

Enron Corp Bank Presentation

November 19, 2001

Waldorf Astoria

New York, NY



PRIVILEGED AND CONFIDENTIAL

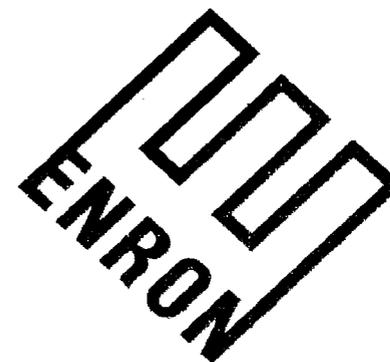


Agenda

- **Introduction - What Happened?** Jeff McMahon, Chief Financial Officer
- **Enron and Dynegy Merger** Greg Whalley, President & COO
- **Business Review** Greg Whalley, President & COO
- **Risk Assessment & Controls** Rick Buy, Chief Risk Officer
- **Debt Issues** Jeff McMahon, Chief Financial Officer
Ray Bowen, Treasurer
- **Next Steps** Jeff McMahon, Chief Financial Officer
- **Question and Answer Session** Panel



What Happened ?



PRIVILEGED AND CONFIDENTIAL

What Happened?

Current Situation

- Complete loss of investor and creditor confidence
 - Management
 - Performance of the business
 - Financial markets
- No access to capital
 - Short-term
 - Long-term
- Trade credit markets nervous
- Current maturities greatly exceed operating cash flow
 - Revolving credit facility matures May 2002 - \$1.75B
 - Osprey Trust must be defeased September 2002 - \$2.6B
 - Other bank maturities
- Too much leverage tied to stock price
 - Osprey
 - Marlin
 - Equity forwards



What Happened?

Cause

- Series of bad investments
 - Azurix
 - Broadband
 - Elektro
 - Dabhol
 - Merchant investments

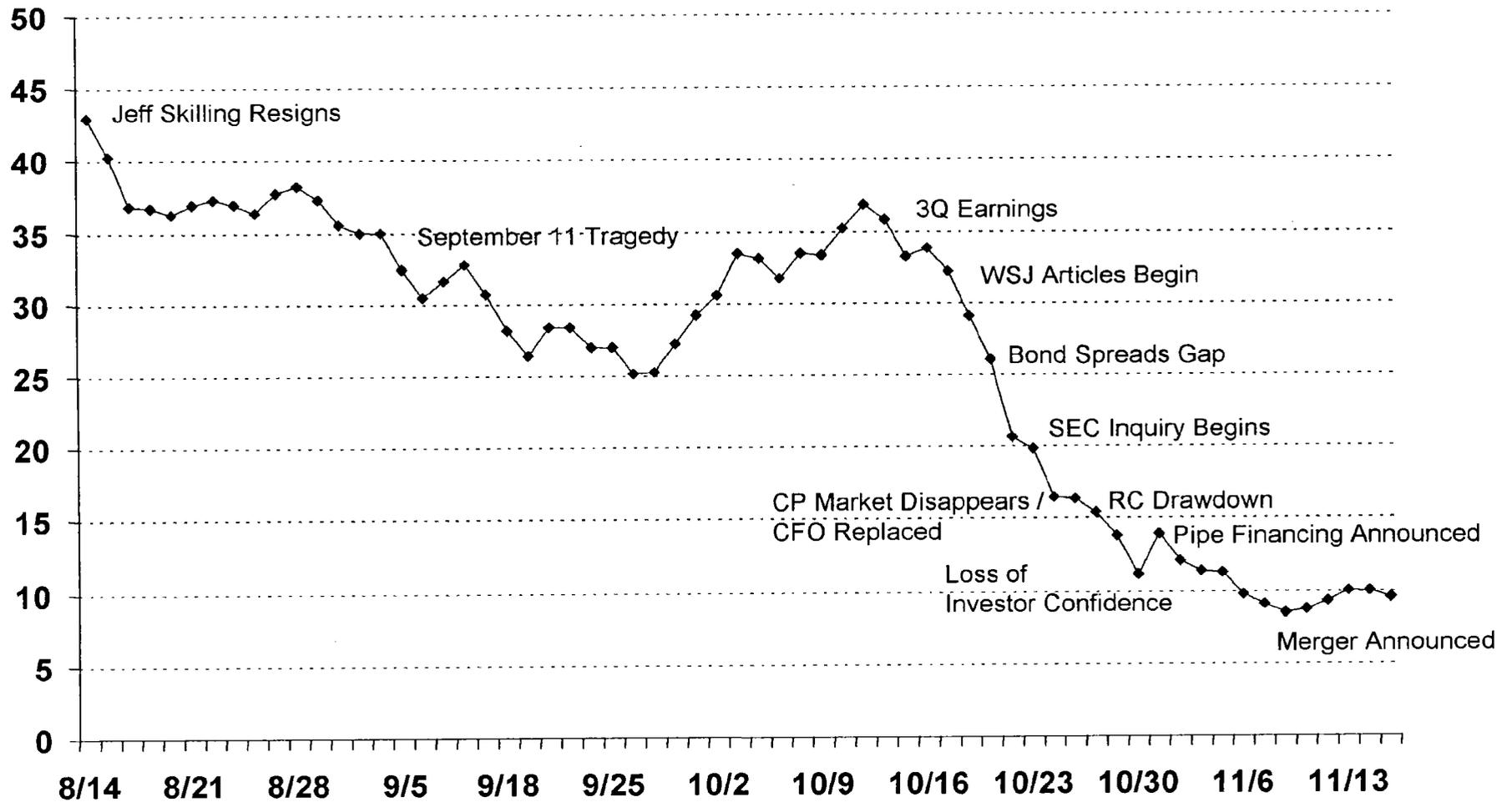
- Overlevered
 - Failed asset / liability management program
 - Large use of Enron stock
 - No significant equity issuances

- Related party transactions
 - Conflicts of interest
 - Slow to address investor concerns
 - Overused
 - Possible control failure

- Failure of management to respond quickly



What Happened? Enron Daily Share Price



What Happened?

Shareholder Equity Activity 12/99 to 9/01

		\$MM
	December 1999 Shareholder Equity	9,570
Net Income	Net Income - Recurring	2,507
	Net Income - Non-recurring	
	Azurix	(613)
	Broadband Services	(180)
	Investing Activities	(544)
	Other	20
	Non-recurring Total	(1,317)
	Net Income Total	1,190
Share Related	Dividends Declared	(786)
	Shares Purchased	(1,559)
	Shares/Contingent Shares Issued to Raptor	998
	Repurchase of Contingent Shares	(1,270)
	Equity Issuances for Business Acquisitions	409
	Equity Issuances for Benefits / Options	1,514
	Share Related Total	(694)
Other	Other Comprehensive Income / CTA	(1,036)
	All Other	460
	September 2001 Shareholder Equity - Estimate	9,490

Subject to restatement pending the filing of Enron 9/30/01 10Q

PRIVILEGED AND CONFIDENTIAL

- 7 -

5/30/03 5:37:55 PM



JPMNBY100121581

What Happened? How to Solve It

Issues

- Short-term
 - Get immediate liquidity
 - Protect credit rating

- Medium-term
 - Restructure maturities
 - Improve rating outlook
 - Liquidate finance vehicles
 - Sell assets

- Long-term
 - Rebuild investor confidence
 - Asset / Liability management program
 - Management focus
 - Strategic equity solutions

Actions Implemented

- Revolver drawdown
- \$1.0B secured facility
- \$1.5B Northern Natural Gas preferred
- Private equity initiative

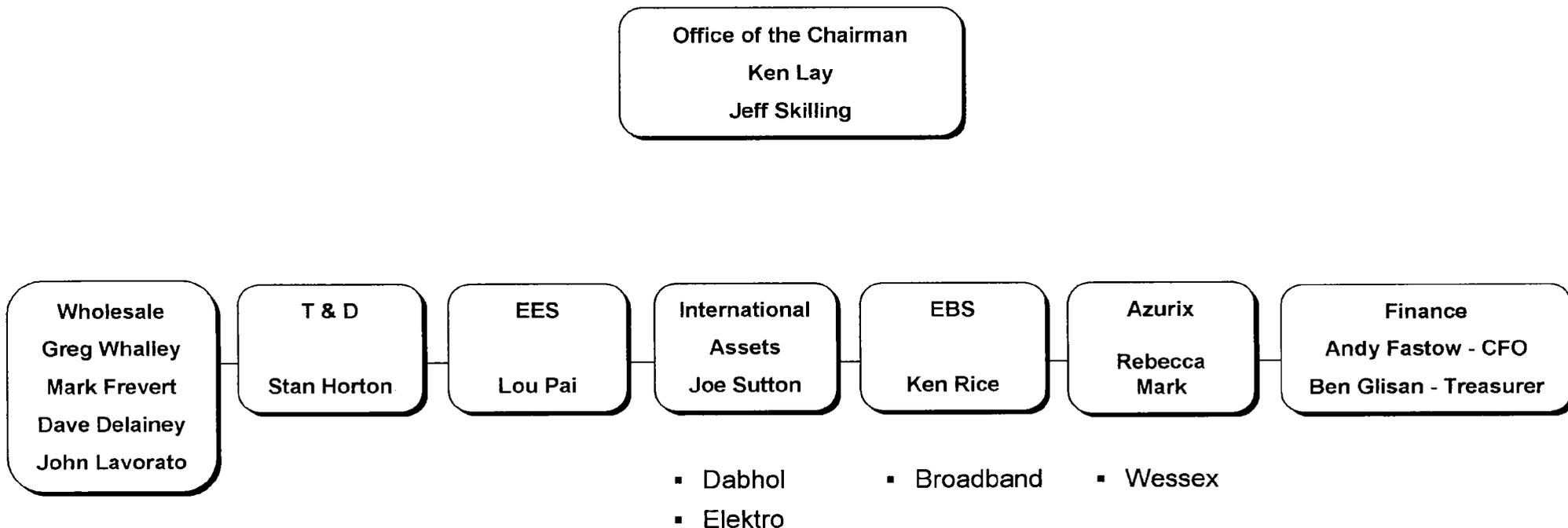
- Accelerated asset sale program

- Change in management
- Restructured business focus
- Engaged corporate governance advisors
- Restructured finance department

What Happened?

Historical Organization Chart

JPMNBY100121583



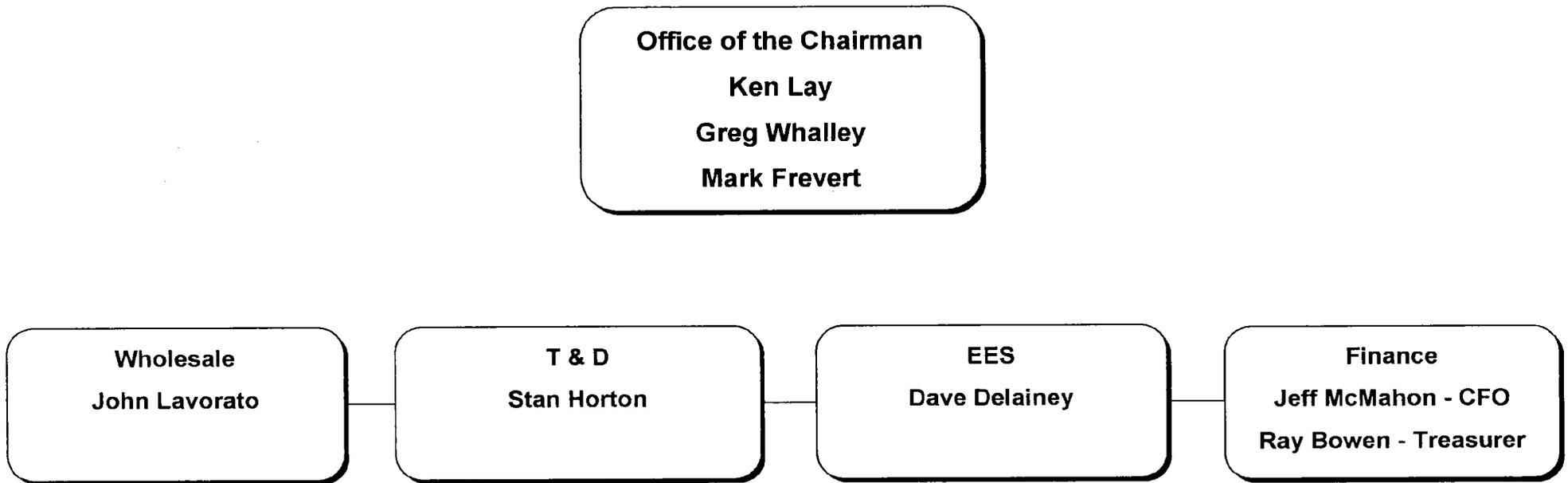
Current Enron Employee
No Longer with the Company



What Happened?

