



11/25/01

Scheduled 9:00⁰
Began 10:08

Ken provided an update on recent business discussed since last update to board on Wed. 11/21

Mtg. w/ Blackston, Skadden + Weil Gotshal
Range of ^{business} alternatives discussed to bolster confidence in Co.
by wholesale C/P's

- trusts, credit swaps

Mtgs. behind poorly Tues. & Wed. following publicists
of 100 & DYN silence.

Friday mtg. produced specific ideas to approach w/
DYN & 2 lead banks. A number of diff. options
discussed.

Jeff McMahon outlined proposal to solve market perception
story to marketplace - key deal elements:

- 1) DYN committed to merger; fully understood
- 2) Bank restructuring maturation to resolve 2002 maturities
- 3) DYN has re-opened normal trading activity
w/ Enron

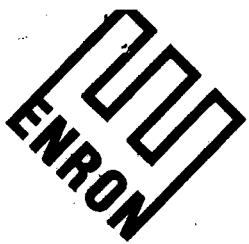
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BOD

Agreement in principle?

- 1) \$500 mm pref sth @ TW (JP Morgan & Citibank previously committed 50/50; now splitting 3 ways w/ DYN)
- 2) Add'l \$500 mm backstop line of credit, supported by $\frac{1}{3}, \frac{1}{3}, \frac{1}{3}$ JP, Cit & DYN, secured by inv. & Citibank, new bldg. & int. in NBP
- 3) Cit & JP Morgan announce maturity restructuring & receptivity of bank group
- 4) DYN req'd we reset conversion price based on JPM's price of 0.12 / share
- NNB pref. converts at that price

Peter Achard -

DYN - MAC condition will be measured off latest disclosed

Jeff M.

Reviewed 4

Rating agencies - (all 3 agencies, + news; DYN merger critical to inv. grade). w/o the deal, Moody's very likely to downgrade to below inv grade

Ken - Need to regain C/P's confidence & strong statements of support. Also aim to get banks to make supportive statements re: add'l capital based on asset package.

Jeff - Moody's discussion summary, DYN commitment key. C/P

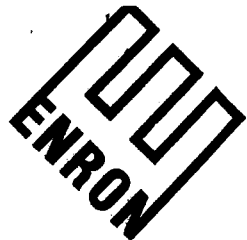
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BoD

trade credit line. Discussion ensued regarding bank
discussions on ~~debt conversion~~ and debt conversion as a
add'l capital, later ~~debt conversion~~ & is a post-
today
DYN ~~merger~~ merger environment.

Ken called in

Bob & Steve / Blackstone, incl. inv. banker, to advise BoD.

Bob commented on lower fixed exchange ratio, conflicts of
JP Morgan & SSB, & relative nervousness of Blackstone. He

[Mark Stuart joined in process] summarized alternatives avail-
to the Co. & cited that the revised ratio continued to be
most favorable to all stakeholders, incl. both debt & eq. holder.
DYN transaction but alternative to preserve value for all
stakeholders.

Ken called in attorney to comment. Peter Atkins reiterated fiduciary
obligations of BoD to all stakeholders. Martin Burincheck
advised BoD that ~~no~~ bankruptcy alternatives had been
thoroughly reviewed & none were more favorable. Peter A-
market reaction will be assessed before any firm
commitments w/ Co. assets are made. Discussion ensued on
lack of Enron to raise equity under revised merger
agreement. Ken reviewed going concern value of Enron
relative to liab, noting that banks viewed similarly.

John D. asked if it made sense to loop in JPM & SSB to our
proposal & valuation discussion ensued on bank's potential
conflicts.

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11/25/01

BoD

Mr. Lay provided update on pending asset sales

Dr. Mendelsohn asked Blockstone to comment on wholesale
c/f reaction. Uncertain. Market reaction likely
will be accessible quickly.

Tom Roberts indicated reported on discussion on DYN on add'l
line of credit & timing of announcements.

Ken - announcement planned before mkt opens on Monday.

Ken - Called on Peter Atkins to report a new indep. audit

Key Tron - willing & interested

Ken called for exec session.

Called on LeMaster to present Retention Plan

16B officers will be submitted to Corp. Comm. prior to
award

① Blake ② Hearn approved

(?) Have lawyers reviewed in case of bankruptcy
Discussion of implications of bankruptcy

Ken called upon

Vote to approve transaction

Blake Hearn approved unan.

7:30 Central

DYN has asked Enron to change Chair/CEO, Gen Counsel & CAO.

[Add Ex VP Finance, to whom McMahon would report.]

Not part of formal process

<over>

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