

**BENEFITS TO ENRON SUMMARY**

Deal Name: **Raptor 3 (TNPC)** Dollar Amount: **\$30.0 million**

Date Completed: **9/30/00**

Description of Transaction: **Investment in structured finance vehicle used to hedge mark-to-market volatility of EES's stake in The New Power Company**

Enron Business Unit Benefited: **EES**

Did the deal result in a direct or indirect benefit to Enron: **Direct and Indirect**

Primary Benefit: **Protection of total return swap exposure in Hawaii 125-O of EES's TNPC stake**

Funds Flow Direct:

Funds Flow Indirect:

Earnings Direct:

Earnings Indirect: **\$196 million**

Fees Saved : **\$2-3 million (investment bank fees avoided)**

Other equity investors bidding on the transaction :

1. **None**
- 2.
- 3.

*\* indicate whether our purchase was on the same terms as the other equity purchasers.*

Did the deal close with LJM? **yes**

If not, why?

*\*indicate whether the reason was driven by Enron or LJM.*

Other benefits to Enron :

- **Accomodation on derivative approval**
- **Confidentiality**
- **Structuring capabilities**

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## Raptor III Key Variables:

Currently trading at \$10.25

Enron break even to sustain no impairment was \$9.11 at 12/31/2000

TNPC stock in three years at \$17.67 = receipt of \$30 million back end

TNPC stock in three years at \$16.96 = receipt of \$0 million back end

Benefits to Enron Corp

The following are benefits to Enron from a merger of Raptors I, II and IV which no distributions to LJM.

1. Resolves the potential impairment of the Raptor I note. The vehicle's credit capacity is negative \$107 million.
2. Maintains an additional \$323 million of credit capacity within the merged vehicles.
3. Provides \$694 million of notional capacity to write derivatives which is \$170 million more than exists when the vehicles are separate.
4. Enron has avoided \$433.5 million of unrealized losses because of the Raptor vehicles.
5. Enron has avoided \$73 million of realized losses because of the Raptor vehicles.