Current Organization Chart

JPMNBY100121584



What Happened?

Pro Forma Combined Company (\$MM) – 12/31/02E

	Dynergy Standalone	Enron Standalone	Merger Adjustments	Pro Forma NewCo ⁽¹⁾	Asset Sales Sensitivities	
					\$1.0B	\$2.0B
Cash & Equivalents	20	1,559		1,579	1,579	1,579
Balance Sheet Debt	4,605	12,087	(1,000)	15,692	14,692	13,692
Off-Balance Sheet Debt	2,105	1,080		3,185	3,185	3,185
Convertible Preferred	-	1,500	(1,500)	-	-	0
Redeemable Preferred	246	903		1,149	1,149	1,149
Minority Interest	1,200	2,387		3,587	3,587	3,587
Shareholder Equity	5,156	9,500	3,005	17,661	17,661	17,661
Total Book Capitalization	13,312	27,457	505	41,274	40,274	39,274
Adjusted Ratios						
Net Debt / Net Book Cap.	48.30%	44.80%		43.80%	42.30%	40.80%
EBITDA / Fixed Charges	4.8x	3.9x		4.5x	4.7x	5.0x
FFO / Fixed Charges	5.4x	3.4x		4.2x	4.4x	4.6x
FFO / Net Debt	25.60%	21.50%		25.30%	27.20%	29.20%

(1) Includes \$500 MM of synergies

Source: Dynergy Presentation – November 2001

PRIVILEGED AND CONFIDENTIAL

- 11 -

5/30/03 5:37:55 PM



Enron and Dynegy Merger



PRIVILEGED AND CONFIDENTIAL

Enron and Dynegy Merger

- #1 wholesale natural gas and power franchises
 - Through the Q3, gas sales exceeded 40 Bcf per day and power sales exceeded 500 million megawatt hours
- Principal energy market makers and liquidity providers
 - EnronOnline + Dynegy*direct*
- Intellectual capital leveraging core asset positions
- Complementary physical and financial capabilities
 - Combined revenues exceeded \$200B and \$90B in assets
- Comprehensive energy delivery networks
 - Includes more than 22,000 megawatts of generating capacity
- Diverse pipelines and generation assets
 - Includes more than 25,000 miles of pipelines

Source: Enron Merger Press Release November 9, 2001



Enron and Dynegy Merger Transaction Overview

JPMNY100121588

- Stock for stock merger
 - Fixed conversion ratio of 0.2685 ENE per DYN share
 - Resultant ownership profile ~ Enron 36%; Dynegy 64%
- Dynegy purchased preferred stock for \$1.5B, exchangeable for ENE common stock and convertible into 100% of Northern Natural preferred equity under certain circumstances
 - Funded via ChevronTexaco's \$1.5B purchase of preferred stock in Dynegy
 - ChevronTexaco's preferred is convertible into common equity of Dynegy at a 5% discount to \$35.966 (the 5-day average price as of November 2, 2001) per share
- Commitment by ChevronTexaco to infuse an additional \$1.0B upon close of the merger

This slide is intended only as a summary of the definitive documents to the Merger Agreement and the investment in preferred stock by Dynegy



Enron and Dynegy Merger Merger Agreement

- Agreement
 - Expected to close in the 3rd quarter of 2002
 - Required approvals – FERC, HSR, SEC and Enron and Dynegy shareholders
- Termination Provisions
 - Material Adverse Change Clause (MAC)
 - Litigation Cap
 - \$3.5B Cap, MAC clause enforceable thereafter
- Interim Covenants
 - Debt
 - May refinance existing debt plus incur an additional \$1.0B in addition to the recent \$1.0B Chase / Citi financing
 - Equity
 - Enron is entitled to issue up to \$2.0B of new equity
 - Or additional equity as necessary to prevent a downgrade below investment grade

These slides are meant as an overview of the principle terms of the Merger Agreement and, as summarized, are qualified as to the terms of the Merger Agreement



Enron and Dynegy Merger

Financial Highlights of the New Dynegy

JPMNBY100121590

- Significant balance sheet strength
- Less leverage with fewer off-balance sheet transactions
- Strong free cash flow to support future growth



Enron and Dynegy Merger

Credit Strengths

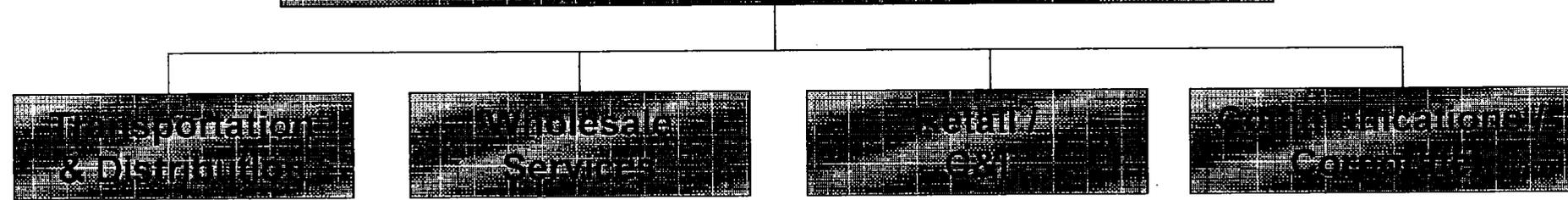
- #1 wholesale gas and power industry position
- Diversified earnings stream
 - Stable free cash flow from assets (midstream, pipes, T&D)
 - Significant recurring earnings / cash flow (wholesale)
 - Profitable C&I / Retail business
 - G&A savings
- ChevronTexaco strategic relationship and support
- Commitment to maintain investment grade ratings
- Conservative financial policy and practices



Enron and Dynegy Merger Combined Company – 2001 Estimate (\$MM)

JPMNB100121592

NewCo Segment EBITDA

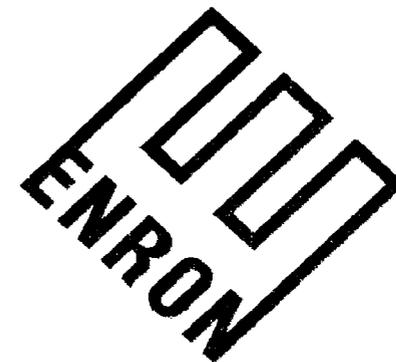


	<u>2001E EBITDA</u>		<u>2001E EBITDA</u>		<u>2001E EBITDA</u>		<u>2001E EBITDA</u>
Dynegy		Dynegy M&T	1,271 ⁽¹⁾	Dynegy	0	Dynegy	(272)
Midstream	280	Enron		Enron	286	Enron	(437)
Illinova T&D	396	North American	2,582				
Subtotal	<u>676</u>	Europe/Other	<u>618</u>				
Enron		Subtotal	<u>3,200</u>				
Pipelines	484						
Portland General	377						
Global Assets	236						
Subtotal	<u>1,097</u>						
TOTAL	1,773	TOTAL	4,471	TOTAL	286	TOTAL	(709)

(1) Includes \$600MM of EBITDA attributable to generation assets
 Note: Numbers subject to restatement pending filing of Enron 9/30/01 10Q
 Source: Dynegy Presentation November 2001



