11/25/01

Scheduled 9:00
Began 10:08

Ken provided an update on recent business discussions
since last update w/ Board on Wed. 11/21
Mtgs w/ Blackstone, Skadden + Weil Gotshal
Range of business alternatives discussed to bolster confidence in Co.
by wholesale C/P's
- trusts, credit swaps
Mkts behaved poorly Tues. & Wed. following publication
of 10Q & DYN silence.
Friday mtgs 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 mktplace - key deal elements:
1) DYN committed to merger; fully understands.

2) Banks restructuring maturities to resolve 2002
maturities

3) DYN has re-opened normal trading activity
w/ Enron

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Agreement in principle:

1) $500 mm pref stk @ 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 1/3, 1/3, 1/3 JP, Citi & DYN, secured by inv. in Citrus, new bldg & int. in NBP

3) Citi & JP Morgan announce maturity restructuring & receptivity of bank group

4) DYN req'd we reset conversion price based on TRC's price of 0.12/share
- NNG pref. converts at that price

Peter Atkins -
DYN - MAC condition will be measured off latest disclosure

Jeff M.
Previewed 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 packages.

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

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

Ken called in
Bob & Steve / Blackstone, ind. inv. banker, to advise BoD.
Bob commented on lower fixed exchange ratio, conflicts of JP Morgan & SSB, & relative reviews of Blackstone. He [Mark Frevert 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. holders. DYN transaction best alternative to preserve value for all stakeholders.
Ken called on attorneys to comment. Peter Atkins reiterated fiduciary obligations of BoD to all stakeholders. Martin Bienenstock advised BoD that ~~no~~ bankruptcy alternatives had been thoroughly reviewed & none were more favorable. Peter A.- market reaction will be assessed before any fin 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 new proposal & valuations & discussion ensued on bank's potential conflicts.

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Mr. Lay provided update on pending asset sales

Dr. Mendelsohn asked Blackstone to comment on wholesale c/p reaction. Uncertain. Market reaction likely will be assessable quickly.

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

Ken - Announcement planned before mkt. opens on Monday.

Ken - Called on Peter Pekins to report on new indep. director
Key Tran - willing & interested

Ken called for EXEC session.

Called on LeMaistre to present Retention Plan

· 16B officers will be submitted to Comp. Comm. prior to award

① Blake ② Gramm approved

(?) Have lawyers reviewed in case of bankruptcy

Discussion of implications of bankruptcy

Ken called upon

Vote to approve transaction

Blake Gramm approved unanim.

7:30 Central

DYN has asked Enron to change Chair/CEO, Gen Counsel & CAO.
[Add EVP-Finance, to whom McMahon would report.]
Not part of formal governance

<over>