

LJM2 APPROVAL SHEET

This Approval Sheet should be used to approve Enron's participation in any transactions involving LJM Cayman, L.P. ("LJM1") or LJM2 Co-Investment, L.P. ("LJM2"). LJM1 and LJM2 will collectively be referred to as "LJM". This Approval Sheet is in addition to (not in lieu of) any other Enron approvals that may be required.

GENERAL

Deal name: Raptor

Date Approval Sheet completed: April 18, 2000

Enron person completing this form: Trushar Patel

Expected closing date: May 4, 2000

Business Unit: Enron Corp.

Business Unit Originator: Ben Glisan

This transaction relates to LJM1 and/or LJM2.

This transaction is a sale by Enron a purchase by Enron a co-sale with Enron a co-purchase with Enron and/or other: creation of hedging structure

Person(s) negotiating for Enron: Ben Glisan

Person(s) negotiating for LJM: Michael Kopper

Legal counsel for Enron: Vinson & Elkins

Legal counsel for LJM: Kirkland & Ellis

DEAL DESCRIPTION

Talon I LLC ("Talon") is a special purpose entity organized for the purpose of entering into certain derivative transactions. LJM2, through its 100% voting control of Talon, has the unilateral ability to make the investment decisions for Talon and is not contractually obligated to execute any derivative transactions with Enron. LJM2 will execute derivative transactions with Harrier I LLC ("Harrier"), a wholly-owned subsidiary of Enron, to the extent those investment decisions are aligned with LJM2's investment objectives. Enron, through Harrier, will offer LJM2 the opportunity to execute derivative instruments relating to both public and private energy and telecommunication investments made by Enron.

ECONOMICS

Talon's distributions to equity holders will be limited by earnings at Talon. To the extent there are earnings and sufficient cash to distribute, distributions will be made according to the following waterfall:

- First, \$41 million to LJM2
- Second, distributions as necessary until LJM2 receives a 30% IRR over the term of the structure (unless the IRR was achieved through the \$41 million distribution above)
- Third, 100% to the special limited partnership interest, Harrier I LLC, a wholly-owned subsidiary of Enron

DASH

See attached.

VEL 00129

ISSUES CHECKLIST

1. Sale Options
- a. If this transaction is a sale of an asset by Enron, which of the following options were considered and rejected:
 Condor JEDI II Third Party Direct Sale. Please explain: Not a sale of an asset by Enron
- b. Will this transaction be the most beneficial alternative to Enron? Yes No. If no, please explain: _____
- c. Were any other bids/offers received in connection with this transaction? Yes No. Please explain: Private structured finance transaction
2. Prior Obligations
- a. Does this transaction involve a Qualified Investment (as defined in the JEDI II partnership agreement)? Yes No. If yes, please explain how this issue was resolved: _____
- b. Was this transaction required to be offered to any other Enron affiliate or other party pursuant to a contractual or other obligation? Yes No. If yes, please explain: _____
3. Terms of Transaction
- a. What are the benefits (financial and otherwise) to Enron in this transaction? Cash flow Earnings
 Other: Ability to hedge mark-to-market exposure on investments in publicly and privately held companies
- b. Was this transaction done strictly on an arm's-length basis? Yes No. If no, please explain: _____
- c. Was Enron advised by any third party that this transaction was not fair, from a financial perspective, to Enron?
 Yes No. If yes, please explain: _____
- d. Are all LJM expenses and out-of-pocket costs (including legal fees) being paid by LJM? Yes No. If no, is this market standard or has the economic impact of paying any expenses and out-of-pocket costs been considered when responding to items 1.b. and 3.b. above? Yes No.
4. Compliance
- a. Will this transaction require disclosure as a Certain Transaction in Enron's proxy statement? Yes No.
- b. Will this transaction result in any compensation (as defined by the proxy rules) being paid to any Enron employee?
 Yes No.
- c. Have all Enron employees' involvement in this transaction on behalf of LJM been waived by Enron's Office of the Chairman in accordance with Enron's Conduct of Business Affairs Policy? Yes No. If no, please explain: _____
- d. Was this transaction reviewed and approved by Enron's Chief Accounting Officer? Yes No.
- e. Was this transaction reviewed and approved by Enron's Chief Risk Officer? Yes No.
- f. Has the Audit Committee of the Enron Corp. Board of Directors reviewed all Enron/LJM transactions within the past twelve months? Yes No. (The Audit Committee has not held a meeting since LJM2's formation.) Have all recommendations of the Audit Committee relating to Enron/LJM transactions been taken into account in this transaction? Yes No.