Enron Business Review

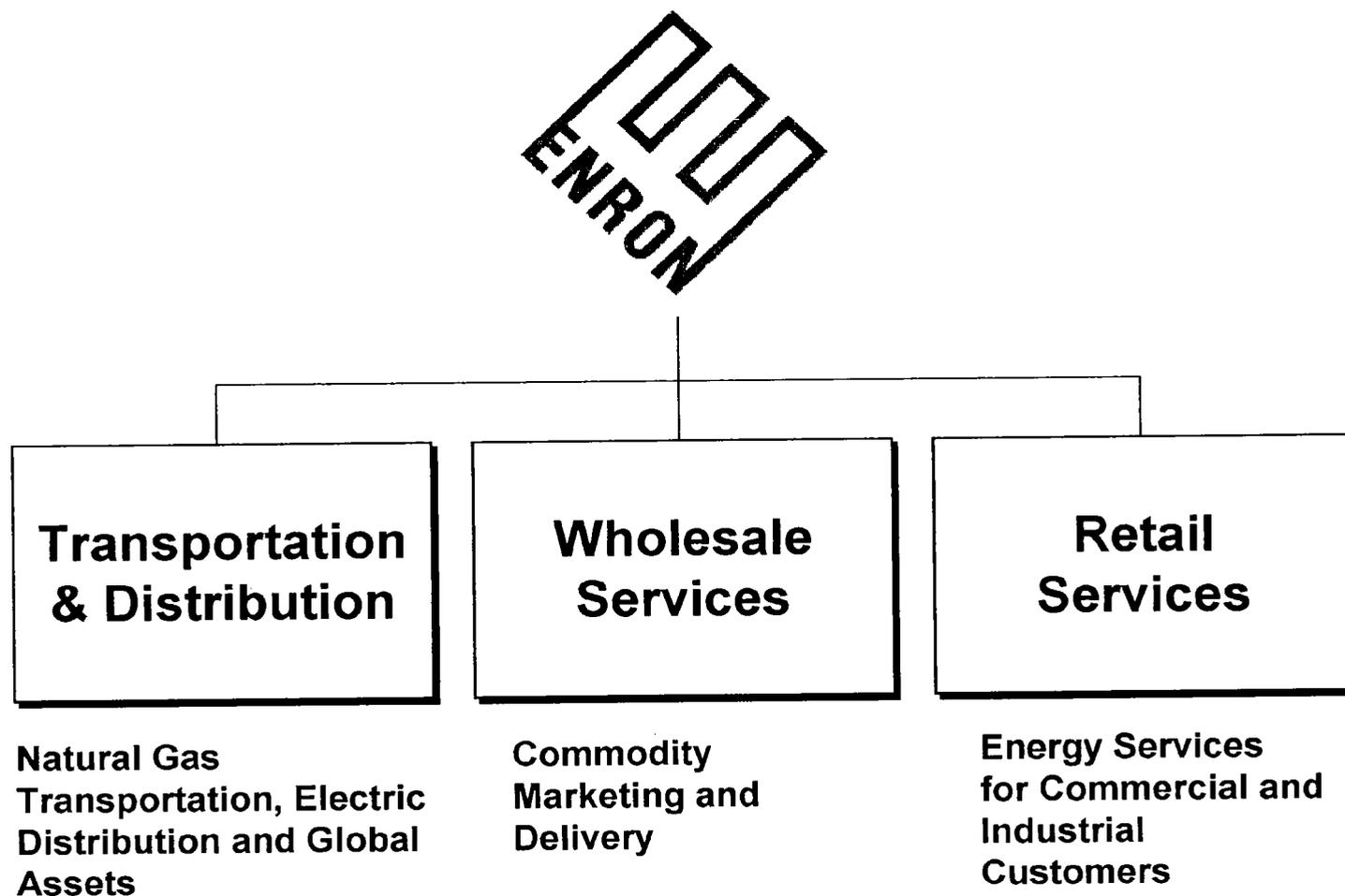


PRIVILEGED AND CONFIDENTIAL

Enron Business Review

Enron Businesses

JPMNY100121594



Enron Business Review

9 Mo. 2001 EBITDA By Core Business (\$MM)

Core Businesses

Wholesale Services

- Marketing and Delivery of Commodities Worldwide

Transportation & Distribution

- Pipelines

Retail Energy

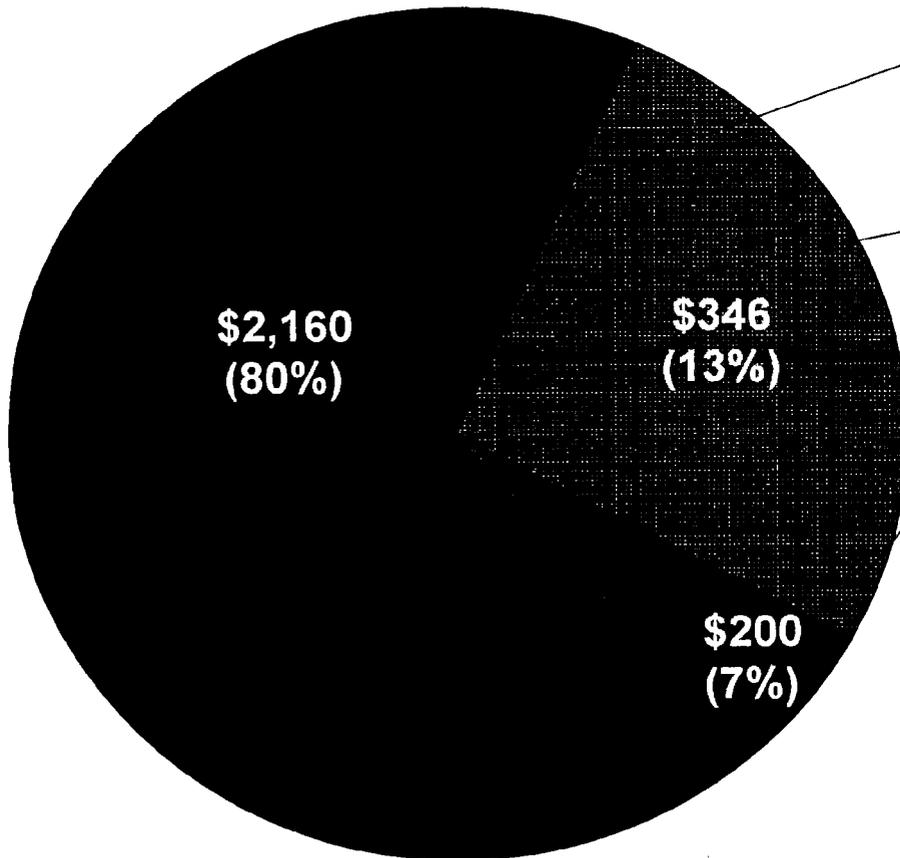
- Energy Outsourcing to Commercial and Industrial Customers

Non-Core Businesses

- Portland General, Global Assets, Broadband

Businesses Under Review

- Other wholesale commodity businesses outside of gas, power, and coal



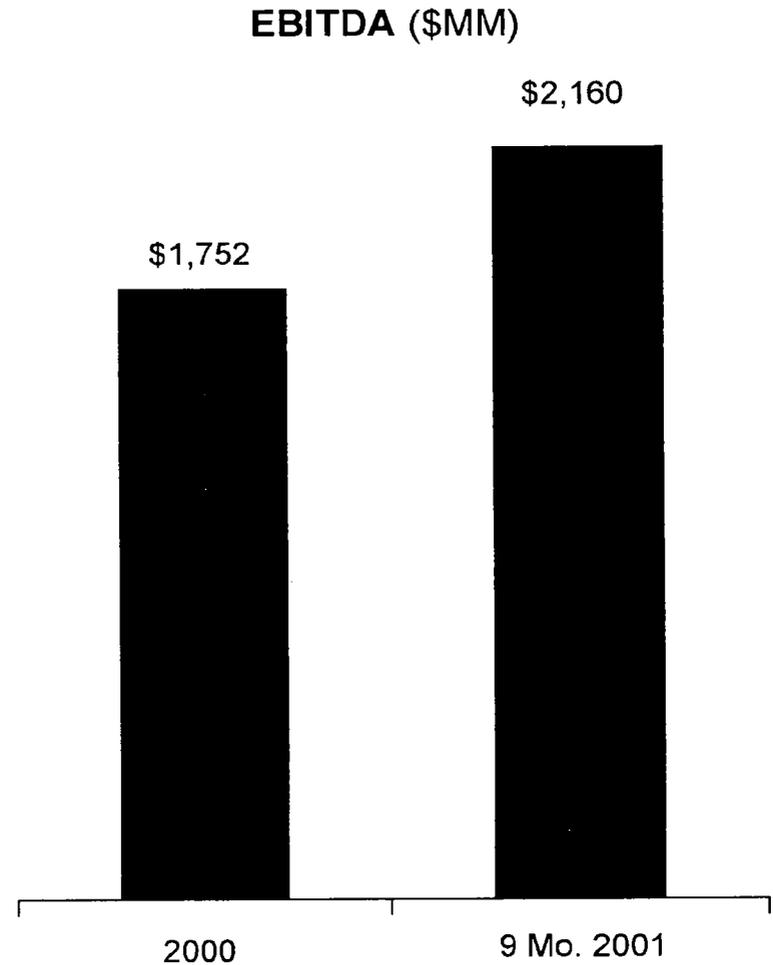
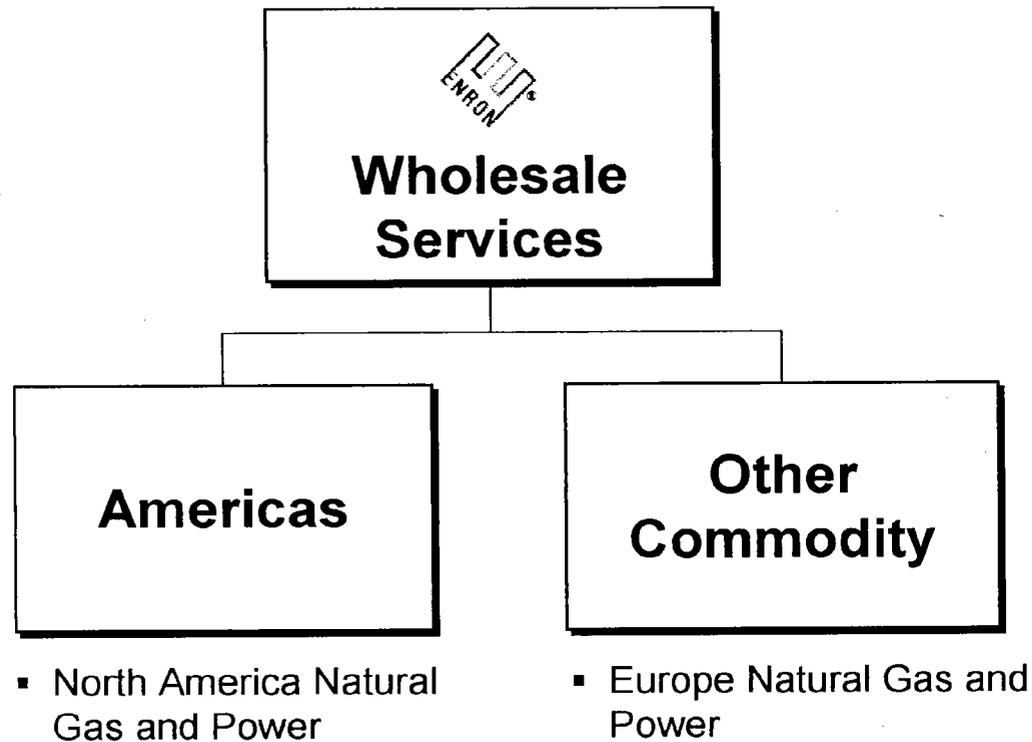
Notes: Core Businesses only
 EBITDA = Operating Income + DDA
 Subject to review pending the filing of Enron 9/30/01 10Q



