] Stephen Forbes Cooper, LLC is an affiliate of Kroll Zolfo Cooper LLC, f/k/a Zolfo Cooper, LLC. Kroll Zolfo Cooper LLC has been acquired by Kroll, Inc.

On January 30, 2002, the Bankruptcy Court entered a final order retaining WGM as the Debtors' lead bankruptcy counsel effective as of the Initial Petition Date. The Debtors have also retained, among others, the following firms: (a) Togut, Segal & Segal, LLP as co-bankruptcy counsel; (b) Skadden, Arps, Slate, Meagher & Flom LLP as special counsel; (c) Andrews & Kurth, L.L.P. as special counsel; (d) LeBoeuf, Lamb, Greene & MacRae L.L.P. as special counsel; (e) Cadwalader, Wickersham & Taft LLP as counsel; (f) Goodin, MacBride, Squeri, Ritchie & Day, LLP as special counsel; (g) Fergus, a Law Firm, and Gary S. Fergus as special regulatory counsel; (h) Susman Godfrey L.L.P. as class action defense counsel; (i) Miller Thomson LLP as special counsel; (j) Kelley Drye & Warren LLP as special regulatory counsel (later converted to ordinary course professional status); (k) PwC US, effective as of August 31, 2002 as financial advisors; (l) FTI Consulting, Inc. as successor-in-interest to the business recovery services practices of PwC US, effective as of December 21, 2002, as financial advisors; (m) Blackstone as financial advisors; (n) Batchelder & Partners, Inc. (n/k/a Relational Advisors LLC) as financial advisors; and (o) Venable Baetjer & Howard as special counsel. In addition, as of April 22, 2003, the Debtors have retained approximately 190 ordinary course professionals.

The Debtors are also responsible for paying the fees of certain other professionals who represent various of the Debtors' employees who are witnesses in various governmental investigations. Several of the Bankruptcy Court orders authorizing the retention of these professionals are currently on appeal.

Finally, the Debtors retained Wilmer, Cutler & Pickering, as special counsel to the Powers Committee, and to represent the Debtors in the litigation styled *Enron Power Marketing v. FERC*, U.S. Supreme Court, Docket No. 00-809.

10. Reconstitution of the Board of Directors

As of the Initial Petition Date, the Board was comprised of Robert A. Belfer, Norman P. Blake, Jr., Ronnie C. Chan, John H. Duncan, Wendy L. Gramm, Robert K. Jaedicke, Kenneth L. Lay, Charles A. LeMaistre, John Mendelsohn, Paulo V. Ferraz Pereira, William Powers, Jr., Frank Savage, Raymond S. Troubh, John Wakeham, and Herbert S. Winokur, Jr. Thereafter, effective February 4, 2002, Kenneth L. Lay resigned from the Board, and on February 12, 2002, the Board (a) approved a reduction in the number of Board members to nine, effective on March 14, 2002, and (b) approved the resignation of six members—Messrs. Chan, Duncan, Jaedicke, LeMaistre, and Ferraz Pereira, and Wakeham, also effective March 14, 2002. On February 14, 2002, Mr. Powers resigned from the Board. On March 14, 2002 the Board reaffirmed the foregoing actions. On March 21, 2002, Mr. Blake was elected as interim chairman of the Board.

In February 2002, the Board stated its objective to reconstitute the Board in an orderly manner to a board composed of a majority of new independent directors. In furtherance of this objective, in February 2002, the Board established a protocol with the Creditors' Committee to provide for the Creditors' Committee to review and interview candidates for Board membership prior to election of any candidates by the Board. Subsequently, the Board engaged in an extensive process to identify and consider highly qualified candidates as prospective members of the Board representing a range of talents, expertise and experience to benefit ENE.

The Board's process included input from a number of sources, including the Creditors' Committee.

On May 30, 2002, the Board elected two new independent directors, John W. Ballantine and Corbin A. McNeill, Jr. On the same day, the Board agreed to accept the resignations of Frank Savage and John Mendelsohn. On June 6, 2002, the Board announced additional steps in furthering the planned transition of the membership of the Board to one composed of a majority of new, independent directors and, preferably, composed entirely of new independent directors. On such date, the Board recognized that the four remaining long-standing directors—Messrs. Belfer, Blake, and Winokur, and Dr. Gramm—had submitted their resignations as directors, to be effective at the close of business on the same day. The Board also elected Mr. Troubh as interim Chairman of the Board on such date and expressed support for the election of three additional directors under consideration for election. The Board also acted to modify the number of director seats comprising the Board to a variable number to be determined by the maximum number of seats that would allow a quorum to be filled by the attendance of all elected directors, so long as the total number of director seats is nine or fewer total seats. On July 25, 2002, the Board elected another new, independent director, Ron W. Haddock, resulting in a board comprised of four directors. On such date, the Board also acted to define the number of director seats comprising the Board to five seats.

11. Creation of Internal Committees for Review and Oversight.

a. Cash Management Committee. The Cash Management Committee consists of (i) its chairperson, the Managing Director of Corporate Services of ENE, (ii) a Managing Director and Deputy Treasurer of ENE, (iii) the Managing Director of RAC, (iv) a representative of the ENE Accounting Department, (v) a representative of the ENE Tax Department, (vi) a representative of the ENE Legal Department, and (vii) a representative of Kroll Zolfo Cooper. Representatives of the ENA Examiner, the ENA Accounting Department, and Ernst & Young (financial advisors to the Creditors' Committee) also attend all Cash Management Committee meetings.

All postpetition disbursements require Cash Management Committee approval. Transactions not in the ordinary course of business and in excess of $500,000 require the approval of the BTRC as well.

b. Bankruptcy Transaction Review Committee. The BTRC was formed in January 2002 to provide a means for all non-ordinary course transactions, e.g., divestitures, settlements, and investments, and certain ordinary course transactions, including financings, of all Debtor and non-Debtor companies to be reviewed by a cross-disciplinary group of ENE and Kroll Zolfo Cooper employees, as well as the Debtors' legal and financial advisors. In addition, these meetings are monitored by the Creditors' Committee's legal and financial advisors and the ENA Examiner. All non-ordinary course transactions in excess of $500,000 are required to be reviewed and approved by the BTRC prior to any Debtor or non-Debtor entity entering into the transaction. Final internal approval, however, is not granted by the BTRC, but via a RAC Deal Approval Sheet executed by certain officers of the entity seeking authority to enter into the transaction, as well as, in some instances, senior management and the Board, as required by the ENE Risk Management Policy approved by the Board.

Since its formation, the scope of the BTRC has expanded as a result of certain orders of the Bankruptcy Court. The BTRC is presently required to approve all settlement transactions completed under the Wholesale Protocol and all assets sales executed pursuant to the De Minimis Asset Sale Order. Refer to Section IV.B, "Settlements and Asset Liquidations" for further information.

B. Settlements and Asset Liquidations

1. Resolution of the Wholesale Trading Book.

After the commencement of these chapter 11 cases, the Wholesale Services Debtors and certain of their non-Debtor Wholesale Services affiliates had a significant number of non-terminated and terminated positions arising out of physical and financial contracts relating to numerous commodities, including, but not limited to, power, natural gas, interest rates and currencies, crude oil, liquid fuels, coal, pulp and paper, freight, steel, metals, lumber, and weather. The Wholesale Services Debtors and their non-Debtor affiliates evaluated these contracts and have undertaken efforts to perform, sell, or settle these positions.

The table below describes cash collections of the Wholesale Services Debtors and their affiliates between the Initial Petition Date and May 31, 2003, and adversary proceeding litigation in Bankruptcy Court of the Wholesale Services Debtors and their affiliates.

Wholesale Trading Book Cash Collections from Initial Petition Date to 5/31/03 ($ in Millions)		
	Amount Collected	Number of Counterparty Groups
Terminated Contracts	$985[1]	146
Non-Terminated Contracts		
Performed (net of cost of sales)	$1,015[1]	1,250[2]
Settled/Sold	$500	154
Total Cash Collected to Date	$2,500	1,550
Adversary Proceedings Litigation in Bankruptcy Court ($ in millions)		
Total number of Proceedings with Wholesale Trading Book Counterparties	58	
Gross Value Sought[3]	$1,921	

[1] With respect to settlements executed by non-Debtor affiliates, the cash collected takes into account the cash paid out to some counterparties and the cash received from other counterparties, pursuant to settlements.

[2] Count reflects counterparties billed for services at least once postpetition as well as accounts receivable collections from historical performance prior to Initial Petition Date.

[3] Recoveries under these proceedings cannot be assured.

a. Safe-Harbor Agreements. Prior to the commencement of the Chapter 11 Cases, certain of the Wholesale Services Debtors entered into thousands of Safe-Harbor Agreements. Several safe-harbor provisions of the Bankruptcy Code (sections 555, 556, 559, or 560), to the extent applicable, render enforceable contractual rights to liquidate or terminate Safe-Harbor Agreements based on the bankruptcy or financial condition of the Wholesale Services Debtors. Other safe-harbor provisions exempt specified setoffs under or in connection with Safe-Harbor Agreements from the automatic stay provided under section 362(a) of the Bankruptcy Code. Absent these safe-harbor provisions, the counterparties would be barred under the Bankruptcy Code from terminating these contracts due to the bankruptcy or financial condition of the Wholesale Services Debtors, and would be stayed from exercising their rights of setoff and their rights to realize on collateral.

The Wholesale Services Debtors' commencement of the Chapter 11 Cases constituted an early termination event under some of the Safe-Harbor Agreements, giving rise to the right of the counterparties to terminate such agreements (or in some instances, to an automatic termination of such agreements) and to determine the amount of termination payments

payable by or to certain of the Wholesale Services Debtors. Immediately prior to and since the commencement of these cases, many Safe-Harbor Agreements have been terminated. In certain instances, where a counterparty has not terminated an agreement, and has itself defaulted under the agreement, a Wholesale Services Debtor has noticed an early termination.

The Wholesale Services Debtors also had a number of physical and financial Safe-Harbor Agreements that were not terminated and were "in-the-money" to the Wholesale Services Debtors, and therefore required performance by the Wholesale Services Debtors to realize the "in-the-money" value. In certain instances, the Wholesale Services Debtors continued to perform through the relevant contract term, negotiated a settlement, or sold the contract to a third party. The Wholesale Services Debtors have now successfully exited substantially all their performing, non-terminated, in-the-money physical and financial Safe-Harbor Agreements.

b. Description of Wholesale Protocol. Under the authority granted by Bankruptcy Rule 9019, the Wholesale Services Debtors and the Creditors' Committee negotiated, and on May 30, 2002, the Bankruptcy Court approved, the Wholesale Protocol. The purpose of the Wholesale Protocol is to expedite the approval process for settlements related to terminated Safe-Harbor Agreements.

The Wholesale Protocol creates two categories of settlements for terminated Safe-Harbor Agreements. The first category consists of Safe-Harbor Agreements involving values that exceed certain defined thresholds, settlements with affiliates of the Wholesale Services Debtors, and settlements involving more than one party on either side of the settlement. For settlements in this category, the Wholesale Services Debtors are not permitted to execute a settlement agreement with the counterparty without 10 business days' prior notice to the Creditors' Committee. In addition, the Wholesale Protocol prescribes certain information concerning the proposed settlement that must be included in the Wholesale Services Debtors' notice. Where the Creditors' Committee approves a proposed settlement in this category, the Wholesale Services Debtors may file with the Bankruptcy Court a motion for approval of the settlement.

The second category consists of settlements of terminated Safe-Harbor Agreements that do not fall within the first category. The Wholesale Protocol requires the Wholesale Services Debtors to provide weekly notice of these settlements to the Creditors' Committee. The Creditors' Committee has 5 business days to object to the settlement or to request more detailed information on it. Where the Creditors' Committee does not object to a proposed settlement in this second category, or does not request more detailed information on it, during the 5 business-day period, the Wholesale Services Debtors may then file a notice of the settlement with the Bankruptcy Court. Unless an objection is filed and served within 5 business days after the notice is filed and notice of such objection is served upon the appropriate parties, the Wholesale Services Debtors are authorized to consummate the proposed settlement, and the parties receiving notice of the proposed settlement shall be deemed to have consented to it.

Under the Wholesale Protocol, if the Creditors' Committee objects to a settlement in either category, or fails to approve a settlement in the first category, the Wholesale Services Debtors may not seek Bankruptcy Court approval of the proposed settlement under the procedures provided in the Wholesale Protocol, but instead may seek such approval of the

proposed settlement upon notice and a hearing in accordance with Bankruptcy Rule 9019 and the Case Management Order. Settlements entered into only by non-Debtor Wholesale Services affiliates are submitted for Creditors' Committee review as if they were in the second category, but such settlements are not submitted to the Bankruptcy Court.

On June 16, 2003, the Debtors, with approval of the Creditors' Committee, filed a motion to amend the Wholesale Protocol. The amendments would, among other things, (1) permit rejected and expired Safe-Harbor Agreements to be settled under the Wholesale Protocol, (2) change the value thresholds for the first category of settlements, and (3) modify the Bankruptcy Court approval process for settlements that involve more than one party on either side of the settlement, but that do not meet the amended value thresholds for the first category of settlements. If no objections are made to this motion by July 10, 2003, it will be approved by the Bankruptcy Court upon entry of an order by the judge.

c. Implementation of Wholesale Protocol. Through the use of the Wholesale Protocol, the Wholesale Services Debtors have filed, and obtained the approval of the Bankruptcy Court to enter into, numerous settlement agreements with terminated Safe-Harbor Agreement counterparties. Through May 31, 2003, through the use of the Wholesale Protocol, or otherwise with the approval of the Bankruptcy Court as to the Wholesale Services Debtors only, the Wholesale Services Debtors and the non-Debtor Wholesale Services affiliates have entered into 146 settlements of Safe-Harbor Agreement counterparties, resulting in recoveries in the aggregate amount of approximately $985 million for the Wholesale Services Debtors and their non-Debtor Wholesale Services Affiliates. Refer to Table, "Wholesale Trading Book Cash Collections from Initial Petition Date to 5/31/03" in Section IV.B.1, "Resolution of the Wholesale Trading Book" for further information.

Since the Wholesale Services Debtors and their non-Debtor Wholesale Services affiliates have other terminated Safe-Harbor Agreements with multiple other counterparties under which there is embedded value owing to the Wholesale Services Debtors and their non-Debtor Wholesale Service affiliates and which have not yet settled, the Wholesale Services Debtors and their non-Debtor Wholesale Services affiliates continue their settlement efforts utilizing the Wholesale Protocol or other Bankruptcy Court-approved processes as appropriate.

d. Realized Value from Debtors' Performance of Non-Terminated Wholesale Contracts, Disposition of Inventories, and Collection of Accounts Receivable. Since the Initial Petition Date, the Wholesale Services Debtors and their non-Debtor Wholesale Services affiliates have realized (net of their costs) approximately $1.015 billion from (i) their postpetition or other performance under commodity sale contracts that have remained "live" (e.g., not terminated or expired) after the Initial Petition Date, (ii) the sale of commodity inventories, and (iii) the collection of prepetition accounts receivable. Refer to Table, "Wholesale Trading Book Cash Collections from Initial Petition Date to 5/31/03" in Section IV.B.1, "Resolution of the Wholesale Trading Book" for further information.

e. Settlements and Sales of Non-Terminated Safe-Harbor Agreements. The Wholesale Services Debtors have (i) settled certain of their non-terminated Safe-Harbor Agreements (which are not eligible for settlement under the Wholesale Protocol) with counterparties pursuant to Bankruptcy Court approval and (ii) sold certain non- terminated Safe-

Harbor Agreements to third parties pursuant to Bankruptcy Court-approved auction processes. Through May 31, 2003, the Wholesale Services Debtors and their non-Debtor Wholesale Services Affiliates have received a total of approximately $500 million from these settlements and auction sales. Refer to Table, "Wholesale Trading Book Cash Collections from Initial Petition Date to 5/31/03" in Section IV.B.1, "Resolution of the Wholesale Trading Book" for further information.

f. Litigation. To the extent settlements cannot be reached, the Wholesale Services Debtors and their non-Debtor Wholesale Services affiliates may file (and have, in some cases, already filed) adversary proceedings against counterparties in the Bankruptcy Court or may take other appropriate legal action to recover the embedded value of the contracts. Refer to Table, "Wholesale Trading Book Cash Collections from Initial Petition Date to 5/31/03" in above Section IV.B.1, "Resolution of the Wholesale Trading Book" and Section IV.C.1, "Pending Litigation" for further information about the pending adversary proceedings involving the Wholesale Services Debtors and their non-Debtor Wholesale Services affiliates in connection with the trading book, the gross dollar amount being sought by the Wholesale Services Debtors thereunder, certain claims made by Debtors and counterclaims made by counterparties. Each of the pending adversary proceedings involving one or more of the Wholesale Services Debtors and their non-Debtor Wholesale Services affiliates are more fully described in Section IV.C.1, "Pending Litigation." It should be noted that the recoveries under these proceedings or proceedings subsequently brought against counterparties cannot be assured, and are subject to potential counterclaims and defenses of the counterparties some of which are listed in Section IV.C.1, "Pending Litigation."

2. Retail Contract Settlements.

After the commencement of these Chapter 11 Cases, the Retail Services Debtors and their non-Debtor Retail Services affiliates had a significant number of open and terminated positions arising out of physical and financial contracts with retail and other customers relating to the purchase and sale of natural gas and electricity, as well as energy outsourcing and other contracts. The Debtors evaluated these contracts and have undertaken efforts to perform, sell, settle, or reject these positions. With respect to these settlements, pursuant to Bankruptcy Rule 9019, through May 31, 2003, the Debtors have sought and obtained the Bankruptcy Court's approval of approximately 56 settlement agreements relating to Retail Contracts.

The table below describes cash collection of the Retail Services Debtors and their affiliates between the Initial Petition Date and May 31, 2003, and adversary proceeding litigation of the Retail Services Debtors and their affiliates in the Bankruptcy Court.

Retail Trading Book Cash Collections from Initial Petition Date to 5/31/03 ($ in Millions)		
	Amount Collected	Number of Counterparty Groups
Terminated Contracts	$19	16

Retail Trading Book Cash Collections from Initial Petition Date to 5/31/03 ($ in Millions)		
	Amount Collected	Number of Counterparty Groups
Non-Terminated Contracts		
Performed (net of cost of sales)	$414	Approx. 9000[1]
Settled/Sold	$270	737
Total Cash Collected to Date	**$703**	

Adversary Proceedings Litigation in Bankruptcy Court ($ in millions)	
Total number of Proceedings with Retail Trading Book Counterparties	1
Gross Value Sought[2]	$ 12

[1] Count reflects counterparties billed for services at least once postpetition as well as accounts receivable collections from historical performance prior to the Initial Petition Date.

[2] Recoveries under these proceedings cannot be assured.

a. Retail Contracts. Prior to the commencement of the Chapter 11 Cases, certain of the Retail Services Debtors entered into thousands of Retail Contracts. Since the Initial Petition Date, many Retail Contracts have been terminated, rejected, or assumed and assigned under section 365 of the Bankruptcy Code. There are substantial amounts outstanding under many of the Retail Contracts, which amounts include primarily accounts receivable and, in some cases, termination payments due to the Retail Services Debtors' estates. The Retail Services Debtors' commencement of the Chapter 11 Cases constituted an early termination event under some of the Retail Contracts, which may give rise to the right of the counterparties to terminate such agreements and to determine the amount of termination payable by or to the Retail Services Debtors. Since the commencement of these Chapter 11 Cases, many counterparties have, accordingly, purported to terminate Retail Contracts. While the applicability of the safe-harbor provisions of the Bankruptcy Code to the Retail Contracts is less certain than their applicability to wholesale contracts, the Retail Services Debtors determined in many instances to not contest the terminations.

The Retail Services Debtors also had a number of Retail Contracts that were not terminated and were "in-the-money" to the Retail Services Debtors, and therefore required performance by the Retail Services Debtors to realize the in-the-money value. In certain instances, the Retail Services Debtors continued to perform through the relevant contract term,

negotiated a settlement, sold the contract to a third party, or, if the continued performance was not in the best interests of the relevant Debtor, rejected the contract. The Retail Services Debtors have now successfully exited substantially all of their performing, non-terminated, "in-the-money" Retail Contracts.

b. Description of Retail Protocol. The Retail Services Debtors and the Creditors' Committee negotiated the Retail Protocol that allowed the Retail Services Debtors to obtain expedited Bankruptcy Court approval of settlements with counterparties on amounts due under the Retail Contracts. The Bankruptcy Court approved the Retail Protocol on October 7, 2002.

Specifically, the Retail Protocol creates two categories of settlements, depending on the accounts receivable outstanding under the contract and other amounts (e.g., termination payments) that may have been payable to the Retail Services Debtors as part of the settlement. The first category includes the settlement of Retail Contracts with the Retail Services Debtors involving values that exceed certain defined thresholds. The Retail Protocol permits the Retail Services Debtors to file a motion under Bankruptcy Rule 9019 to settle these contracts using expedited notice procedures. The second category of settlements includes those that fall below the defined value thresholds. The Retail Protocol allows the Retail Services Debtors to provide weekly notice of these settlements to the Creditors' Committee and to seek Bankruptcy Court approval of these settlements by filing a notice but without filing a formal motion with the Bankruptcy Court.

c. Implementation of Retail Protocol. Through the use of the Retail Protocol, the Retail Services Debtors have filed and obtained Bankruptcy Court approval to enter into numerous settlement agreements with retail customers. Through May 31, 2003, as approved by the Bankruptcy Court through use of the Retail Protocol or otherwise, the Retail Services Debtors have entered into 16 settlements with counterparties, resulting in recoveries in the aggregate amount of approximately $19 million for the Retail Services Debtors. Refer to Table, "Retail Trading Book Cash Collections from Initial Petition Date to 5/31/03" in Section IV.B.2.a, "Retail Contracts" for further information.

Because the Retail Services Debtors have other Retail Contracts with multiple other counterparties under which there is embedded value owing to the Retail Services Debtors and their non-Debtor Retail Services affiliates and which have not yet settled, the Retail Services Debtors and their non-Debtor Retail Services affiliates continue their settlement efforts utilizing the Retail Protocol or other Bankruptcy Court-approved processes as appropriate.

d. Settlements and Sales of Retail Contracts. The Retail Services Debtors have (1) settled certain of their non-terminated Retail Contracts with counterparties pursuant to Bankruptcy Court approval and (2) sold certain non-terminated Retail Contracts to third parties pursuant to Bankruptcy Court-approved auction processes. Through May 31, 2003, the Retail Services Debtors have received proceeds of approximately $270 million from these settlements and auction sales. Refer to Table, "Retail Trading Book Cash Collections from Initial Petition Date to 5/31/03" in Section IV.B.2.a, "Retail Contracts" for further information.

e. Realized Value from Retail Services Debtors' Performance of Non-Terminated Retail Contracts, Disposition of Inventories, and Collection of Accounts Receivable. Since the Initial Petition Date, the Retail Services Debtors have realized (net of their costs) approximately $414 million in net proceeds from (i) their postpetition or other performance under retail commodity sale contracts that have remained "live" (e.g., not terminated or expired) after the Initial Petition Date, (ii) the sale of commodity inventories, and (iii) the collection of prepetition accounts receivable. Refer to Table, "Retail Trading Book Cash Collections from Initial Petition Date to 5/31/03" in Section IV.B.2.a, "Retail Contracts" for further information.

f. Litigation. To the extent settlements cannot be reached, the Retail Services Debtors and their non-Debtor Retail Services affiliates may file (and have, in one case, already filed) adversary proceedings against counterparties in the Bankruptcy Court or may take other appropriate legal action to recover the embedded value of the contracts. Refer to Table, "Retail Trading Book Cash Collections from Initial Petition Date to 5/31/03" in Section IV.B.2.a, "Retail Contracts" and Section IV.C.1, "Pending Litigation" for further information about the pending adversary proceeding involving the Retail Services Debtors and their non-Debtor Retail Services affiliates in connection with the trading book, the gross dollar amount being sought by the Retail Services Debtors thereunder, certain claims made by Debtors, and counterclaims made by counterparties. The pending adversary proceeding involving one or more of the Retail Services Debtors and their non-Debtor Wholesale Services affiliates is more fully described in Section IV.C.1, "Pending Litigation." It should be noted that the recoveries under this proceeding or proceedings subsequently brought against counterparties cannot be assured, and are subject to potential counterclaims and defenses of the counterparties some of which are listed in Section IV.C.1, "Pending Litigation."

3. Other Settlements.

a. Broadband - General. The Debtors that are part of Broadband Services and their non-Debtor Broadband Services affiliates have also resolved disputes that have arisen in connection with business transactions in the Broadband industry including IRU agreements and collocation agreements, outstanding accounts receivable, and PRM. In the most significant of these settlements, EBS, Qwest, and related entities entered into a global settlement agreement that has been approved by the Bankruptcy Court. Prior to entering into the settlement, Qwest had placed approximately $150 million owed to EBS into an interest-bearing, segregated account. Under the terms of the settlement agreement, EBS received approximately $139 million and Qwest received approximately $11 million. As part of the settlement, EBS sold, transferred and/or assigned the assets and contracts necessary for Qwest to own and operate the Salt Lake City to New Orleans fiber optic route, as well as certain other telecommunications equipment.

b. Dynegy Merger Agreement, Related Litigation, and Settlement. On November 9, 2001, ENE, Dynegy and related entities entered into the Merger Agreement. Concurrently therewith, Dynegy and CGNN entered into an option agreement under which Dynegy Holdings contracted with CGNN for an option to purchase from CGNN all of the outstanding membership interests in MCTJ, the indirect parent of NNG. Dynegy also acquired 100% of the preferred stock of NNG for $1.5 billion.

On November 28, 2001, Dynegy gave ENE notice that Dynegy was terminating the Merger Agreement and, immediately thereafter, Dynegy Holdings gave notice to CGNN that Dynegy Holdings was exercising the option to purchase all of the outstanding membership interests of MCTJ. On the Initial Petition Date, ENE and certain of its affiliates filed a breach of contract action alleging that Dynegy and Dynegy Holdings breached the terms of the Merger Agreement and sought damages in excess of $10 billion. The closing of Dynegy Holdings' exercise of the option to purchase the interests of MCTJ included the payment of $23 million to CGNN and was effective February 1, 2002.