VEL 00130

ENRON DEAL SUMMARY

DEAL NAME: Raptor
Originated: Enron Corp.
Expected Closing Date: 4/18/00
Expected Funding Date: 5/04/00

Date Completed: April 18, 2000
Investment Analyst: Chris Loehr
Investment Type: Equity

INVESTMENT

LJM2 Capital Commitment \$ 30,000,000

DEAL DESCRIPTION

Talon I LLC ("Talon") is a special purpose entity organized for the purpose of entering into certain derivative transactions. LJM2, through its 100% voting control of Talon, has the unilateral ability to make the investment decisions for Talon and is not contractually obligated to execute any derivative transactions with Enron. LJM2 will execute derivative transactions with Harrier I LLC ("Harrier"), a wholly-owned subsidiary of Enron, to the extent those investment decisions are aligned with LJM2's investment objectives. Enron, through Harrier, will offer LJM2 the opportunity to execute derivative instruments relating to both public and private energy and telecommunication investments made by Enron.

TRANSACTION SUMMARY

- On April 21, 2000, LJM2 will purchase 100% of the voting interest in Talon for \$30,000,000
- Talon is a bankruptcy remote, special purpose vehicle that will be capitalized with:
 - LJM2's capital investment
 - A series of forward sales on Enron shares (\$500 million of gross value but \$350 million of net value after a 30% liquidity discount has been ascribed given the restrictions imposed on the underlying shares) resulting in ultimate ownership by Talon of Enron common stock
 - The sale of puts on [7 million] Enron shares with a strike of [\$57.50], a maturity in [six months] from close and a premium due of [\$6] per share.
- In exchange for the above capitalization, Talon will provide Harrier: (i) a \$400 million note whose principal is convertible into derivatives, and (ii) a special limited partnership interest in Talon initially valued at \$1,000.
- To limit Talon's exposure to the mark-to-market movements of the underlying derivative transactions, Talon and Harrier agree to limit the notional amount of swaps and premiums paid as follows: (i) up to \$1.5 billion notional value of at-the-money swaps, (ii) up to \$400 million of net premiums on other derivative transactions, and (iii) up to \$1 billion of loss on premium paid derivatives.
- LJM2 will have a fair market value put for its membership interest in Talon that allows LJM2 to put its interest back to Harrier in the event that LJM2 has not received the greater of \$41 million or a 30% IRR by October 31, 2000. Enron has provided support for Harrier's financial obligation under such an event in the form of a guaranty.
- At the maturity of the structure, Talon will liquidate the excess value, if any, of the Enron shares under the forward sales over the derivative losses, if any, at Talon and any principal outstanding on the Talon note. The excess proceeds, if any, will be distributed to LJM2 and Harrier in accordance with their capital accounts and the distribution waterfall.

INVESTMENT RETURN SUMMARY

Base Case Return

It is expected that Talon will have earnings and cash sufficient to distribute \$41 million to LJM2 within six months, yielding an annualized return on investment to LJM2 of 76.8%

Distributions

Talon's distributions to equity holders will be limited by earnings at Talon. To the extent there are earnings and sufficient cash to distribute, distributions will be made according to the following waterfall:

- First, \$41 million to LJM2
- Second, distributions as necessary until LJM2 receives a 30% IRR over the term of the structure (unless the IRR was achieved through the \$41 million distribution above)
- Third, 100% to the special limited partnership interest, Harrier I LLC, a wholly-owned subsidiary of Enron