Enron Business Review

Enron Wholesale Services

JPMNBY100121596



Subject to restatement pending the filing of Enron 9/30/01 10Q

Note: Excludes Global Assets, which is now Non-Core

PRIVILEGED AND CONFIDENTIAL

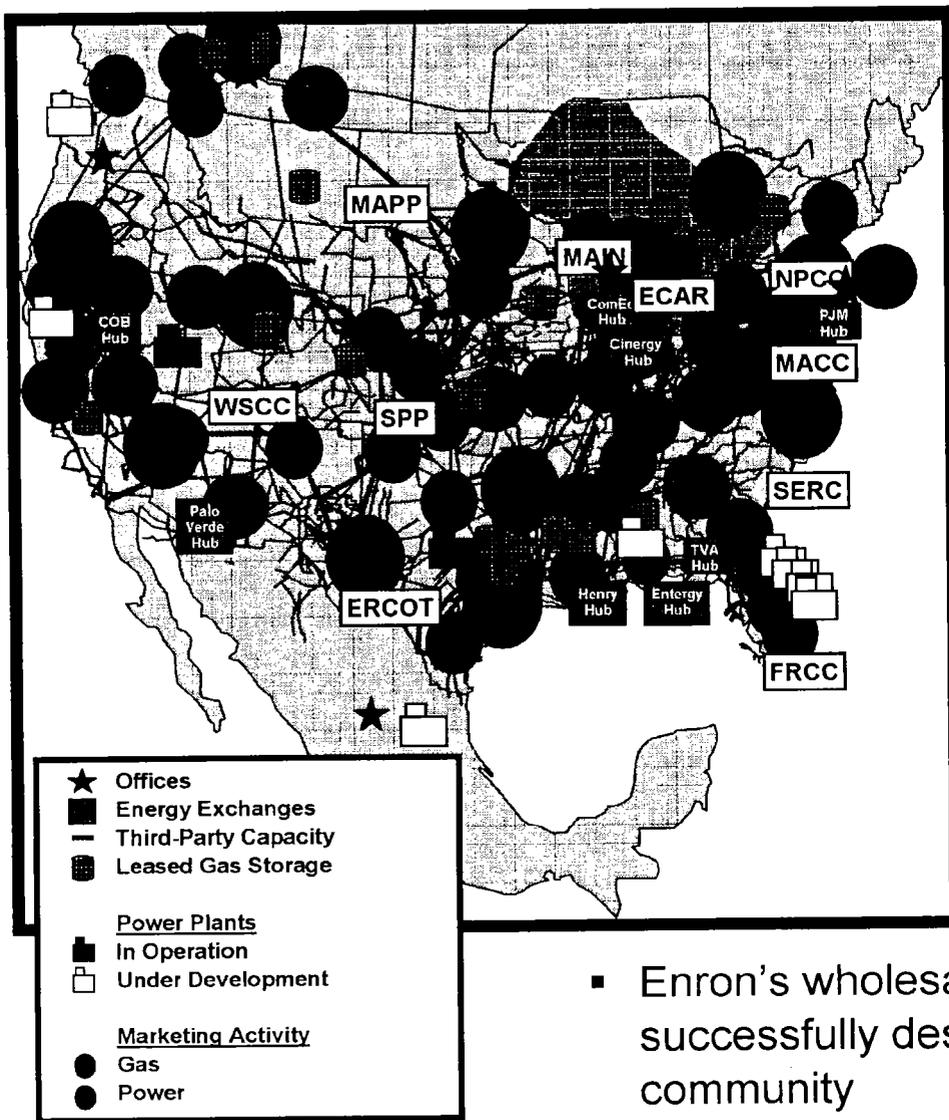
- 22 -

5/30/03 5:37:55 PM



Enron Business Review

Enron Wholesale Services

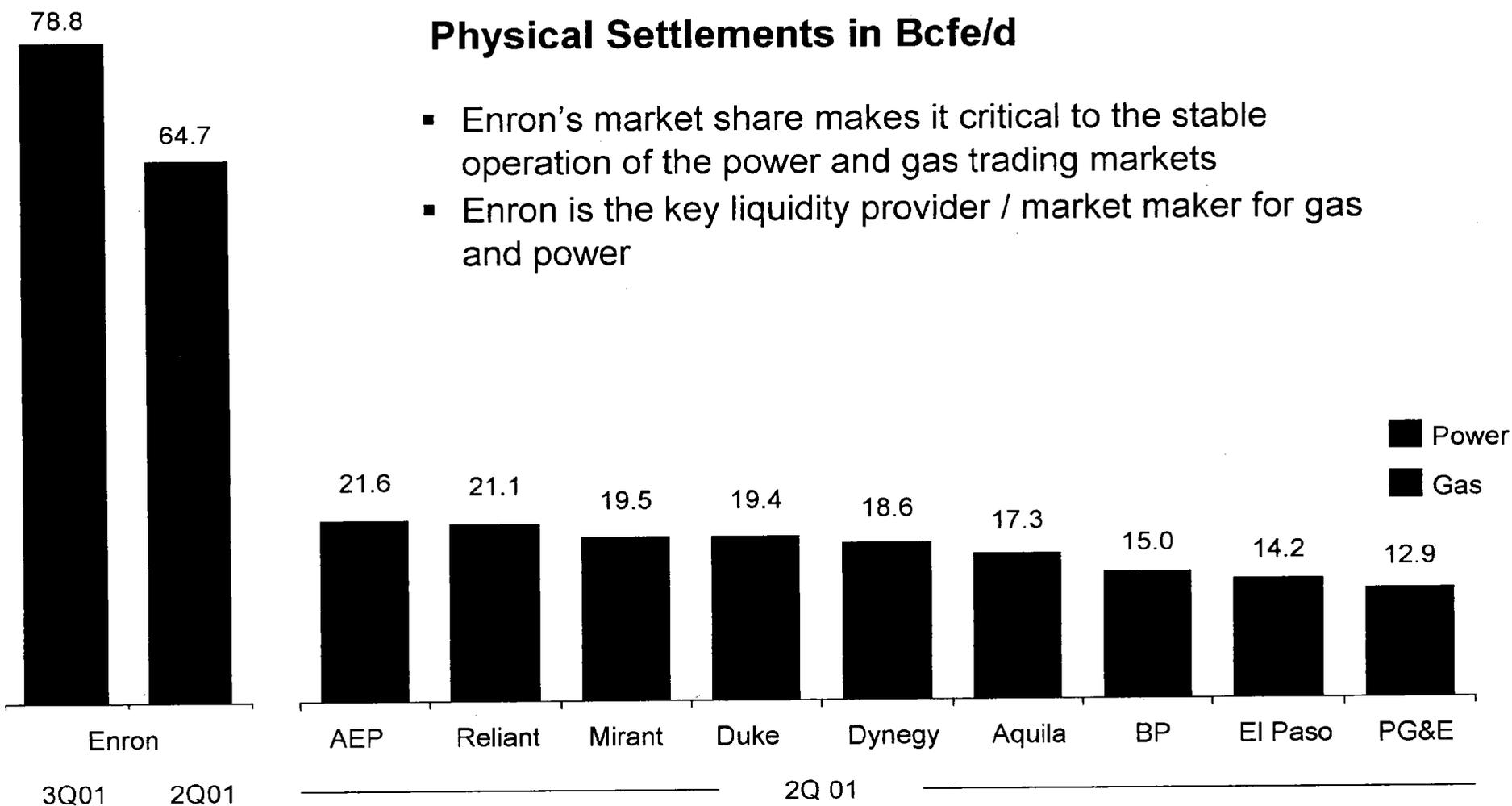


- Enron infrastructure gives greater access to market information than its competitors
- The infrastructure involves:
 - ownership of assets
 - controlled access to assets
 - asset management agreement
- Gas volumes on EnronOnline were greater than NYMEX in September 2001
- Enron's wholesale business continues to operate successfully despite the crisis of confidence in the investor community

Enron Business Review

Enron's Leading Market Position

JPMNY100121598



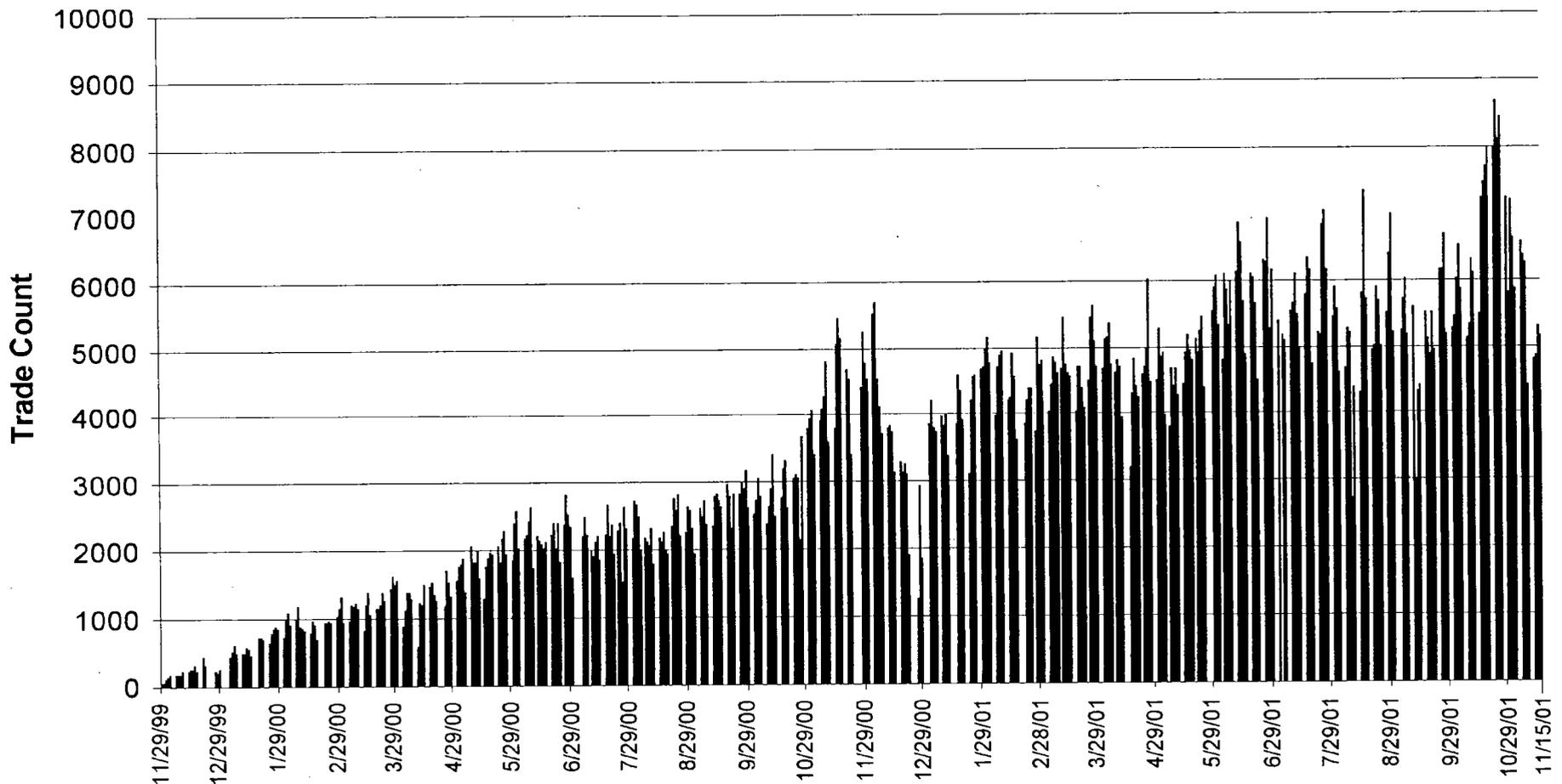
Source: Gas Daily, Power Markets Week, Company Reports