On August 15, 2002, the parties executed a mutual release and deposited with an escrow agent an executed joint motion for dismissal with prejudice and an executed agreed order of dismissal with prejudice seeking the dismissal of ENE's pending suit against Dynegy with prejudice. Concurrently with the execution of the mutual release, Dynegy delivered (i) $62.9 million previously held in escrow in connection with working capital related to the sale of MCTJ; and (ii) cash in the amount of $25 million into escrow, $10 million of which was released to ENE in September 2002 in connection with the Bankruptcy Court's approval of the mutual release and the remainder of which was released in May 2003 in connection with the entry of the final judgment dismissing ENE's lawsuit against Dynegy.

c. Mitsubishi Heavy Industries. ENE received approval of a settlement agreement among ENE, certain of ENE's non-Debtor affiliates, MHI, and certain lenders, relating to disputes arising from certain purchase agreements for gas turbines and associated components. The settlement agreement provided, among other things, that (i) certain lenders would pay $6 million to MHI, which would be applied against the remaining purchase price for certain units, (ii) the parties would acknowledge that certain purchase agreements were validly cancelled, (iii) MHI would deliver certain unit components to subsidiaries of BPDT, (iv) MHI would credit BPDT $14,000,312 as payment for the balance due on certain units, (v) MHI would retain certain payments and work in progress, (vi) certain ENE guarantees would be terminated, (vii) MHI would have a right to a certain sliding sales commission to the extent it assisted in the marketing of certain turbines owned by ENE affiliates, and (viii) all parties would grant limited mutual releases.

d. Standard Chartered Bank. ENE received approval of a settlement agreement with SCB releasing and compromising certain claims held by ENE against SCB. Pursuant to the settlement, SCB will return $23,867,046 to ENE and retain $1,000,000 relating to certain previously drawn letters of credit and expenses, and retain $646,964 as cash collateral for two letters of credit that will continue to remain outstanding following the settlement. The settlement agreement resolves, without litigation, a preference action that ENE was preparing to commence against SCB to recover $25,514,000 that was deposited into a collateral account.

e. Redemption of ServiceCo Shares. ENE, EESSH, EESO, EPSC, and EBS received approval to (i) consummate the redemption of certain outstanding shares of ServiceCo held by EESSH, (ii) provide an indemnification and certain releases to certain other redeeming ServiceCo stockholders and ServiceCo directors, and (iii) compromise and settle certain third-party litigation. Prior to the redemption transactions, ServiceCo was approximately 81.45% owned by EESSH. ServiceCo was formed in September 2001. Following the Initial Petition Date, litigation proceedings were commenced against ServiceCo by certain of its

minority stockholders who contributed assets and/or cash in connection with the formation of ServiceCo, alleging that certain misrepresentations were made in connection with their original investment. ServiceCo's redemption of the capital stock held by these third-party investors settles these proceedings.

In connection with the formation of ServiceCo, certain of ServiceCo's minority stockholders contributed the shares of FieldCentrix to ServiceCo in exchange for ServiceCo shares and, prior to the redemption transaction, FieldCentrix was 98% owned by ServiceCo. Through the redemption transaction, ServiceCo returned the majority of FieldCentrix to the original contributing ServiceCo stockholders in exchange for their ServiceCo shares, with ServiceCo retaining a 20% preferred stock interest in FieldCentrix. The shares of ServiceCo capital stock held by the other third-party investors in ServiceCo are being redeemed for cash.

The approval provided, among other things, that any existing encumbrances that have been, could have been, or are in the future, asserted by PBGC, if any, are transferred and attach solely to (i) the purchase price paid by ServiceCo to EESSH for its redeemed ServiceCo shares and (ii) after their redemption by ServiceCo, to the redeemed shares of ServiceCo capital stock formerly held by its redeeming stockholders. In addition, ENE was authorized to provide a limited indemnification to the third-party redeeming ServiceCo stockholders for damages they may incur within the four year period following the redemption transaction as a result of (i) ServiceCo or its subsidiaries being liable for taxes of ENE or its affiliates (other than ServiceCo and its subsidiaries) as a result of their having been included in ENE's consolidated tax group and (ii) claims for liability asserted by PBGC against ServiceCo or its subsidiaries as a result of being jointly and/or severally liable for obligations of ENE or its affiliates (other than ServiceCo and its subsidiaries) due to their status as members of ENE's controlled group under ERISA. The ENE indemnity is subject to an aggregate cap of approximately $24 million. Refer to Section III.F.39, "Nile" for further information.

f. British Energy. The significant creditors of British Energy Group, including ECTEF, have been working towards a restructuring of certain of the financial obligations of the British Energy Group, under which such creditors will compromise their claims against the British Energy Group. On February 14, 2003, such creditors formally agreed to standstill their claims against the British Energy Group and signed non-binding term sheets that outlined the terms of the proposed restructuring. On May 8, 2003, the Bankruptcy Court entered an order requested by ENE and ECTRIC approving the restructuring on the terms set forth in the February 14, 2003 agreements. A successful closing of the restructuring is not expected before September 30, 2004 and remains subject to the satisfaction of a number of outstanding conditions.

Upon the successful restructuring of the British Energy Group, ECTEF will be entitled to the following distribution on its £72 million claim: (i) newly issued bonds, which have been attributed a face value of £20 million, and (ii) 6.8% of the newly issued equity of British Energy to be allocated to creditors (such percentage does not take into consideration existing equity holders of British Energy). As the equity to be retained by current shareholders of British Energy is still to be determined, the amount of ECTEF's percentage equity ownership in the restructured company has not been finally determined. Barclays and ECTRIC are in

discussions on sharing ratios for the distribution of the proceeds that the Cash VI Trust receives from the restructuring.

The distributions to creditors of newly-issued bonds and newly-issued equity will not occur until closing of the restructuring, which is expected to take place on or before September 30, 2004. ECTEF is to receive interest on its £72 million claim at 6% per annum during the standstill period.

g. Rio Piedras. Over 500 suits were filed in federal or local court in Puerto Rico on behalf of nearly 1,500 different plaintiffs against ENE, San Juan Gas, and/or their carriers and affiliates for wrongful death, personal injury (including emotional distress), property damage, and business interruption related to the November 21, 1996 explosion in or around the Humberto Vidal Building. The total alleged damages exceeded $3.3 billion. In late December 2001, approximately 300 of the then remaining 750 federal plaintiffs that had not settled or been dismissed moved to lift the automatic stay to allow the federal court litigation to proceed but not the parallel state litigation, and to authorize direct collection of judgments from ENE's insurance carriers. An agreed order was entered in April 2002 modifying the automatic stay for the sole purpose of effecting settlements, subject to a cap of $50 million for settlements, fees, and expenses. All such cases were subsequently resolved for approximately $36 million. Orders have been entered in both the Federal and State courts in Puerto Rico dismissing all plaintiffs' claims with prejudice. Settlement documents or forfeiture orders have been effected for all but two plaintiffs.

h. Andersen Worldwide. In March 2002, at the direction of the Bankruptcy Court and Judge Harmon of the United States District Court for the Southern District of Texas, the Debtors, the Creditors' Committee, and the plaintiffs in the *Newby* Action began mediation with representatives of Arthur Andersen and Andersen Worldwide Societe Cooperative, in an effort to reach a global settlement of claims against Arthur Andersen. Despite the best efforts of the parties, the mediation process did not succeed and was formally terminated on May 1, 2002. The Debtors and representatives of the Creditors' Committee continued to engage in settlement discussions with representatives of Arthur Andersen and the other Arthur Andersen-related entities and conducted due diligence concerning the nature and extent of potential claims and causes of action, if any, held by the Debtors' estates against foreign Arthur Andersen entities other than Arthur Andersen. The Debtors and the Creditors' Committee reached an agreement in principle with Andersen Worldwide (on behalf of itself and foreign Arthur Andersen entities) compromising and settling any claims the Debtors' estates may possess against such entities in exchange for a cash payment of $19.95 million. The parties signed a memorandum of understanding on or about August 30, 2002 setting forth the principle terms of the settlement reached with Andersen Worldwide, which was later memorialized in a formal settlement agreement.

The Debtors filed with the Bankruptcy Court a motion to approve the settlement agreement pursuant to Bankruptcy Rule 9019. There are no objections to the motion, and a proposed order to approve the settlement has been submitted to the Bankruptcy Court pursuant to a notice of presentment dated June 30, 2003. The Debtors expect the proposed order to be signed on July 10, 2003.

4. Asset Sales.

The Debtors, non-Debtor affiliates, and certain other related companies have completed a number of significant asset sales of non-core assets during the pendency of the Chapter 11 Cases, resulting in gross consideration to the Debtors' bankruptcy estates, non-Debtor affiliates, and certain other related companies aggregating approximately $3.2 billion. These asset sales have been completed by numerous Debtors, non-Debtor affiliates, and other related companies, and the sale proceeds have, in certain instances, been used to repay indebtedness or other claims, and may be further subjected to a variety of claims from related and unrelated parties. In many instances, proceeds from these sales are segregated, or in escrow accounts, and the distribution of such proceeds will require either consent of the Creditors' Committee or an order of the Bankruptcy Court.

The table below sets forth the principal asset sales between the Initial Petition Date and May 31, 2003. The table sets forth the sales price approved by the Bankruptcy Court for each transaction, which proceeds, in certain instances, have been and may continue to be subject to adjustments for the payment of certain items, including without limitation, commissions, break-up fees, professional fees, taxes, liens, working capital adjustments, indemnification claims, and other closing costs and disbursements. Sales transactions where proceeds exceeded $100 million are described below the table. Refer to Section IV.B.1.a, "Safe-Harbor Agreements" for further information about sales by Wholesale Services and Retail Services of Safe-Harbor Agreements, dispositions of inventories, and related assets.

Principal Asset Sales

Asset Sales	Approx. Court-Approved Sales Price, if applicable (in $ millions)
Trading Business (Natural Gas and Electric Power)	*TBD*
Azurix-Wessex (Water Utility)	782
EOG Resources Shares	438
EOGIL	350
Arcos Project Company and GE 9F Turbine Power Island Equipment	329
Enron Wind (US and European Turbine Manufacturing Business)[1]	325

Asset Sales	Approx. Court-Approved Sales Price, if applicable (in $ millions)
Enron Wind Development Corp. (160 MW Power Project)	175
Mariner Energy (Falcon Corridor Offshore Assets)[2]	113
Enron Center South (Office Building)	102
Asset Sales Below $100 million[3]	586
	3,200

[1] The original Bankruptcy Court approved purchase price was reduced by $40 million at closing based on the adjustment mechanism within the purchase and sale agreement, and by an additional $75 million post-closing in accordance with the settlement agreement with purchaser as approved by the Bankruptcy Court on June 23, 2003. Refer to Section IV.B.4.f, "Enron Wind (US and European Turbine Manufacturing Business)" for further information.

[2] This represents the agreed contract sales price, less certain purchase price adjustments of $8.5 million. This sale did not require approval by the Bankruptcy Court.

[3] Including collections on certain notes receivable, and excluding asset sales under $1 million.

a. Trading Business (Natural Gas and Electric Power).

(i) Sellers. ENE, ENA, ENW, and Enron Canada.

(ii) Purchaser. UBS, and UBS Warburg Energy (Canada) Ltd.

(iii) Asset(s). The sellers sold certain assets, and licensed other assets (including an exclusive license to certain proprietary technology), relating to the sellers' North American gas and electric power trading business. The parties have also provided various transition services.

(iv) Consideration. Enron Canada received at closing approximately C$6.5 million in cash from the purchasers. The remaining consideration payable to the sellers is in the form of royalty payments. Under the terms of the transaction, the sellers are to receive 33% of the adjusted pre-tax profits generated by the business for a defined period. The allocation of such royalty interest among the various sellers has not yet been determined and is subject to approval of the Bankruptcy Court. Since the closing of the transaction, the business has not produced sufficient profits to generate any royalty payments. There can be no assurance that this sale will generate any royalty payments for the benefit of the sellers.

(v) Indemnifications/Holdbacks. Pursuant to a series of call options granted by the sellers to the purchasers, the purchasers have the option to buy out the royalty interest beginning on January 1, 2005. The purchasers' call options may be exercised in three tranches, each representing a one-third reduction of the royalty interest. Only one call option may be exercised in any two consecutive six-month periods. Beginning on the seventh anniversary of the closing date until the date ten years and three months from the closing date, if the purchasers have not exercised and closed two call options (or upon the eighth anniversary of the closing date, if the purchasers have not exercised three options), the sellers shall have the

right to require the purchasers to do any of the following, at the purchasers' sole choice: (1) sell the business; (2) terminate the agreement; (3) provide a mechanism for securitizing the royalty stream; or (4) accelerate royalty payments into one lump sum.

The sellers and the purchasers received various indemnities from each other with respect to certain potential losses. All indemnities of the respective indemnifying party were limited in the aggregate to a maximum of $100 million. The indemnitors' indemnity exposure occurs only if the aggregate amount of indemnifiable losses exceeds $5 million, at which point the indemnitees are entitled to indemnification for all such losses that in aggregate exceed $2.5 million. Payments of indemnity by the sellers will be made only through setoffs made against the payment of the royalty interest. Subject to a variety of exceptions, indemnity claims with respect to breaches of representations and warranties had to be submitted on or prior to February 8, 2003. As of May 31, 2003, no indemnity claims have been sent or received by the sellers.

(vi) Approval and Closing Date. The Bankruptcy Court approved the transaction on January 22, 2002, and the sale closed on February 8, 2002.

b. Azurix-Wessex (Water Utility).

(i) Seller. Azurix Europe, which is indirectly owned by Azurix. EBWH, a wholly-owned non-Debtor subsidiary of ENE, owns 33-1/3% of the voting shares of Azurix. Atlantic owns the remaining 66-2/3% of the voting shares of Azurix. ENE holds a 50% voting interest in Atlantic, as well as 100% of the cumulative preferred stock issued by Azurix. The remaining 50% voting interest in Atlantic is held by Marlin. Refer to Section III.F.36, "Marlin" for further information regarding Marlin.

(ii) Purchaser. YTL Utilities (UK) Limited.

(iii) Asset(s). Wessex, the principal business of which was providing water supply and wastewater services in parts of southwestern England through Wessex Water Services Limited, a wholly-owned subsidiary.

(iv) Consideration. The agreed sale price was approximately $782 million. As part of the transaction, Azurix Europe was required to repay a revolving credit facility and Azurix purchased substantially all of its remaining bonds. The remaining proceeds of $6.2 million went to Azurix. The Bankruptcy Court approved the actions taken by the Enron-appointed directors in approving the sale of 100% of Azurix's interest in Wessex. There have been no post-closing purchase price adjustments.

(v) Indemnifications/Holdbacks. None.

(vi) Approval and Closing Date. The Bankruptcy Court approved the transaction on May 6, 2002, and the sale closed on May 21, 2002.

c. EOG Resources Shares. Refer to Section III.F.10, "Cerberus" for further information.

d. Enron Oil & Gas India Ltd. (Production Sharing Contracts).

(i) Seller. EAH, an indirect subsidiary of ENE.

(ii) Purchaser. BG Energy Holdings Limited.

(iii) Asset(s). Producing oil and gas assets consisting of production sharing contracts with the government of India for the Panna/Mukta and Tapti offshore blocks.

(iv) Consideration. The Bankruptcy Court-approved sales price was approximately $350 million, less amounts attributable to a working capital adjustment, services provided by Enron Global Exploration and Production, Inc. and EGEP Services, Inc., and any intercompany debt remaining at the time of closing.

(v) Indemnifications/Holdbacks. For twelve months following closing, EAH indemnified the purchaser against any preference or fraudulent conveyance claims related to the repayment by EOGIL of intercompany receivables for the twelve month period preceding closing. This indemnity is for up to $74 million. EAH retained the rights to a contingent $12 million tax refund from the government of India relating to disputed allowances for foreign exchange losses. The assets were sold on an "as is, where is" basis. No indemnity claims were made by the purchaser.

(vi) Approval and Closing Date. The Bankruptcy Court approved the transaction on February 13, 2002, and the sale closed on March 31, 2002.

e. Arcos Project Company and GE 9F Turbine Power Island Equipment.

(i) Sellers. SII Espana 2 B.V. and Woodlark, L.P. ENE is the sole shareholder of EPC and the sole member of Enron Europe. EPC and Enron Europe are the joint shareholders of ECT Europe. ECT Europe is the sole shareholder of SII Holdings B.V., which, in turn, is the sole shareholder of SII Espana 2 B.V., which was the sole shareholder of Arcos Project Company. Woodlark, L.P. is an indirect subsidiary of Whitewing LP. Refer to Section III.F.41, "Osprey/Whitewing" for further information regarding Osprey/Whitewing.

(ii) Purchaser. Iberdrola.

(iii) Assets(s). SII Espana 2 B.V.'s rights, title, and interest in and to the issued share capital of the Arcos Project Company and Woodlark, L.P.'s rights to and interest in the three GE 9F turbine power island equipment assets relating to the Arcos de la Frontera power plant.

(iv) Consideration. The Bankruptcy Court-approved sales price was approximately $329 million.

(v) Indemnifications/Holdbacks. There were no post-closing purchase price adjustments, contingent payment obligations or indemnification obligations of the sellers. The assets were sold on an "as-is, where-is" basis.

(vi) Approval and Closing Date. The Bankruptcy Court approved the transaction on April 5, 2002, and the sale closed on April 18, 2002.

f. Enron Wind (US and European Turbine Manufacturing Business).

(i) Sellers. Enron Wind LLC; U.S. Asset Sellers: Enron Wind Energy Systems LLC, Enron Wind Systems, LLC, Enron Wind Constructors LLC, and Enron Wind Maintenance LLC. European Asset Sellers: Enron Wind Holding GmbH, Enron Wind Service GmbH, Enron Wind GmbH, Enron Wind de Espana SL, Tacke Energia Eolica S.L., Enron Wind Rotor Production B.V., Enron Wind Corp. Holdings B.V., Enron Wind Overseas Development Ltd., Enron Wind Ireland Ltd., Enron Wind Denmark ApS, Vindkraftbolaget Utgrunden Aktiebolag, Enron Wind Sverige AB, Tacke Wind Energy India Private Ltd., and Enron Wind Nat Sverige AB. Other Sellers: Other entities that transferred assets, but were not parties to the Purchase and Sale Agreement: Enron Wind Development Corp., Zond Pacific, and ZWHC. All sellers are indirect wholly-owned subsidiaries of Enron Wind LLC, which is a direct wholly-owned subsidiary of EREC, which is an indirect wholly-owned subsidiary of ENE.

(ii) Purchaser. General Electric Company, acting through GEPS, its power systems business.

(iii) Asset(s). The assets of Enron Wind Corp.'s U.S. and European wind turbine manufacturing, operation and maintenance and construction businesses.

(iv) Consideration. The Bankruptcy Court-approved sales price was approximately $325 million. The sales price was reduced by approximately $40 million at closing based on the adjustment mechanism within the purchase and sale agreement, and by approximately $75 million (including interest) pursuant to an agreement (post-closing adjustment) among the purchaser and the sellers dated May 1, 2003. Thus, the final sales price was approximately $210 million. Enron Wind Corp. retained the existing wind power projects, as well as some of the employees and equipment necessary to manage those projects. GEPS hired the majority of Enron Wind Corp.'s remaining employee base and continued to provide operations and maintenance services to the projects.

(v) Indemnifications/Holdbacks. There are no post-closing indemnification obligations.

(vi) Approval and Closing Date. The Bankruptcy Court approved the transaction on April 15, 2002, and the sale closed on May 10, 2002. The Bankruptcy Court approved the post-closing purchase price adjustment on June 23, 2003.

g. Enron Wind Development Corp. (160-MW Power Project)

(i) Seller. EWDC, a subsidiary of Enron Wind Corp. and certain subsidiaries of EWDC. Enron Wind Corp. is an indirect subsidiary of SSLC.

(ii) Purchaser. AEP.

(iii) Asset(s). Two wind power generation facilities located near Iraan, Texas.

(iv) Consideration. The Bankruptcy Court-approved sales price was approximately $175 million. The seller received $102 million at closing and an additional $24 million post-closing (funds were held back to satisfy certain potential warranty claims relating to the operation and performance of the project). As a result, net proceeds were approximately $126 million. Other purchase price deductions include repayment of project debt, amounts due to subcontractors, warranty deferrals and curtailment deferrals. The seller could receive additional proceeds from the curtailment deferral, depending on the project performance.

(v) Indemnifications/Holdbacks. Each of the buyer and seller received mutual indemnities from each other relating to breaches of covenants and representations and warranties in connection with the sale. All indemnity obligations of EWDC and its subsidiaries were limited in the aggregate to a maximum of 100% of the purchase price. The sellers' indemnity exposure is applicable only to the aggregate amount of the buyer's losses in excess of $625,000. Indemnity claims must be submitted within sixty days of the expiration of the applicable survival period relating to the claim, which, for most claims, is twenty-four months following the closing. Under the terms of the sale agreement, up to $3.7 million will be paid to EWDC over a four-year period if grid curtailment of the facilities does not exceed 275,000 MWh during such period.

(vi) Approval and Closing Date. The Bankruptcy Court approved the transaction on December 28, 2001, and the sale closed on December 29, 2001.

h. Mariner Energy (Falcon Corridor Offshore Assets).

(i) Seller. Mariner, a wholly-owned subsidiary of Mariner Energy, LLC which is 95.7% owned by Joint Energy. Mariner, Mariner Energy, and Joint Energy are all non-Debtors.

(ii) Purchaser. Pioneer Natural Resources USA, Inc.

(iii) Asset(s). 25% working interest in the Falcon Corridor, an area located in East Breaks Blocks 579 and 623 in the deepwater Gulf of Mexico that includes the Falcon and Harrier projects, plus associated leaseholds and prospects.

(iv) Consideration. The agreed sales price was approximately $122 million reduced by approximately $8.5 million in post-closing adjustments.

(v) Indemnifications/Holdbacks. Mariner retained a 4.25% overriding royalty interest in selected blocks within the current area of mutual interest in order to maintain exposure to the Big Hum prospect and, to a lesser extent, other prospects. Pioneer assumed Mariner's remaining commitments for use of certain equipment and services.

(vi) Approval and Closing Date. Given Mariner's status as a non-Debtor, the sale did not require Bankruptcy Court approval. The sale closed on April 1, 2003.

i. Enron Center South (Office Building).

(i) Seller. SSLC, a wholly-owned, direct subsidiary of ENE. ENW and ENE were also parties to the sale.

(ii) Purchaser. Intell Management and Investment Company.

(iii) Asset(s). Enron Center South office building and related assets, parking garage, sky ring, Enron Child Care Center, and vacant city block.

(iv) Consideration. The Bankruptcy Court-approved sales price was $102 million.

(v) Indemnifications/Holdbacks. None.

(vi) Approval and Closing Date. The Bankruptcy Court approved the transaction on October 10, 2002, and the sale closed on December 30, 2002.

C. Litigation and Government Investigations

1. Pending Litigation

Prepetition, ENE and its subsidiaries and affiliates were parties to the variety of litigation one might anticipate in the course of conducting their energy, communications, and related businesses. In the aftermath of ENE's third-quarter 2001 earnings announcement and subsequent events, numerous securities and ERISA complaints were filed against ENE, certain of its former officers and directors, and third parties alleged to have participated in ENE's demise. With the filing of these Chapter 11 Cases, additional litigation, including numerous adversary proceedings, has ensued related to the wind up of parts of the Debtors' businesses and alleged defaults resulting from the bankruptcy and other matters.

This section is intended to disclose material pending litigation involving (i) the Debtors as parties and (ii) assets, structures or non-Debtor affiliates, which litigation may have a material impact on the value of the Debtors' estates. For purposes of this disclosure, pending litigation is considered material if (i) $10 million or more is claimed or unspecified damages could total $10 million or more, or (ii) the claims, if proven, could impact the ownership or control of substantial assets or structures of the Debtors' estates. Additional, litigation involving CrossCountry, PGE, and InternationalCo is discussed in each company's respective section of this Disclosure Statement. Significant settled litigation, such as *Enron Corp., et al. v. Dynegy, Inc. and Dynegy Holdings, Inc.* (originally filed as Adv. No. 01-03626, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division, and subsequently transferred to the United States District Court for the Southern District of Texas, Houston Division) is discussed in this Disclosure Statement. Refer to Section IV.B.3.b, "Dynegy Merger Agreement, Related Litigation, and Settlement" for further information.

The factual case descriptions below, which are based on Debtors' view of the proceedings and subject to further review, elaboration, or modification, are included for information purposes only, and others familiar with these proceedings may dispute all or part of

these descriptions or assessments. As with all litigation, there is inherent risk and unpredictability, which makes it impossible to predict with any degree of accuracy the overall impact of the litigation referenced below on the value of the Debtors' estates. Certain cases involving wholesale and retail trading contracts have been referred to court-ordered mediation. Many of the cases referenced herein have not pleaded a specified amount of damages. Many others remain in the early stages of litigation and discovery; thus, it is difficult to predict the likelihood of liability or recovery. Where appropriate, the Debtors are pursuing settlement strategies to reduce risk and litigation costs to their estates.

a. Securities, ERISA, and Related Litigation. Since October 16, 2001, hundreds of class action and individual lawsuits against ENE and certain current and former officers and directors have been filed across the country in both state and federal courts involving allegations that the defendants made a series of material misrepresentations to the market and/or to the Enron Companies' current and former employees who participated in the Enron Companies' benefit plans during certain class periods, thereby artificially inflating the price of ENE common and/or preferred stock, as well as the value of the employees' benefit plans. Pursuant to a standing transfer and coordination order in MDL # 1446, *In re Enron Corporation Securities, Derivative and "ERISA" Litigation*, much of the litigation against ENE has been transferred to the United States District Court for the Southern District of Texas, the Honorable Melinda Harmon presiding, and consolidated into either the *Newby* Action, which is a securities class action, or the *Tittle* Action, which is an ERISA-related class action. Refer to Appendix E: "Cases Consolidated Into Newby Action" and Appendix F: "Cases Consolidated Into Tittle Action" for further information about the constituent cases that have been consolidated into the *Newby* Action and the *Tittle* Action, respectively. Given the significance of the allegations involved in the *Newby* and *Tittle* Actions, as well as the magnitude of potential damages that could be awarded plaintiffs in these two consolidated actions, it is likely that the combination of defense costs and any judgment rendered against ENE, could exceed the limits of the Debtors' insurance coverage.

Both the securities and ERISA litigation, as well as other, related litigation discussed below, include claims that involve Broadband Services, transactions with certain related-party entities, and ENE's accounting for various transactions. The plaintiffs in each action generally seek to recover compensatory damages, expert fees, attorneys' fees, costs of court, and pre- and post-judgment interest. The consolidated class action suits - the *Tittle* litigation and the *Newby* litigation - and the related litigation, are described in greater detail below.

(i) Newby v. Enron Corp., et al. (No. H-01-3624, United States District Court for the Southern District of Texas, Houston Division). Refer to Appendix F: "Cases Consolidated Into Tittle Action" for a listing of constituent cases. Plaintiffs are a putative class of investors who allegedly purchased ENE publicly-traded equity and debt securities between October 19, 1998 and November 27, 2001. Plaintiffs' claims arise under sections 10(b), 20(a) and 20A of the Exchange Act, and sections 11 and 15 of the Securities Act. A claim for violations of the Texas Security Act, Article 581-33, is alleged by plaintiff Washington State Investment Board against certain individuals and banks. The majority of the allegations charge defendants with (i) false and misleading statements of material fact made to the marketplace concerning the strength and prospects of the Enron Companies' business and finances; (ii) false

and misleading statements in publicly-filed documents, such as registration statements and prospectus; (iii) insider trading; (iv) participation in schemes and artifices to defraud, namely partnerships and SPEs; and (v) control person liability.