VEL 00132

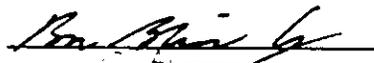
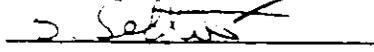
Fair Market Value Put

In the event that LJM2 has not received the greater of \$41 million or a 30% IRR on its investment by October 31, 2000, LJM2 will have a fair market value put whereby LJM2 can put its interest in Talon back to Harrier. The fair market value of the membership interest is determined largely by Enron's stock price and is summarized below:

Enron Stock Price	Fair Market Put Value	LJM2 IRR
[\$57.50]	\$41.0 million	76.8%
[\$48.95]	\$34.5 million	30.0%
[\$48.35]	\$30.0 million	0.0%

Expenses

Enron has agreed to cover all of LJM2's accounting and legal expenses related to this transaction. Enron will cover expenses related to formation of the structure as well as ongoing expenses.

APPROVALS	Name	Signature	Date
Business Unit Originator	<u>Ben Glisan</u>	<u></u>	<u>6-12-00</u>
Business Unit Legal	<u>Scott Jackson</u>	<u></u>	<u>5-23-00</u>

VEL 00134

LJM2 APPROVAL SHEET

This Approval Sheet should be used to approve Enron's participation in any transactions involving LJM Cayman, L.P. ("LJM1") or LJM2 Co-Investment, L.P. ("LJM2"). LJM1 and LJM2 will collectively be referred to as "LJM". This Approval Sheet is in addition to (not in lieu of) any other Enron approvals that may be required.

GENERAL

Deal name: Raptor II

Date Approval Sheet completed: June 26, 2000

Enron person completing this form: Trushar Patel

Expected closing date: June 30, 2000

Business Unit: Enron Corp.

Business Unit Originator: Ben Glisan

This transaction relates to LJM1 and/or LJM2.

This transaction is a sale by Enron a purchase by Enron a co-sale with Enron a co-purchase with Enron and/or other: creation of hedging structure.

Person(s) negotiating for Enron: Ben Glisan

Person(s) negotiating for LJM: Michael Kopper

Legal counsel for Enron: Vinson & Elkins

Legal counsel for LJM: Kirkland & Ellis

DEAL DESCRIPTION

Timberwolf I LLC ("Timberwolf") is a special purpose entity organized for the purpose of entering into certain derivative transactions. LJM2, through its 100% voting control of Timberwolf, has the unilateral ability to make the investment decisions for Timberwolf and is not contractually obligated to execute any derivative transactions with Enron. LJM2 will execute derivative transactions with Grizzly I LLC ("Grizzly"), a wholly-owned subsidiary of Enron, to the extent those investment decisions are aligned with LJM2's investment objectives. Enron, through Grizzly, will offer LJM2 the opportunity to execute derivative instruments relating to both public and private energy and telecommunication investments made by Enron.

ECONOMICS

Timberwolf's distributions to equity holders will be limited by earnings at Timberwolf. To the extent there are earnings and sufficient cash to distribute, distributions will be made according to the following waterfall:

- First, \$41 million to LJM2
- Second, distributions as necessary until LJM2 receives a 30% IRR over the term of the structure (unless the IRR was achieved through the \$41 million distribution above)
- Third, 100% to the special limited partnership interest, Grizzly I LLC, a wholly-owned subsidiary of Enron

DASH

See attached.