PRIVILEGED AND CONFIDENTIAL



Enron Business Review

EnronOnline Trade Counts Since Inception

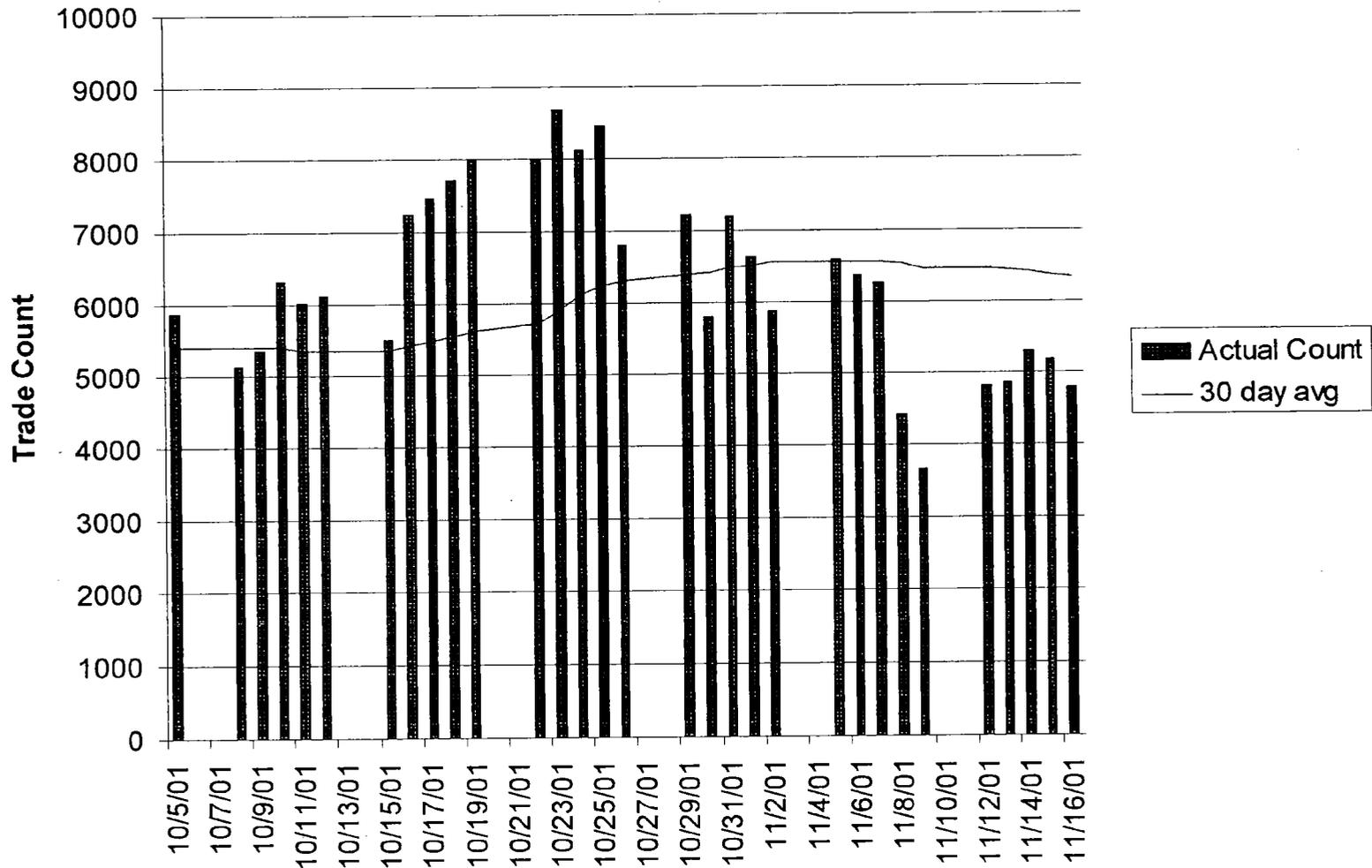


Enron Business Review

EnronOnlineTrade Counts - Last 30 Days

JPMNBY100121600

Through 11/16/01



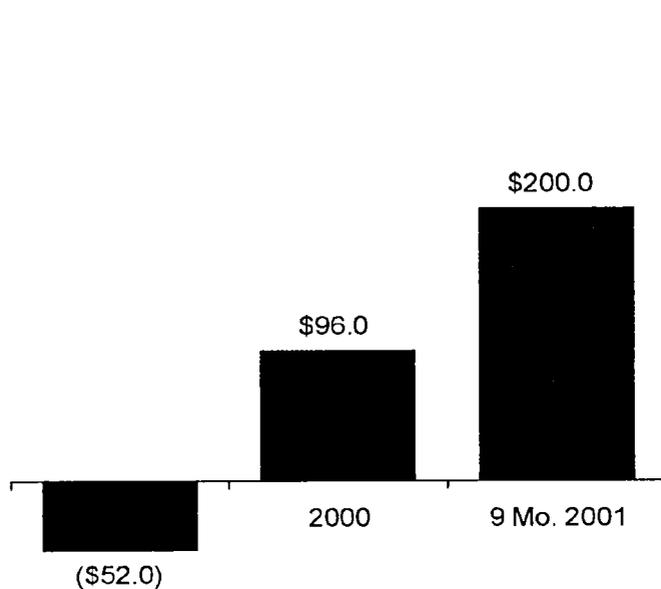
Enron Business Review

Enron Energy Services

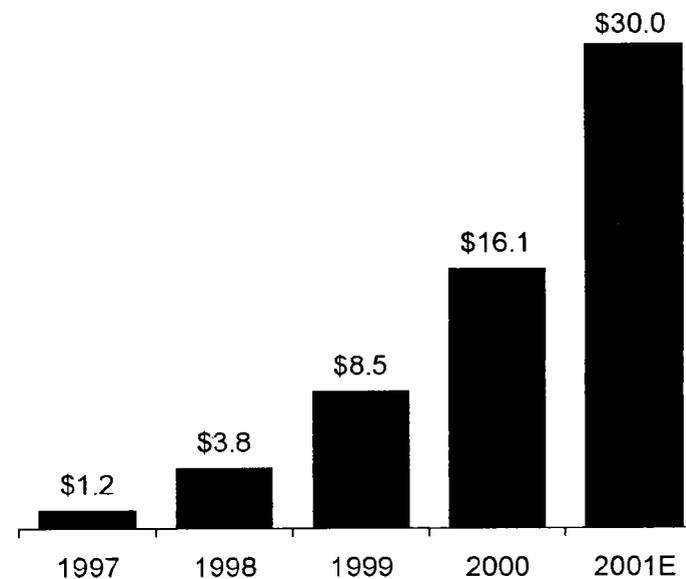
JPMNBY100121601

- Medium / Long term natural gas and electricity outsourcing supply for clients
- Identification and installation of energy efficient equipment which allows clients to reduce consumption
- Business is focused in US / UK / Canada
- Target market focused on large consumers (Fortune 2500 companies) as well as small consumers

EBITDA (\$MM)



Total Contract Value Growth (\$B)



Subject to restatement pending the filing of Enron 9/30/01 10Q

PRIVILEGED AND CONFIDENTIAL

- 27 -

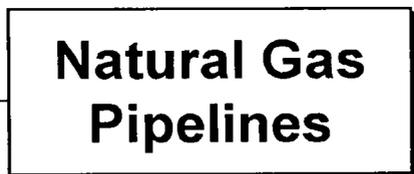
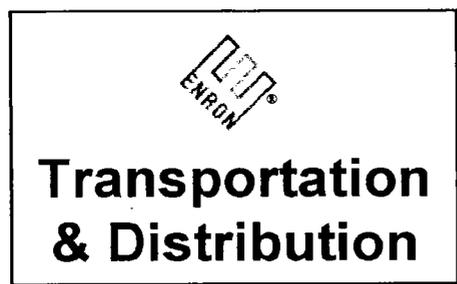
5/30/03 5:37:55 PM



Enron Business Review

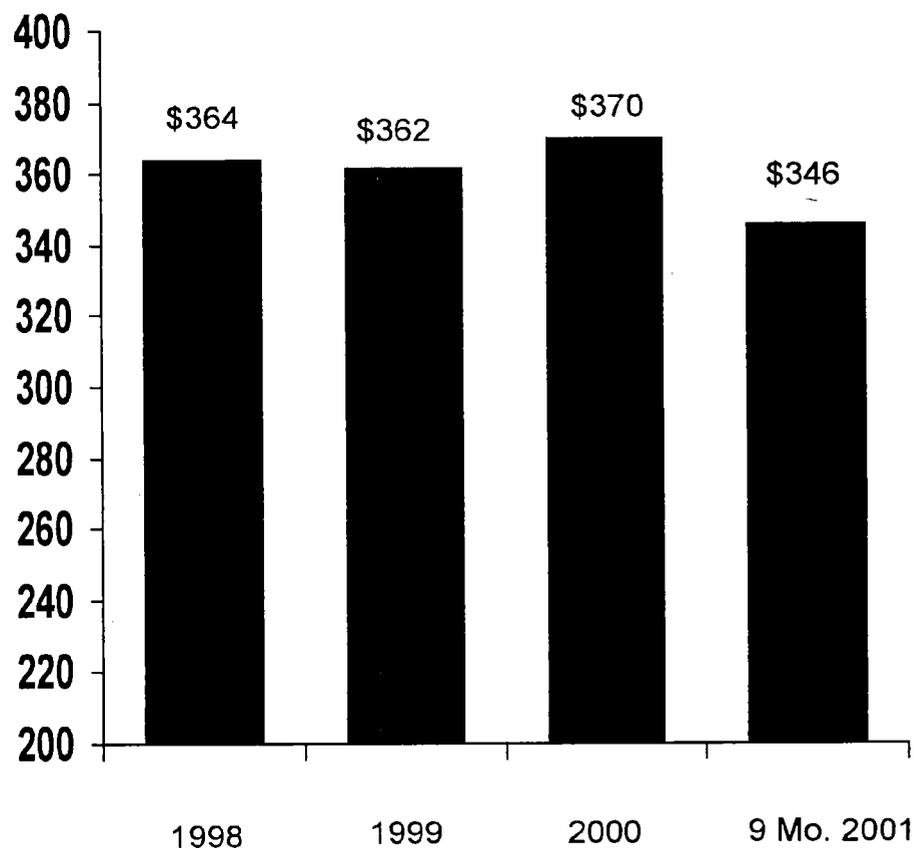
Natural Gas Pipelines

JPMNBY100121602



- Transwestern
- Northern Natural
- Citrus
- Northern Border
- Trailblazer

EBITDA (\$MM)



Subject to restatement pending the filing of Enron 9/30/01 10Q

PRIVILEGED AND CONFIDENTIAL

- 28 -

5/30/03 5:37:55 PM



Enron Business Review

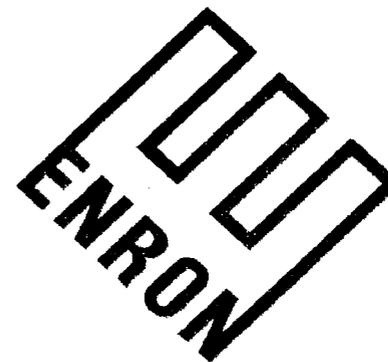
Business Issues

- Dabhol
 - DPC continues to pursue remedies against Maharashtra State Electricity Board (MSEB), the Government of Maharashtra (GOM) and the Government of India (GOI)
 - Procedural hearings in separate arbitrations against GOM and GOI are scheduled for this month
 - Project lenders considering approval of the termination notice to MSEB. DPC is currently forbidden by the Bombay High Court from serving the Termination Notice
 - Enron has made its first claim against its political risk policies

- California
 - Edison exposure approx. \$150MM, PG&E gross exposure approx. \$521MM

- Effect of current events on wholesale business
 - Liquidity
 - Counterparty activity
 - Transaction activity

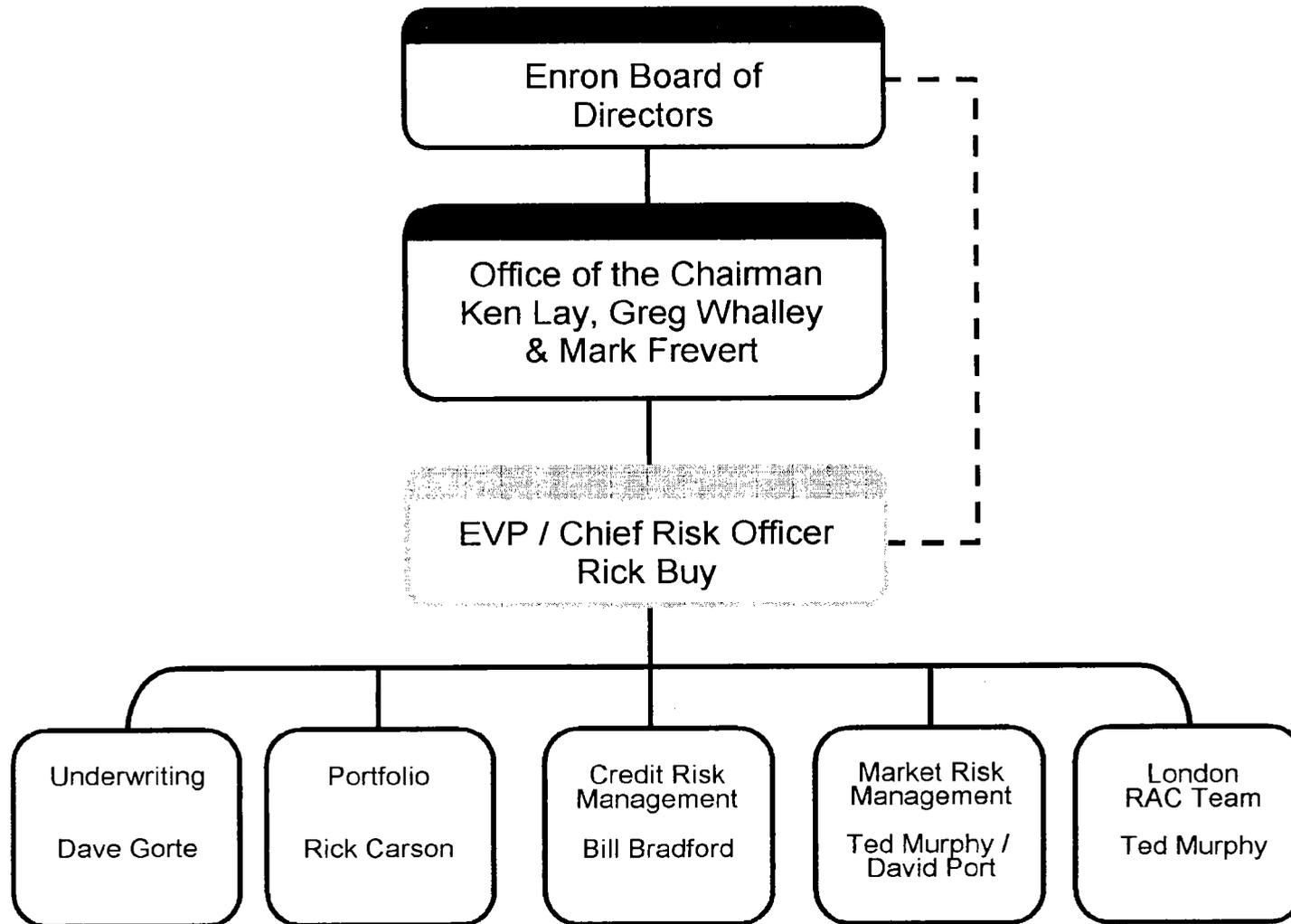
Risk Assessment and Controls



PRIVILEGED AND CONFIDENTIAL

Risk Assessment and Controls

Risk Assessment & Control Group (“RAC”)