Although the *Newby* plaintiffs moved to modify the automatic stay and add ENE as a defendant in the lawsuit, ENE successfully opposed the motion. At this time, ENE is not a party to the action. Nevertheless, document discovery is proceeding in the consolidated *Newby* Action with respect to documents that ENE has previously provided to various governmental agencies investigating the events leading up to the Debtors' Chapter 11 Cases.

In addition, most of the named defendants in the proceeding filed motions to dismiss, and Judge Harmon has issued decisions granting, in whole or in part, several of the motions. For example, on January 28, 2003, Judge Harmon granted motions to dismiss claims against certain individual Arthur Andersen defendants, and on April 23, 2003, the court granted motions to dismiss filed by defendants James Derrick and Joseph Hirko. However, Hirko was added as a defendant again in the first amended consolidated complaint, filed on May 14, 2003. Hirko's motion to dismiss this complaint is currently pending. With the exception of the Kirkland & Ellis law firm, none of the institutional defendants have been dismissed from the case.

There is no trial date at this time, and the court has suspended all but a few deadlines in the case pending entry of a revised scheduling order. On May 28, 2003, Judge Harmon and United States Bankruptcy Judge Arthur Gonzalez issued a joint order in the *Newby* and *Tittle* Actions, as well as the Chapter 11 Cases pending in New York, referring certain litigants to a mandatory mediation process. The parties ordered to the mediation process include ENE and its affiliated Debtors (including representatives of the Creditors' Committee), lead plaintiffs in the cases comprising the *Newby* Action and the *Tittle* Action, and financial institutions including JPMCB, Citigroup, Inc., and its subsidiary Salomon Smith Barney, Inc., CSFB, Canadian Imperial Bank of Commerce, BoA, Merrill Lynch & Co., Barclays, Lehman Brothers Holding, Inc., UBS Paine Webber, Inc. and UBS Warburg, LLC, Deutsche Bank AG, and Goldman Sachs. The Court has appointed Senior U.S. District Court Judge William C. Conner as Mediator. On June 30, 2003, the Mediator held a mediation scheduling conference. All parties are to submit their mediation statements by August 15, 2003. An initial mediation session is scheduled for September 29-30, 2003, and a second session is scheduled for October 29-31, 2003.

(ii) Pamela M. Tittle v. Enron Corp., et al. (No. 01-3913, United States District Court for the Southern District of Texas, Houston Division). Refer to Appendix F: "Cases Consolidated Into Tittle Action" for a listing of constituent cases. Plaintiffs brought this action on behalf of a putative class of an estimated 24,000 current and former employees of the Enron Companies who were participants in three employee benefit plans: the ENE Savings Plan, the ESOP, and the Cash Balance Plan, or who received ENE stock as compensation, between January 20, 1998 and December 2, 2001. Plaintiffs allege that assets in the Employee Plans are now worthless as a direct result of unlawful conduct of the defendants. The complaint raises federal claims under RICO and ERISA, and state law claims of conspiracy and negligence under Texas law. The bulk of the allegations charge that the defendants (i) knowingly mislead members of the ENE Savings Plan and the ESOP into purchasing overvalued

ENE stock, and allowed matching contributions of the overvalued stock to be put in such plans; (ii) knew of the Enron Companies' precarious financial position, yet allowed lockdowns of Enron Companies' employee retirement plans, causing hundreds of millions of dollars in losses; (iii) failed to adequately diversify the ENE Savings Plan assets; (iv) used overvalued ENE stock to pay employee bonuses and pension benefits; (v) failed to properly perform auditing services; and (vi) conspired to conceal the Enron Companies' true financial condition, thereby luring Enron Companies employees into accepting worthless stock.

ENE, along with most of the other defendants, has pending a motion to dismiss the plaintiffs' complaint and, therefore, no answer has been filed in the case. Discovery is proceeding, however, and ENE has continued to produce documents that were previously produced to various governmental agencies investigating the events leading up to the Debtors' chapter 11 filings.

There is no trial date set at this time, and the court has suspended the deadlines in the case pending its rulings on the motions to dismiss and entry of a revised scheduling order. In the meantime, on May 28, 2003, Judge Harmon and United States Bankruptcy Judge Arthur Gonzalez issued a joint order in the *Newby* and *Tittle* Actions, as well as the Chapter 11 Cases pending in New York, referring certain litigants to a mandatory mediation process. The parties ordered to the mediation process include ENE and its affiliated Debtors (including representatives of the Creditors' Committee), lead plaintiffs in the cases comprising the *Newby* Action and the *Tittle* Action, and financial institutions including JPMCB, Citigroup, Inc., and its subsidiary Salomon Smith Barney, Inc., CSFB, Canadian Imperial Bank of Commerce, BoA, Merrill Lynch & Co., Barclays, Lehman Brothers Holding, Inc., UBS Paine Webber, Inc. and UBS Warburg, LLC, Deutsche Bank AG, and Goldman Sachs. The Court has appointed Senior U.S. District Court Judge William C. Conner as Mediator. On June 30, 2003, the Mediator held a mediation scheduling conference. All parties are to submit their mediation statements by August 15, 2003. An initial mediation session is scheduled for September 29-30, 2003, and a second session is scheduled for October 29-31, 2003.

(iii) The Official Committee of Unsecured Creditors of Enron Corp. et al. v. Fastow et al. (No. 02-10-06531-CV, 9th Judicial District Court, Montgomery County, Texas; removed to U.S. District Court, Southern District of Texas, Houston Division, No. 02-3939). On October 16, 2002, the Creditors' Committee filed this action for the benefit of the ENE estate, as authorized by the Bankruptcy Court, against Andrew S. Fastow, Ben Glisan, Jr., Richard B. Buy, Richard A. Causey, Jeffrey K. Skilling, Kenneth L. Lay, Kristina M. Morduant, Kathy Lynn, and Anne Yaeger Patel - all of whom are former officers and directors of ENE – alleging that the defendants engaged in a series of transactions between ENE and various SPEs to develop new sources of financing using deals that would not be reflected on ENE's books, but that would enrich the defendants personally at ENE's expense. The case was removed from Texas State District Court in Montgomery County to the United States District Court for the Southern District of Texas, Houston Division. On November 12, 2002, defendant Lay filed a notice to have the suit consolidated with the *Newby* Action. On November 15, 2002, the Creditors' Committee filed motions to remand the case back to Montgomery County and/or to abstain from ruling on the issues in the case, and objected to the notice of consolidation. The competing motions are pending before Judge Harmon.

(iv) Rosenzweig et al. v. Azurix Corp., et al. including Enron Corp. (No. 00-CV-3493, U.S. District Court, Southern District of Texas, Houston Division; 02-20804, U.S. Court of Appeals, Fifth Circuit). Investors in Azurix securities seek damages of approximately $20 million and allege inadequacy of Azurix disclosures in its initial public offering prospectus and subsequent SEC filings. In March 2002, the district court dismissed all of Rosenzweig's claims against Azurix and the individual defendants with prejudice; however, Rosenzweig's claims against ENE were dismissed without prejudice because of ENE's pending bankruptcy. Rosenzweig filed an appeal with the Fifth Circuit in July 2002, and in July 2003, the Fifth Circuit affirmed the district court's decision.

b. Pending Preference and Avoidance Actions.

Refer to Section IV.E, "Avoidance Actions" for further information.

(i) Enron Corp., et al., v. Whitewing Associates, L.P., et al. (Adv. No. 03-02116, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). In February 2003, the Creditors' Committee filed a motion pursuant to section 1109(b) of the Bankruptcy Code for authority to commence an action on behalf of ENE against Whitewing LP, an affiliate of ENE, and other entities in the Whitewing structure, and Osprey, under three theories: (a) substantive consolidation of all the Whitewing entities; (b) recharacterization of certain sales transactions to financings, on the ground that true sales were not involved; and (c) recovery of preferential payments to Whitewing entities. Also in February 2003, ENE commenced an avoidance action pursuant to section 547(b) of the Bankruptcy Code against Whitewing LP, Osprey, two representative investors in Osprey Notes and Certificates, and the two indenture trustees for the Osprey Notes and Certificates. The complaint seeks to recover approximately $957 million plus interest in preferential payments made to Whitewing LP within one year of the Initial Petition Date. In March 2003, the Creditors' Committee filed another motion seeking to intervene in the ENE preference action and, alternatively, to consolidate the substantive consolidation and recharacterization claims with ENE's preference claim. Upon ENE's objections, on April 1, 2003, the Bankruptcy Court denied the Creditors' Committee's motion for authority to sue, and granted only the motion to intervene in ENE's preference action subject to the terms of section 1109(b) of the Bankruptcy Code. ENE is engaged in settlement negotiations with the Osprey investors.

Additionally, on February 5, 2003, the Creditors' Committee filed a motion pursuant to sections 105 and 363 of the Bankruptcy Code authorizing and approving the waiver of two types of contractual restrictions that purport to limit the sale of assets of certain non-Debtor affiliates within the Whitewing structure. As of June 26, 2003, the Bankruptcy Court had not ruled on the Creditors' Committee motion seeking the waiver of certain restrictions with respect to the sale of assets of certain non-debtor affiliates.

(ii) Enron Corp. v. Bank of America, N.A. (Adv. No. 02-03436, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). In this action, filed on October 29, 2002, the Debtors seek to avoid and recover on several grounds, including as preferential transfers and improper setoffs, more than $123 million that BoA seized from an ENE bank account during the three business days immediately prior to the Initial Petition Date. The genesis of the complaint was a master letter of credit and reimbursement

agreement that ENE had entered into with BoA, pursuant to which BoA had issued various letters of credit for or on behalf of various Debtors. Approximately $80 million of the funds seized by BoA were purportedly deposited by it into a "cash collateral" account to reimburse itself for future draws under letters of credit where ENE had a reimbursement obligation. BoA contends that it applied the balance of $43 million in seized funds to offset amounts that it alleged were owed by ENE for obligations it had guaranteed under two swap agreements between BoA and ENE affiliates. BoA denied the allegations in the complaint and asserted a single counterclaim seeking to terminate the automatic stay to allow it to apply, as an offset, the $80 million that it had previously transferred to the "cash collateral" account. The parties stipulated that the automatic stay would not terminate under section 362(e) until the matter was fully resolved; the Debtors answered the counterclaim.

The Debtors believe that the preference cause of action under section 547(b) of the Bankruptcy Code and the improper setoff cause of action under section 553(b) are predicated upon simple and undisputed facts. Accordingly, the Debtors filed a motion for summary judgment on these two causes of action. On June 16, 2003 BoA filed a response to ENE's summary judgment motion, and a cross-motion for summary judgment on the remaining causes of action in the complaint. ENE intends to file reply briefs.

(iii) The Official Committee of Unsecured Creditors of Enron Corp. et al. v. Arthur Andersen L.L.P. (Adv. No. 02-03119, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). The Creditors' Committee and ENE (as co-plaintiffs) commenced an adversary proceeding on September 20, 2002 against Arthur Andersen seeking to avoid and recover, as preferential transfers and/or fraudulent conveyances, almost $10 million in payments made during the 90 days immediately prior to the Initial Petition Date. Of that amount, ENE paid Arthur Andersen approximately $9.4 million by wire transfer on or about November 29, 2001. Arthur Andersen answered the complaint and simultaneously moved to withdraw the reference of the adversary proceeding, alleging that it was entitled to a jury trial because it had not filed any proofs of claim in the Chapter 11 Cases and was not, therefore, a creditor subject to the equitable jurisdiction of the Bankruptcy Court. Arthur Andersen indicated that it would not consent to a jury trial in the Bankruptcy Court, as permitted by 28 U.S.C. § 157(e). The Debtors opposed the motion, which the district court denied as premature.

The Debtors subsequently filed a motion in the Bankruptcy Court seeking a ruling that the adversary proceeding was a "core" proceeding within the meaning of 28 U.S.C. § 157(b). Although it initially opposed the motion, after negotiations with the Debtors, Arthur Andersen signed a stipulation acknowledging that the adversary proceeding is core. The Debtors and Arthur Andersen also agreed that any factual issues would be tried in the district court. This enabled the Bankruptcy Court to retain control over most of the pretrial issues that might arise. Discovery is proceeding in this action.

(iv) The Official Committee of Unsecured Creditors of Enron Corp. et al. v. Kenneth L. Lay and Linda P. Lay (Adv. No. 03-02075, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). The Creditors' Committee commenced an adversary proceeding on January 31, 2003 alleging that between May 3, 1999 and November 27, 2001, Mr. Lay used shares of ENE common stock to repay over $94 million

in cash loans he received from ENE pursuant to a revolving loan agreement. The Creditors' Committee seeks recovery of over $74 million of these repayments that occurred within one year of the bankruptcy filing on the grounds that the tendering of ENE's own stock to repay loans taken in cash was not a fair exchange for ENE and that these repayments were fraudulent transfers subject to avoidance under the Bankruptcy Code. In addition, the Creditors' Committee seeks to recover approximately $10 million representing sums received by the Lays from ENE in September 2001 when the Lays temporarily assigned their interest in two annuity contracts to ENE in exchange for the cash. On June 23, 2003, the United States District Court for the Southern District of New York denied the Lays' motion to withdraw the reference of the adversary proceeding. Thus, the Bankruptcy Court will retain jurisdiction over all pretrial issues. The parties have agreed to a briefing schedule regarding the Lays' response to the amended complaint filed by the Creditors' Committee.

c. Trading Litigation. The Wholesale Services and Retail Services Debtors and certain of their non-Debtor affiliates have filed a number of adversary proceedings to recover amounts owed to certain Debtors and their non-Debtor affiliates in connection with the wholesale trading and retail book and the provision of services. In these cases, the Wholesale Services Debtors, Retail Services Debtors and the non-Debtor affiliates, among other things, allege that counterparties wrongfully exercised control over the property of Debtor estates; allege breach by counterparties of their contractual obligations to pay debts; seek declarations that the non-mutual setoff (such as triangular setoff), netting, termination, and joint and several liability provisions of certain agreements are not enforceable; assert claims for turnover, violation of automatic stay, breach of contract, and unjust enrichment; allege that the counterparties' proofs of claim should be disallowed; and allege that arbitration clauses are unenforceable. In other cases, the Wholesale Services Debtors are named defendants facing allegations involving setoff, recoupment, constructive trust, and piercing the corporate veil. The counterparties against which these proceedings have been brought (or which, in some instances, have initiated these proceedings), can be expected to raise counterclaims and defenses to these actions, including fraudulent inducement.

(i) Trading Litigation Referred to Mediation. Pursuant to a Bankruptcy Court order, the adversary proceedings listed below are presently stayed (with certain limited exceptions) pending mediation before the Honorable Allan L. Gropper, United States Bankruptcy Judge, Southern District of New York.

Trading Adversaries Referred to Mediation

Case Style*	Adv. No.	Nature of Proceeding	Amount**
Enron Power Marketing, Inc. v. IDACORP Energy, L.P.,	03-02125	EPMI seeks declaratory relief and recovery pursuant to IDACORP's failure to pay a termination payment pursuant to the terms of a Western Systems Power Pool Agreement entered into by the parties. This case has settled for a confidential amount. On May 23, 2003, the Bankruptcy Court entered a stipulation dismissing the adversary proceeding with prejudice	$38.9 million

Case Style*	Adv. No.	Nature of Proceeding	Amount**
Enron Energy Services, Inc. v. International Business Machines Corporation	02-03537	EESI seeks declaratory relief and recovery of approximately $11.6 million due to EESI resulting from IBM's refusal to pay for prepetition and postpetition power deliveries to IBM's California facilities. This case has settled for a confidential amount, pending Bankruptcy Court approval.	$11.6 million
Enron North America Corp. v. Macromedia Incorporated & North Jersey Media Group, Inc.	03-02094	ENA seeks declaratory relief and recovery of approximately $11.8 million owed to ENA resulting from the early termination of a master agreement between the parties providing for the purchase and sale of financial derivative products. This case has settled for a confidential amount, pending Bankruptcy Court approval.	$11.8 million
Enron Power Marketing, Inc. v. City of Vernon	03-03131	EPMI seeks declaratory judgment and recovery of approximately $7 million from the City of Vernon for its failure to pay the termination payment due and owing to EPMI as a result of the early termination of transaction agreements entered into pursuant to the Western Systems Power Pool Agreement.	$7 million
Enron Power Marketing, Inc. v. El Paso Merchant Energy, LP et al.	03-02164	EPMI has sued El Paso Merchant Energy, L.P. and El Paso Corp. seeking declaratory relief and recovery of approximately $42 million owed for prepetition receivables and liquidated damages for the early termination of transactions under a master power purchase and sale agreement entered into between the parties. El Paso has filed a motion to dismiss the adversary proceeding and a motion to compel arbitration.	$42 million
Enron Corp. et al. including co-debtors ENA, EPMI, EESI, ECTRIC, EGLI, EBS and EnronOnline, LLC, Enron Capital & Trade Resources Corp., Enron Capital & Trade Resources, Ltd. And non-debtor Enron Canada Corp. v. Dynegy, Inc. et al.	02-03468	Various of the Enron Companies commenced this adversary proceeding against Dynegy and certain of its affiliates, seeking recovery of approximately $230 million (plus interest) in connection with the early termination of various trading agreements between the parties. In addition, the plaintiffs seek a declaration that the setoff, netting, termination and joint and several liability provisions of a master netting setoff and security agreement entered into by the parties in November 2001 are invalid, unenforceable and avoidable. The Dynegy defendants contend that if the master netting agreement is enforceable, the plaintiffs would owe the defendants $93 million. Dynegy's motion to compel arbitration, which was fully briefed and argued on January 16, 2003, is *sub judice*.	$230 million

Case Style*	Adv. No.	Nature of Proceeding	Amount**
Enron Corp, et al. including co-debtors ENA, EPMI, EESI, ENA Upstream and EBS and non-debtor Enron Canada Corp. v. Reliant Energy Services, Inc. et al.	03-02073	This suit by Debtors ENE, ENA, EPMI, EESI, ENA Upstream, EBS and non-Debtor Enron Canada against Reliant and its Canadian subsidiary involves a dispute regarding the validity, enforceability and avoidability of a master netting setoff and security agreement entered into between the parties twenty-four days prior to the Initial Petition Date. The Enron entities seek declaratory relief and recovery of approximately $13.3 million resulting from Reliant's refusal to pay final termination payment resulting from the early termination of the agreement between the parties.	$13.3 million
Enron Power Marketing, Inc. v. Allegheny Energy Supply Co., LLC	03-03180	EPMI seeks declaratory relief and recovery of approximately $36 million for AES's failure to pay prepetition receivables and to return cash collateral provided by EPMI under the master energy purchase and sale agreement entered into by the parties following AES's early termination of the agreement.	$36 million
Enron North America Corp. v. The American Coal Company	03-03542	ENA seeks payment of contractual consideration and forward contract value totaling approximately $31 million from American Coal representing sums owed to ENA for its agreement to forego the delivery of certain quantities of coal from specified mines and the forward value of the remaining term of the coal purchase agreement between the parties. On June 16, 2003, American Coal filed a motion to withdraw the reference.	$31 million
Enron North America Corp. v. Knauf Fiber Glass GmbH	03-03054	ENA seeks declaratory relief and recovery of approximately 6.9 million from Knauf for Knauf's failure to pay a termination payment due and owing pursuant to the terms of an ISDA master agreement and financial swap entered into by the parties. On June 16, 2003, Knauf filed a demand for jury trial.	$6.9 million
Enron North America Corp. v. Knight-Ridder, Inc.	02-03032	ENA seeks recovery of approximately $11.7 million for Knight-Ridder's failure to pay a termination payment resulting from Knight-Ridder's early termination of an agreement between the parties.	$11.7 million
Enron North America Corp. v. Medianews Group, Inc.	03-03129	ENA seeks declaratory judgment and recovery of approximately $16 million from Medianews for its failure to pay the termination payment due and owing to ENA as a result of the early termination of a master ISDA agreement entered into by the parties in October 1998.	$16 million
Enron North America Corp. v. Noble Gas Marketing, Inc., Samedan Oil Corp. and Aspect Resources, LLC	02-03543	ENA seeks declaratory relief and payment of approximately $60 from Noble for Noble's failure to pay prepetition receivables and early termination payments related to several agreements between the parties.	$60 million
Enron North America Corp. v. Tribune Company	02-03033	ENA seeks recovery of approximately $23 million for Tribune's failure to pay a termination payment due and owing for Tribune's early termination of an agreement between the parties.	$23 million

Case Style*	Adv. No.	Nature of Proceeding	Amount**
Enron Power Marketing, Inc. v. AES Corporation et al.	02-03541	Suit against AES Corp., Constellation New Energy, Inc., fka AES New Energy, Inc. and CILCO seeking declaratory relief and damages of approximately $43.8 million from Constellation and CILCO resulting from their failure to pay prepetition receivables, postpetition receivables and amounts owed to EPMI resulting from the early termination of two separate agreements between the parties. AES Corp. is a party because it executed a guaranty agreement on behalf of its subsidiary and predecessor-in-interest Constellation. Constellation and CILCO filed a motion to dismiss and or to strike certain portions of the complaint, which is pending.	$43.8 million
Enron Power Marketing, Inc. v. City of Palo Alto	03-02062	Action for declaratory relief and recovery of approximately $8 million for Palo Alto's failure to pay a termination payment resulting from the early termination of an agreement between the parties.	$8 million
Enron Power Marketing, Inc. v. City of Palo Alto	03-02063	Action for declaratory relief and recovery of approximately $40 million for Palo Alto's failure to pay a termination payment resulting from the early termination of an agreement between the parties.	$40 million
Enron Power Marketing, Inc. v. City of Santa Clara - Silicon Valley Power	02-02719	Action for recovery of approximately $146.5 million due to Santa Clara's breach of a master energy purchase and sale agreement.	$146.5 million
Enron Power Marketing, Inc. v. Conectiv Energy Supply, Inc.	03-02066	Action for declaratory relief and payment of approximately $11.4 million due to Conectiv's failure to pay prepetition receivables and a termination payment resulting from the early termination of a master power purchase and sale agreement.	$11.4 million
Enron Power Marketing, Inc. v. GPU Services, Inc. et al.	03-02074	Action for declaratory relief and to recover payment of approximately $21.6 million stemming from postpetition termination of numerous energy transactions.	$21.6 million
Enron Power Marketing, Inc. v. Luzenac America, Inc.	03-02096	Action for declaratory relief and to recover approximately $6.8 million for pre- and postpetition electricity sales pursuant to a master purchase agreement.	$6.8 million
Enron Power Marketing, Inc. v. Nevada Power Company and SPPC and third party defendant, Enron Corp.	02-02520	EPMI filed this adversary proceeding to recover approximately $309.5 million owing to EPMI pursuant to certain power purchase and sale transactions between EPMI and NPC and SPPC governed by the Western Systems Power Pool Agreement. On September 13, 2002, the court denied SPPC's and NPC's motion to stay or to dismiss the adversary proceeding pending the outcome of their FERC proceeding against EPMI and others. On December 5, 2002, NPC and SPPC filed their answer and counterclaim alleging that EPMI wrongfully terminated the Western Systems Power Pool Agreement, breached the covenant of good faith and fair dealing, and violated the Nevada Unfair Trade Practices Act. The counterclaim also contains allegations of fraud on the market/market	$309.5 million

Case Style*	Adv. No.	Nature of Proceeding	Amount**
		manipulation and RICO claims against EPMI, ENE, and Timothy Belden. NPC and SPPC seek unspecified actual and punitive damages and injunctive relief. ENE filed a motion to dismiss the counterclaim. EPMI filed a motion for partial summary judgment and on January 14, 2003, the Bankruptcy Court entered an order granting the motion as to EPMI's claim for damages for power that was delivered to the defendants. NPC was ordered to pay damages plus prejudgment interest totaling $17.6 million with interest of $5,695 accruing daily until paid. SPPC was ordered to pay damages plus prejudgment interest totaling $6.8 million with interest of $2,136 accruing daily until paid. EPMI has filed a motion to dismiss the counterclaim filed by NPC and SPPC. On March 14, 2003, the Nevada PUC filed a motion to join in EPMI's motion to dismiss the counterclaim. On June 9, 2003, Nevada Power filed its opposition to EPMI's motion to dismiss the counterclaim. On June 27, 2003, defendant Timothy Belden filed a motion to stay this civil proceeding against him pending resolution of his criminal proceedings or, in the alternative, for additional time in which to respond to the counterclaim. Refer to Section IV.C.2.a(iii)(B), "Timothy Belden Plea" for further information on the criminal proceedings against Mr. Belden.	
Enron Power Marketing, Inc. v. Old Dominion Electric Cooperative	02-03539	EPMI seeks declaratory relief and recovery of approximately $10.4 million owing to EPMI resulting from Old Dominion's failure to pay a termination payment resulting from the early termination of an agreement between the parties.	$10.4 million
Enron Power Marketing, Inc. v. Public Utility District No. 1 of Snohomish County	03-02064	EPMI seeks declaratory relief and recovery of approximately $116.8 million owing to EPMI resulting from Snohomish's failure to pay a termination payment resulting from the early termination of an agreement between the parties.	$116.8 million
Enron Power Marketing, Inc. v. Select Energy, Inc.	02-03538	EPMI seeks declaratory relief and recovery of approximately $2.5 million owing to EPMI resulting from Select's refusal to pay postpetition debts it owes EPMI under power purchase and sale agreement between the parties.	$2.5 million
Enron Power Marketing, Inc. v. Smurfit Stone Container Corporation	02-03540	EPMI seeks declaratory relief and recovery of approximately $18.6 million owing to EPMI resulting from Smurfit's refusal to pay a termination payment resulting from the early termination of an agreement between the parties.	$18.6 million
Enron Power Marketing, Inc. v. The United Illuminating Co. and UIL Holdings Corp.	03-02065	EPMI seeks declaratory relief and recovery of approximately $8.3 million owing to EPMI resulting from UIC's refusal to pay a postpetition debt it owes EPMI under power supply agreement between the parties.	$8.3 million

