

Summary #'s

LJM Investments

LJM Cayman - Benefit Summary

	<u>Funds Flow (\$ in millions)</u>			<u>Earnings (\$ in millions)</u>		
	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
<i>LJM Cayman</i>						
Cuiaba	\$12.3	\$0.0	\$12.3	\$0.0	\$20.0	\$20.0
RhythmsNet Derivative	0.0	255.5	255.5	0.0	222.0	222.0
Osprey	15.0	1,485.0	1,500.0	0.0	0.0	0.0
ENE Promissory Note	<u>64.0</u>	<u>0.0</u>	<u>64.0</u>	<u>1.8</u>	<u>0.0</u>	<u>1.8</u>
<i>Subtotal LJM Cayman</i>	\$91.3	\$1,740.5	\$1,831.8	\$1.8	\$242.0	\$243.8

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LJM Investments

LJM2 - Benefit Summary

	Funds Flow (\$ in millions)			Earnings (\$ in millions)		
	Direct	Indirect	Total	Direct	Indirect	Total
<i>LJM2</i>						
SE Acquisitions ^(a)	\$0.0	\$0.0	\$0.0	\$2.2	\$0.0	\$2.2
Nowa Saryzna	30.0	7.9	37.9	16.0	4.0	20.0
Resco	[TBD]	0.0	0.0	20.0	0.0	20.0
ENA CLO Equity	6.3	0.0	6.3	0.0	19.0 ^(b)	19.0
ENA CLO Debt	11.2	156.7	167.9 ^(c)	0.0	0.0	0.0
EEX	3.3	101.7	105.0	5.0	0.0	5.0
Coyote Springs II	0.0	39.0	39.0	0.0	3.0	3.0
Pluto	0.8	24.0	24.8	2.5	0.0	2.5
Yosemite	33.8	766.2	800.0	74.9	0.0	0.0
Raptor	0.0	0.0	0.0	74.9	443.0	517.9
Rawhide ^(d)	0.0	750.0	750.0	0.0	0.0	0.0
Backbone	30.0	69.0	99.0	55.0	21.7	76.7 ^(e)
Bargeco	0.0	28.0	28.0	2.0	12.0	14.0 ^(f)
EE&CC Turbines	0.0	0.0	0.0	0.0	1.5	1.5
Raptor / TNPC	0.0	0.0	0.0	0.0	196.0	196.0
NetWorks	8.0	200.0	208.0	0.0	100.0	100.0
Avici	1.1	34.6	35.7	0.0	0.0	0.0
Catalytica	1.8	58.2	60.0	0.0	0.0	0.0
TNPC	0.0	0.0	0.0	0.0	0.0	0.0
Osprey	26.0	1,134.0	1,160.0	0.0	0.0	0.0
Margaux	<u>10.0</u>	<u>115.0</u>	<u>125.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Subtotal LJM2	\$162.3	\$3,484.3	\$3,646.6	\$177.6	\$800.2	\$977.8

- (a) Facilitated LJM2's ability to purchase the following assets from Enron at year-end 1999: Nowa Saryzna, ENA CLO debt and equity, EEX and Pluto.
- (b) Instituting a sharing ratio for earnings in excess of a 30% return on LJM's capital allowed the business unit to show no loss on the Merlin transaction. Without the sharing ratio, the business unit would have suffered a \$19 million loss.
- (c) \$174.2 million is the total fund flow for the Merlin transaction (including debt and equity), which was made feasible by LJM2's purchase of the equity and the bridge piece.
- (d) LJM2's purchase of Harch Capital's equity investment facilitated the extension of the Rawhide structure.
- (e) Earnings to Enron include \$55 million gain on sale, \$2.7 million of interest received on seller-financing, and \$21.7 million of upside sharing when the fibers were sold and LJM2 received its agreed upon return.
- (f) Merrill Lynch purchased Bargeco from Enron with the understanding that they would be taken out within six months. LJM2 purchased Merrill's interest preserving the relationship and as an alternative to Enron buying it back and reversing \$12.0 million of earnings and \$28.0 million of funds flow taken on the original transaction with Merrill in 1999. \$2.0 million of earnings were interest earned on seller financing.

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LJM Investments
Overall - Benefit Summary

	<u>Funds Flow (\$ in millions)</u>			<u>Earnings (\$ in millions)</u>		
	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
<i>LJM Cayman</i>	\$91.3	\$1,740.5	\$1,831.8	\$1.8	\$242.0	\$243.8
<i>LJM2</i>	<u>162.3</u>	<u>3,484.3</u>	<u>3,646.6</u>	<u>177.6</u>	<u>800.2</u>	<u>977.8</u>
Total	\$253.6	\$5,224.8	\$5,478.4	\$179.4	\$1,042.2	\$1,221.6

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Definitions

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Direct Funds Flow- Usually the direct investment made by LJM. For example, LJM invested \$30 million of equity in the Backbone fibers or LJM purchased the Catalytica 125 equity for \$1.8 million.

Indirect Funds Flow- Any other funds flow that resulted from LJM's direct investment. For example, LJM's Catalytica 125 equity was joined with \$58.2 million of debt so Enron received proceeds (total funds flow) of \$60 million, but only a portion of that is directly attributable to LJM.

Direct Earnings- Direct earnings to Enron including: gain on sale, interest income received on seller financing, etc. For example, Backbone generated a gain on sale of \$55 million. The seller financing produced \$2.7 million of interest income. For Raptor, direct earnings is from swaps that have settled.

Indirect Earnings- Usually earnings taken in previous periods that Enron would not have to reverse because a transaction with LJM preserved them. Also includes Enron's participation in upside sharing when the asset is sold by LJM. For example, the sale by LJM of the Backbone fibers to a 3rd party generated \$21.7 million of upside for Enron (the value above and beyond LJM's agreed upon return). For Raptor, indirect earnings are from unsettled swaps.

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Bullet Points