VEL 00146

ISSUES CHECKLIST

1. Sale Options
- a. If this transaction is a sale of an asset by Enron, which of the following options were considered and rejected:
 Condor JEDI II Third Party Direct Sale. Please explain: Not a sale of an asset by Enron
- b. Will this transaction be the most beneficial alternative to Enron? Yes No. If no, please explain: _____
- c. Were any other bids/offers received in connection with this transaction? Yes No. Please explain: Private structured finance transaction
2. Prior Obligations
- a. Does this transaction involve a Qualified Investment (as defined in the JEDI II partnership agreement)? Yes No. If yes, please explain how this issue was resolved: _____
- b. Was this transaction required to be offered to any other Enron affiliate or other party pursuant to a contractual or other obligation? Yes No. If yes, please explain: _____
3. Terms of Transaction
- a. What are the benefits (financial and otherwise) to Enron in this transaction? Cash flow Earnings
 Other: Ability to hedge mark-to-market exposure on investments in publicly and privately held companies
- b. Was this transaction done strictly on an arm's-length basis? Yes No. If no, please explain: _____
- c. Was Enron advised by any third party that this transaction was not fair, from a financial perspective, to Enron?
 Yes No. If yes, please explain: _____
- d. Are all LJM expenses and out-of-pocket costs (including legal fees) being paid by LJM? Yes No. If no, is this market standard or has the economic impact of paying any expenses and out-of-pocket costs been considered when responding to items 1.b. and 3.b. above? Yes No.
4. Compliance
- a. Will this transaction require disclosure as a Certain Transaction in Enron's proxy statement? Yes No.
- b. Will this transaction result in any compensation (as defined by the proxy rules) being paid to any Enron employee?
 Yes No.
- c. Have all Enron employees' involvement in this transaction on behalf of LJM been waived by Enron's Office of the Chairman in accordance with Enron's Conduct of Business Affairs Policy? Yes No. If no, please explain: _____
- d. Was this transaction reviewed and approved by Enron's Chief Accounting Officer? Yes No.
- e. Was this transaction reviewed and approved by Enron's Chief Risk Officer? Yes No.
- f. Has the Audit Committee of the Enron Corp. Board of Directors reviewed all Enron/LJM transactions within the past twelve months? Yes No. (The Audit Committee has not held a meeting since LJM2's formation.) Have all recommendations of the Audit Committee relating to Enron/LJM transactions been taken into account in this transaction? Yes No. *

* The transaction has been approved by the Exec. Committee of ENR's Board of Directors.

VEL 00147

APPROVALS	Name	Signature	Date
Business Unit	<i>SMS</i> Ben Glisan	<i>Ben Glisan</i>	6-28-02
Business Unit Legal			
Enron Corp. Legal	Rex Rogers	<i>Rex Rogers</i>	7/14/00
Global Finance Legal	Scott Sefton	<i>Scott Sefton</i>	6/28/00
RAC	Rick Buy	<i>Rick Buy</i>	7/10/00
Accounting	Rick Causey	<i>Rick Causey</i>	6/29/00
Executive	Jeff Skilling		

DEAL NAME: Raptor II
 Originated: Enron Corp.
 Expected Closing Date: 6/30/00
 Expected Funding Date: 7/6/00

Date Completed: June 26, 2000
 Investment Analyst: Trushar Patel
 Investment Type: Equity

INVESTMENT

LJM2 Capital Commitment \$ 30,000,000

DEAL DESCRIPTION

Timberwolf I LLC ("Timberwolf") is a special purpose entity organized for the purpose of entering into certain derivative transactions. LJM2, through its 100% voting control of Timberwolf, has the unilateral ability to make the investment decisions for Timberwolf and is not contractually obligated to execute any derivative transactions with Enron. LJM2 will execute derivative transactions with Grizzly I LLC ("Grizzly"), a wholly-owned subsidiary of Enron, to the extent those investment decisions are aligned with LJM2's investment objectives. Enron, through Grizzly, will offer LJM2 the opportunity to execute derivative instruments relating to both public and private energy and telecommunication investments made by Enron.