Case Style*	Adv. No.	Nature of Proceeding	Amount**
Enron Power Marketing, Inc. v. Valley Electric Association, Inc.	03-02107	EPMI seeks declaratory relief and recovery of approximately $22 million from VEA resulting from the early termination of a master agreement between the parties and for liquidated damages arising from VEA's postpetition conduct.	$22 million
Enron Power Marketing, Inc. v. Wabash Valley Power Association	03-03178	EPMI seeks declaratory relief and recovery of approximately $16.7 million for Wabash's failure to pay a termination payment upon the early termination of the master power agreement between the parties.	$16.7 million
American Home Assurance Co. & AIG Energy Trading, Inc. v. Enron Corp., Enron North America Corp. & Enron Natural Gas Marketing Corp.	03-02168	American Home filed this declaratory judgment action seeking declaratory relief and set-off of a $56 million prepetition debt that AIGE owes ENA pursuant to forward transactions entered into between the parties against a $125.9 million debt that ENGMC & ENE owe American Home. American Home also alleges alter ego and fraud claims. The defendants filed a motion to dismiss for lack of standing and failure to state a claim upon which relief can be granted. AIGE has moved to lift the stay, Debtors and the Creditors' Committee took no position with respect to the motion.	$125.9 million
Cinergy Corp. et al v. Enron Corp., ENA, EPMI, EESI & non-debtor Enron Canada Corp.	03-02097	Plaintiffs Cinergy Corp., Cinergy Capital & Trading, Inc., Cinergy Marketing & Trading, L.P., Cinergy Canada, Inc., Cinergy Global Trading, Ltd., Cincinnati Gas & Electric, PSI Energy, Inc. and Cinergy Services, Inc. seek declaratory relief and set-off of approximately $40 million ($14.5 million owed to Cinergy Marketing & Trading; $11.1 million owed to Cincinnati Gas & Electric and $14.9 million owed to Cinergy Global Trading) as setoff arising from a series of forward contract involving the sale of electricity, natural gas commodities and derivatives between the parties. The plaintiffs also seek to pierce the corporate veil and requests that a constructive trust be imposed. On April 11, 2003, the defendants filed a motion to dismiss for failure to state a claim upon which relief can be granted.	$40 million
Duke Energy Trading and Marketing, LLC and Duke Energy Merchants, LLC v. Enron Corp., Enron Energy Services, Inc., Enron Liquid Fuels, Inc., Enron North America Corp., ENA Upstream Company, LLC, Enron Power Marketing, Inc. and Enron Reserve Acquisition Corp.	02-03609	The plaintiffs have filed suit against ENE, EESI, ELFI, ENA, ENA Upstream, EPMI, and ERAC seeking a declaration affirming the rights of each entity to set off its respective debts arising from a series of forward contracts involving electricity, natural gas and other commodities between the parties. Specifically, Duke Energy Trading & Marketing seeks a setoff of $150.3 million and Duke Energy Merchants seeks a setoff of $12 million. Duke also seeks a declaration that the Enron entities are a "*single business enterprise*" thereby allowing Duke to pierce the corporate veil. On January 31, 2003, Duke filed an amended complaint under seal adding factual allegations regarding the single business enterprise theory. The Creditors' Committee has filed a motion to intervene and a motion to dismiss the amended complaint. On	$150.3 million $12 million

Case Style*	Adv. No.	Nature of Proceeding	Amount**
		February 15, 2003, the Enron entities filed a motion to dismiss the claim for lack of standing and failure to state a claim upon which relief can be granted. On April 1, 2003, the Bankruptcy Court granted the Creditors' Committee's motion to intervene. On April 17, 2003, the Bankruptcy Court entered a memorandum opinion ruling that Duke does not have standing to pierce the corporate veil or to seek the imposition of a constructive trust. On April 22, 2003, the Bankruptcy Court issued an order dismissing the amended complaint. On April 30, 2003, Duke filed its notice of appeal. On May 19, 2003, the Enron entities and the Creditors' Committee filed their joint counter-statement of issues presented on appeal, and await docketing of the appeal.	
Texaco, Inc. in its individual capacity and as sole general partner of Bridgeline Holdings, et al. v. Enron North America Corp.	03-02130	Texaco et al., including Bridgeline Holdings, have filed this adversary action seeking declarations as to the rights, obligations and responsibilities of the parties to an ISDA master agreement entered into between Texaco and ENA in April 1998. On April 17, 2003, ENA filed a motion to dismiss the adversary action for failure to state a claim upon which relief can be granted.	Unspecified
Utah Associated Municipal Power Systems v. Enron Power Marketing, Inc. and Enron Corp.	02-02250	UAMPS seeks a declaration that the master power purchase and sale agreement it entered into with EPMI under which EPMI is required to provide UAMPS with a fixed amount of firm energy is void and unenforceable because of ENE's and EPMI's alleged fraud in the inducement of UAMPS's execution of the agreement to supply electricity to their customers. On December 10, 2002, EPMI filed its answer and counterclaim seeking an order ordering UAMPS to turn over the termination payment owed by it to EPMI, and seeking damages of approximately $14 million plus interest resulting from UAMPS' failure to pay EPMI the termination payment, permanently suspending performance under the master power purchase and sale agreement and failing to pay an accelerated liquidated damages payment.	$14 million

* All cases are pending in the Bankruptcy Court.
** Amounts are taken from pleadings and are approximate.

(ii) Domestic Trading Litigation Not Referred to Mediation.

(A) Connecticut Resource Recovery Authority v. Enron Corp., et. al. including Enron Power Marketing, Inc. (Adv. No. 02-02727, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On July 22, 2002, CRRA instituted this adversary proceeding seeking imposition of a constructive trust in the amount of $220 million against the Debtors' estates. CRRA's suit alleged that it was entitled to priority recovery of the $220 million, which was paid by a third party to EPMI, allegedly on CRRA's

behalf in connection with a series of contracts for the generation, purchase and sale of power. CRRA argued that the contracts were invalid at their inception. The Bankruptcy Court dismissed the adversary proceeding on April 17, 2003 and held that even assuming the contracts were invalid, CRRA had no legal interest or property right in the $220 million, and also that CRRA's allegation that it was entitled to special priority recovery status as a government agency was without merit. CRRA filed a motion for re-argument and reconsideration of the dismissal order, to which ENE filed its opposition on May 9, 2003. The Bankruptcy Court has denied CRRA's motion for reconsideration, and CRRA has filed a notice of appeal.

(B) American Home Assurance Co. & Federal Insurance Co. v. Enron Natural Gas Marketing Corp., Enron Corp., JPMorgan Chase & Co., and American Public Energy Agency (Adv. No. 02-02171, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On March 15, 2002, American Home. and Federal Insurance Co. filed an adversary proceeding seeking a declaratory judgment and injunctive relief related to excess collateral payments in the approximate amount of $33.5 million held by JPMorgan Chase & Co. This matter relates to an April 1999 prepaid natural gas forward sale contract between ENGMC and American Public Energy Agency, a Nebraska political subdivision, in which APEA paid approximately $287 million to ENGMC for ENGMC's contract to deliver natural gas to APEA over a twelve year period. The plaintiffs' motion for summary judgment was heard on October 17, 2002. On February 25, 2003, the Bankruptcy Court entered a memorandum decision and order denying the plaintiffs' motion for summary judgment and granting ENE's and ENGMC's request for dismissal of the complaint. The plaintiffs filed their notice of appeal on March 5, 2003.

(C) ©Hendricks, on behalf of herself and all others similarly situated and on behalf of the general public v. Dynegy Power Marketing, Inc., Enron Energy Services, Enron Power Marketing, Inc., PG&E Energy Trading, Reliant Energy Services, Inc., Sempra Energy Trading, Sempra Energy Resources, Southern Company Energy Marketing, Williams Energy Marketing and Trading, William Energy Services Company, Duke Energy Trading and Marketing, L.L.C., NRG Energy, Morgan Stanley Capital Group, Inc. and Does 1 through 200 inclusive (Wholesale Electricity Antitrust Cases I & II, Judicial Council Coordination Proceeding Nos. 4204-00005 and 4204-00006, Superior Court, San Diego County, California). EPMI and EES have been sued in four separate cases, including the *Hendricks* class action, all alleging violations of the California anti-trust and unfair competition laws. The cases have now been consolidated in California state court, and are currently stayed as to EPMI and EES.

(D) Enron North America Corp. v. Antarra Resources, Inc. and Badak Gas Marketing, Inc. (No. 2000-42097, 157th Judicial District Court, Harris County, Texas). Badak Resources, a subsidiary of Antarra Resources, Inc., defaulted on a gas sales agreement with ENA. Antarra, Badak's parent, guaranteed performance under the contract. ENA's damages are approximately $8.4 million. Antarra claims ENA's damages are approximately $2.5 million. ENA's motion for summary judgment on the liability issue under the gas sales contract was granted on December 12, 2000. Antarra has filed a counterclaim alleging breach of a confidentiality agreement and fraud. Antarra has produced an expert report purportedly supporting a claim to $16.6 million in damages on its counterclaim. On October 10, 2001, Badak filed a plea in intervention, alleging claims for breach of contract and violations of

the Texas Deceptive Trade Practices Act against ENA. The case has been stayed by ENA's bankruptcy filing. In October 2002, the court entered an order retaining the case on the docket.

(E) Frontera Generation Limited Partnership v. Enron Power Marketing, Inc. and Electric Reliability Council of Texas, Inc. (Adv. No. 02-08004, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). Frontera filed this adversary proceeding in January 2002 to recover funds held by EPMI and ERCOT in connection with EPMI's prepetition participation in the deregulated Texas electricity market. On September 26, 2002, the Bankruptcy Court approved a stipulation by EPMI and ERCOT in which the parties agreed that (1) issues relating to ERCOT's methodology and judgment and the accurate amounts in the two funds will be decided in accordance with the dispute resolution procedures provided for in the ERCOT protocols and (2) issues relating to ERCOT's ability to setoff, entitlement to funds paid by ERCOT to EPMI, and the imposition of a constructive trust are to be decided by the Bankruptcy Court after the dispute resolution proceedings have concluded. On December 10, 2002 the Bankruptcy Court entered an order granting ERCOT's relief from automatic stay to setoff mutual obligations. At a hearing on January 24, 2003 the Bankruptcy Court granted that the portion of ERCOT's motion seeking to stay the proceeding and compelled Frontera to submit its claim of supplemental jurisdiction to alternative dispute resolution.

(F) Safeco Insurance Co. of America v. ISO New England, Inc. (Adv. No. 01-03652, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On December 21, 2001, Safeco filed this action seeking a declaratory judgment that NEPOOL's prepetition demands under certain performance bonds were premature and had no legal effect. If such demands were proper, Safeco seeks a determination of the proper amounts due under the performance bonds.

(iii) Canadian Trading Cases Not Referred to Mediation.

(A) Enron Canada Corp. v. Anadarko Energy Ltd. (No. 0201-09567) (Queen's Bench of Alberta, Judicial District of Canada). In January 1996, ECC and Anadarko entered into a one-way master firm gas purchase/sale agreement. In November 2001, Anadarko gave notice that it intended to terminate the agreement on the basis that ENE's credit rating downgrade constituted a "triggering event" as the term is defined in the agreement thereby giving it the right to terminate the agreement. Enron Canada alleges that no "triggering event" took place and therefore Anadarko is in breach of the agreement for its failure to deliver gas pursuant to the terms of the agreement. Enron Canada seeks to recover $23.3 million for gas delivered, deficiency damages and early termination damages.

(B) Enron Canada Corp. v. Aquila Canada Corp. & Aquila, Inc. Arbitration (No. 0301-01202, Queen's Bench of Alberta, Judicial District of Calgary). Enron Canada commenced this proceeding against Aquila to recover net AR/AP of approximately $1.9 million and approximately $21.8 million due to Enron Canada as a result of Aquila's early termination of multiple gas purchase and sale agreements and an ISDA agreement between the parties. Aquila seeks to pierce the corporate veil and contends it has the right to set-off from all Enron affiliates.

(C) Enron Canada Corp v. Cinergy Canada, Inc. and Cinergy Corp. (No. 0201-15435) (Queen's Bench of Alberta, Judicial District of Calgary). Enron Canada and Cinergy Canada agreed to transactions for the sale and delivery of gas governed by GTCs containing two-way damage calculations. Enron Canada terminated the confirmation on the grounds that Cinergy Canada failed to make payments owed to Enron Canada for gas deliveries. Enron Canada also made a demand to Cinergy Corp. for the amounts owed by Cinergy Canada pursuant to the guaranty agreement Cinergy Corp. executed guaranteeing Cinergy Canada's obligations to Enron Canada. Cinergy Corp. also refused to pay for the gas deliveries. Enron Canada seeks damages of $7.4 million plus interest. Cinergy Corp.'s request for a stay of these proceeding in the Alberta courts on the basis of a claim it recently filed in Bankruptcy Court alleging that ENE and all of its affiliates were a single business unit was denied. Cinergy has appealed.

(D) Enron Canada Corp. v. IMC Canada Ltd. and IMC Canada Ltd., counterplaintiff v. Enron Canada Corp., counterdefendant (No. 0101-22287, Queen's Bench of Alberta, Judicial District of Calgary) and Enron Canada Corp. v. IMC Canada Ltd. and IMC Canada Ltd., counterplaintiff v. Enron Canada Corp., counterdefendant (American Arbitration Association, New York, New York). On October 25, 2000, Enron Canada and IMC entered into a two-way ISDA Master Agreement. IMC failed to make payments due under the ISDA in December 2000 and Enron Canada terminated the agreement. Enron Canada made demand for $814 thousand under a letter of credit posted by IMC as collateral pursuant to the ISDA. IMC sought, unsuccessfully, an injunction preventing Enron Canada from making the demand, and IMC has appealed the denial of its injunction.

In a related proceeding, on July 23, 2002, Enron Canada commenced arbitration proceedings claiming a receivable of over CDN $2 million and mark-to-market losses of almost CDN $19 million. In its statement of counterclaim and answering statement, IMC alleges (1) that it was fraudulently induced by Enron Canada to enter into the ISDA Agreement and therefore was entitled to damages from Enron Canada in an amount not less than $13 million; (2) that Enron Canada wrongfully declared that IMC breached the ISDA Agreement and this in itself is a breach of the ISDA Agreement by Enron Canada; (3) the condition precedent under the ISDA Agreement has not been fulfilled and therefore IMC is not under any payment obligation to Enron Canada; and (4) Enron Canada is barred from making a claim based on estoppel. IMC and Enron Canada have, through mediation, settled the claims, pending settlement approval in the bankruptcy proceeding.

(E) Enron Canada Corp. v. Mirant Canada Energy Marketing Ltd. and Mirant Canada Energy Marketing, Ltd, counterplaintiff v. Enron Canada Corp., counterdefendant (No. 0201-05552, Queen's Bench of Alberta, Judicial District of Calgary). Enron Canada filed suit against Mirant Canada Energy Marketing Ltd. seeking mark-to-market losses of $45.6 million pursuant to two GTCs entered into between the parties. Mirant alleges it had the right to terminate the GTCs on the basis of ENE's credit rating downgrade. Mirant denies that Enron Canada lawfully terminated the GTCs and that even if ECC properly terminated the GTCs, Enron Canada incorrectly calculated the amounts owing under the GTCs. Mirant also claims the right to setoff amounts owing by ENA to its parent on the basis of a set off provision in the GTCs. Mirant also seeks setoff in the basis of the EnronOnline® electronic transaction agreement to the extent of the EnronOnline® mark-to-

market positions. Enron Canada is now pursuing Mirant (U.S.) parent on its $30 million guarantee.

(F) Enron Canada Corp. v. Petro-Canada (No. 0301-01069, Queen's Bench of Alberta, Judicial District of Calgary). Enron Canada and Petro-Canada entered into a one-way master gas purchase/sale agreement dated September 8, 1997 and amended on October 4, 2000. On February 6, 2003, Enron Canada filed an amended statement of claim against Petro-Canada, 177293 Canada Ltd., 676071 Alberta Ltd. and Petro Canada Oil and Gas to recover termination damages in the amount of $148.4 million and deficiency damages in the amount of $681 thousand and interest on such amounts. Petro-Canada, 177293 and 676071 carry on business in partnership under the name Petro Canada Oil & Gas. Petro-Canada alleges it validly terminated the agreement as result of the material alteration clause and that the deemed to zero clause operates to eliminate Enron Canada's claim to its mark-to-market. Enron Canada maintains Petro-Canada's notices were invalid because they failed to provide Enron Canada adequate time to post collateral to cure the material alteration clause. Enron Canada also maintains the "one way" clause is a penalty and unenforceable.

(G) Enron Direct Canada Corp., in Receivership; EESC in Bankruptcy. Enron Canada has claims against EDCC, in receivership and EESC in bankruptcy for $12 million CDN and $8 million, respectively. Quaker Oats continues to substantially impede the orderly receivership of EDCC by seeking court-ordered replacement of the bankruptcy receiver, Richter Allen & Taylor, by alleging complicity with Enron Canada, conflict of interest, and other misconduct. The court has appointed a former Justice of the Court of Queen's Bench to investigate whether EDCC properly disposed back-to-back contracts with retail customers and Enron Canada to a third party for a commercially reasonable price. Quaker was ordered to post CDN $600 thousand by a letter of credit as security for costs for the application and as a condition precedent to the continuation of the challenge. The investigator is preparing its report, which will be submitted to the court in September. The receiver has approved the claims, and $6 million has been distributed to Enron Canada.

(H) Calpine Canada Natural Gas Partnership v. Enron Canada Corp. and Enron Canada Corp, counterplaintiff v. Calpine Canada Natural Gas Partnership, counterdefendant (No. 0201-02256) (Queen's Bench of Alberta, Judicial District of Calgary). In 1995 and 1996, Enron Canada and Calpine entered into two one-way master firm gas purchase/sale agreements. Calpine has filed suit alleging that various "triggering events," as the term is defined in the agreements, occurred thereby giving it the right to terminate the agreement. Calpine seeks damages of $1.5 million plus interest. In its counterclaim, Enron Canada seeks setoff of the account receivable and mark-to-market damages of over $36.5 million.

(I) Domcan Boundary Corp. v. Enron Canada Corp. (No. 0201-01117, Queen's Bench of Alberta, Judicial District of Calgary). In August 1998, Domcan and Enron Canada entered into a master firm gas purchase/sale agreement. In December 2001, Domcan terminated the agreement due to the ENE's downgrade alleging that the downgrade constituted a "triggering event" as the term is defined in the agreement thereby allowing Domcan to terminate the agreement. On January 18, 2002, Domcan filed suit seeking to recover $1.1 million for gas delivered by Domcan to Enron Canada. Domcan also seeks a

declaration that Domcan properly terminated the Agreement. Enron Canada filed a counterclaim seeking set off and recovery of mark-to-market losses of $15.9 million.

(J) Marathon Canada Limited v. Enron Canada Corp. (No. 0201-02692, Queen's Bench of Alberta, Judicial District of Calgary). On January 30, 1995, Tarragon Oil and Gas Ltd., predecessor to Marathon, and Enron Canada entered into a firm gas purchase and sale agreement. Marathon alleges a triggering event occurred when ENE's credit rating was downgraded. Marathon gave Enron Canada notice that it was terminating the agreement. On May 8, 2002, Marathon Canada Limited, successor to Tarragon, filed a suit against Enron Canada to recover amounts owed for gas deliveries. Marathon seeks judgment in the amount of CDN $560 thousand plus interest and a declaration that it validly terminated the Agreement. In its counterclaim, Enron Canada alleges that Marathon failed to deliver gas and this breach gave Enron Canada the right to terminate the agreement. Enron Canada seeks its mark-to-market CDN $77.5 million and set off.

(K) Murphy Oil Co., Ltd. v. Enron Canada Corp. (0201-0379, Queen's Bench of Alberta, Judicial District of Calgary). Murphy Oil Company Ltd. entered into a master firm gas purchase agreement with Enron Gas Marketing, Inc. on September 1, 1992, that was subsequently assigned to Enron Canada. Murphy terminated the agreement as a result of ENE's credit rating downgrade. In its suit Murphy claims $1.6 million for gas delivered to Enron Canada. In its counterclaim, Enron Canada alleges Murphy wrongfully repudiated the agreement and seeks setoff of all amounts owed by Enron Canada to Murphy, should setoff be allowed in a related lawsuit between Enron Canada and Murphy Canada Exploration Co. In the Murphy Canada Exploration litigation, Murphy Canada Exploration Company entered into a master firm gas purchase/sale agreement with Enron Canada on July 11, 1995. MCE terminated the agreement in December 2001 based on ENE's credit rating downgrade, and in turn, Enron Canada terminated the agreement on the grounds that MCE wrongfully repudiated the agreement. MCE has filed suit, seeking receivables of over CDN $200 thousand and $800 thousand. In its counterclaim, Enron Canada seeks setoff and recovery of mark-to-market losses of approximately CDN $30 million.

(L) Reliant Energy Services, Inc., et al. v. Enron Canada Corp. (No. 02-706, U.S. District Court, Southern District of Texas, Houston, Division; App. No. 02-20447, U.S. Court of Appeals, Fifth Circuit). In March 2002, Reliant sued Enron Canada in the United States District Court for the Southern District of Texas seeking to recover approximately $78 million that Reliant claimed was due under a Master Netting Agreement entered into by Reliant affiliates, on the one hand, and Enron Canada on the other. Reliant also sought injunctive relief requiring Enron Canada to deposit $78 million in the registry of the court pending disposition of the suit. After an emergency hearing in March 2002, Judge Harmon denied Reliant's request for injunctive relief and granted Enron Canada's motion to dismiss the case in its entirety. The case is currently on appeal to the Fifth Circuit Court of Appeals, and was argued in March 2003.

(M) Talisman Energy, Inc. v. Enron Canada Corp. and Enron Canada Corp., counterplaintiff v. Talisman Energy, Inc., counterdefendant (No. 0201-02606, Queen's Bench of Alberta, Judicial District of Calgary). In February 2002, Talisman filed suit to recover $2 million allegedly owed for gas delivered to Enron Canada

pursuant to a one-way master firm gas purchase/sale agreement between the parties. Enron Canada has filed a counterclaim alleging that Talisman failed to deliver gas pursuant to the terms of the agreement constituting a triggering event that allowed Enron Canada to terminate the agreement. Enron Canada seeks an order from the court directing that a setoff be applied and seeks recovery of mark-to-market damages of over $45 million; and *Talisman Energy, Inc. v. Enron Canada Corp. and Enron Canada Corp., counterplaintiff v. Talisman Energy, Inc., counterdefendant*. In January 1999, EEC and Talisman entered into a two-way ISDA agreement. Talisman filed suit in February 2002 alleging that various "triggering events," as the term is defined in the agreement, occurred thereby giving it the right to terminate the agreement. Talisman seeks damages in the amount of $5 million plus interest. Enron Canada has filed a counterclaim seeking setoff of the amount due in the related action, which is in the amount of $45.2 million.

d. Litigation Related to Structures.

(i) JPMorgan Chase Bank, as Administrative Agent and as Collateral Agent for Cherokee Finance V.O.F. and Enron Finance Partners, L.L.C., and as Attorney in Fact for Sequoia Financial Assets, L.L.C. v. Enron Corp., Enron North America Corp. and Enron Power Marketing, Inc. (Adv. No. 01-03637, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On December 11, 2001, JPMCB filed this adversary proceeding seeking (1) turnover from ENE, ENA, and EPMI of accounts receivable, commercial paper, cash, and other property worth in excess of $2.1 billion, (2) an accounting of these assets, and (3) an injunction to prevent the Enron defendants' use of such assets. JPMCB claims that the assets are being held by ENE, but are owned by Sequoia, Cherokee and EFP pursuant to two separate accounts receivable acquisition transactions involving the Enron defendants, whereby the Enron defendants sold the receivables, but whereby ENE acted as servicer to handle accounting, billing, collection, cash management, and reporting of the receivables. JPMCB alleges that the Enron defendants and their estates hold the assets merely as servicer and that they transferred title to the assets to Sequoia, Cherokee, and EFP prior to the Petition Date; therefore they are not assets of the bankruptcy estate. JPMCB and the Enron defendants have entered into a series of stipulations to extend the Enron defendants' answer date to July 10, 2003.

(ii) The Bank of New York, as Indenture Trustee of and Attorney-in-Fact for Marlin Water Trust, HSBC Trinkaus & Burkhardt KgaA, D.E. Shaw Laminar Portfolios, L.L.C., Appaloosa Management, L.P., OZ Management, L.L.C., and OZF Management, L.P. v. Enron Corp., et al. and The Official Committee of Unsecured Creditors of Enron Corp., et al. (Adv. No. 02-02380, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On May 9, 2002, The Bank of New York, as Indenture Trustee under the Marlin Supplemental Indenture, along with several holders of Marlin II Notes, commenced an adversary proceeding seeking a declaratory judgment that £73 million of proceeds from the prepayment of the Azurix Europe Deed on December 5, 2001 could be distributed, pro rata, to the holders of the Marlin notes. The basis of the noteholders' claims is that the proceeds of the Azurix Europe Deed are not property of ENE's estate and should be distributed, pro rata, to the noteholders in satisfaction of the alleged security obligation made on the Marlin notes. After the Bankruptcy Court denied the defendants' motion to stay, the defendants filed their answers on November 18, 2002. The Creditors' Committee and ENE have

plead that the operative documents do not result in a pledge of the proceeds to the noteholders in connection with the Marlin II transaction, but instead only with respect to the Marlin I Notes, through the date of their repayment. The Bankruptcy Court issued summary judgment in favor of the noteholders, and on June 9, 2003, the Creditor's Committee filed a notice of appeal and an emergency motion to stay the order granting the summary judgment. The Bankruptcy Court has entered a stipulation an order placing a standstill on all relevant deadlines related to the motion to stay and the appeal while the parties engage in settlement negotiations.

e. Regulatory Related Litigation.

(i) FERC Litigation. FERC has instituted several investigations, some of which have resulted in FERC enforcement actions, as well as other material litigation involving FERC, which is described below. Refer to Section IV.C.2.b, "FERC Investigations" for further information.

(A) FERC Enforcement Actions. FERC identified specific instances in which EPMI, ECTRIC and PGE may have engaged in possible misconduct under the FPA. As a result, on August 13, 2002 FERC initiated three separate investigations into possible violations by the aforementioned companies and others.

(1) Avista Corp., Docket No. EL02-115-000. This FERC proceeding involves allegations of improper trades among EPMI, PGE, and Avista Energy. The parties have reached a contested settlement, which is pending before a second administrative law judge. The contested settlement would not impose penalties upon any Enron entity, although any ensuing liability could be transferred to PGE. The parties requested certification of the settlement by an administrative law judge. On June 25, 2003, the administrative law judge entered an order denying certification of the settlement on the grounds that there exist unresolved issues of material fact. The order reinstates hearing procedures and sets a hearing date of October 27, 2003.

(2) El Paso Elec. Co., Docket No. EL02-113-000. This FERC proceeding involves an investigation and hearing into whether EPMI and ECTRIC may have violated the terms of their market-based rate authority by entering into a relationship with El Paso Electric Company without fully informing FERC. In this action, FERC seeks disgorgement of estimated EPMI profits between $45-125 million. The hearing has concluded, and the administrative law judge is considering the matter. Although originally scheduled for July 18, 2003, a decision is not expected until December 2003, because discovery has been opened to investigate misconduct allegations.

(3) Portland General Elec. Co., Docket Nos. EL02-114-000, EL02-115-001. This FERC proceeding involves issues surrounding the relationship between EPMI and PGE, and it is set for hearing in October 2003. In this action, FERC seeks disgorgement of an estimated $40 million in EPMI profits. Refer to Section VIII.C.14, "FERC Investigation of Trading Activities" for further information regarding PGE Litigation and Government Investigation.

(4) American Electric Power Services Corp., et al., Docket No. EL03-137-000. On June 25, 2003, FERC issued an order alleging market manipulation by EPMI, EESI, PGE, and 48 other companies. By July 15, 2003, the ISO will inform each party of specific instances of potential violations. Parties are required to respond to these allegations in writing by August 30, 2003. The pre-hearing conference in the proceeding will take place on/before September 14, 2003 with a hearing to follow. FERC may seek disgorgement of profits for sales made during the period from January 2000 to October 1, 2000.

