

Releas
Part
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VEL 00349

Feb 2001
 Audit/Finance Center
 Board Approval
 Results of
 Query

LJM INVESTMENT 2000 ACTIVITY WITH ENRON

<u>Investment</u>	<u>Description</u>	<u>Notional Amount (\$MM)</u> <u>Invested</u>	<u>Return (Realized or Projected)</u>	<u>Benefit to Enron</u>
A. Balance Sheet				
Resco	Purchase of equity investment in EES' residential energy services.	0.7	25%	Deconsolidation <i>Leasehold improvement monetization w/ 3.5% rate & income</i>
The New Power Company*	Purchase of equity investment in EES' residential energy services.	38.0	TBD	N/A
Yosemite	Purchase of an interest in certain Trust Investments supported by Enron credit; such interest subsequently sold to Whitewing, an Enron nonconsolidated affiliate.	33.8	\$100k fee	Fast execution <i>monetize price with margin & return</i>
EE&CC Turbines	Acquired rights from Enron to purchase two turbines from GE with option to sell such turbines to EE&CC within 6 months; subsequently extended option for 1 month; option exercised in Dec 2000	38.0	\$1.1 MM premium	Deconsolidation until Turbopark <i>Key real estate value</i>
Margaux*	Purchase of equity certificates in a monetization structure for three European power plants.	10.0	12-16% Certificate yield	Deconsolidation
Rawhide*	Purchase of equity certificates in a monetization structure for certain domestic and international assets.	12.5	L+700bp Certificate yield	Deconsolidation
Avici	Purchase of equity certificates in a monetization structure for Enron's interest in Avici shares.	1.0	15% Certificate yield	No other buyer
Catalytica	Purchase of equity certificates in a monetization structure for Enron's interest in Catalytica shares	1.8	15% Certificate yield	No other buyer
Pulp and Paper	Serves as general partner in a limited partnership interest that purchased an interest in Enron's Pulp and Paper trading business	8.0	\$350k fee, 15% preferred return that escalates	Deconsolidation, which allows Earnings <i>for suborg. & franchise of 3.5% 11/1/00 to 11/1/01</i>
Nowa Sarzyna	Divestiture of 75% indirect equity interest in Polish power plant	30.0	25% plus \$750k fee	Deconsolidation, Funds Flow

monetize
 market
 assets
 for
 Funds
 flow

Not in book

* Indicates LJM made investment on same terms as other 3rd party investors

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<u>Investment</u>	<u>Description</u>	<u>Notional Amount (\$MM)</u> <u>Invested</u>	<u>Return (Realized or Projected)</u>	<u>Benefit to Enron</u>
Not in bank Bob West Treasure (99 deal) - flipped by LJM in 2000	Divestiture of 3% equity in counterparty for prepay with EEX	3.0	30%	Earnings, Funds Flow
MEGS LLC (99 deal)	Divestiture of offshore gathering system under contract with Mariner and Burlington	26.3	10.8%	Earnings, Funds Flow
B. Hedges				
RhythmsNet Stock options	Termination of hedge of RhythmsNet investment.	26.8	35 on 15	Avoid volatility
Raptors I, II, III, IV	Purchase of equity interests in four structured-finance hedging vehicles.	120.0	\$41 MM on \$30 MM Investment in I, II, IV; \$39.5 MM on \$30 MM Investment in III	Avoid volatility
Not in bank Raptor IA, IIA	Additional equity interests in two of the four Raptors	7.1	15%	Avoid volatility
C. Income Statement				
Dark Fiber	Purchase of Dark Fiber.	30.0	18%	Earnings
D. Other				
Osprey Add-On*	Purchase of additional Trust Certificates in Osprey - an unaffiliated equity and debtholder of Whitewing, an Enron nonconsolidated affiliate, which invests in both domestic and foreign merchant and other assets	26.0	12.75% Certificate yield plus 1.5% equity "kicker"	Deconsolidation, Funds Flow

Audrey got no interest in this

163 on total return of / on
300
7mm reinvested - @ risk

Highly structured hedge program for our off market investments

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