TRANSACTION SUMMARY

- On June 27, 2000, LJM2 will purchase 100% of the voting interest in Timberwolf for \$30,000,000
- Timberwolf is a bankruptcy remote, special purpose vehicle that will be capitalized with:
 - LJM2's capital investment
 - A series of forward sales on Enron shares (\$500 million of gross value but \$350 million of net value after a 34.8% liquidity discount has been ascribed given the restrictions imposed on the underlying shares) resulting in ultimate ownership by Timberwolf of Enron common stock
 - The sale of puts on [7 million] Enron shares with a strike of [\$57.50], a maturity in [six months] from close and a premium due of [\$5.5] per share.
- In exchange for the above capitalization, Timberwolf will provide Grizzly: (i) a \$400 million note whose principal is convertible into derivatives, and (ii) a special limited partnership interest in Timberwolf initially valued at \$1,000.
- To limit Timberwolf's exposure to the mark-to-market movements of the underlying derivative transactions, Timberwolf and Grizzly agree to limit the notional amount of swaps and premiums paid as follows: (i) up to \$1.5 billion notional value of at-the-money swaps, (ii) up to \$400 million of net premiums on other derivative transactions, and (iii) up to \$1 billion of loss on premium paid derivatives.
- LJM2 will have a fair market value put for its membership interest in Timberwolf that allows LJM2 to put its interest back to Grizzly in the event that LJM2 has not received the greater of \$41 million or a 30% IRR by December 27, 2000. Enron has provided support for Grizzly's financial obligation under such an event in the form of a guaranty.
- At the maturity of the structure, Timberwolf will liquidate the excess value, if any, of the Enron shares under the forward sales over the derivative losses, if any, at Timberwolf and any principal outstanding on the Timberwolf note. The excess proceeds, if any, will be distributed to LJM2 and Grizzly in accordance with their capital accounts and the distribution waterfall.

INVESTMENT RETURN SUMMARY
Base Case Return

It is expected that Timberwolf will have earnings and cash sufficient to distribute \$41 million to LJM2 within six months.

Distributions

Timberwolf's distributions to equity holders will be limited by earnings at Timberwolf. To the extent there are earnings and sufficient cash to distribute, distributions will be made according to the following waterfall:

- First, \$41 million to LJM2
- Second, distributions as necessary until LJM2 receives a 30% IRR over the term of the structure (unless the IRR was achieved through the \$41 million distribution above)
- Third, 100% to the special limited partnership interest, Grizzly I LLC, a wholly-owned subsidiary of Enron

Fair Market Value Put

In the event that LJM2 has not received the greater of \$41 million or a 30% IRR on its investment by December 27, 2000, LJM2 will have a fair market value put whereby LJM2 can put its interest in Timberwolf back to Grizzly. The fair market value of the membership interest is determined largely by Enron's stock price.

Expenses

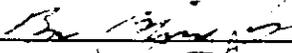
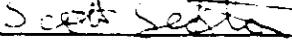
Enron has agreed to cover all of LJM2's accounting and legal expenses related to this transaction. Enron will cover expenses related to formation of the structure as well as ongoing expenses.

APPROVALS

Name

Signature

Date

Global Finance Originator ^{5/25}	<u>Ben Glisan</u>	<u></u>	<u>6/28/00</u>
Global Finance Legal	<u>Scott Sefton</u>	<u></u>	<u>6/28/00</u>

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LJM2 APPROVAL SHEET

This Approval Sheet should be used to approve Enron's participation in any transactions involving LJM Cayman, L.P. ("LJM1") or LJM2 Co-Investment, L.P. ("LJM2"). LJM1 and LJM2 will collectively be referred to as "LJM". This Approval Sheet is in addition to (not in lieu of) any other Enron approvals that may be required.

GENERAL

Deal name: Raptor IV

Date Approval Sheet completed: September 11, 2000

Enron person completing this form: Trushar Patel

Expected closing date: September 11, 2000

Business Unit: Enron Corp.

Business Unit Originator: Ben Glisan

This transaction relates to LJM1 and/or LJM2.

This transaction is a sale by Enron a purchase by Enron a co-sale with Enron a co-purchase with Enron and/or other: __creation of hedging structure__.

Person(s) negotiating for Enron: Ben Glisan

Person(s) negotiating for LJM: Michael Kopper

Legal counsel for Enron: Vinson & Elkins

Legal counsel for LJM: Kirkland & Ellis

DEAL DESCRIPTION

Bobcat I LLC ("Bobcat") is a special purpose entity organized for the purpose of entering into certain derivative transactions. LJM2, through its 100% voting control of Bobcat, has the unilateral ability to make the investment decisions for Bobcat and is not contractually obligated to execute any derivative transactions with Enron. LJM2 will execute derivative transactions with Roadrunner I LLC ("Roadrunner"), a wholly-owned subsidiary of Enron, to the extent those investment decisions are aligned with LJM2's investment objectives. Enron, through Roadrunner, will offer LJM2 the opportunity to execute derivative instruments relating to both public and private energy and telecommunication investments made by Enron.