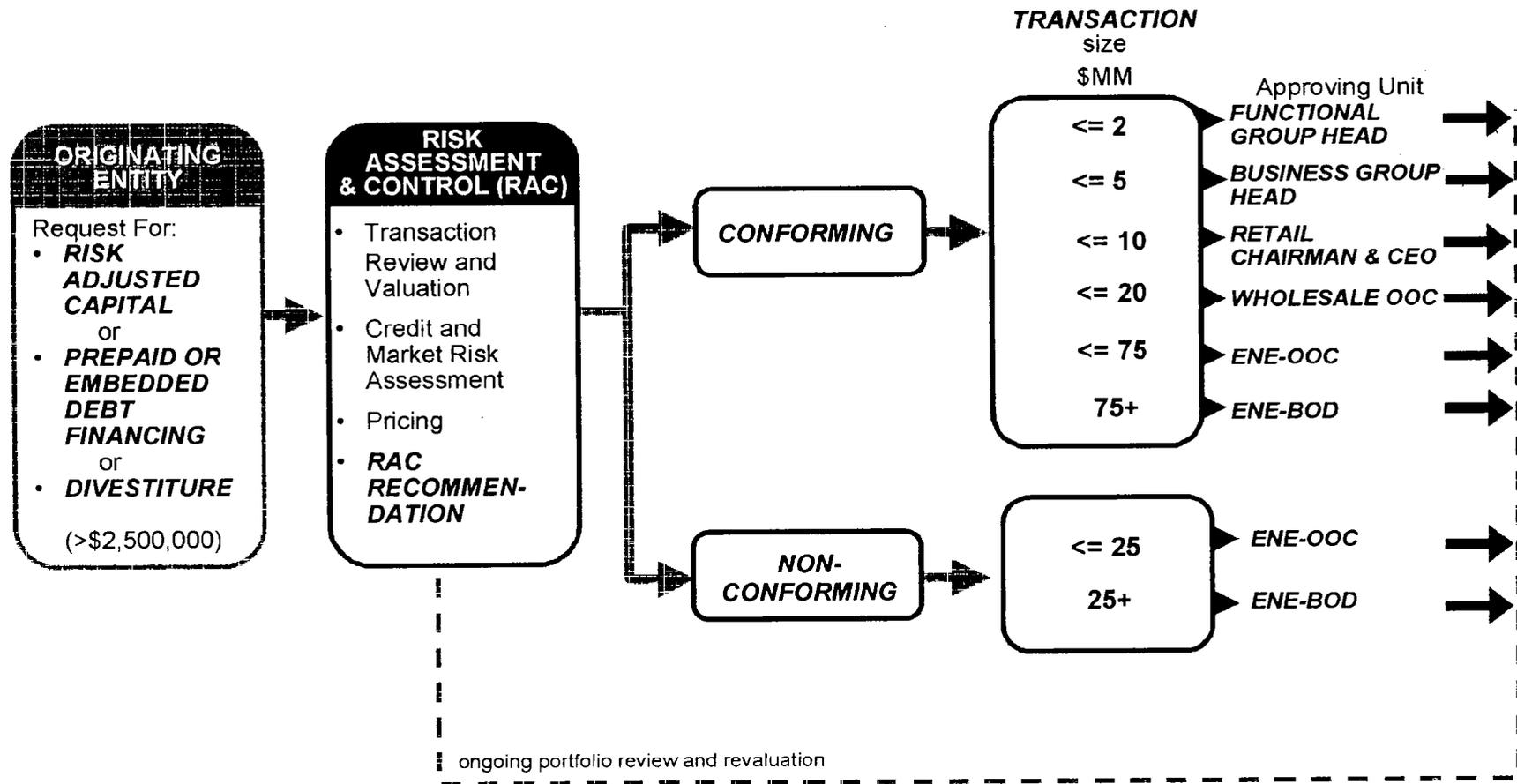
Risk Assessment and Controls

Responsibilities

- **Market Risk Management**
 - Identify and evaluate complex global risk issues
 - Provide oversight and advice to the risk administration and risk technology processes
- **Credit Risk Management**
 - Credit review of over 7,000 transactions daily and review over 15,000 counterparties worldwide
 - Actively monitor and manage portfolio credit exposure associated with worldwide trading activities
- **Underwriting**
 - Ensure that risks for merchant capital transactions are identified and, where possible, mitigated
 - Value investments by modeling transaction risks using standard valuation processes
- **Portfolio**
 - Provide due diligence review to identify financial and administrative risks in proposed transactions
 - Ongoing asset management and compliance



Risk Assessment and Controls Transaction Approval Process



Risk Assessment and Controls

What Went Wrong and Remedies

JPMNY100121608

What Went Wrong?

- Large strategic transactions were **NOT** subject to RAC scrutiny
 - Azurix
 - EBS
 - India
 - The New Power Company
- RAC's role was to **HIGHLIGHT THE RISKS** for senior management and Board of Director decision making
- Related party transactions approved by the Board of Directors

Remedies

- **ALL** transactions will be subject to RAC review
- Approval policy expected to be altered at December 2001 board meeting to require Board of Director override of RAC decisions



Risk Assessment and Controls

Credit Controls

How Do We Quantify and Control Credit?

- Standard credit analysis
- Strong documentation process
- Monitor and maintain collateral
- Monitor portfolio credit quality
- Perform simulations of price curve movements to estimate how credit exposure and required margin is impacted
- Actively maintain a credit reserve
Actual reserve as of 9/28/2001 was \$583MM
- Maintain credit insurance (base level of protection)
- Systems, systems, systems

Risk Assessment and Controls

Credit Controls – continued

JPMNY100121610

What Are the Issues Facing Us?

- Downgrade to BBB-
 - No real issue except confidence factor
- Downgrade below investment grade
 - Requires the replacement of cash by L/C's
 - Collateral thresholds (credit limits collapse to zero)
 - Incremental margin posted under contractual margin agreements would be approximately \$1.6B
 - Nervous counterparties
 - Calls for margin
 - Reduced trading by some players
- Adequacy of cash for margin call and L/C replacement



Risk Assessment and Controls

Credit Controls - continued

What Does Our Credit Portfolio Look Like?

- 15,000 counterparties including retail
- 3,500 active wholesale counterparties
 - Investment Grade 68%
 - Non-Investment Grade 32%
- \$15B of net credit exposures

Net exposure by E-Rating (In \$MM)

1	Aaa/Aa1	AAA/AA+	777	793
2	Aa2/Aa3/A1	AA/AA-/A+	1,751	1,615
3	A2/A3	A/A-	1,728	2,196
4	Baa1/Baa2	BBB+/BBB	4,872	4,125
5	Baa3	BBB-	1,034	1,000
<hr/>				
6	Ba1	BB+	1,050	606
7	Ba2	BB	976	532
8	Ba3	BB-	502	490
9	B1/B2	B+/B	1,205	1,446
10	B3	B-	399	330
11	Caa/Ca/C	CCC	136	237
12		D	538	790
			<hr/>	<hr/>
			14,968	14,160

Risk Assessment and Controls

Counterparty Behavior

How Are We Doing?

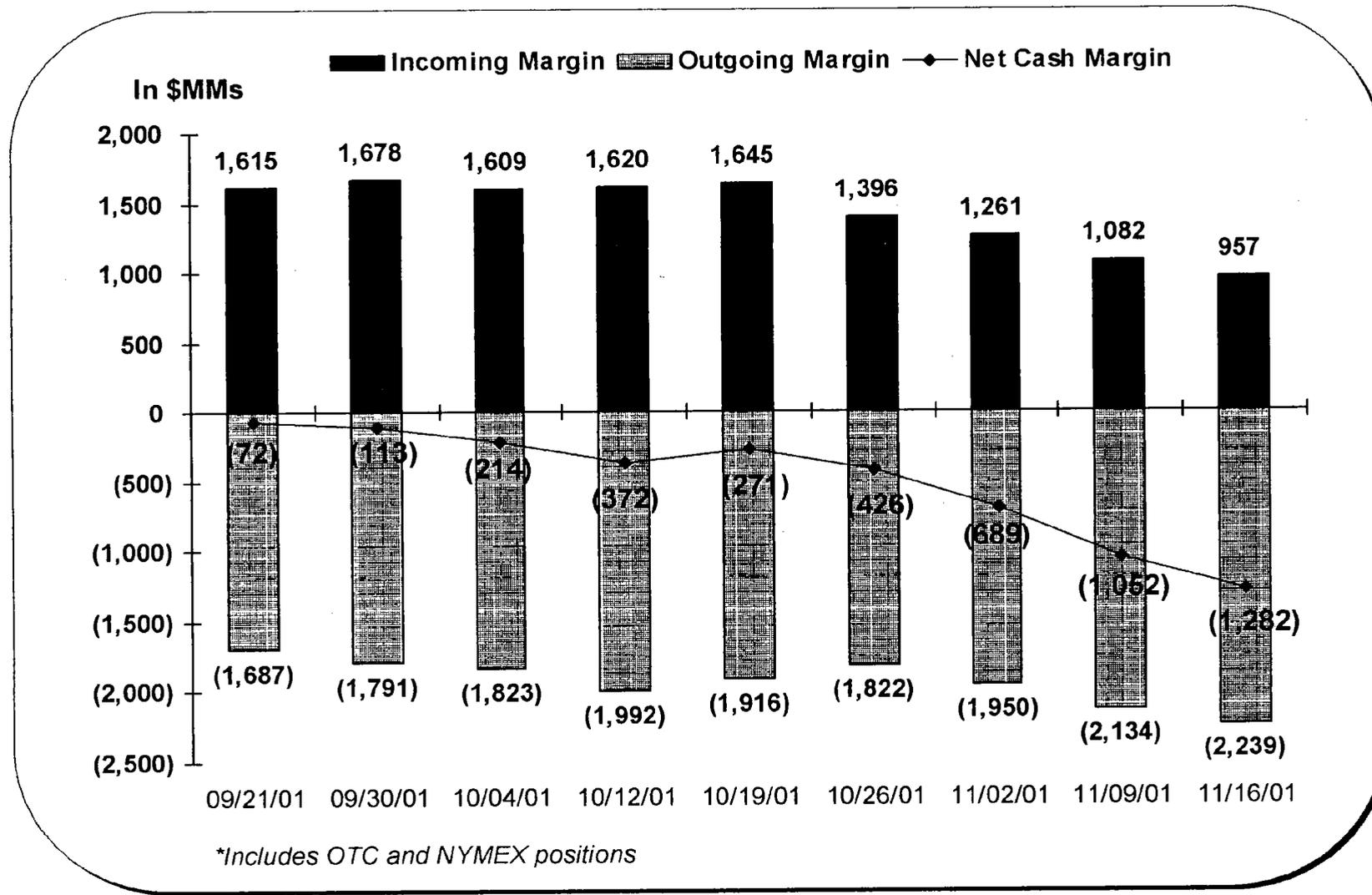
- Cash collateral converted to L/C's is manageable
- Industry's extension of credit to Enron has been reduced but stable
- Effort completed to reduce counterparty exposure to Enron through assignment of trades and "ring" trades
- Cash has been needed to replace credit