(5) Enron Power Marketing, Inc. and Enron Energy Services, Inc., et al., Docket No. EL03-180-000. Also on June 25, 2003, FERC issued an order alleging that EPMI and EESI "worked in concert" with others to violate the ISO tariff, and that the 24 named companies (including EPMI and EESI) failed to notify FERC of various relationships, in violation of market rate certificates. This proceeding will cover the period from January 1, 2000 through January 21, 2001, and may be in addition to any refunds that may be ordered by FERC from October 2, 2000 forward. FERC ordered the named companies to inventory all revenues from these alliances and file those along with their responses to FERC's allegations by July 23. The pre-hearing conference will take place on or before August 7 with a hearing to follow shortly thereafter.

(B) Qualifying – Facility Action.

(1) Cabazon Power Partners, L.L.C., et al. v. Southern California Edison Company (No. BC249688, Superior Court, Los Angeles County-Central District, California). Cabazon Power Partners, L.L.C., a wholly-owned subsidiary of Enron Wind Corp., and other power project companies owned or managed by Enron Wind, sued Southern California Edison for non-payment of approximately $10 million owed to them for electrical energy generated by the companies during the period November 2000 through March 2001 and delivered to Southern California Edison under various PPAs. The parties entered into a standstill agreement for the period ending June 2002, pending a proposed settlement. Settlement negotiations were unsuccessful. A status conference was held on October 3, 2002 setting a trial date of April 30, 2003. This matter will be settled in connection with the proposed qualified facilities settlement that has been approved by the Bankruptcy Court and the California PUC. After the qualified facilities settlement is approved by FERC, the trial court will enter a dismissal order.

(C) ©Other FERC Actions.

(1) San Diego Gas & Electric v. Sellers of Energy and Ancillary services et al., including EPMI and EES, as well as PGE, Docket No. EL00-95 et seq., (California Electricity Refund Proceeding). Refer to Section VIII.C.11, "California Electricity Refund Proceeding (FERC Docket # EL00-95)" for further information. California Utilities filed a complaint with FERC seeking refunds for wholesale electricity prices in California's single auction spot markets that the California Utilities allege were unjust and unreasonable. The California Utilities have been joined by various California State Agencies and the California Attorney General. They seek in excess of $9.0 billion dollars in refunds from all market participants. Under the FPA, the refund period is limited to October 2, 2000 through June 20, 2001. The matter was tried before an administrative law judge during 2001 and 2002

and recommendations were made to FERC as to the methodology for calculating refunds. FERC is still considering the final refund formula to be used. In addition, as a result of 100 days of discovery ordered by FERC into allegations of market manipulation, the California parties are seeking to extend the refund period back to May 2000 and increase the scope of transactions for which refunds will be ordered. The California parties have also made allegations of improper conduct against EPMI and EES that they allege must be taken into account in determining refund liability as well as other sanctions. Until FERC determines the final formula to be used for calculating refunds, it is not possible to estimate EPMI's and EES's potential refund liability. Moreover, since the Enron entities were both purchasers and sellers, to the extent that EPMI and EES are owed refunds, those amounts could offset any refund liability assessed against the Enron entities. The Enron entities may not know the amount assessed against them for refund liability until the fourth quarter of 2003 or first quarter of 2004. The Enron entities have posted with the PX substantial prepetition cash collateral (approximately $135.6 million) that FERC has ordered be held pending resolution of the refund hearing. In addition, the Automated Power Exchange is holding approximately $2.0 million in prepetition cash collateral pending final resolution of refund liability. EPMI and EES may have the opportunity to prove at the end of the refund case that if they are ordered to pay refunds, their cost of acquiring the energy warrants a reduction in refund liability.

(2) Puget Sound Energy Inc. v. All Jurisdictional Settlers of Energy et al., including EPMI, as well as PGE. Docket No. EL01-10 et seq., (Pacific Northwest Refund Proceeding). Certain Pacific Northwest Utilities alleged that they had been charged unjust and unreasonable prices for wholesale electricity they purchased in the wholesale electricity market for the Pacific Northwest. ENE's total transactions in this market during the refund period from December 25, 2000 to June 20, 2001 exceeded $3.0 billion dollars. This matter was tried in September 2001. In December 2001, an administrative law judge recommended that no refunds be awarded because she determined a competitive market was operating. FERC reopened the record to allow additional discovery into allegations of market manipulation during 2002 and 2003. On June 2, 2003, FERC heard oral argument on the question of whether to reopen the record or adopt the administrative law judge's recommendation. On June 26, 2003, FERC issued an order affirming the administrative law judge's recommendation that no refund be awarded. The Debtors have not had the opportunity to analyze what further actions may be taken by the parties in this proceeding.

(3) Nevada Power Company & Sierra Pacific Power Company v. Enron Power Marketing, Inc. (No. EL 02-28-000, Federal Energy Regulatory Commission). In 2001, NPC entered several large long-term electricity contracts with EPMI. NPC filed a complaint with FERC requesting that the cost of energy in the parties' contract be mitigated because of EPMI's alleged manipulation of the electricity markets in the western United States. The value of the NPC contract to EPMI is approximately $300 million. In December 2002, the FERC administrative law judge issued a decision that NPC and SPPC failed to prove that the contracts were unfair and should be set aside. The decision is now pending before FERC. At the FERC's June 25, 2003 meeting, the Commission indicated that it planned to issue an order affirming the administrative law judge's ruling. On June 26, 2003, FERC issued an order confirming the administrative law judge's initial decision and dismissing the complaints.

(4) Enron Power Marketing, Inc. v. California Power Exchange Corporation (No. 01-00901-CM, U.S. District Court, Central District of California), In re California Power Exchange Corporation (No. LA-01-16577-ES, U.S. Bankruptcy Court; Central District of California, Los Angeles Division), and Coral Power, L.L.C., Enron Power Marketing, Inc., et al. v. California Power Exchange Corporation (Docket Nos. EL01-36-000, EL-01-37-000, EL01-43-000, EL01-29-000, and EL01-33-000, Federal Energy Regulatory Commission). On January 31, 2001, the PX drew down on $140 million of EPMI's collateral as a result of EPMI's alleged breach of the PX tariff. EPMI filed suit in federal district court in Los Angeles requesting that the court: (1) grant a temporary injunction placing all EPMI's collateral in escrow pending resolution of the PX breach of tariff claim and (2) enjoin any assessment of "charge backs" until the issue can be resolved at FERC. On February 9, 2001, the district court granted EPMI's request for a temporary restraining order. EPMI and the PX have now entered into a stipulated injunction granting all of EPMI's requested relief. EPMI also filed a FERC action requesting that FERC interpret the PX charge back provisions of the PX tariff. FERC issued a ruling that the PX charge back methodology was unjust and unreasonable. Notwithstanding FERC's ruling, the PX refuses to refund the collateral. EPMI filed a request for clarification of FERC's previous order. FERC has ruled that the PX can retain the $140 million pending the outcome of the California refund case. In July 2002, the PX, Coral Power and Constellation Power Source filed notices of appeal in the Ninth Circuit Court of Appeals requesting that the court address the justness and reasonableness of the wholesale electricity rates of public utility sellers of ancillary services in spot markets operated by the ISO and PX.

(5) Challenge of the California Attorney General to Market-Based Rates. On March 20, 2002, the California Attorney General filed a complaint with FERC against various sellers in the wholesale power market, including PGE and EPMI, alleging that FERC's market-based rates violate the FPA, and, even if market-based rate requirements are valid, that the quarterly transaction reports filed by sellers do not contain the transaction-specific information mandated by the FPA and FERC. The complaint argued that refunds for amounts charged between market-based rates and cost-based rates should be ordered. The FERC denied the challenge to market-based rates and refused to order refunds, but did require sellers, including PGE and EPMI, to refile their quarterly reports to include transaction-specific data. The California Attorney General has appealed FERC's decision to the Ninth Circuit Court of Appeals.

(ii) State Regulatory Litigation.

(A) Enron Energy Services, Inc. and Enron Energy Marketing Corp. v. Pacific Gas & Electric Co. (No. 01-01-032, Public Utility Commission, State of California). EESI and EEMC have filed a claim with the California PUC against PG&E for $400 million for unpaid power exchange credits owed by PG&E as a result of rising energy prices during the 2001 California energy crisis. The case is currently stayed because of ongoing settlement discussions between the parties. PG&E has filed a counterclaim based on EPMI's alleged manipulation of the energy market.

(B) California Independent System Operator. EPMI has notified the ISO that during both prepetition and postpetition periods one of its contractors that

read retail and commercial meters made an error that resulted in EPMI under-reporting the amount of electrical energy consumed by its customers. EPMI has some postpetition collateral posted with ISO that may or may not pay for the shortfall as a result of the meter reading errors. In order to resolve the problem, EPMI and its vendor are in the process of providing corrected meter data which may take several months. Thereafter, the ISO will have to resettle each day for the California market to determine what additional amounts, if any, are owed by EPMI. This recalculation could take a significant period of time. Until the corrected data has been provided to the ISO and they have resettled their markets, it is not possible to reliably estimate the total amount of under reporting liability.

(iii) CFTC

(A) United States Commodity Futures Trading Commission v. Enron Corp. and Hunter Shivley (No. 03--909, U.S. District Court, Southern District of Texas, Houston Division). On March 12, 2003, the CFTC filed this action in the United States District Court for the Southern District of Texas alleging that in July 2001, ENE and Shivley, an ENE employee with supervisory responsibilities over the central desk of the Enron Companies' natural gas trading operations, engaged in a scheme to manipulate the price of natural gas in the Henry Hub next-day gas spot market trading on EnronOnline®. The complaint alleges that these actions directly and adversely affected the NYMEX August 2001 natural gas futures contract by causing the Henry Hub prices to become artificial. The CFTC further alleges that from September 2001 through December 2001, EnronOnline® was operated as an illegal, unregistered futures exchange under the Commodity Exchange Act. The CFTC also alleges that from December 2000 through December 2001, ENE further violated the Commodity Exchange Act by offering to trade a lumber swaps contract that was actually an illegal, agricultural commodity futures contract. The CFTC seeks injunctive relief and recovery of unspecified civil monetary penalties in amounts not to exceed $120 thousand or triple the monetary gain to ENE and Shivley for each violation of the Commodity Exchange Act. ENE's time to answer or otherwise respond has been extended by agreement to July 15, 2003. On April 10, 2003 Shivley filed a motion to dismiss the price manipulation claim on the grounds that the CFTC has failed to state a claim upon which relief can be granted. On May 5, 2003, the CFTC filed a memorandum opposing Shivley's motion to dismiss.

f. Other Material Litigation.

(i) Lawsuits related to Bridgeline.

(A) Bridgeline Holdings, L.P. Bridgeline Storage Company, LLC and Bridgeline Gas Distribution, LLC v. Enron North America Corp. (Adv. No. 02-02628, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). Bridgeline instituted this adversary proceeding on July 16, 2002 seeking a determination that (a) Bridgeline Storage has a warehouseman's lien under Article 7 of the Louisiana Uniform Commercial Code on natural gas stored by ENA in Bridgeline Storage's facilities to secure the payment of storage charges allegedly owed by ENA under a NGPA Section 311 Firm Gas Storage Agreement, and (b) Bridgeline Distribution has a carrier's lien on ENA's natural gas transported on Bridgeline Distribution's pipeline to secure payment of reservation charges allegedly due under a Firm Gas Transportation Agreement. ENA moved to dismiss Bridgeline's

complaint or, in the alternative, for summary judgment, on the grounds that Bridgeline did not satisfy the requirements for a warehouseman's lien or a carrier's lien. The motion has been fully submitted and argued, and the Bankruptcy Court has taken the matter under advisement.

(B) Louisiana Resources Co. et al. v. Texaco Exploration & Production, Inc. (Adv. No. 03-3818, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). LRC, LRCI, LGMC, and LGMI have sued TEPI bringing causes of action for breach of contract, breach of the covenant of good faith and fair dealing, breach of fiduciary duty and injunctive relief in relation to the Amended and Restated Limited Liability Company Agreement of Bridgeline L.L.C. entered into by the parties. Specifically, LRC alleges that TEPI secretly collaborated with Bridgeline to develop a common strategy to strip ENA of its membership interest in the Bridgeline L.L.C. and to otherwise act to the detriment of ENA and the Enron limited partners. LRC further alleges that this collaboration is part of TEPI's strategy to interfere with the potential sale of partnership interests held by ENA and the Enron limited partners. LRC seeks recovery of unspecified damages and entry of an order enjoining TEPI from continuing to engage in the wrongful conduct. On June 26, 2003, the Bankruptcy Court granted LRC's motion to consolidate this adversary action with the adversary action styled *Texaco Exploration & Production Co. v. ENA*, Adv. No. 02-3079, filed on September 6, 2002.

(C) ©Texaco Exploration and Production Inc. v. Enron North America Corp. (Adv. No. 02-03079, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). TEPI and ENA are members of Bridgeline, L.L.C., which serves as the general partner of Bridgeline Holdings. Bridgeline Holdings owns and operates an intrastate natural gas pipeline and two natural gas storage facilities in Louisiana. TEPI instituted this adversary proceeding on September 6, 2002 seeking a declaratory judgment that (i) upon ENA's bankruptcy filing, ENA ceased to be member of Bridgeline, L.L.C. pursuant to the provisions of the Delaware Limited Liability Company Act and (ii) ENA is prohibited from assigning its interest in Bridgeline, L.L.C. to any successor, affiliate or third party pursuant to Delaware law and section 365©(1) of the Bankruptcy Code. TEPI also seeks an injunction restraining ENA from interfering with the management of Bridgeline, L.L.C. or Bridgeline Holdings on the grounds that TEPI is the sole remaining member of Bridgeline, LLC and therefore has the exclusive right to make decisions on behalf of Bridgeline Holdings and Bridgeline, L.L.C. ENA is vigorously defending against this adversary proceeding on the grounds that, under the applicable provisions of the Bankruptcy Code, ENA maintains its membership interest in Bridgeline, L.L.C. and may assign its interest to a third party, notwithstanding any contrary state law. On May 27, 2003, TEPI filed a motion for summary judgment, and on May 28, 2003, and ENA filed its response on June 20, 2003. On June 26, 2003, the Bankruptcy Court granted ENA's motion for authority to file a counterclaim.

(ii) Lawsuits related to NEPCO.

(A) Letter of Credit Litigation.

(1) JP Morgan Chase Bank v. Enron Corp. (Adv. Nos. 02-03895 & 02-03896, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On or about June 16, 1995, ENE entered into a Master Letter of Credit and Reimbursement Agreement with The Chase Manhattan Bank, N.A., as predecessor in

interest to JPMCB. Pursuant to the agreement, JPMCB issued letters of credit for various entities that had entered into contracts with NEPCO for the construction of power plants. These letters of credit named the various entities as the beneficiaries. In accordance with the construction contracts entered into with NEPCO, the various entities made periodic payments to NEPCO, and those funds were transferred in the ordinary course by NEPCO to ENE's master concentration account in accordance with the Debtors' normal and customary cash management practices. ENE did not make any payments to NEPCO's vendors and subcontractors on the various projects; the various entities subsequently drew on the letters of credit to make those payments. JPMCB commenced two adversary proceedings in the Bankruptcy Court in late December 2002 to recover from ENE up to approximately $184 million in funds that it alleges had been paid by the various entities to NEPCO and thereafter wrongfully transferred into ENE's concentration account. JPMCB asserted several causes of action, all of which are predicated on the claim that those funds should be impressed with a constructive trust in favor of JPMCB. The Debtors filed answers to the adversary proceedings denying all claims, and the actions are presently in the pretrial discovery phase. JPMorgan Chase has also filed two adversaries, JP Morgan Chase Bank v. Green Country Energy, LLC, et al. (Adv. No. 03-8151) and JP Morgan Chase Bank v. Quachita Power, LLC, et al. (Adv. No. 03-8150) against certain project owners to recover monies paid pursuant to letters of credit issued under the master letter of credit and reimbursement between JPMCB's predecessor and ENE. On May 23, 2003, **Quachita and Cogentrix** filed motions to dismiss the adversary proceeding.

(2) JPMorgan Chase Bank v. Enron Equipment Procurement Company (No. 02-CV 10233, U.S. District Court, Southern District of New York, Manhattan Division). JPMCB seeks a judgment against EEPC for $14 million, the amount JPMCB claims to have paid on a letter of credit issued to guarantee the performance of NEPCO, the contractor on a project to build a power plant for a company known as Green Country.

(3) Westdeutsche Landesbank Girozentrale v. Enron Corp. (Adv. No. 02-02009, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). This adversary proceeding, filed on January 8, 2002, seeks turnover by ENE of $20 million, a full and complete accounting of these funds, and an injunction against ENE from the use of such funds. Having made payment under a letter of credit, West LB claims subrogation to the rights of NEPCO, NEPCO Power Procurement, and their subcontractors and suppliers in the funds, and alleges that it has an immediate right to possession of those funds. ENE filed its answer in August 2002.

(4) Westdeutsche Landesbank v. Enron Corp. (Quachita Project) (Adv. No. 02-02555, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On June 20, 2002, West LB filed an adversary proceeding against ENE seeking turnover of approximately $16 million. This adversary is substantially similar to an earlier adversary filed by West LB (Refer to Section IV.C.1.f(ii)(A)(3), "Westdeutsche Landesbank Girozentrale v. Enron Corp. (Adv. No. 02-02009, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division)" for further information). The claims in both relate to letters of credit issued by West LB for the benefit of the owners of power plant projects that were being constructed by NEPCO. Upon placement of the letters of credit, the project owners released the 10% retainages that they had been holding on the respective projects to NEPCO, and

those funds were swept into an ENE account in the ordinary course of ENE's cash management system. The letters of credit were drawn down after the Initial Petition Date, and West LB seeks recoupment of those funds. ENE filed its answer in August 2002.

(5) Westdeutsche Landesbank Girozentrale v. National Energy Production Corporation and NEPCO Power Procurement Company (No. 02-0108, U.S. District Court, Southern District of New York, Manhattan Division). Issuing banks for a $20 million ENE letter of credit issued for a NEPCO project in Mississippi have asserted a cause of action in district court for breach of contract, subrogation, and various tort claims against NEPCO and NEPCO Power Procurement. A notice of bankruptcy was filed in June 2002 staying the action.

(6) Bayerische Hypo-Vereinsbank Ag. v. Banca Nazionale del Lavoro S.p.A and Banca Nazionale del Lavoro S.p.A (third party plaintiff) v. Bank of America, N.A., et al. (including NEPCO and NEPCO Procurement Co.) (Adv. No. 02-02614, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). Banca Nazionale, as third-party plaintiff, seeks a determination of the rights of multiple parties involved in a $39 million letter of credit transaction involving ENE, NEPCO, and NEPCO Power Procurement plus recovery of the $39 million. Bayerische has filed a motion for summary judgment. BoA and two other defendants have filed motions to dismiss the third-party complaint in its entirety as to these entities. BoA has also filed a motion to dismiss the adversary proceeding. On May 16, 2003, the Bankruptcy Court issued a memorandum opinion granting summary judgment in favor of Bayerische against Banca Nazionale. On May 22, 2003, the Bankruptcy Court ordered that NEPCO and NEPCO Power Procurement were proper parties to the litigation. On June 10, 2003, the Bankruptcy Court entered an order granting Bayerische's motion for summary judgment. On June 27, 2003, Banca Nazionale filed its notice of appeal.

(B) Other NEPCO-Related Litigation.

(1) TPS Dell, L.L.C., TPS McAdams, L.L.C., Panda Gila River, L.P. & Union Power Partners, L.P. v. Enron Corp., National Energy Production Corp. & NEPCO Power Procurement Co. (Adv. No. 03-02108, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On February 13, 2003, the plaintiffs filed this action alleging that they advanced approximately $351.8 million to NEPCO for the purpose of paying subcontractors and suppliers on four NEPCO projects (Dell, McAdams, Gila River, and Union River) and that these funds were transferred out of NEPCO into ENE's cash management system without their consent. TPS Dell further alleges that the ENE entities have used the cash management system to sweep the money held by NEPCO and to refuse to honor NEPCO's obligations. They also seek an injunction prohibiting ENE from using the swept project funds and an order requiring the ENE entities to provide each plaintiff with a complete accounting. ENE filed its answer on April 11, 2003. The NEPCO entities filed their answer on April 23, 2003.

(2) Goldendale Energy L.L.C. v. NEPCO (Self–administered Arbitration). Following a termination for convenience, Goldendale Energy L.L.C. exercised its contractual right to audit NEPCO to determine the actual cost contract reconciliation. Due to NEPCO's cash forward position at the time that the termination occurred,

the audit indicated that Goldendale had overpaid some $45 million. NEPCO's records indicate that Goldendale is due approximately $20 million. The contractually required arbitration was stayed after NEPCO's bankruptcy filing in May 2002.

(3) Stoner Electric, Inc., et al. v. National Energy Production Corporation, et al. (No. 02-2-00059-8, Superior Court, Kickitat County Washington). In late November 2001, Goldendale Energy L.L.C. terminated NEPCO on a project in Washington. ENE's subsequent bankruptcy cut off NEPCO's ability to pay approximately 65 project subcontractors and suppliers including Stoner. Claims total in excess of $11 million. The action was stayed as to NEPCO by NEPCO's bankruptcy filing. The matter is proceeding in Klickitat County Superior Court and the Washington State Court of Appeals as a lien foreclosure action. Motions for summary judgment by lien claimants are pending.

(iii) Adversary Proceedings.

(A) Mizuho Corporate Bank, Ltd., as successor to the Industrial Bank of Japan, Limited and Banco Bilbao Vizcaya Argentaria S.A. v. Enron Corp. Hansen Investments Co. and Compagnie Papiers Stadacona (Adv. No. 03-2288, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). Mizuho and its predecessor in interest and Banco Bilbao were part of a bank group that entered into a series of loan transactions with ENE and two of its Canadian entities, Hansen and CPS, in June 2001 relating to the purchase of the Stadacona paper mill. In this adversary proceeding, filed on March 28, 2003, Mizuho and Banco Bilbao allege that they relied upon fraudulent misstatements contained in ENE's financial statements in agreeing to provisions in the transaction documents, which provided that the banks would look solely to ENE in an event of default and in agreeing to waive any rights they may acquire through the exercise of any potential remedies against Hansen to proceed against CPS. Mizuho and Banco Bilbao seek imposition of a constructive trust and recovery of approximately $360 million. On April 2, 2003, Mizuho and Banco Bilbao filed a motion for preliminary injunction or in the alternative, an order prohibiting use of cash collateral and directing the Debtors to segregate and account for the cash. In order to facilitate the sale of assets related to these transactions, ENE negotiated a stipulation whereby Mizuho and Banco Bilao would release all claims against the assets in exchange for the transfer of those claims to the proceeds generated by the sale of those assets. On May 15, 2003, the court entered a stipulation resolving the motion for preliminary injunction whereby Mizuho and Banco Bilbao agree to waive any claims and liens asserted against Stadacona and its assets in return for ENE's agreement to segregate approximately $99 million of any proceeds generated by the sale of Stadacona and to allow the banks to assert claims and liens against the segregated funds. On June 16, 2003, ENE filed a motion to dismiss the adversary proceeding.

(B) Ponderosa Pine Energy, LLC, et al. v. Enron Corp., et al. (Adv. No. 02-02826, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division) and Brazos Electric Power Cooperative, Inc. v. Ponderosa Pine Energy, L.L.C. et al. (including ECT Merchant Investment Corp. and KUCC Cleberne, L.L.C.) (No. C-2002-00267, 249th Judicial District Court, Johnson County, Texas). PPE and its affiliates are seeking, through an adversary complaint filed July 24, 2002, a declaration that if they are found liable in the related Johnson County action, they are entitled to indemnification from ENE and ENA in an amount equal to the judgment. The parties to the declaratory judgment action have

continued to adjourn the adversary proceeding while they negotiate a proposed commercial settlement involving, among other issues, the indemnification obligation. ENE and ENA have not, therefore, filed a responsive pleading.

The Johnson County litigation, filed in June 2002, involves multiple power generation companies and lending institutions, including ECTMI and KUCC Cleburne, which are being sued by BEPC for tortious interference and conspiracy relating to BEPC's negotiations to purchase an electricity generating plant in Cleburne, Texas from Tenaska Power Partners. On June 15, 2000, ENA entered into a purchase agreement with Tenaska Energy, Inc. and others to purchase certain rights in the partnership that owns the plant, and subsequently, on June 30, 2000, ENA and PPE entered into an Assignment of Purchase Agreement whereby ENA assigned all its rights, title, and interest in the partnership to PPE. In the assignment, PPE assumed all of ENA's obligations under the purchase agreement and ENA was released from liability except for a limited indemnification obligation, which is the subject of the PPE adversary proceeding described above. ENE guaranteed ENA's indemnification obligations. Damages are unspecified. ECTMI and its subsidiary KUCC Cleburne, which owns a 10% sole limited partnership interest in the limited partnership that owns the generating plant, are recently-filed Debtors, and ECTMI and KUCC Cleburne were non-suited without prejudice because of their respective bankruptcy filings.

(C) ©Enron Broadband Services, L.P. v. Travelers Casualty and Surety Company of America (Adv. No. 02-3459, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On November 8, 2002, EBS LP commenced an adversary proceeding against Travelers seeking recovery of $15.9 million pursuant to a capacity service agreement and an advance payment performance bond issued by Travelers. Travelers has answered in the adversary proceeding and asserted, among other things, that it was fraudulently induced into issuing a surety bond. EBS LP filed a motion for summary judgment on January 13, 2003, and that motion was argued before the Bankruptcy Court. On May 20, 2003, the Bankruptcy Court entered an order denying EBS LP's motion for summary judgment.

(D) Schoonover Electric Co. v. Garden State Paper Co., L.L.C. (Adv. No. 02-02140, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). Schoonover filed this adversary proceeding on March 7, 2002, seeking a determination of the extent, validity, priority and amount of three construction liens filed against real property owned by Garden State in Garfield, Bergen County, New Jersey. On October 24, 2002, Schoonover filed a motion for summary judgment, which is currently pending before the Bankruptcy Court. On June 23, 2003, the Bankruptcy Court entered a memorandum decision denying Schoonover's motion for summary judgment, dismissing the adversary proceeding and holding that the Schoonover liens are and shall be unenforceable against the Debtors' estates.

(E) Enron North America Corp. and Enron Industrial Markets, L.L.C. v. Robert Richard, Craig Rickard, Andrew Conner and Pulp & Paper Risk Management Consulting, L.P. (Adv. No. 03-02402, U. S. Bankruptcy Court, Southern District of New York, Manhattan Division). On April 16, 2003, ENA and EIM filed this adversary proceeding seeking unspecified monetary damages against Pulp & Paper and several of its employees for breach of various confidentiality agreements between the parties. ENA and EIM allege that the confidential information wrongfully disclosed included information relating

to the plaintiffs' pricing strategies in the forest products trading industry and its postpetition strategy for maximizing forward value recovery of terminated forest products contracts.