ECONOMICS

Bobcat's distributions to equity holders will be limited by earnings at Bobcat. To the extent there are earnings and sufficient cash to distribute, distributions will be made according to the following waterfall:

- First, \$41 million to LJM2
- Second, distributions as necessary until LJM2 receives a 30% IRR over the term of the structure (unless the IRR was achieved through the \$41 million distribution above)
- Third, 100% to the special limited partnership interest, Roadrunner I LLC, a wholly-owned subsidiary of Enron

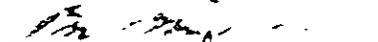
DASH

See attached.

VEL 00179

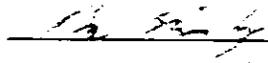
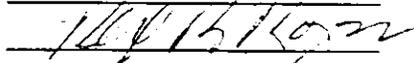
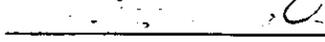
ISSUES CHECKLIST

1. Sale Options
 - a. If this transaction is a sale of an asset by Enron, which of the following options were considered and rejected:
 Condor JEDI II Third Party Direct Sale. Please explain: Not a sale of an asset by Enron
 - b. Will this transaction be the most beneficial alternative to Enron? Yes No. If no, please explain: _____
 - c. Were any other bids/offers received in connection with this transaction? Yes No. Please explain: Private structured finance transaction
2. Prior Obligations
 - a. Does this transaction involve a Qualified Investment (as defined in the JEDI II partnership agreement)? Yes No. If yes, please explain how this issue was resolved: _____
 - b. Was this transaction required to be offered to any other Enron affiliate or other party pursuant to a contractual or other obligation? Yes No. If yes, please explain: _____
3. Terms of Transaction
 - a. What are the benefits (financial and otherwise) to Enron in this transaction? Cash flow Earnings
 Other: Provide potential liquidity for a commodity risk management business.
 - b. Was this transaction done strictly on an arm's-length basis? Yes No. If no, please explain: _____
 - c. Was Enron advised by any third party that this transaction was not fair, from a financial perspective, to Enron? Yes No. If yes, please explain: _____
 - d. Are all LJM expenses and out-of-pocket costs (including legal fees) being paid by LJM? Yes No. If no, is this market standard or has the economic impact of paying any expenses and out-of-pocket costs been considered when responding to items 1.b. and 3.b. above? Yes No.
4. Compliance
 - a. Will this transaction require disclosure as a Certain Transaction in Enron's proxy statement? Yes No.
 - b. Will this transaction result in any compensation (as defined by the proxy rules) being paid to any Enron employee? Yes No.
 - c. Have all Enron employees' involvement in this transaction on behalf of LJM been waived by Enron's Office of the Chairman in accordance with Enron's Conduct of Business Affairs Policy? Yes No. If no, please explain: _____
 - d. Was this transaction reviewed and approved by Enron's Chief Accounting Officer? Yes No.
 - e. Was this transaction reviewed and approved by Enron's Chief Risk Officer? Yes No.
 - f. Has the Audit Committee of the Enron Corp. Board of Directors reviewed all Enron/LJM transactions within the past twelve months? Yes No. (The Audit Committee's first review of the Enron/LJM transactions will occur in February 2001.) Have all recommendations of the Audit Committee relating to Enron/LJM transactions been taken into account in this transaction? Yes No.

APPROVALS	Name	Signature	Date
Global Finance Originator	Ben Glisan		
Global Finance Legal	Scott Sefton		

CONFIDENTIAL

APPROVALS

	Name	Signature	Date
Business Unit	Ben Glisan		
Business Unit Legal			
Enron Corp. Legal	Rex Rogers		3/10/01
Global Finance Legal	Scott Sefton		
RAC	Rick Buy <i>DBG</i>		
Accounting	Rick Causey <i>RC</i>		
Executive	Jeff Skilling		3/12/01

VEL 00182

ENRON DEAL SUMMARY

CONFIDENTIAL

DEAL NAME: Raptor IV

Originated: Enron Corp.