Risk Assessment and Controls

Cash Collateral

JPMNY100121613

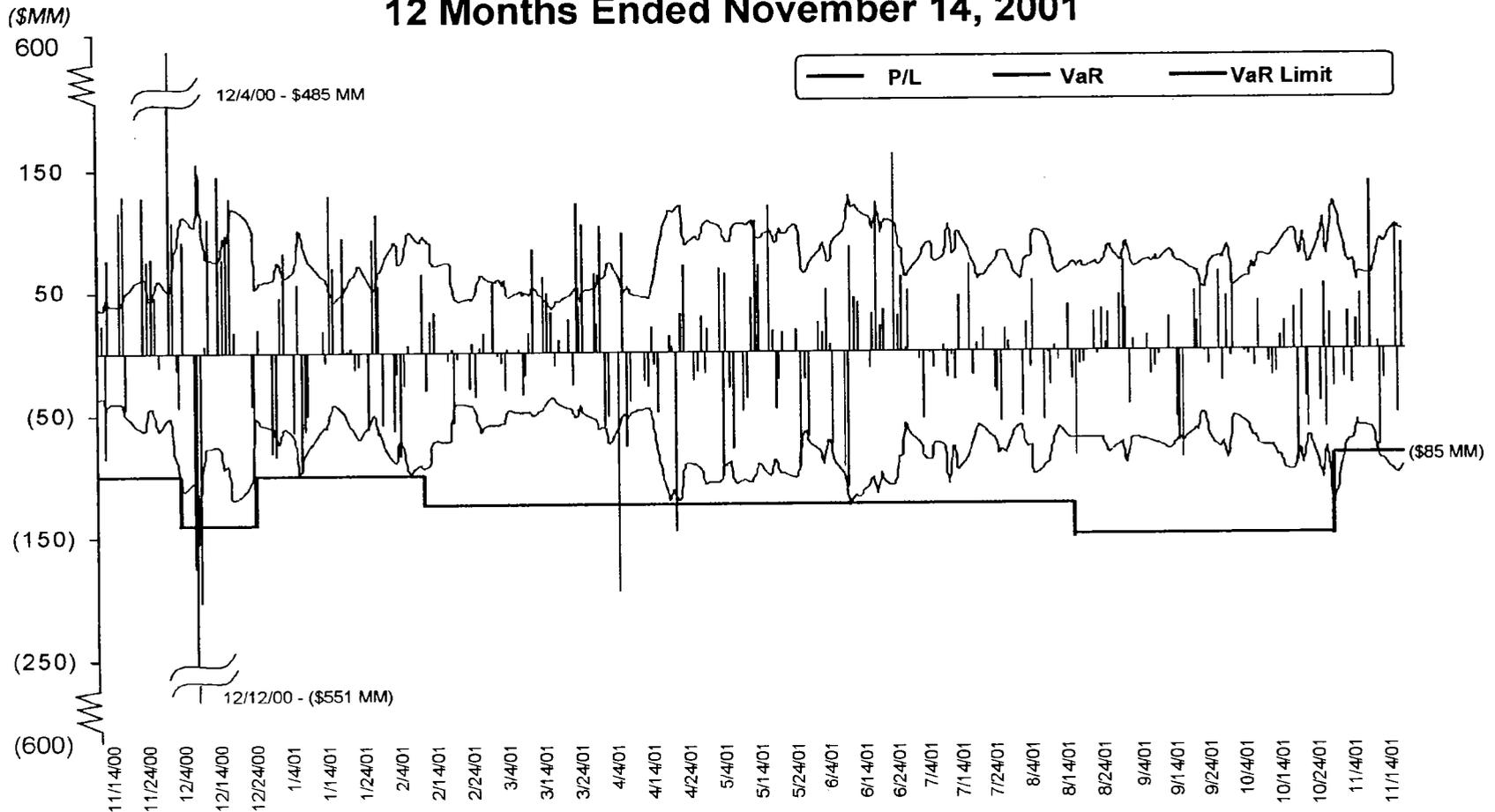


Risk Assessment and Controls

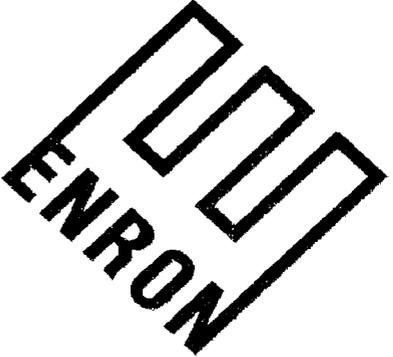
Trading - Are Our Controls Effective?

JPMNB100121614

Backtesting of Enron Corp. aggregate VaR
 12 Months Ended November 14, 2001



Debt Issues



PRIVILEGED AND CONFIDENTIAL

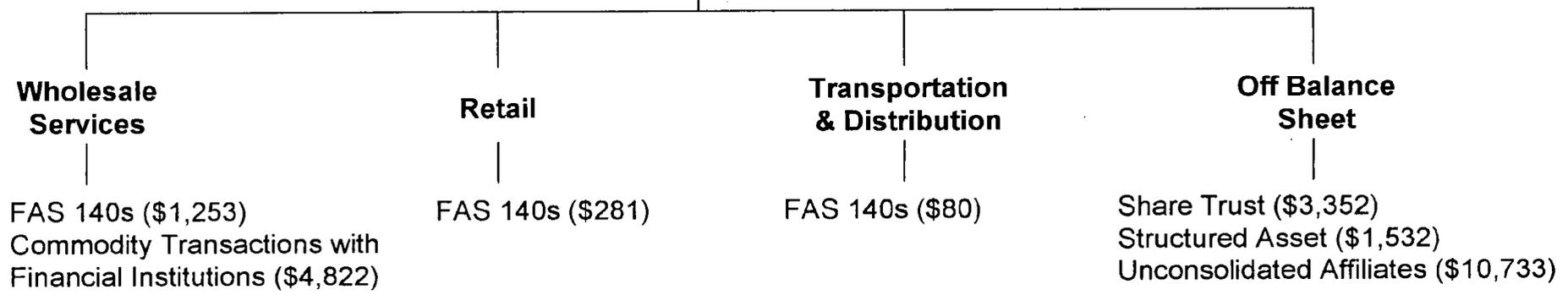
Debt Issues

Enron Debt (\$MM)



Corp

Balance Sheet Debt at 9/30/01 (\$12,978)
 Minority Interest Financings (\$1,690)
 Equity Forward Contracts (\$304)
 Leases (\$596)
 FAS 140s (\$473)



Business unit obligations are not legal obligors. The chart does not consolidate business units into corporate



Debt Issues

Enron Corp Recovery Plan

As of September 30, 2001	Debt ⁶	Minority Interest	Preferred Stock	Equity	Other Obligations	Proforma Total Capital	Corporate Revolver D/C ³
Current Book	11,977	\$2,387	\$903	\$9,450	\$713	25,430	54%
Pipeline Financing	\$750						
Draw on RC less CP O/s	\$1,000						
Dynegy Preferred	(\$1,500)			\$1,500			
Private Equity	(\$500)			\$500			
Asset Sales							
Contracted ⁴	(\$3,730)						
Other Anticipated	(\$1,850)			(\$200)			
Securitization Potential Exposure							
Marlin / Azurix¹	\$395			(\$855)			
Osprey ²	\$569			(\$774)			
Osprey Equity				(\$1,000)			
FAS 140s	\$325			(\$117)			
Committed Stock Repurchases	\$648			(\$648)			
Potential Equity Reduction							
International Assets	???			???			
Broadband Networks				(\$600)			
Revised Total	\$8,084	\$2,387	\$903	\$7,256	\$713	\$19,343	50%

¹ Assumes 1.0x RAB multiple for Wessex

² Assumes Osprey assets worth 75% of book value less Enron debt obligations included in beginning debt bal

³ B/S debt / (B/S debt + Preferred Stock + Shareholder's Equity)

⁴ Includes assets sales plus debt assumptions

⁵ (B/S debt + Other Obligations) / Total Capital

⁶ Beginning debt balance less cash

Subject to restatement pending the filing of Enron 9/30/01 10Q

PRIVILEGED AND CONFIDENTIAL

- 43 -

5/30/03 5:37:55 PM



JPMNEY100121617

Debt Issues

New Facility Terms and Conditions

Borrower:	Transwestern Pipeline Company	(\$550MM)
	Northern Natural Gas Company	(\$450MM)
Guarantor:	Enron Corp	
Facilities:	Secured Revolving Credit Facilities	
Use of Proceeds:	General Corporate Purposes	
Maturity:	364 days after the Closing Date	
Accordion Feature:	Provides for increase of \$200MM	
Security:	Capital Stock of Borrower	
	Unsecured subordinated note of Enron Corp	
	All assets of Borrower	
Covenants:	Tangible Net Worth \$750MM for both borrowers	
	Corp. Guarantee – reflects revolver (maximum debt-to-capital 65%)	



Debt Issues

Northern Natural Gas Preferred

- Dynegy purchased \$1.5B of NNG Preferred on November 13, 2001
- Dynegy has the option to purchase equity of NNG if merger agreement is terminated

Debt Issues

Private Equity

- Potential structure
 - Transwestern preferred similar to Northern Natural Gas

- Timing
 - Prior to year-end

- Sources
 - Traditional private equity
 - Strategic private investors

Debt Issues

Estimated Asset Sales through Year-End 2002

JPMNBY100121621

	Cash Flow In (\$MM)	Expected Sale Date
<u>Contracted</u>		
EGEP India	330	Dec-01
CEG Rio	250	Dec-01
EcoElectrica	250	Dec-01
Portland General (1)	1,800	2nd Half 02
Total	2,630	
<u>Anticipated Sales</u>		
Enron Wind		1st Half 02
SK Enron		1st Half 02
Gaspart		1st Half 02
Other International		2nd Half 02
Other Merchant		Year 2002
Total	1,850	
Total	4,480	

(1) In addition, \$1.1B of debt reduction on consolidated balance sheet



Debt Issues

Debt Maturities Through 2002 (\$MM)

	Q4 2001	Q1 2002	Q2 2002	Q3 2002	Q4 2002
Current CP	230	349	-	-	-
Balance Sheet Debt	55	27	2,125	163	1,000
Preferred Stock	-	-	-	-	-
Minority Interest	690	-	-	-	-
Structured	35	41	33	2,780	34
Securitizations / FAS 140s	22	379	540	190	309
Equity Forward Purchases	173	-	-	131	-
Leases	11	57	309	-	5
Commodity Transactions	274	557	213	150	314
	1,490	1,410	3,220	3,414	1,662
TOTAL THROUGH 2002	11,196				
Major Maturities					
Current CP	230	349			
Rawhide	690				
Revolver			1,750		
New Enron Building			285		
Osprey				2,436	
Pipeline Financing					1,000



Debt Issues

Debt Maturities 2003 – 2005 (\$MM)

	2003	2004	2005
Balance Sheet Debt	1,551	2,054	2,611
Preferred Stock	-	103	-
Minority Interest	-	500	500
Structured	1,053	162	179
Securitizations / FAS 140s	193	379	88
Equity Forward Purchases	-	-	-
Leases	46	13	149
Commodity Transactions	607	1,364	840
	3,450	4,575	4,367
TOTAL 2003 - 2005	12,392		

Debt Issues

Cash Flow Summary – Based on Preliminary 2002 Plan (\$MM)

JPMNBY100121624

	<u>Q4 '01</u>	<u>Q1 '02</u>	<u>Q2 '02</u>	<u>Q3 '02</u>	<u>Q4 '02</u>	<u>Total '02</u>
Cash Flow from Operations	500	750	750	750	750	3,000
Staff Reduction Expense	(100)	-	-	-	-	-
Capital Expenditures	(292)	(243)	(253)	(194)	(176)	(866)
Sale of Investments	830	675	585	465	1,925	3,650
Amortization of Debt and Other Obligations	(2,325)	(1,410)	(3,220)	(3,414)	(1,662)	(9,706)
Collateral Activity	(750)					
Pipeline Financing (net)	750	-	-	-		-
Dynegy Preferred Equity	1,500	-	-	-	-	-
Private Equity	500	-	-	-	-	-
Surplus / (Shortfall)	613	(228)	(2,138)	(2,393)	837	(3,922)
Cash Balance - Beginning of Period ⁽¹⁾	1,001	1,614	1,386	(752)	(3,145)	1,614
Scheduled Remaining Cash	1,614	1,386	(752)	(3,145)	(2,308)	(2,308)
Adjustments:						
Proforma/Rollover Bank Maturities/FAS 140s	920	349	2,035	-	-	2,384
Rollover Osprey Maturity	-	-	-	2,437	-	2,437
Adjusted Remaining Cash Balance (with Rollovers)	2,534	2,655	2,552	2,596	3,433	3,433

(1) Cash in Q4'01 is 9/30/01 balance.