(F) San Juan Gas Co., Inc. v. Bonneville Construction, S.E. (Adv. No. 03-3633, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). San Juan Gas seeks an accounting of and turnover of fiber optic cable and other inventory in Bonneville's possession and control provided to Bonneville by San Juan Gas pursuant to the terms of a capital construction agreement entered into by the parties in October 2001. San Juan Gas also seeks recovery of costs and attorneys' fees.

(G) American Express Bank Ltd. v. Enron Corp. (Adv. No. 03-02456, U.S. Bankruptcy Court, Southern District of New York, Manhattan Division). On April 25, 2003, AEB filed this declaratory judgment action against ENE. In June 1999, AEB and ENE entered into a master letter of credit and reimbursement agreement. In January 2001, AEB issued a standby letter of credit to ESBI Alberta Ltd. on behalf of ENE's subsidiary ECPC. The adversary complaint seeks a declaration that AEB's issuance of the March 2002 standby letter of credit entitled AEB to be subrogated to the rights of ENE in the funds drawn from the letter of credit. Upon agreement of the parties, ENE's answer to the adversary complaint was filed on June 18, 2003.

(iv) International Litigation Retained by the Estates.

(A) Azurix Corp. v. The Republic of Argentina (International Centre for the Settlement of Investment Disputes). Azurix has filed an international arbitration claim for breach of contract under the Bilateral Investment Treaty between the U.S. and Argentina, against the Republic of Argentina. Azurix's pending claim against Argentina relates to the Azurix/Buenos Aires Concession Contract. EBWH, a wholly-owned non-Debtor subsidiary of ENE, owns 33-1/3% of the voting shares of Azurix. Atlantic owns the remaining 66-2/3% of the voting shares of Azurix. ENE holds a 50% voting interest in Atlantic, as well as 100% of the cumulative preferred stock issued by Azurix. The remaining 50% voting interest in Atlantic is held by Marlin.

(B) Catlin Westgen Ltd. and Certain Underwriters at Lloyd's Subscribing to Policy No. 901/70028583 v. EcoElectrica L.P. (No. 02-4097, U.S. District Court, Southern District of Texas, Houston Division). Catlin, a Lloyd's Underwriters syndicate, has filed suit for declaratory judgment against EcoElectrica relating to a $15 million insurance claim claiming no coverage for property damage or business interruption as a result of the malfunction of a Siemens turbo-generator. The parties have agreed to mediation, and the case is stayed pending the parties' attempt at alternative dispute resolution. This case arises out of the same occurrence as *EcoElectrica v. American International Insurance & Houston Casualty Ins. Co.*

(C) ©EcoElectrica v. American International Insurance Co. of Puerto Rico & Houston Casualty Insurance Co. (No. 02-2770, U.S. District Court, District of Puerto Rico). On December 4, 2002, EcoElectrica, a 542-MW combined-cycle cogeneration, receiving and storage facility, owned 50% by ENE with the other 50% owned by Edison Mission Energy, Inc. and General Electric, which is located near Peñuelas, Puerto Rico,

filed suit against American International and Houston Casualty for insurance proceeds of approximately $15 million to cover losses suffered from damage to one of its electrical generators, for specific performance to compel full payment of the claim including attorneys fees, and for a declaratory judgment that payment is due under the relevant policies. EcoElectrica was granted a default judgment. However, defendants have moved to set aside the default on jurisdictional grounds and for a stay of the proceedings pending mediation. The parties have an agreement to mediate in August 2003.

(D) Enron Corp. & Ponderosa Assets L.P. v. The Republic of Argentina (International Centre for the Settlement of Investment Disputes). ENE and Ponderosa filed an arbitration in March 2003 against the Republic of Argentina for expropriation resulting from the Emergency Law passed in January 2002 that abrogates the TGS License provisions providing for (1) tariffs to be calculated in U.S. dollars, and (2) tariffs to be increased based on the U.S. Producer Price Index. The requirement that dollar tariffs be converted into pesos at an exchange rate of 1:1 eliminated entirely the License's protections against devaluation of the peso. The government also prohibits TGS from ceasing operations for non-payment, thereby forcing it to operate at a loss. Damages are estimated at $450 million.

(E) Enron Corp. and Ponderosa Assets L.P. v. The Republic of Argentina (International Centre for the Settlement of Investment Disputes). ENE and Ponderosa filed a request for arbitration on February 22, 2000 against The Republic of Argentina to challenge the arbitrary imposition of provincial stamp taxes on their pipeline, TGS. The total amount of taxes sought by various provinces, excluding penalties and interest was approximately $547 million at the time the arbitration was filed. Currently, the total amount sought is approximately $147.8 million because of the fluctuation in the Argentine currency. Penalties and interest could potentially treble this amount. Argentina challenged jurisdiction of the ICSID and ENE/Ponderosa responded. The hearing on jurisdiction is set for September 2003.

(F) Gasparticipacões Ltda. v. Compania de Gás da Bahía, State of Bahia and Petrobras. In July 2002, Gaspart filed a declaratory action to have its shareholder rights reinstated in Bahiagás. Petrobras and the State of Bahia unilaterally stripped Gaspart of its shareholder rights because of the ENE bankruptcy. Gaspart was granted a temporary injunction partially reinstating its shareholder rights. Gaspart requested and was granted a revision of the order for full reinstatement. The defendants filed a "declaratory embargo" seeking to quash the injunction. Although Gaspart was successful in its last hearing, the State of Bahia continues the appeal process. Gaspart has engaged a commercial consultant to assist in the negotiation of a commercial resolution. The parties are discussing settlement.

(G) Great Lakes Dredge & Dock Company and DawsonDredging Company v. LINGTEC Constructors L.P. and Enron Power Services B.V. (Demand for arbitration pursuant to the United Nations Commission on International Trade Law Arbitration Rules) (London, England). The dispute relates to a subcontract originally executed in August 1999 between Great Lakes and LINGTEC for work related to LINGTEC's contract with Dabhol Power. Under the general contract, LINGTEC was to generally develop and procure an LNG unloading regasification and storage facility in the vicinity of the existing Dabhol power station. Claimant seeks damages totaling over $13 million.

LINGTEC's bankruptcy filing in January 2003 stayed proceedings as to LINGTEC and EPS's liquidation proceeding filed in the Netherlands stayed proceedings as to EPS.

(H) Saras S.p.A. Raffinerie Sarde (Italy) v. Enron Dutch Holdings, B.V. (Netherlands) (No. 11980/ACS, International Court of Arbitration, ICC, Geneva, Switzerland). In January 2002, Saras filed a request for arbitration against EDH alleging that EDH ceased to be an "affiliate" of ENE as defined by the Shareholders' Agreement when ENE transferred its EDH shares to ES Power 3, L.L.P., a limited liability company that Saras alleges is not a fully owned subsidiary of ENE. ENE holds a .025% economic interest in ES Power 3, and ES Power 1 L.L.C. holds the balance 99.975% economic interest in ES Power 3. ENE holds both a 100% voting interest in ES Power 3 and a 100% voting interest in ES Power 1, such that ENE has 100% voting control of EDH. EDH asserts that it has not violated the Shareholders Agreement. Saras further alleges that the share transfer entitles it to exercise an option call on all the shares held by EDH in Sarlux at the net book value less 10% as provided for in the Shareholders' Agreement. Saras contends the option call was exercised by written notice on January 15, 2002. EDH values the claim in excess of $100 million. Saras is contending that it is entitled to purchase EDH's shares for approximately €60,000,000. The parties have submitted their position statements to the arbitration panel. It is anticipated that the proceedings will continue through mid-2004.

(I) Enron Power Construction Company, Enron Engineering & Construction Company and Enron Equipment Procurement Co. v. Cigsa Construccion, S.A. de CV, Astilleros del Golfo S.A. de C.V., and Age Mantenimiento, S. de R.L. de C.V. (No. H-02-3143, U.S. District Court, Southern District of Texas, Houston Division); Cigsa v. CAByL (No. 72/2002, 6th State Court, Tampico, Tamaulipas, Mexico); and Cigsa v. Enron Power Construction Company (No. 72/2002, 4th State Court in Civil Matters, Tampico, Tamaulipas, Mexico). EPCC, EECC and EEPC contributed procurement services and provided financing for six PEMEX construction projects in Mexico to CIGSA Construction, S.A. de CV., Astilleros del Golfo S.A. de C.V., and Age Mantenimiento, S. de R.L. de C.V. and other related entities. Certain of these projects were undertaken through CAByL, which is 50% owned by Odebrecht. As a result of disputes between the Cigsa entities on the one hand and the Enron entities and Odebrecht on the other hand, there are litigation and arbitration proceedings underway related to the distribution of project proceeds. The projects are completed. The Enron entities seek a recovery of approximately $23 million in project proceeds, advancement of financing and related expenses. The Cigsa entities dispute the claim, contend that the Enron entities owe the Cigsa entities approximately $10 million and seek ownership of the Enron entities interest in CAByL. Odebrecht has also filed suit by and through a related entity to assert a claim of approximately $17 million against CAByL. The litigation and arbitration proceedings are currently pending.

(v) Other Pending Litigation or Arbitrations.

(A) American Water Services, Inc. and American Water Works Co., Inc. v. Azurix Corp. (No. 20189-NC, Chancery Court of New Castle County, Delaware). Azurix has been sued for breach of contract and specific performance for failure to provide a financial guaranty and other contractual claims relating to the sale of certain subsidiaries of Azurix. ENE is prepared to issue a postpetition guaranty of Azurix's alleged

obligation with respect to the financial guaranty, and on June 12, 2003, the Bankruptcy Court approved ENE's issuance of the Azurix guaranty. The parties may act on the Bankruptcy Court's approval on or after June 23, 2003. EBWH, a wholly-owned non-Debtor subsidiary of ENE, owns 33-1/3% of the voting shares of Azurix. Atlantic owns the remaining 66-2/3% of the voting shares of Azurix. ENE holds a 50% voting interest in Atlantic, as well as 100% of the cumulative preferred stock issued by Azurix. The remaining 50% voting interest in Atlantic is held by Marlin.

(B) Beeson, Eclipse Oil & Gas Inc. and O'Neill Properties, Ltd., for themselves and all others similarly situated v. Intratex Gas Company, Dow Chemical Company, and Tenngasco Gas Supply Company, f/k/a Tennagasco, Inc. and Beeson, Eclipse Oil & Gas Inc. and O'Neill Properties, Ltd., for themselves and all others similarly situated v. Intratex Gas Company, Dow Chemical Company, and Tenngasco Gas Supply Company f/k/a Tennagasco, Inc. (No. 95-07388-A, 80th Judicial District Court, Harris County, Texas). Beeson, Eclipse, and O'Neill filed a class action alleging that HPL failed to take ratably from gas wells in Texas. The complaint seeks $466 million in damages. In February 2001, the trial court denied the class certification requested by Beeson, Eclipse and O'Neill. Beeson, Eclipse and O'Neill have appealed (Case No. 01-00239, Texas Court of Appeals, 1st District).

(C) ©Buffalo v. Garden State Paper Company et al. (No. L-366-02, Superior Court, Middlesex County, New Jersey). On November 27, 2000, a forklift operated by an employee of the Port Cateret Recycling facilities struck Philip Buffalo, a driver for Penske. Reserving its rights under the terms of the parties' contract, the demand for indemnification was accepted by Gallagher Bassett Services, Inc. on behalf of Penske on May 15, 2001. An order of dismissal dismissing ENE pending bankruptcy, was entered February 25, 2002. Penske assumed Garden State's defense and agreed to indemnify Garden State, Port Carteret and Amaro on June 28, 2002. Although damages are unspecified, assuming liability is established, they could exceed $1 million.

(D) C.C. Sunrise, Ltd. v. Pittencrieff America, Inc., et al., including Joint Energy Development Investments Limited Partnership and Enron Capital Corp. (No. 01-1207-A, 28th Judicial District Court, Nueces County, Texas). Sunrise seeks unspecified damages for alleged contamination of 130 acres of real property along the Laguna Madre in south Texas. Joint Energy and Enron Capital Corp. are alleged to have been owners/operators of adjacent real property upon which Joint Energy and Enron Capital Corp. allegedly operated certain oil and gas facilities, including storage tanks, processing plant, pipelines and disposal pits.

(E) Commissioner of Banking v. Gulf Company Ltd. (No. 128-3-02, Superior Court, Washington County, Vermont). On April 18, 2002, following petition for seizure, as entered March 7, 2002, the State of Vermont petitioned for an order to rehabilitate alleging insolvency of Gulf Company, ENE's captive insurance company, which is formed and licensed under Vermont law. The state alleges as "highly uncertain" Gulf Company's ability to collect any of a $54 million demand note from ENE. If the note cannot be collected, Gulf's exposure to scheduled claims exceeds its assets. By stipulation entered on June 29, 2002, the parties agreed to entry of an order to rehabilitate and a delegation of authority,

whereby the business of Gulf Company continues under the auspices of the State to satisfy claims on a month-to-month basis by drawing down required funds from the demand note pursuant to certain Bankruptcy Court orders authorizing ENE to continue paying workers' compensation obligations and to pay all obligations owing in respect of ENE's captive insurance program.

(F) ConAgra Trade Group, Inc. f/k/a ConAgra Energy Services, Inc. v. Enron Reserve Acquisition Corp. (No. 13 198 00925 2, American Arbitration Association, Nebraska). ConAgra filed a demand for arbitration claiming breach of a master crude oil purchase and sale agreement dated October 31, 2001 between ConAgra and ERAC. There is also an ENE guaranty dated October 31, 2001 in the amount of $10 million supporting the obligations of ERAC pursuant to the agreement. ConAgra seeks $9.3 million, together with interest from December 1, 2001, attorney's fees and costs of the proceeding. The matter is stayed, and settlement talks have been initiated.

(G) Costilla Energy Inc., by and through its Litigation Trustee, George Hicks v. Enron Corp. et al. (including Enron North America Corp. and JEDI II, L.P., Enron Capital Management L.P., Enron Capital Management II, L.P. and Enron Capital II Corp.) (No. 01-CV-159, U.S. District Court, Southern District of Texas, Laredo Division) (remanded) (No. 5019, 49th Judicial District Court, Zapata County, Texas). Costilla claims ENA promised that it would finance certain property acquisitions and that it did not do so and as a result of the breach Costilla suffered damages between $25 million and $400 million. Costilla initially filed suit against ENA in Harris County, Texas. Two weeks later, Costilla filed suit against various Enron entities in Zapata County, Texas. However, Costilla did not dismiss the case in Harris County. ENA filed a counterclaim in Harris County. ENA also moved to transfer venue and to abate the Zapata County case. The matter is stayed as to ENE and ENA. The federal court case was closed on August 15, 2002 when the case was remanded to the district court in Zapata County. The Harris County suit was dismissed for want of prosecution on February 7, 2003; however a motion to transfer venue from Zapata County to Harris County is pending.

(H) Edison Salvage Associates v. Garden State Paper L.L.C., et al. (No. L-5233-00, Superior Court, Bergen County, New Jersey). This is a suit for breach of a lease agreement by Garden State for a closed recycling center that occurred prior to ENE's acquisition of Garden State and Garden State is being defended and indemnified by Media General, the company from which ENE acquired Garden State.

(I) Enron Equipment Procurement Corp. v. Siemens-Westinghouse Power Corp. (No. 2001-44553, 113th Judicial District Court, Harris County, Texas) (originally assigned to the 269th Judicial District Court, Harris County, Texas). EEPC alleges that Siemens-Westinghouse breached the terms of a purchase agreement entered into by the parties and engaged in fraud with respect to the sale of gas turbine generator equipment damaged during transit. EEPC seeks recovery of the $24 million paid towards the purchase price, liquidated damages and related termination fees, punitive damages, and attorney's fees. Siemens-Westinghouse has filed a $1.8 million counterclaim seeking recovery of the balance due on the purchase price and storage fees. Discovery has begun. In September

2002, the presiding judge recused himself because of a conflict of interest and the case has been reassigned. Trial is set for August 11, 2003.

(J) Glatzer v. Enron Corp., ECT Corp., Frank Weisser and Patricia Jehle (No. 16465/96, Supreme Court, Bronx County, New York) and Glatzer v. Bear Stearns & Co., Inc. (No. 95 CV 1154, U.S. District Court, Southern District of New York). Glatzer alleges that ECT Corp. misappropriated trade secrets regarding monetization of production payments. The alleged trade secret was Glatzer's idea to monetize production payments. Glatzer alleges he gave his idea to Bear Stearns who then allegedly relayed the idea to ECT Corp. Glatzer's damages are unspecified, but he has offered to settle for $1 million. The court granted ECT Corp.'s motion for summary judgment on July 14, 1999. On December 10, 2000, the Court of Appeals affirmed. Glatzer has filed a motion for reconsideration.

(K) In re Natural Gas Royalties Qui Tam Litigation (Grynberg Litigation) (No. 97-1421, U.S. District Court, District of Colorado & No. 97-2087, U.S. District Court, Eastern District of Louisiana, New Orleans Division (MDL—No. 99-MD-1293, U.S. District Court, District of Wyoming, Casper Division) (Debtors Enron Corp. and LRC, ENA, as well as CrossCountry entities, are defendants). Refer to Section IX, "CrossCountry Energy Corp." for further information. This is a qui tam action brought against most of the pipeline companies in America, alleging fraudulent practices in the measurement of gas and Btu content produced on federal lands, which allegedly, has resulted in lower royalties. Damages are unspecified.

(L) Noseff et ux. v. Pinnacle Natural Gas Company, et al., including Northern Natural Gas and Enron Corp. (No. CV-2001-01278, 2nd Judicial District Court, Bernalillo County, New Mexico). Noseff, a current field employee of Transwestern, alleges personal injuries as a result of a gas fire in July 1998 at a pipeline interconnect between Pinnacle and NNG facilities near Hobbs, New Mexico that he was servicing when the incident occurred. Noseff further seeks to circumvent the workers' compensation immunity by suing NNG and ENE alleging that ENE failed to adequately fund the maintenance of the interconnect and was negligent by its failure to supervise the design, manufacture and installation of the interconnect, owned by NNG. Noseff alleges that NNG was negligent by its failure to evaluate and implement changes in the equipment on the interconnect that would have prevented the incident. Noseff seeks to hold ENE and NNG strictly liable for the alleged defective equipment and seeks compensatory and punitive damages. NNG and ENE are insured for first dollar exposure/expense pursuant to an AIG novation agreement and their excess coverage. Discovery continues as to NNG, but the claims against ENE are stayed. No trial date is set, but NNG has requested court-ordered mediation. ENE awaits the order.

(M) Viviendi North American Corporation f/k/a Anjou International Company v. Artemis Associates, L.L.C. (No. 70 M 168 00637 02, American Arbitration Association, Houston, Texas). This is a dispute between Artemis, the Enron entity utilized to purchase Limbach in 1998, and Anjou regarding a Stock Purchase Agreement dated March 3, 1998. Anjou raises issues regarding the final settlement and reimbursement of self-insurance amounts and other bonding and insurance matters. Arbitration was initiated by Anjou in October 2002. In December 2002, Artemis filed for bankruptcy protection. The arbitration is now stayed.

2. Government Investigations

The factual descriptions below address certain governmental investigations surrounding certain Debtors, non-Debtor affiliates, and certain assets/structures held by the Debtors and/or non-Debtor affiliates. The factual descriptions below, which are based on the Debtors' view of the investigations and proceedings and subject to further review, elaboration, or modification, are included for information purposes only, and others familiar with these proceedings, including the governmental agencies involved in the investigations, the ENE Examiner, and other third parties may dispute all or part of these descriptions or assessments. The Enron Companies are cooperating with all governmental investigations.

a. SEC and Department of Justice. The federal government has initiated various investigations into, and judicial proceedings relating to, the affairs of the Enron Companies through, among others, the SEC and the DOJ.

(i) SEC.

(A) Investigation. On October 30, 2001, the SEC issued a formal order of investigation titled *"In the Matter of Enron Corp. (HO-9530)."* The SEC stated that it was investigating *"[w]hether Enron and certain persons and entities associated with Enron, misstated or caused the misstatement of the financial condition and results of operations of Enron and disclosures related thereto, and whether certain persons and entities violated the anti-fraud provisions of the federal securities laws in connection with the purchase and sale of Enron securities."*[21] Since this initial investigation, ENE has subsequently received numerous subpoenas and written and verbal requests from the SEC for information and documents.

(B) Financial Institutions. On March 17, 2003, the SEC filed its complaint and simultaneously announced an $80 million settlement with Merrill Lynch. The complaint alleges that the defendants aided and abetted ENE's alleged manipulation of its 1999 earnings. As part of the settlement, Merrill Lynch neither admitted nor denied guilt. The settlement does not extend to the individual defendants in the complaint, who are former Merrill Lynch executives. The SEC is also investigating Citigroup and JPMCB in connection with, among other things, their prepay transactions with the Enron Companies. No litigation has been commenced against either of these entities.

(C) ©Civil Proceedings Against Kopper. The SEC brought a civil action against Michael Kopper that parallels the criminal proceeding (refer to Section IV.C.2.a(iii), "Criminal Proceedings"). On August 22, 2002, the United States District Court for the Southern District of Texas entered a final judgment against Kopper that incorporated the terms for forfeiture and surrender of $12 million as set forth in the Kopper Agreement with the DOJ (Refer to Section IV.C.2.a(iii)(A), "Michael Kopper Plea" for further information). A number of other civil proceedings have also been commenced against Kopper. On August 26, 2002, the Creditors' Committee commenced an adversary proceeding against Kopper and LJM2 seeking, among other things, turnover of $8 million of the assets and a temporary restraining

[21] Securities and Exchange Commission v. Andrew S. Fastow, Misc. No. 01-MS-00456; United States District Court, District of Columbia.

order to prevent action by Kopper and LJM2 with respect to the assets referenced in the Kopper Agreement. Thereafter, on October 17, 2002, the Bankruptcy Court signed a stipulation and consent order by and among ENE, the Creditors' Committee, the SEC, and Kopper whereby the SEC agreed to seek amendment of the SEC Final Judgment to provide for, among other things, distribution of the $8 million in assets to public investors who are holders of ENE's unsubordinated debt securities issued pursuant to a registration statement on Forms S-1 or S-3.

(D) Civil Proceedings Against Fastow. The SEC brought a civil action against Andrew Fastow that parallels the criminal proceeding filed against him (refer to Section IV.C.2.a(iii), "Criminal Proceedings" for further information). A number of other civil proceedings have also been commenced against Fastow.

(E) Civil Proceedings Against Howard and Krautz. Moreover, on March 12, 2003, the SEC filed a civil action against Kevin A. Howard and Michael W. Krautz in the United States District Court for the Southern District of Texas. The SEC alleges that Howard and Krautz, employees of EBS, engaged in a scheme that allowed ENE to recognize and report $111 million in fraudulent earnings in connection with "Project Braveheart," which involved the monetization of assets resulting in an immediate recognition of earnings from a long-term agreement with Blockbuster to develop and provide video-on-demand services. The SEC seeks injunctive relief and disgorgement of Howard's and Krautz's unlawful gains and civil penalties.

(ii) DOJ Investigations. The DOJ is conducting an investigation of the events and individuals involved in the events leading to the bankruptcy of ENE to determine whether any laws of the United States of America were violated. In addition to the on-going investigation by the DOJ's Enron Task Force, in August 2002 the United States Attorney for the Northern District of California initiated an investigation into alleged price manipulation of the California wholesale energy market by ENE and others. The DOJ's on-going investigation in the Enron Companies' West Coast trading practices has resulted in criminal proceedings against two former employees: Timothy Belden and Jeffrey Richter.

(iii) Criminal Proceedings. Criminal proceedings have been instituted against several former employees of the Debtors.

(A) Michael Kopper Plea. On August 21, 2002, Michael Kopper and the DOJ filed the Kopper Agreement in the United States District Court for the Southern District of Texas on August 21, 2002. The Kopper Agreement provides that Kopper will waive indictment and plead guilty to an information charging him with one count of conspiracy to commit wire fraud and one count of conspiracy to engage in monetary transactions in property derived from specified unlawful activity, charges arising from Kopper's involvement in certain transactions with ENE and related SPEs.

In the Kopper Agreement, Kopper acknowledged that he, ENE's former Chief Financial Officer Andrew Fastow, and others used transactions involving SPEs to enrich themselves at the Debtors' expense, and in violation of their duty to provide ENE and its shareholders with honest services.

Under the Kopper Agreement, Kopper agreed, among other things, (1) not to contest forfeiture of and surrender of all possible claims to $4 million in a Charles Schwab account in the name of LJM2 Capital Management, L.P., and (2) to pay $8 million in a matter directed by the SEC. After Kopper fulfills his obligations under the Kopper Agreement, the DOJ has agreed to recommend leniency in sentencing. The DOJ also agreed not to pursue forfeiture beyond the $4 million in the Charles Schwab account and the $8 million Kopper agreed to pay to the SEC pursuant to the final judgment entered by the United States District Court for the Southern District of Texas.

(B) Timothy Belden Plea. On October 17, 2002, Timothy Belden and the DOJ entered the Belden Agreement in the United States District Court for the Northern District of California. The Belden Agreement provides that Belden will waive indictment and plead guilty to an information charging him with one count of conspiracy to commit wire fraud, which derives from Belden's trading activities as Director of Enron's California energy trading desk and Vice President and Managing Director in charge of Enron's West Power Trading Division in Portland, Oregon.

In the Belden Agreement, Belden acknowledged that he and others, from 1998 through 2001, implemented schemes to fraudulently increase revenue for Enron from California energy market participants by intentionally filing false energy schedules, thereby manipulating market prices.

Under the Belden Agreement, Belden agreed among other things, to waive all rights in $2.1 million he received from Enron and placed in two Charles Schwab accounts, and he agreed not to contest forfeiture of these funds to the United States. If Belden is subject to a monetary judgment from a successful third-party claimant in the ENE bankruptcy proceeding, the DOJ has agreed to dismiss its forfeiture action in the amount of any judgment. Additionally, the $2.1 million will be applied against Belden's obligation to pay restitution. Upon Belden's completion of his obligations under the Belden Agreement, the DOJ has agreed to not oppose a downward adjustment of three levels under the federal sentencing guidelines. The DOJ also agreed not to file or seek additional charges against Belden that could be filed as a result of its current investigation of Belden.

(C) ©Andrew Fastow Indictment. On October 31, 2002, a grand jury convened by the United States District Court for the Southern District of Texas indicted Andrew Fastow, ENE's former CFO, on 78 counts of wire fraud, conspiracy to commit wire fraud, conspiracy to commit wire and securities fraud, obstruction of justice, money laundering, and money laundering conspiracy. The indictment alleges that during his employment at ENE, Fastow and others engineered a series of transactions utilizing SPEs that defrauded ENE, its shareholders, the SEC, and others. Fastow pleaded not guilty to all charges on November 6, 2002, and remains free on a $5 million bond.