Expected Closing Date: 9/11/00

Expected Funding Date: 9/15/00

Date Completed: September 11, 2000

Investment Analyst: Trushar Patel

Investment Type: Equity

INVESTMENT

LJM2 Capital Commitment

\$ 30,000,000

DEAL DESCRIPTION

Bobcat I LLC ("Bobcat") is a special purpose entity organized for the purpose of entering into certain derivative transactions. LJM2, through its 100% voting control of Bobcat, has the unilateral ability to make the investment decisions for Bobcat and is not contractually obligated to execute any derivative transactions with Enron. LJM2 will execute derivative transactions with Roadrunner I LLC ("Roadrunner"), a wholly-owned subsidiary of Enron, to the extent those investment decisions are aligned with LJM2's investment objectives. Enron, through Roadrunner, will offer LJM2 the opportunity to execute derivative instruments relating to both public and private energy and telecommunication investments made by Enron.

TRANSACTION SUMMARY

- On September 11, 2000, LJM2 will purchase 100% of the voting interest in Bobcat for \$30,000,000
 - Bobcat is a bankruptcy remote, special purpose vehicle that will be capitalized with:
 - LJM2's capital investment
 - A series of forward sales on Enron shares (\$500 million of gross value but \$350 million of net value after a 34.8% liquidity discount has been ascribed given the restrictions imposed on the underlying shares) resulting in ultimate ownership by Bobcat of Enron common stock
 - The sale of puts on 7,120,901 million Enron shares with a strike of \$68.00, a maturity in six months from close and a premium due of \$5.75 per share.
 - In exchange for the above capitalization, Bobcat will provide Roadrunner: (i) a \$400 million note whose principal is convertible into derivatives, and (ii) a special limited partnership interest in Bobcat initially valued at \$1,000.
 - To limit Bobcat's exposure to the mark-to-market movements of the underlying derivative transactions, Bobcat and Roadrunner agree to limit the notional amount of swaps and premiums paid as follows: (i) up to \$1.5 billion notional value of at-the-money swaps, (ii) up to \$400 million of net premiums on other derivative transactions, and (iii) up to \$1 billion of loss on premium paid derivatives.
 - LJM2 will have a fair market value put for its membership interest in Bobcat that allows LJM2 to put its interest back to Roadrunner in the event that LJM2 has not received the greater of \$41 million or a 30% IRR by March 9, 2001. Enron has provided support for Roadrunner's financial obligation under such an event in the form of a guaranty.
 - At the maturity of the structure, Bobcat will liquidate the excess value, if any, of the Enron shares under the forward sales over the derivative losses, if any, at Bobcat and any principal outstanding on the Bobcat note. The excess proceeds, if any, will be distributed to LJM2 and Roadrunner in accordance with their capital accounts and the distribution waterfall.
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INVESTMENT RETURN SUMMARY*Ease Case Return*

It is expected that Bobcat will have earnings and cash sufficient to distribute \$41 million to LJM2 within six months.

Distributions

Bobcat's distributions to equity holders will be limited by earnings at Bobcat. To the extent there are earnings and sufficient cash to distribute, distributions will be made according to the following waterfall:

- First, \$41 million to LJM2
- Second, distributions as necessary until LJM2 receives a 30% IRR over the term of the structure (unless the IRR was achieved through the \$41 million distribution above)
- Third, 100% to the special limited partnership interest, Roadrunner I LLC, a wholly-owned subsidiary of Enron

VEL 00177

Fair Market Value Put

In the event that LJM2 has not received the greater of \$41 million or a 30% IRR on its investment by March 9, 2001, LJM2 will have a fair market value put whereby LJM2 can put its interest in Bobcat back to Roadrunner. The fair market value of the membership interest is determined largely by Enron's stock price.

Expenses

Enron has agreed to cover all of LJM2's accounting and legal expenses related to this transaction. Enron will cover expenses related to formation of the structure as well as ongoing expenses.