Debt Issues

Expiring L/Cs Under Uncommitted Lines (\$MM)

JPMNBY100121625

As of Nov 15 2001	Q4 2001	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Total
Corp LC Instruments	262	184	90	89	40	665
EOTT LC Instruments	156	2				158
Trade LCs	114	28	11	19		172
Total per Quarter	532	214	101	108	40	995



Debt Issues

Minority Interests

- Rationale
 - Cost effective financing and favorable balance sheet impact
- Where on the Balance Sheet?
 - minority interest

Deal Name	Asset Description	Total Funded Amount (\$MM)	Maturity Date
Rawhide	Backstop credit facility	690	Mar-03
Zephyrus	Preferred interest in Enron receivables	500	Nov-05
Choctaw	Preferred interest in Enron receivables	500	May-04
TOTAL		1,690	



Debt Issues

Minority Interests - Rawhide

- Enron demand Loans no longer Permitted Investments following downgrade by S&P to BBB-. The demand loans are an inter-company obligation and therefore no cross default to the Revolvers.

- Failure to repay the demand loans was a Termination Event which has started the 9 business-day Purchase Option Period (to November 26, 2001) and is an event of default on the inter-company loan from Sundance to Ponderosa.

- Extension Requested to allow time to absorb information from the bank meeting and to develop an acceptable restructuring plan
 - Extend the start of the Liquidation Start Date to December 14, 2001.
 - Agree to not pre-pay any debt not scheduled to mature during the extension period.



Debt Issues

Structured Financings - Share Trusts - Osprey

- Purpose
 - Deconsolidation of non-core business
 - Bridge for sale of non-core assets in an off-balance sheet manner
- Capital Structure
 - \$2,436MM of 144a notes held by investors
 - \$220MM of certificates held by institutional investors and LJM 2
- Repayment
 - Enron obligation to pay when due:
 - Enron Mandatory Convertible Preferred Stock
 - Enron Remarketing Agreement
 - Sales of assets
 - Enron obligation to top off
- Trigger Event
 - An Enron senior unsecured rating below Baa3 or BBB- concurrent with an Enron Corp stock closing price below \$59.78/share



Debt Issues

Osprey Major Assets

<u>Asset</u>	<u>Whitewing Book Value 9/30/01 (\$MM)</u>
<u>International</u>	
European Power Projects	
Sarlux (45% ownership)	353
Trakya (22% ownership)	112
Nowa Sarzyna (50% ownership)	17
Arcos Turbines (100% ownership)	186
Total Europe	668
South American Gas Distribution	
Elektro (24% ownership)	480
Promigas (43% ownership)	156
Total South America	636
<u>Domestic</u>	
Merchant Assets	561
Yosemite I, II Certificates	52
American Coal Senior Note	77
EES Joint Venture	53
Canadian Turbines	39
Other	7
Total Domestic	789
TOTAL OSPREY ASSETS	\$2,093



Debt Issues

Osprey Sensitivity Analysis As of 9/30/01 (\$MM)

Asset Value Percentage	<u>100%</u>	<u>75%</u>
Osprey Debt & Equity	2,656	2,656
Asset Value Merchant	2,093	1,570
Cash exposure	<u>563</u>	<u>1,086</u>
P/L exposure ¹	(251)	(774)
Equity exposure	(1,251)	(1,774)

¹ Assumes ENE share price \$10



Debt Issues

Structured Financings - Share Trusts - Marlin

- Purpose
 - Allowed for the funding of the Wessex acquisition on a non-dilutive off-credit basis to Enron
- Capital Structure
 - \$915MM in notes held by 144a investors
 - \$125MM in Trust Certificates held by institutional investors
- Repayment
 - Enron obligation to pay when due:
 - Enron Mandatory Convertible Preferred Stock
 - Enron Remarketing Agreement
 - Sales of assets
 - Enron obligation to top off
- Trigger Event
 - An Enron senior unsecured rating below Baa3 or BBB- concurrent with an Enron Corp stock closing price below \$34.13/share



Debt Issues

Marlin/Azurix Value Analysis As of 9/30/01 (\$MM)

ENE Investment in Marlin & Azurix

Wessex RAB (1.0x Multiple)		2,000
Other Assets*		300
AZX Asset Value		2,300
<hr/>		
Azurix Debt (9/30/01)	1,971	
Marlin Debt	915	
		2,886
<hr/>		
Marlin Repayment Exposure		(586)
Add Back ENE Preferred		191
ENE Top Up Obligation		(395)
<hr/>		
ENE P/L Exposure		(855)
<hr/>		
Equity Exposure		(855)

Debt Issues

FAS 125/140 and TRS Structures

- Transaction rationale:
 - Bridge for ultimate sale of non-core assets
 - Generates cash flow for reinvestment

- Where on the balance sheet:
 - Out of the money portion of Total Return Swap value recognized in Price Risk Management Assets/Liabilities

Debt Issues

FAS 125/140 and TRS Structures (\$MM)

JPMNBY100121634

Deal Name	Asset Description	Total Funded Amount	Total Asset (1) Value	Maturity Date
Hawaii	Multi-asset credit facility	455		November-02 July-02
Riverside	Equity in Teesside Power	76		January-02 December-13
ETOL	Equity in Teesside Operations Ltd.	291		June-03 January-04
Cerebus	Equity in EOG shares	517		June-02
Service Co.	Equity in Service Co.	25		September-03
Nikita - EOTT	Equity in EOTT	80		September-03
Comhusker	Equity in QF Powerplant	222		March-02
Motown	Equity in QF Powerplant	63		March-02
Slapshot	Canadian Newsprint Mill	358		June-06
TOTAL		\$ 2,087		

As of 9/30/01 (1) Valuations based on RAC or publicly traded assets

PRIVILEGED AND CONFIDENTIAL

- 60 -

5/30/03 5:37:55 PM



Debt Issues

Commodity Transactions with Financial Institutions

- Rationale
 - Asset / Liability management of the commodity risk portfolio
 - Monetize profit on commodity risk portfolio and transfer associated credit risk

- Contracts
 - Monetize future cash flow and transfer counterparty credit risk to lenders
 - Monetize future cash flow with lenders and Enron buys credit protection on counterparties
 - Monetize future cash flow with lenders and buy credit protection on Enron's counterparties

- Where on the Balance Sheet?
 - Reported in Price Risk Management Liabilities



Debt Issues

Commodity Transactions with Financial Institutions

	Term	Current Amount (\$MM)	Funding Source
Gas			
Gas 1	Dec-01	19	Bank - amortizing
Gas 2	Mar-02	350	Bank - non-amortizing
Gas 3	Jun-02	46	Bank - amortizing
Gas 4	Jun-04	308	Bank - amortizing
Gas 5	Jun-05	533	Bank - amortizing
Gas 6	Nov-05	299	Bank - amortizing
Gas 7	May-08	33	Bank - amortizing
Gas 8	Apr-11	258	Bank - amortizing
	Total Gas:	1,846	
Power			
Power 1	May-12	211	Bank - amortizing
	Total Power:	211	
Crude			
Crude 1	Dec-01	168	Bank - N/A
Crude 2	Oct-02	150	Bank - non-amortizing
Crude 3	Nov-02	75	Bank - amortizing
Crude 4	Oct-04	800	US Dollar Yosemite I - non-amortizing
Crude 5	Jul-05	475	US Dollar CLN I - non-amortizing
Crude 6	Apr-06	475	US Dollar CLN II - non-amortizing
Crude 7	Apr-06	162	Sterling CLN II* - non-amortizing
Crude 8	Apr-06	155	Euro CLN II* - non-amortizing
Crude 9	Feb-07	305	Sterling Yosemite II* - non-amortizing
	Total Crude:	2,765	
	Total:	4,822	*Amounts stated in USD

Note: GBP 1.00 = USD 1.4761 and EUR 1.00 = USD 0.9113

PRIVILEGED AND CONFIDENTIAL

- 62 -

5/30/03 5:37:55 PM



JPMNEY100121636

Debt Issues

Rating Agency Update

JPMNEY100121637

			<u>Outlook</u>
Moody's	Senior Unsecured Debt	Baa3	Review for Downgrade
Standard & Poors	Senior Unsecured Debt	BBB-	Negative Watch
Fitch	Senior Unsecured Debt	BBB-	Evolving



Debt Issues

8K Disclosure

- Restatement
 - JEDI
 - LJM 1
 - Accounting error \$1.2B

- Related party transactions
 - LJM 1
 - LJM 2
 - ChewCo

- Special committee investigation

- SEC investigation



Debt Issues

Restatements – Net Income (\$MM)

	1997	1998	1999	2000	Q1 2001	Q2 2001	Q3 2001
Net income as reported	105 ⁽¹⁾	703	893	979	425	404	(618)
Restatements:							
Consolidation of JEDI and Chewco	(45)	(107)	(153)	(91)	-	-	-
Consolidation of LJM1 subsidiary	-	-	(95)	(8)	-	-	-
Raptor equity adjustment	-	-	-	-	-	-	-
Prior year proposed audit adjustments and reclassifications	(51)	(6)	(2)	(33)	17	5	(17)
Net income restated	9	590	643	847	442	409	(635)

(1) After effect of significant contract restructuring charge totaling \$463MM (after tax)

Debt Issues

Restatements – Total Assets (\$MM)

JPMNBY100121640

	1997	1998	1999	2000	Q1 2001	Q2 2001
Total assets as reported	22,552	29,350	33,381	65,503	67,260	63,392
Restatements:						
Consolidation of JEDI and Chewco	447	160	187	(192)	-	-
Consolidation of LJM1 subsidiary	-	-	(222)	-	-	-
Raptor equity adjustment	-	-	-	(172)	(1,000)	(1,000)
Prior year proposed audit adjustments and reclassifications	(79)	(87)	(147)	(364)	(1,249)	247
Total assets restated	22,920	29,423	33,199	64,775	65,011	62,639



Debt Issues

Restatements – Debt (\$MM)

JPMNBY100121641

	1997	1998	1999	2000	Q1 2001	Q2 2001
Debt as reported	6,254	7,357	8,152	10,229	11,922	12,812
Restatements:						
Consolidation of JEDI and Chewco	711	561	685	628	-	-
Consolidation of LJM1 subsidiary	-	-	-	-	-	-
Raptor equity adjustment	-	-	-	-	-	-
Prior year proposed audit adjustments and reclassifications	-	-	-	-	-	-
Debt restated	6,965	7,918	8,837	10,857	11,922	12,812



Debt Issues

Restatements – Equity (\$MM)

JPMNBY100121642

	1997	1998	1999	2000	Q1 2001	Q2 2001
Equity as reported	5,618	7,048	9,570	11,470	11,727	11,740
Restatements:						
Consolidation of JEDI and Chewco	(262)	(391)	(540)	(810)	-	-
Consolidation of LJM1 subsidiary	-	-	(166)	60	60	60
Raptor equity adjustment	-	-	-	(172)	(1,000)	(1,000)
Prior year proposed audit adjustments and reclassifications	(51)	(57)	(128)	(242)	(286)	11
Equity restated	5,305	6,600	8,736	10,306	10,501	10,811



Next Steps



PRIVILEGED AND CONFIDENTIAL

Next Steps

Old Enron / New Enron

Old Enron

- Deal shop mentality
- Compartmentalized information
- Black box
- Earnings driven
- Asset sales program book value focused
- Constant development of new businesses
- Related party deals

New Enron

- Liability management focus
- Open communication
- Financial transparency
- Cash driven
- Asset sales program market value driven
- Focus on core businesses
- No related party deals
- Focus on achieving successful merger

Next Steps

■ Financings

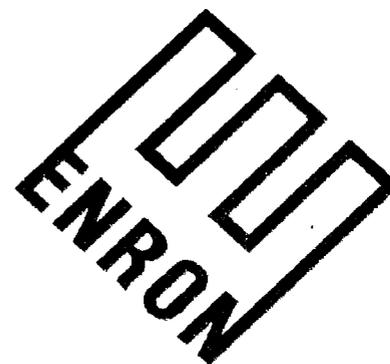
- Extend Osprey maturity
- Amend pricing
- Raise additional equity
- Extend corporate maturities
- Accelerate asset sales based on current market values
- Restoration of L/C's
- Amend dividend policy

■ Communication

- Restructuring Committee
- Additional lender meetings
- Deal specific conference calls/meetings
- Regular bank conference calls



Question and Answer Session



PRIVILEGED AND CONFIDENTIAL