On April 29, 2003, the grand jury issued a superseding indictment which included 31 additional counts against Fastow and added Ben F. Glisan, Jr. and Dan Boyle as co-defendants. This superseding indictment charges the defendants with conspiracy to commit wire fraud, conspiracy to falsify books, records and accounts, conspiracy to commit wire and securities fraud, wire fraud, obstruction of justice, conspiracy to launder money, money

laundering, insider trading, and filing false federal income tax returns. The defendants have each pleaded not guilty to the various charges against them and remain free on bond.

(D) Lawrence M. Lawyer Plea. On January 7, 2003, Lawrence M. Lawyer and the DOJ entered the Lawyer Agreement in the United States District Court for the Southern District of Texas. The Lawyer Agreement provides that Lawyer will waive indictment and will plead guilty to filing false tax returns that did not report money he received for his work on the RADR partnership while Lawyer was an employee of Enron Capital Management. The Lawyer Agreement provides that Lawyer will waive indictment and plead guilty to an information charging him with one count of willfully making and subscribing to a false tax return. In the Lawyer Agreement, Lawyer acknowledged that he failed to report as taxable income $79,468.83 he received from an Enron-related SPE, RADR. Refer to Section III.G.3, "RADR" for further information on the RADR SPEs.

The Lawyer Agreement requires Lawyer: (1) to pay taxes owed to the IRS in the amount of $29,274.73; (2) pay restitution in the amount of $79,468.83 to the a relief fund account set up for former Enron employees; and (3) waive all rights under the Bankruptcy Code to obtain discharge or to delay payment of any fine or restitution obligation.

(E) Jeffrey S. Richter Plea. On February 4, 2003, Jeffrey S. Richter and the DOJ, through the United States Attorney's Office for the Northern District of California, and the Enron Task Force, entered the Richter Agreement in the United States District Court for the Northern District of California. The Richter Agreement provides that Richter will waive indictment and plead guilty to one count of conspiracy to commit wire fraud and one count of making a false statement to the FBI, arising from his activities as manager of the Short Term California trading desk at Enron's West Power Trading Division in Portland, Oregon.

In the Richter Agreement, Richter acknowledged that he and others agreed to devise and implement fraudulent schemes through the California energy markets. As part of these schemes, Richter and others intentionally filed false energy schedules and bids in order to manipulate prices in certain markets.

The Richter Agreement requires Richter to pay restitution in an amount to be determined, and to cooperate with the DOJ before and after his sentencing. The DOJ has agreed not to file or seek any additional charges against Richter that could be filed as a result of its current investigation. Additionally, the DOJ has agreed not to oppose a downward adjustment of three levels under the federal sentencing guidelines.

(F) Indictments of Certain Former Officers of Enron Broadband Services. On March 26, 2003, a grand jury convened by the United States District Court for the Southern District of Texas indicted Kevin A. Howard and Michael W. Krautz on several counts of securities fraud, wire fraud, conspiracy, and making false statements to the FBI. On April 2, 2003, Howard and Krautz entered not guilty pleas.

On April 29, 2003, the grand jury issued a 218-count superseding indictment against Howard, Krautz, Kenneth Rice, Joseph Hirko, Kevin Hannon, Scott Yeager, and Rex

Shelby, all former employees of EBS. In addition to the charges contained in the original indictment, the superseding indictment contains charges of misleading the investing public regarding the financial condition of EBS, insider trading, and money laundering, although not every defendant is charged with each count in the indictment. Each defendant has entered a plea of not guilty and remains free on bond.

(G) Lea Fastow Indictment. On April 30, 2003, a federal grand jury convened by the United States District Court for the Southern District of Texas indicted Lea W. Fastow, the wife of Andrew Fastow and a former ENE employee, charging her with one count of conspiracy to commit wire fraud and defraud the United States, one count of conspiracy to launder money, and four counts of filing false federal income tax returns. The indictment alleges, among other things, that Lea Fastow, in part during her employment at ENE, and others devised a series of transactions involving SPEs to obtain money through materially false pretenses, defrauding ENE, its shareholders, the United States, and others. Lea Fastow entered a plea of not guilty and is currently free on $500,000 bond.

(H) John Forney Indictment. On June 5, 2003, a federal grand jury convened by the United States District Court for the Northern District of California indicted John Forney, a former Enron employee, on a single count of conspiracy to commit wire fraud for acts allegedly committed while Forney was head of Enron's western real-time power trading operations in Portland, Oregon. Forney was arrested in Columbus, Ohio on June 3 for wire fraud and conspiracy charges filed against him in a criminal complaint unsealed that day in the Southern District of Ohio. Forney pleaded not guilty to all charges on June 3, 2003, and remains free on a $40,000 bond.

b. FERC Investigations. FERC has instituted several investigations, as described more fully below. FERC has also instituted several lawsuits. Refer to Section IV.C.1.e(i), "FERC Litigation" for further information.

(i) FERC Fact-Finding Investigation of Potential Manipulation of Electric and Natural Gas Prices, Docket No. PA-02-2-000. On February 13, 2002, FERC began a fact-finding investigation into whether any entity, including any of the Enron Companies, manipulated short-term prices in electric or natural gas markets in the western United States. FERC's fact-finding investigation began in the wake of the Debtors' December 2001 bankruptcy filings and is based on allegations that ENE, through its affiliates, used its market position to distort electric and gas markets in California and the western United States.

Six months into their investigation, on August 13, 2002, FERC staff issued an initial report to the U.S. Congress summarizing its findings and recommendations, including noting that there exists sufficient evidence to warrant formal investigations of possible violations of the FPA by PGE, EPMI, ECTRIC, and three companies unrelated to the Enron Companies.

On March 26, 2003, FERC issued its Final Report on Price Manipulation in Western Markets and, concurrently with that report, an order was issued directing EPMI and EESI to show cause to FERC in a paper hearing why their authority to sell power at market-based rates should not be revoked citing an apparent violation of section 205(a) of the FPA's requirement that rates be just and reasonable. This order also directs ENA Upstream, EESI,

ENA, and certain non-Debtor entities to show cause to FERC why their blanket marketing certificates under section 284.402 of FERC's regulations to make sales for resale at negotiated rates in interstate commerce of categories of natural gas subject to FERC's Natural Gas Act jurisdiction should not be revoked. Several persons sought rehearing of that Order, asking FERC revoke the perspective authority retroactively to earlier points in time. The Enron entities responded to the show cause order, as well as to the various pleadings styled as requests for rehearing. This matter is docketed as *Enron Power Marketing, Inc.* Docket Nos. EL03-77-000 et al.

On June 25, 2003, FERC issued an order finding that EPMI and EESI engaged in gaming in the form of inappropriate trading strategies and that they failed to inform FERC of changes in market share resulting from gaining influence/control over others facilities. The order finds that these behaviors constitute market manipulation and result in unjust and unreasonable rates. In the June 25 order, FERC also finds that ENA Upstream, EESI, ENA, and certain non-Debtor affiliates manipulated the natural gas sales market, which it finds justifies the revocation of their authority to make jurisdictional sales for resale of natural gas.

FERC ordered the following actions: (a) revocation of EPMI's and EESI's market-based rate authority and immediate termination of their electric market-based rate tariffs; (b) termination of EESI's authorization to make sales of natural gas under 18 C.F.R. § 284.402 and issuance of a limited authorization for the sole purpose of liquidating EESI's existing assets, with the requirement that EESI report to FERC every 30 days regarding progress in liquidating assets; (c) termination of ENA's authorization to make sales of natural gas under 18 C.F.R. § 284.402 and issuance of a limited authorization for the sole purpose of dissolution of its gas trading book, liquidation of certain positions, and fulfillment of obligations under two ongoing contracts, with the requirement that ENA report to FERC every 30 days regarding progress in terminating these activities; (d) termination of ENA Upstream's authorization to make sales of natural gas liquidating existing assets, with a self-effectuating termination date of December 31, 2003; and (e) termination of the authorizations of certain non-Debtor affiliates' (none of which are included in the Operating Entities) authorizations to make sales of natural gas under 18 C.F.R. § 284.402, in one case with limited authorization to continue certain sales. The Debtors are evaluating whether to file a motion for rehearing and subsequent appeal. Moreover, because certain former counterparties filed motions for rehearing of the March 26 show cause orders asking FERC to make any revocations retroactive, rather than prospective, the Debtors anticipate that these counterparties may file motions for rehearing of the final order seeking the same relief.

(ii) Qualifying Facility Investigations. In two separate proceedings, *Southern California Edison Co.*, Docket Nos. EL03-19-000 et al. and EL03-17-000 et al., and *Investigation of Certain Enron-Affiliated QFs*, Docket No. EL03-47-000, FERC is investigating certain qualifying facilities that ENE has had an indirect ownership interest in since it acquired PGE. The allegation in each of the two proceedings is that ENE's ownership interest in and/or agreements with these qualifying facilities caused electric utility ownership in these projects to increase above the amount permitted to maintain qualified facility status.

In the first proceeding, which involves six qualifying facilities, the named Enron Companies have entered into two settlements, one with FERC Trial Staff and a second with the utility purchaser. A June 10, 2003 Administrative Law Judge order recommends to FERC that it

accept the agreement with the utility purchaser but not the agreement with FERC Trial Staff. FERC is expected to rule on whether to accept the settlement in whole or in part sometime during the next two months.

In the other proceeding, FERC has initiated an investigation of five qualifying facilities in which ENE has or has had an indirect ownership interest. In addition, on July 8, 2003, FERC Trial Staff filed a motion to investigate 17 additional qualifying facilities, consisting of 14 additional qualifying facilities in which ENE has or has had an indirect ownership interest, and 3 qualifying facilities with which ENE affiliates have had certain contractual relationships. The Administrative Law Judge is expected to issue an order in the next month formally including these 17 qualifying facilities as part of this proceeding.

(iii) FERC Bidding Investigation. Also, on June 25, 2003, FERC issued an order initiating an investigation into anomalous bidding in the California markets. Specifically, the investigation will inquire as to whether during certain specified periods any bid over $250/MWh may have been unlawful. The ISO will inform all bidders of their bids over $250. Bidders will then have 30 days to respond and justify bid. Although EPMI and EES have not been named in this proceeding, it is likely that they will both receive notice from the ISO about bids over $250, as will other active market participants. The proceeding is captioned, Investigation of Anomalous Bidding Behavior and Practices in the Western Markets, Docket No. IN03-10-000.

c. Other Federal Investigations. Other federal agencies are also conducting investigations regarding the Enron Companies:

(i) The Commodity Futures Trading Commission is conducting an investigation of various activities undertaken by ENE to determine whether such activities were in violation of the Commodity Exchange Act, as amended by the Commodity Futures Modernization Act of 2002. On March 12, 2003, CFTC filed a complaint against ENE and Hunter Shively. Refer to Section IV.C.1.e(iii)(A), "United States Commodity Futures Trading Commission v. Enron Corp. and Hunter Shivley (No. 03--909, U.S. District Court, Southern District of Texas, Houston Division)" for further information.

(ii) The United States Department of Labor is conducting an investigation of the Enron Corporation Savings Plan, ESOP, Cash Balance Plan, and Welfare Benefit Plans to determine whether there is a violation of any provision of ERISA or any regulation or order thereunder. On June 26, 2003, the Department of Labor announced the filing of a lawsuit against ENE, the Enron Corporation Savings Plan, the ESOP, and certain members of the 2001 Board and members of the administrative committee of the Enron Corporation Savings Plan. On July 2, 2003, this lawsuit was consolidated into the *Tittle* Action.

(iii) The Pension Benefit Guaranty Corporation is conducting an investigation of the status of pension plans sponsored by any of the Enron Companies. Refer to Section IV.A.8, "Employee Matters" for further information.

(iv) The Department of the Treasury, Internal Revenue Service has conducted its ordinary course examination of various of the Enron Companies, which began before the Initial Petition Date. The matter is now pending with the IRS appeals office.

(v) The Federal Trade Commission is conducting an investigation of the acquisition of assets of Pitt-Des Moines, Inc, by Chicago Bridge and Iron Company, N.V.

(vi) NASD Regulation is conducting an investigation of transactions generating revenue for ECT Securities, Inc. for the period from January 1, 1998 through January 28, 2002.

(vii) The Federal Election Commission investigated a complaint by Judicial Watch alleging violations of the Federal Election Campaign Act in connection with ENE's hiring of GOP consultant Ralph Reed. The Commission dismissed the charges in the case on February 11, 2003.

(viii) The General Accounting Office conducted a study on the relationship of investment banks and analysts with ENE and Global Crossing. The GAO issued a report in March 2003, entitled *"Investment Banks, The Role of Firms and Their Analysts with Enron and Global Crossing."*

(ix) The General Services Administration, in March 2002, suspended ENE and related entities from obtaining further government contracts. No further action has been taken.

(x) The U.S. Attorney for the District of Connecticut conducted an investigation into various issues including (1) a three-party transaction between ENE, CRRA, and Northeast Utilities, (2) the negotiation and awarding of a contract between Garden State and CRRA, and (3) political contributions made to Connecticut government officials. ENE has responded to a subpoena for documents issued on May 17, 2002.

d. Congressional Investigations.

(i) United States Senate. The United States Senate has conducted four investigations relating to the Enron Companies.

(A) The Senate Committee on Governmental Affairs and The Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs conducted a multi-faceted investigation into the role of internal and external actors (both public and private sector) in the events leading to the Enron Companies' current situation. The investigation resulted in the release of four reports:

(1) Board of Directors. On July 8, 2002, the Permanent Subcommittee on Investigations released its report, entitled *"The Role of The Board of Directors in Enron's Collapse."* The report focuses on actions or omissions of the Board in allowing ENE to engage in certain practices and transactions.

(2) Financial Oversight. On October 8, 2002, the Staff to the Senate Committee on Governmental Affairs released its report entitled *"Financial Oversight of Enron: The SEC and Private-Sector Watchdogs."* The report documents the results of the Committee's review of the financial oversight of the Enron Companies and focuses on the role of the SEC as well as the role of credit rating agencies and Wall Street securities analysts.

(3) FERC. On November 12, 2002, the Staff to the Senate Committee on Governmental Affairs released a report entitled *"Committee Staff Investigation of FERC's Oversight of Enron Corp."* This focus of this report is similar to the October 8, 2002 report in that it examines FERC's performance as a public-sector watchdog. On the same day, the Committee's Minority Staff released its report on *"FERC and Its Oversight of Enron Corp.,"* which takes a position contrary to that contained in the Committee Staff report.

(4) Pulp and Paper. On January 2, 2003, the Permanent Subcommittee on Investigations released its *"Report on Fishtail, Bacchus, Sundance and Slapshot: Four Transactions Funded and Facilitated by U.S. Financial Institutions."* This report examined four related transactions involving the Enron Companies' pulp and paper business assets.

(B) The Senate Committee on Commerce, Science and Transportation is conducting an investigation to determine whether the Enron Companies' business activities had any impact upon the commerce, science or transportation within the United States. This committee held a number of hearings between December 2001 and July 2002 concerning, among other things, the Enron Companies' involvement in potential manipulation of the western U.S. energy market and the consumer impact of the effect of the bankruptcy on state pension funds. No report has been issued and no further hearings are scheduled at this time.

(C) ©The Senate Committee on Finance and The Congressional Joint Committee on Taxation are conducting an investigation into certain matters relating to (1) the Enron Companies' use of tax shelters, off-shore entities and SPEs and (2) the Enron Companies' pension and executive compensation and benefit arrangements for their employees. In February 2002, the Senate Committee on Finance requested that the Congressional Joint Committee on Taxation undertake an investigation into these issues. In February 2003, the Joint Committee on Taxation released a staff report that sets forth the results of the investigation, including, among other things, a review of the Enron Companies' tax-motivated transactions and their financial accounting and reporting and tax impact, and a review of the Enron Companies' qualified retirement plans and executive compensation system, including prepetition and postpetition payments and bonuses.

The Senate Committee on Finance subsequently held two hearings concerning the Joint Committee on Taxation's staff report and investigation. The first hearing, held on February 13, 2003, primarily related to the tax aspects of the report, while the second hearing, held on April 8, 2003, primarily related to executive compensation issues.

(D) The Senate Committee on Banking, Housing and Urban Affairs conducted an investigation relating to accounting and investor protection issues arising

from the Enron Companies and other public companies. The committee hearings examined issues including (1) accounting and auditing standards and oversight, and conflicts of interest; (2) the completeness of disclosure in SEC filings and shareholder communications; (3) underwriter and securities analyst conflicts of interest; (4) insider abuses; (5) corporate responsibility; and (6) the adequacy of SEC resources to meet its responsibilities.

(E) The Senate Office of the Clerk investigated a complaint filed by the Center for Responsive Politics which alleged that ENE had filed incorrect lobby reports. ENE has since filed corrected lobby reports and the Office indicated that there will be no further action taken.

(ii) United States House of Representatives. The U.S. House of Representatives is conducting three separate investigations:

(A) The House Energy & Commerce Committee is conducting an investigation of matters relating to the financial downfall of ENE. No hearings relating to the investigation have been held since March 2002, nor has any report been issued.

(B) The House Education and Workforce Committee is conducting an investigation of matters arising from the bankruptcy of ENE and the resulting effect on related pension plans. No hearings relating to this investigation have been held since February 2002, and no report was issued.

(C) ©The House Financial Services Committee conducted hearings relating to the Enron Companies and the effect of their bankruptcy on investors and markets. No hearings relating to this investigation have been held since February 2002, and no report was ever issued.

(D) The House Committee on Government Reform The House Committee on Government Reform's ranking minority member, Rep. Waxman, conducted an investigation into various issues including Enron's contacts with government officials, and actions of former Enron officials currently serving in the executive branch. The Company has responded to several requests for documents and other information

e. State Investigations. In addition, authorities in various states are conducting their own investigations into various aspects of the Enron Companies:

(i) The State of Florida Office of the Attorney General conducted an investigation of certain of the Enron Companies relative to related party transactions and SPEs pursuant to enforcement of RICO. The Florida Attorney General has closed its investigation and has indicated that it anticipates taking no further action.

(ii) The State of Oregon Department of Justice Financial Fraud Section is conducting an investigation of ENE relative to the Oregon Racketeer Influenced and Corrupt Organizations Act.

(iii) The California State Senate and Attorney General are conducting an investigation of price manipulation allegations by ENE, certain Wholesale Services entities, and EPMI.

(iv) The Connecticut State's Attorney, who exercises criminal jurisdiction in Connecticut, indicated in the summer of 2002 that it might begin an investigation of ENE. Prior to the commencement of any formal investigation, ENE voluntarily contacted the State's Attorney's office and agreed to provide documents previously produced to the Connecticut Attorney General and the U.S. Attorney for the District of Connecticut. ENE has not received a formal subpoena from this office.

(v) The Public Utility Commission of Texas conducted an investigation of EPMI in regard to alleged over-scheduling in ERCOT during August 2001. The parties agreed to a settlement, which was approved by the Bankruptcy Court on April 10, 2003. The Order made provision for an allowance of the claim totalling $9.4 million but did not authorize payment. The Debtors anticipate confirmation of the settlement agreement by the Texas PUC.

(vi) New York District Attorney's Office is investigating certain prepay transactions between the Debtors and certain financial institutions.

(vii) The Attorney General of the State of New Jersey was conducting an investigation into whether $108,000 of prepetition contributions made by ENE to the campaigns of certain New Jersey state legislative candidates violated a New Jersey statute governing such contributions. Violation of the statute could subject ENE to criminal liability in the amount of up to $990,000. On May 28, 2003, ENE filed with the Bankruptcy Court a motion to approve a compromise and settlement with the State of New Jersey. Under the terms of the proposed settlement, (i) ENE will pay the State of New Jersey $109,000, (ii) ENE agrees to certain restrictions on its future campaign contributions to candidates for office in the State of New Jersey, and (iii) the State of New Jersey shall release and discharge ENE from any and all claims, demands and causes of actions arising from the contributions in question.

(viii) The Harris County, Texas District Attorney conducted an investigation into EBS's delinquent personal property taxes. The matter was settled on December 17, 2002 with a payment of back taxes in the amount of $1 million, and an agreement to a fine of $4,000. The Bankruptcy Court approved the settlement on December 5, 2002.

(ix) The New Jersey Attorney General investigated allegations that ENE had made illegal campaign contributions under New Jersey state election laws. The matter was settled and the settlement was approved by the Bankruptcy Court on June 10, 2003.

f. Informal Inquiries.

(i) House Armed Services Committee. The United States House of Representatives Armed Services Committee made an informal inquiry, but no subpoena was ever issued, and no investigation or action was ever initiated against the Enron Companies.

(ii) Senate Committee of Health, Education, Labor and Pensions. Shortly after the Initial Petition Date, this committee held a hearing seeking information regarding the Enron Companies' pension program, but no investigation was ever launched. No activity has taken place in over 18 months.

(iii) Senate Judiciary Committee. The United States Senate Judiciary Committee made an informal inquiry, but no subpoena was ever issued, and no investigation or action was ever initiated against the Enron Companies.

(iv) Senate Committee on Energy and Natural Resources. The United States Senate Committee on Energy and Natural Resources made an informal inquiry, but no subpoena was ever issued, and no investigation or action was ever initiated against the Enron Companies.

D. Committees

1. Creditors' Committee

a. Appointment. On December 12, 2001, the U.S. Trustee appointed the Creditors' Committee pursuant to section 1102 of the Bankruptcy Code.

b. Original Composition. The original Creditors' Committee was composed of 15 of the largest unsecured creditors holding a variety of claims against the Debtors, including, but not limited to, bank debt, trade debt, and employment-related claims. Initially, the Creditors' Committee included: JP Morgan Chase & Co.; Citigroup/Citibank; ABN AMRO Bank; Credit Lyonnais; CSFB; National City Bank, as Indenture Trustee; Silvercreek Management, Inc.; Oaktree Capital Management, LLC; Wells Fargo, as Indenture Trustee; The Bank of New York, as Indenture Trustee; St. Paul Fire and Marine Insurance Company; National Energy Group, Inc.; Duke Energy Trading and Marketing, LLC; Mr. Michael P. Moran, individually and as representative; and The Williams Companies. At the organizational meeting on December 12, 2002, the Creditors' Committee appointed Wells Fargo and The Williams Companies as co-chairs.

c. Reconstitution. On December 24, 2001, the U.S. Trustee amended the appointment of the Creditors' Committee, effective as of December 10, 2001, by removing CSFB and adding West LB. On September 9, 2002, the appointment of the Creditors' Committee was again amended, effective as of September 10, 2002. This second amendment reflected (i) the removal of Mr. Michael P. Moran[22], (ii) the resignation of Citigroup/Citibank, and The Williams Companies and (iii) the addition of Reliant Energy. The current co-chairs of the Creditors' Committee are Wells Fargo and Credit Lyonnais. In February 2003, Duke Energy Trading and Marketing, LLC and National City Bank, as Indenture Trustee, resigned from the Creditors' Committee.

d. Requests for Additional Committees. In February 2002, after requests made to the U.S. Trustee were denied, certain creditors of ENA and its subsidiaries engaged in

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[22] Mr. Moran was appointed to the Employee Committee, effective March 27, 2002.

the wholesale energy trading business filed motions and related pleadings before the Bankruptcy Court seeking the appointment of one or more separate creditors' committees. These creditors asserted that separate creditors' committees were warranted on the basis that, among other things, the Creditors' Committee did not adequately represent their interests. The Debtors, the U.S. Trustee, and the Creditors' Committee unanimously opposed these motions. The Bankruptcy Court indicated that it would not rule on such motions until after the ENA Examiner filed the ENA Examiner Interim Report addressing various inter-Debtor issues and potential for conflict from the vantage point of the ENA estate. By order dated June 21, 2002, the Bankruptcy Court denied all motions for separate creditors' committees. In denying these requests, the Bankruptcy Court noted: *"[A]dding additional committees would likely intensify conflict and lead to further complication. This Court is disinclined to add committees to satisfy one group of creditors, a group that already has representation on the Creditors' Committee, only to create further discord, litigation and delay."* The Bankruptcy Court's order was appealed by one creditor and has been fully argued to the U.S. District Court. No decision has been rendered on this appeal as of the date hereof.

e. Retention of Professionals. As of the date hereof, the Creditors' Committee has retained Milbank, Tweed, Hadley & McCloy LLP as legal counsel and Squire, Sanders & Dempsey L.L.P. as additional special conflicts counsel. The Creditors' Committee has also retained several other professionals including Houlihan Lokey Howard & Zukin Financial Advisors, Inc., as investment bankers; Ernst & Young LLP, as accountants; Ernst & Young Corporate Finance LLC, as restructuring advisors; McKool Smith, P.C. as special Texas litigation counsel; and InteCap, Inc., as damages consultant.

2. Employee Committee

a. Appointment and Scope. On March 27, 2002, the U.S. Trustee appointed the Employee Committee pursuant to sections 1102(a) and 1102(b) of the Bankruptcy Code for the limited purpose of investigating issues relating to (a) continuation of health or other benefits for former employees of the Debtors, (b) the investigation of claims uniquely held by employees, as such, against the Debtors, (c) the treatment of employees' claims under any plan(s) of reorganization or liquidation, (d) possible WARN Act violations by the Debtors in discharging employees, (e) possible violation by the Debtors of state labor laws and certain provisions of ERISA, and (f) dissemination of non-confidential information relating to items (a) through (e) to employees, former employees, or groups thereof.

b. Original Composition. The original Employee Committee was composed of 5 members and included: Michael P. Moran, Esq.; Richard D. Rathvon; Diana S. Peters; Christie Patrick, Esq.; and State Street, in its capacity as special fiduciary for certain Enron plans.

c. Reconstitution. On March 29, 2002, the U.S. Trustee amended the appointment of the Employee Committee, effective as of March 29, 2002, by removing Christie Patrick, Esq. and adding Jess Hyatt.

d. Retention of Professionals. The Employee Committee has retained Kronish Lieb Weiner & Hellman LLP as counsel and McClain, Leppert & Maney, P.C. as

special litigation counsel. The Employee Committee has also retained Crossroads, LLC as financial advisors; and Triad Communication, Inc. as communication specialists and consultants.

e. Severance Settlement Fund Litigation. Certain claims and causes of action arising from and relating to the payment of stay bonuses to certain of the Debtors' current and former employees were assigned to the Employee Committee and are the subject of litigation styled: (a) *Theresa A. Allen, et al. v. Official Employment-Related Issues Committee, Enron Corp., ENA, and Enron Net Works, L.L.C.*, Adv. No. 03-02084-AJG, currently pending in the Bankruptcy Court; (b) *Official Employment-Related Issues Committee of Enron Corp., et al. v. John D. Arnold, et al.*, Adv. No. 03-3522, currently pending in the United States Bankruptcy Court for the Southern District of Texas; (c) *Official Employment-Related Issues Committee of Enron Corp., et al. v. James B. Fallon, et al.*, Adv. No. 03-3496, currently pending in the United States Bankruptcy Court for the Southern District of Texas; (d) *Official Employment-Related Issues Committee of Enron Corp., et al. v. Jeffrey McMahon*, Adv. No. 03-3598, currently pending in the United States Bankruptcy Court for the Southern District of Texas; and (e) *Official Employment-Related Issues Committee of Enron Corp., et al. v. John J. Lavorato, et al.*, Adversary No. 03-3721, currently pending in the United States Bankruptcy Court for the Southern District of Texas.

3. Fee Committee

a. Appointment and Scope. By Order dated January 17, 2002, the Bankruptcy Court established procedures for the payment of interim compensation and the reimbursement of expenses of Chapter 11 Professionals. Subsequently, on April 26, 2002, the Bankruptcy Court entered an order establishing the Fee Committee.

The Fee Committee is authorized to (a) review and analyze interim and final fee applications filed by Chapter 11 Professionals in accordance with orders of the Bankruptcy Court; (b) monitor whether each Chapter 11 Professional develops agreed budgets with its client; (c) implement reasonable procedures for sufficiently reporting and applying for fees; and (d) file advisory reports with the Bankruptcy Court.

b. Composition. The Bankruptcy Court's April 26, 2002 order established the Fee Committee to be comprised of a Chairperson, appointed by the Bankruptcy Court and representatives appointed by each of the Debtors, the Creditors' Committee, the Employee Committee and the U.S. Trustee. At any time and from time to time, with or without notice, the Bankruptcy Court may alter the membership of the Fee Committee. Effective April 3, 2002, the Bankruptcy Court appointed Joseph Patchan to serve as Chairperson of the Fee Committee.

c. Retention of Professionals. The Fee Committee was authorized to employ professionals to assist the Fee Committee in the review and analysis of the fee applications and the budgets and to provide such other services as the Fee Committee, in its sole and absolute discretion, deems appropriate. The Fee Committee has employed one computer anlayst firm and five individuals to assist the Fee Committee.

d. Fee Applications. The Fee Committee has established procedures for the submission and review of fee applications and the preparation of budgets by the Chapter 11

Professionals. Professional services are to be allocated among the respective Debtors and detailed by task codes established by the Debtors subject to the Fee Committee's concurrence. As a result of the Fee Committee's efforts, each fee application filed by a Chapter 11 Professional utilizes the same categorization and task codes.

The Fee Committee analyzes each fee application, emphasizing the reasonableness of fees in light of the tasks performed and the Chapter 11 Professional's and its client's duties and responsibilities. Following a dialogue between the Fee Committee and the Chapter 11 Professional, the Fee Committee prepares an advisory report for the Bankruptcy Court setting forth its issues and recommendations with regard to the fees and expenses set forth in the Chapter 11 Professional's application. The advisory report is not binding upon the Bankruptcy Court or any Chapter 11 Professional. Each Chapter 11 Professional may file with the Bankruptcy Court and submit to the Fee Committee a brief statement of the reason why it believes the Bankruptcy Court should or should not follow the advisory report's recommendation.

As of April 27, 2003, Chapter 11 Professionals have filed three interim fee applications. The Bankruptcy Court has approved an aggregate of approximately $210 million in fees for Chapter 11 Professionals for the first two interim fee applications. The Fee Committee has not yet completed its advisory reports for all the Chapter 11 professionals for the second interim fee application nor has it filed its advisory reports with respect to the Chapter 11 Professionals' third interim fee applications (covering the period from September 1, 2002 through December 31, 2002).

E. Avoidance Actions

Pursuant to the Bankruptcy Code, a debtor may seek to recover, through adversary proceedings in the Bankruptcy Court, certain transfers of the debtor's property, including payments of cash, made while the debtor was insolvent during the 90 days immediately prior to the commencement of the bankruptcy case (or, in the case of a transfer to or on behalf of an "insider," one year prior to the commencement of the bankruptcy case) in respect of antecedent debts to the extent the transferee received more than it would have received on account of such pre-existing debt had the debtor been liquidated under chapter 7 of the Bankruptcy Code. Such transfers include cash payments, pledges of security interests or other transfers of an interest in property. In order to be preferential, such payments must have been made while the debtor was insolvent; debtors are rebuttably presumed to have been insolvent during the 90-day preference period. The Bankruptcy Code's preference statute can be very broad in its application because it allows the debtor to recover payments regardless of whether there was any impropriety in such payments. A debtor must commence avoidance actions within two years of the date it files its bankruptcy petition.

There are, however, certain defenses to such claims. For example, transfers made in the ordinary course of the debtor's and the transferee's business according to ordinary business terms may not be recoverable. Furthermore, if the transferee extended credit contemporaneously with or subsequent to the transfer, and prior to the commencement of the bankruptcy case, for which the transferee was not repaid, such extension may constitute an offset

against an otherwise recoverable transfer of property. If a transfer is recovered by a debtor, the transferee has a general unsecured claim against the debtor to the extent of the recovery.

Under the Bankruptcy Code and under various state laws, a debtor may also recover or set aside certain transfers of property (fraudulent transfers), including the grant of a security interest in property, made while the debtor was insolvent or which rendered the debtor insolvent or undercapitalized to the extent that the debtor received less than reasonably equivalent value for such transfer.

The Plan provides for all potential preference and fraudulent conveyance actions to be investigated and, to the extent determined to be actionable and material, to be pursued. In that regard, the Debtors have already undertaken a comprehensive and coordinated effort to identify, develop and pursue (if appropriate) avoidance actions in respect of payments, distributions and other transfers made by, or on behalf of, the Debtors up to one year prior to the Petition Date. With the active assistance and participation of bankruptcy counsel and certain of their other restructuring professionals, the Debtors have devoted (and will continue to devote) considerable time and resources to this effort.

As part of the investigatory process, factual data and information concerning a vast array of transactions, payments and other transfers made, or engaged in, by the Debtors has been collected from a multitude of disparate sources, ranging from bank statements and computer-generated accounts payable detail to loan documentation, employment agreements and third-party invoices. All such data and information is being organized and subsequently analyzed for potential avoidance actions. Payments and other transfers made by the Debtors within 90 days of the Petition Date, for example, have been reviewed and reconciled against bank statements, invoices and other pertinent documentation to determine the existence of potentially preferential transfers under section 548 of the Bankruptcy Code.

In addition, in connection with the analysis of the Safe-Harbor Agreements, the Debtors conduct an avoidance review of each such agreement. This review is intended to identify potential preferences, fraudulent transfers, or other avoidable transactions related to the agreement. As a general proposition, section 546 of the Bankruptcy Code immunizes from avoidance many transfers related to Safe-Harbor Agreements. However, to the extent avoidable transactions not protected by section 546 are discovered, they are taken into account in reaching a settlement with the counterparty. Refer to Section IV.B.1, "Resolution of the Wholesale Trading Book" for further information.

In the event the Debtors were to prevail on a significant portion of the potential avoidance actions, substantial funds would be recovered by the Debtors' estates. However, the Debtors' cannot predict the outcome of these avoidance actions, nor the amounts that may be realized therefrom either from recoveries on judgments or settlements.

Refer to Section IV.C.1.b, "Pending Preference and Avoidance Actions" for information regarding pending avoidance actions.

F. Related U.S. Bankruptcy Proceedings

1. New Power Company

a. New Power Company. On or about March 28, 2002, the Bankruptcy Court entered an order authorizing and approving the settlement of all amounts owed by New Power Holdings, Inc. and NPW to ENE, EESI, ENA, and EPMI pursuant to certain commodities contracts between the parties. The settlement provided that: (a) the Enron parties would retain the $70 million of the NPW parties' security deposits in their possession; and (b) the NPW parties would issue a $28 million promissory note, payable to the Enron parties for the balance. The NPW parties filed for chapter 11 protection on June 11, 2002, in the Georgia Bankruptcy Court, triggering payment of the promissory note.

The amounts due and payable pursuant to the promissory note were subject to a cash collateral order dated July 11, 2002, issued by the Georgia Bankruptcy Court. Pursuant to the terms of that cash collateral order, on or about November 4, 2002, the NPW parties paid the Enron parties $28,485,958.30, representing the outstanding principal and interest then due pursuant to the promissory note. On or about January 15, 2003, the NPW parties paid the Enron parties $137,000, representing the expenses payable in connection with the promissory note.

On or about January 13, 2003, the Georgia Bankruptcy Court appointed the NPW Examiner in the purchasers' bankruptcy cases, and authorized him to investigate, file and take appropriate action with respect to certain issues, including whether the claim of the Enron parties in connection with the settlement should be recharacterized as equity. A recharacterization of the sellers' claim by the NPW Examiner could significantly reduce the amount of such claim. As of the date hereof, the NPW Examiner's review is continuing.

2. EOTT

On October 8, 2002, EOTT Energy Finance Corp., EOTT Energy General Partner, LLC, EOTT Energy Operating Limited Partnership, EOTT Energy Canada Limited Partnership, EOTT Energy Pipeline Limited Partnership, EOTT Energy Liquids, L.P. each filed a chapter 11 bankruptcy petition in the Corpus Christi Bankruptcy Court. On October 21, 2002, EOTT Energy Corp. filed its chapter 11 petition in the Corpus Christi Bankruptcy Court. On February 18, 2003, the Corpus Christi Bankruptcy Court confirmed the EOTT Debtors' plan of reorganization, which became effective on March 1, 2003.

On October 8, 2002, the Debtors entered into a comprehensive settlement agreement effectively divorcing EOTT Energy Corp. and affiliated entities from ENE, ENA, EESI, EGLI, and certain non-Debtors. Bankruptcy Court approval of this settlement was obtained on December 5, 2002 over opposition by certain claimants in the EOTT Debtors' chapter 11 cases. An order approving the settlement agreement had previously been entered by the Corpus Christi Bankruptcy Court on November 22, 2002. Besides saving the Debtors' estates the future costs of claims litigation, the approved settlement agreement included a comprehensive release of current and future claims, indemnification for potential claims related to formerly cooperative pipeline operations, and consideration paid to the Debtors in the form of $1.25 million dollars in cash, the delivery of a $6.2 million dollar promissory note, and cash settlement of certain invoices. Execution of the settlement agreement itself also involved the execution of several related agreements concerning the consensual transition of employees between the parties, the termination of certain operating agreements between the parties, the

execution of the promissory note, the delivery of letters of credit and the releases of liens. The closing of the settlement agreement occurred on December 31, 2002.

3. LJM2

On September 25, 2002, LJM2 filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the LJM2 Bankruptcy Court, thereby commencing case number 02-38335-SAF. On or about December 2, 2002, ENE filed a proof of claim in the LJM2 bankruptcy proceedings, in which ENE asserted, on behalf of itself and ENA, Porcupine I LLC, Fishtail LLC, and Annapurna LLC, a contingent, unliquidated claim against LJM2. The allegations regarding ENE's transactions with LJM2 set forth in the Second ENE Examiner's Report serve as the basis for ENE's claim against LJM2. LJM2 has filed an objection to ENE's proof of claim and discovery is ongoing. The LJM2 Bankruptcy Court has converted the objection to ENE's claim to an adversary proceeding, and ENE must file an amended claim pleadings its asserted damages with particularity by October 17, 2003.

On or about April 18, 2003, LJM2 filed its Disclosure Statement to Accompany First Amended Liquidating Plan of Reorganization Filed by LJM2 Co-Investment, L.P. On May 15, 2003, the LJM2 Bankruptcy Court approved LJM2's disclosure statement. A hearing on confirmation of LJM2's proposed liquidating plan of reorganization has been scheduled for August 18, 2003. Pursuant to the proposed plan, LJM2 seeks to transfer substantially all of its assets into two trusts, Trust A and Trust B, for the benefit of its creditors. Trust A will consist of most of LJM2's assets, including cash and cash equivalents, investments, insurance policies, insurance claims, avoidance actions (other than those against LJM2's limited partners and special limited partner), and certain rights of action. Trust B will consist of LJM2's rights under its partnership agreement, including the right to seek capital contributions from its limited partners and to bring certain avoidance actions against the limited partners and its special limited partner. If the LJM2 plan is confirmed as currently drafted, ENE would receive a beneficial interest in Trust A to the extent and in the amount of its allowed claim and would be entitled to receive its pro rata share of distributions from Trust A. ENE would not receive any distributions from Trust B.

Because of the ongoing dispute with respect to ENE's proof of claim in the LJM2 bankruptcy, the uncertainty with respect to the value of the assets to be transferred to Trust A, and the amount of other claims to be satisfied by distributions from Trust A, ENE cannot predict what, if anything, it will receive on account of its claims against LJM2.

V. Certain International Subsidiaries and Related International Proceedings

Capitalized terms used throughout this Disclosure Statement are defined in Appendix A: "Material Defined Terms for Enron Disclosure Statement" attached hereto.

A. General Overview

Prior to the Initial Petition Date, the Enron Companies' presence outside of the United States was widespread. ENE, through its various subsidiaries, operated in approximately 70 countries outside of the United States and in many cases incorporated or otherwise formed

entities domiciled in these jurisdictions. As of the Initial Petition Date, approximately 45% of ENE's 2,400 direct and indirect subsidiaries were Foreign Affiliates. A significant portion of these approximately 1,100 Foreign Affiliates were incorporated in the United Kingdom, the Cayman Islands, and the Netherlands.

Since the Initial Petition Date, the Enron Companies have engaged in a systematic analysis of these Foreign Affiliates that has resulted in many of them having been dissolved, identified for dissolution, or sold. In addition, on November 29, 2001, and on various dates thereafter, certain Foreign Affiliates in England went into administration. Within a short period following the Initial Petition Date, various other Foreign Affiliates had also commenced (either voluntarily or involuntarily) insolvency proceedings in Australia, Singapore, and Japan. Additional filings have continued world-wide and insolvency proceedings for Foreign Affiliates are continuing for various companies registered in Argentina, Belgium, Bermuda, Canada, the Cayman Islands, Denmark, France, Germany, Hong Kong, India, Italy, Mauritius, the Netherlands, Norway, Peru, Spain, Sweden, and Switzerland.

At present, no worldwide integrated treaty governing cross-border insolvency law exists. Each country normally has its own set of laws dealing with insolvency and restructuring, and a developing set of rules as to each country's approach to the recognition of insolvency regimes from other jurisdictions. Virtually all foreign insolvency proceedings are markedly different from the United States chapter 11 process. In the United States, proof of insolvency is not required to commence a chapter 11 case and an established mechanism exists for financiers to provide debtor-in-possession financing in return for super-priority claim status. Moreover, the Bankruptcy Code provides a chapter 11 debtor and its creditor constituencies with flexibility to negotiate the terms of a chapter 11 plan. In contrast, in most foreign jurisdictions, there is no direct equivalent to chapter 11. Instead, the available insolvency proceedings in most jurisdictions tend to more closely resemble chapter 7 of the Bankruptcy Code. Some of the primary differences between chapter 11 proceedings in the United States and foreign insolvency proceedings include: (a) in many cases, insolvency of the company must be alleged before the foreign proceedings are commenced; (b) it is very uncommon for the debtor to stay in possession or control of the company once a foreign insolvency proceeding has been commenced; (c) it is very uncommon for a debtor to be able to put in place debtor-in-possession financing overseas, making it harder to inject funds into insolvent companies to preserve and/or maintain the value of the assets; (d) in many European and Latin American jurisdictions, managers and directors of a company may be obliged by local law to petition for insolvency if the company is actually insolvent; and (e) there is much less flexibility in determining the ultimate recovery under a scheme or plan designed to distribute assets and satisfy claims.

In light of the inherent differences between chapter 11 proceedings and most foreign insolvency proceedings, along with the fact that there is no overriding international treaty to harmonize cross-border insolvencies or restructurings, extensive work with insolvency practitioners and counsel in some foreign jurisdictions has been required in order to coordinate the process.

Once a Foreign Affiliate is placed into a foreign insolvency proceeding, control of the Foreign Affiliate along with the management and distribution of its assets will generally be transferred to an insolvency practitioner, such as an administrator, receiver, or liquidator.

Commencement of most foreign proceedings results in a loss of ultimate control by the Debtors over the assets of the Foreign Affiliate. Therefore, communication with foreign insolvency practitioners and foreign counsel is an integral component to ensure that the interests of the estate are protected and to assist the process of reaching overall strategic goals for the Debtors.

Most foreign proceedings are, for the reasons previously set out, unlikely to realize a great deal of value for creditors. Recoveries to unsecured creditors of 2 or 3% are not uncommon in foreign proceedings and it is unusual to obtain recoveries of over 50%. Active steps have been taken to keep Foreign Affiliates with valuable assets out of foreign proceedings where possible.

In some cases, joint filings both in the United States and in the foreign jurisdiction have been utilized to protect an entity's assets.

B. Summary of Subsidiaries and Related Proceedings in England, The Cayman Islands and The Netherlands

The three most significant jurisdictions outside of the United States in terms of numbers of Enron Companies as of the Initial Petition Date were England, the Cayman Islands, and the Netherlands. A summary of the activity undertaken in those countries along with details of the Foreign Affiliates currently in insolvency proceedings is set out below.

1. England

England was a key jurisdiction for ENE's activities in Europe. The majority of ENE's investments into Europe were made indirectly through EEL, which was the senior holding company in England. ENE made advances to ENHBV, which lent on these funds to EEL. EEL was placed into administration by the English court on November 29, 2001 and its administrators are partners in the UK firm of PwC UK. ENHBV is owed approximately $1.1 billion by EEL and EEL's administrators are currently estimating a dividend to creditors in the range of 1.8 to 3%. The ENHBV claim has not yet been agreed with EEL's administrators. The companies that are held directly or indirectly by EEL have been outside the control of ENE since November 29, 2001 by virtue of the appointment of PwC UK in respect of EEL and other English entities. As of the Initial Petition Date, there were 188 such entities, of which approximately 30 are currently subject to an insolvency proceeding. ENE's most significant recovery from an English entity is likely to be by virtue of its claim against EMGL, which is also in administration. ENE has a claim of approximately $625 million against EMGL and according to estimates from PwC UK it can expect to recover in the region of $235 million to $330 million.

2. Cayman Islands

As of the Initial Petition Date, there were 696 Enron Companies incorporated in the Cayman Islands, a significant number of which have now been dissolved or are due to be dissolved. Cayman entities were frequently used as holding companies in projects and other group structures for tax reasons. In almost all cases, a particular entity would only be concerned with a single project. A notable exception is EDF, which provided inter-company funding to group projects as described in more detail below.

EDF was incorporated in July 1995 to provide inter-company financing to international projects. EDF is a Debtor and an application has also been made to the Cayman Islands court for EDF to be placed into provisional liquidation in the Cayman Islands. EDF's assets consist primarily of receivables under various promissory notes from consolidated subsidiaries within the Enron Companies of approximately $1.86 billion and investments in consolidated subsidiaries within the Enron Companies of approximately $315 million. EDF has provided financing, either directly or to companies associated with, the Cuiabá Project, Elektro, BLM, and Accroven, which are intended to be transferred to InternationalCo. Refer to Section X, "InternationalCo" for a description of InternationalCo. Under the terms of the Plan, receivables which would otherwise have flowed to EDF from the project financing referred to above will be assigned to InternationalCo for value. EDF's liabilities consist primarily of amounts payable under various promissory notes with a face value of approximately $2.11 billion to consolidated subsidiaries and associated companies within the Enron Companies.

Along with EDF, both LNG Shipping and India Holdings are in provisional liquidation in Cayman as well as being Debtors.

The assets of LNG Shipping, consisting of time charters in two vessels, were sold to a third party for $21.5 million and $1.5 million, respectively.

India Holdings served as one of the entities through which ENE's equity was held in Dabhol Power. Dabhol Power is in receivership and is believed to be insolvent. ENE has signed a letter of intent with certain of the other Dabhol Power shareholders (affiliates of General Electric and Bechtel), as well as the U.S. Government's Overseas Private Investment Corporation, to sell its 65.86% stake, together with other Enron affiliate construction claims relating to Dabhol Power, for approximately $20 million, assuming the government of India consents to this sale. The equity sale described above should not affect ENE's right to pursue claims under certain commercial political risk insurance policies related to the Indian investment, while negotiating a policy rescission and return of premiums paid over time, plus interest.

Enron Bahamas LNG is in official liquidation and its assets have been sold. The assets, consisting of rights and interests in a proposed LNG project in the Bahamas were sold to a third party. Hawkshill Creek LNG Limited, which is a Bahamian entity, is an indirect subsidiary of Enron Bahamas LNG that held rights and interests related to the LNG project, and the Debtors are owed approximately $5 million as creditors of this company. Creditors of Enron Bahamas LNG and Hawkshill Creek LNG Limited are expected to receive a distribution of approximately 80% of their claim values. However, creditors may be paid in full, and the Debtors may receive up to about $12 million through the equity interest of Global LNG, depending on payment of additional contingent consideration that is payable upon certain project construction milestones being achieved.

3. The Netherlands

As of the Initial Petition Date, approximately 141 of the Enron Companies were incorporated in the Netherlands, many of which have now been dissolved or are due to be dissolved. Dutch entities were frequently used as holding companies in projects and other group structures for tax reasons. In almost all cases, a particular entity would only be concerned with a

single project. The most notable exception is ENHBV, which provided inter-company funding to group projects as described in more detail below.

ENHBV is a wholly-owned subsidiary of ENE. The sole director of ENHBV is Equity Trust, which is a Dutch management trust company. ENHBV was set up to provide financing to various international subsidiaries and projects.

ENHBV's primary assets comprise amounts receivable under various promissory notes with Enron Companies with a book value of approximately $2 billion as of December 31, 2002. The largest debtor of ENHBV is EEL, which owes ENHBV approximately $1.1 billion. EEL was the principal ENE-related holding company in Europe, and it was through EEL that a significant proportion of ENE's funding and investment in Europe was directed. EEL is in administration in England and partners of PwC UK are acting as the administrators. The ENHBV claim against EEL has not yet been agreed by the administrators. The administrators have estimated that the unsecured creditors of EEL will receive distributions of between 1.8 and 3.0%.

ENHBV has provided financing either directly or to associated companies of, the Cuiabá Project, Trakya, and GTB, which, under the terms of the Plan, are to be transferred to InternationalCo. Refer to Section X, "InternationalCo" for further information.

ENHBV's liabilities are comprised of amounts payable under various promissory notes of approximately $1.8 billion (as of December 31, 2002) mainly with Enron affiliates as well as with several third party creditors. ENHBV's major creditor is ENE, which has a claim for approximately $1.1 billion.

Under the Plan, ownership of ENHBV will be transferred to InternationalCo. The Plan also provides for an assignment of the claims of all ENE- controlled creditors of ENHBV to be made to InternationalCo for value under the Plan. An assignment of the ENE-controlled claims will result in InternationalCo controlling approximately 76-78% of the value of ENHBV's creditor pool. ENE, working together with Equity Trust, is continuing discussions with third-party creditors to settle their claims. It is hoped that the resolution of negotiations with third-party creditors will result in ENE, and ultimately InternationalCo, having control of in excess of 95% of the liabilities of ENHBV.

If the settlement discussions referred to above are not successful then it may be necessary for ENHBV to seek the protection of the Dutch courts and to enter into a moratorium proceeding with a view to implementing a composition with creditors to effect a reorganization of ENHBV. As currently advised, ENE believes that it controls sufficient votes to pass a composition and to thereby effect a reorganization of ENHBV in this way. If, however, it were unable to do so there is a risk that ENHBV may be placed into liquidation, in which case the trustee in bankruptcy may make a call on funds that have been loaned to companies that are to be transferred to InternationalCo under the Plan. It follows that in such circumstances there is a risk that bankruptcy proceedings in respect of ENHBV may have the effect of reducing the value of the relevant project.

C. Summary of Foreign Proceedings Where a Direct Recovery is Anticipated to be Received by the Debtors

Set out below is a summary table showing each of the Foreign Affiliates that is currently in an insolvency proceeding where it is anticipated that the Debtors will receive a recovery as a creditor and/or as a shareholder. The recoveries from most of the Foreign Affiliates listed below are expected to be modest for the reasons set forth in Section VI.A, "Compromise and Settlement of Disputes; Substantive Consolidation; Assumption of Obligations Under the Plan." In many cases there remains considerable uncertainty as to the timing and amount of any distribution to creditors and/or shareholders.

Jurisdiction	Company
Australia	
	Enron Australia Finance
	Enron Coal Asia
Bahamas	
	Hawkshill Creek LNG Limited
Bermuda	
	Enron Re
Canada	
	EES Canada
Cayman Islands	
	EDF
	LNG Shipping
	Enron Bahamas LNG
Denmark	
	EBS Denmark
England	
	Enron Broadband Services UK Limited
	Enron Broadband Services Marketing Limited
	ECTRL
	Enron Direct Limited
	EEL
	Enron Gas & Petrochemicals Trading Limited
	EMGL
	EMC
	Enron Power Operations Limited
	NEPCO Europe Limited
	TME Engineers Limited
	TME Northern Limited
	Enron Coal Services Limited
	TME Torpy Limited
	Energydesk.com Limited

Jurisdiction	Company
	Enron Credit Limited
	Enron Energy Services Engineering UK Limited
Finland	
	EFEO (Note that ECTRIC have received a distribution of EUR 931,680)
France	
	EBS France
	EGLE
Germany	
	EES Deutschland
	EBS Deutschland
	Enron Energie
	Enron Direkt
Hong Kong	
	Enron (China) Limited
	EBS Hong Kong
India	
	Dabhol Power
Italy	
	Enron LPG Italy
	Enron Energia Sud
Mauritius	
	Enron Mauritius
The Netherlands	
	EES Europe
	Enron Power Services BV
Singapore	
	ECT Singapore
	EIEA
	EBS Asia Pacific

Jurisdiction	Company
Spain	
	Enron Espana
	Enron Directo SA[1]
Sweden	
	EES Sweden
	Enron Broadband Services Sweden AB

[1] This company is in administration in the United Kingdom with partners of PwC appointed as administrators.

D. Summary of Foreign Proceedings Where the Debtors are not Expected to Receive any Direct Recovery

Set out below is a summary table showing each of the Foreign Affiliates that is currently in an insolvency proceeding where it is not expected that the Debtors will make a recovery either as a creditor or as a shareholder.

Jurisdiction	Company
Argentina	
	Azurix Buenos Aires[1]
	OBA
Australia	
	Enron Australia Energy
Bahamas	
	Enron Bahamas LNG Holdings Limited
Canada	
	EDCC
Cayman Islands	
	Enron Bahamas Co. Ltd.
	India Holdings
England	
	Caxios Limited
	ECT Espana Limited
	Rassau Power Limited
	ECT Spain Limited
	Enron Energy Services Limited
	Enron Europe Severnside Limited
	Prime Operative Limited

Jurisdiction	Company
	SBI3 Limited
Germany	
	EMGH
Hong Kong	
	Enron (HK) Limited
Italy	
	EES Italy
	Alfa Investimenti S.r.l.
	Enron Investimenti S.r.l.
	Enron Investimenti 3 S.r.l.
The Netherlands	
	Enron Direct Netherlands BV
	Enron Energy Services Netherlands BV
Peru	
	EMC Peru
Switzerland	
	Enron Energie Schweiz

[1] Azurix Buenos Aires is not an affiliate of the Debtors, but instead a wholly-owned subsidiary of Azurix.