Joint Audit and Compliance / Finance Committee Meeting Supplemental Schedules – Investment Revaluations

August 13, 2001

| Distribution List |

Jeff Skilling
Rick Buy
Dave Gorte

| CONFIDENTIAL |

Confidential

Enron Global Assets & S

tment R

RAC Valuation (5/31/01) | Jeff Skilling's | (6/30/01) Carrying

Enron Global Assets & Services

[redacted]

Investment Name	Country	RAC Valuation (5/31/01) Low	High	(6/30/01) Carrying Value
Gas Authority of India Ltd. (GAIL)	India	59	59	70
Sichuan Jialing Power (Eclipse)	China	57	72	67
Batangas	Philippines	33	33	51
Accro	Venezuela	29	33	49
PQPL	Guatemala	38	47	41
BBPL	Brazil / Bolivia	35	40	41
CALIFE	Venezuela	6	7	37
San Juan Gas	Puerto Rico	-	8	36
Subic Bay	Philippines	35	37	33
Industrial Gases Limited	Jamaica	13	21	29

India - Exposure and Latest Developments

Enron Exposure in Dabhol	In US $MM's
Equity Investment	622
Retained Earnings	110
Enron Engineering & Operational Services Profits	16
Enron Engineering & Operational Services Potential Liabilities to Sub-Contractors	164
Sub-Total (Inside India)	912
Capitalized Costs (Enron)	141
Other[1]	82
Sub-Total (Outside India)	223
Total	1,135

[1] $[illegible]MM in tax exposure, $[illegible]MM in [illegible] of Fuel Management Contract and $[illegible]MM of others.

- India's Prime Minister will be visiting the US in late September and has indicated that a resolution to the Dabhol issue before the visit is desirable
- Lenders are aligned with Enron interests; they do not want the Indian banks to control the project
- Current negotiation status: Enron may propose a combination of cash and Rupee denominated notes backed by the government of India ($800 to $900 MM); as a result, we would lose Enron's costs associated with Dabhol ($223 MM), but not direct costs of Dabhol Power Co. or Enron Engineering & Construction Company

Enron Global Assets & Services

Detail of Azurix All Others (In US$MM's)

Investment Name	Country	Azurix Valuation[1] (5/31/01) Low	Azurix Valuation[1] (5/31/01) High	(6/30/01) Carrying Value
Brazil	Brazil	25	31	85
Cancun	Mexico	30	40	46
Madera	U.S.	10	20	35
IASA	Mexico	10	25	28
Lurgi	Germany	0	2	23
Mendoza	Argentina	20	30	21
Swiss Combi	Switzerland	0	0	5
Total All Others		95	148	243

[1] *Valuations reflect estimates from Azurix based upon their latest information; RAC has not prepared an independent valuation to date.*

Key Value Drivers - Original Approvals

- Development of associated merchant businesses and revenues
- Neutral interaction between revenue and cash flow growth (partially through inflation) and devaluation
- Favorable regulatory climate
- Discount rates for international commercial projects were appropriate and unlikely to change materially
- Construction risks inherent in greenfield projects were acceptable and modeled
- Exit through sale with no material liquidity discount

Where were our assumptions inaccurate?

- **Merchant strategy has not played out:** Investments in assets were purchased at or below Enron's capital price in exchange for the opportunity to build merchant businesses in developing countries which have not materialized
- **Increase in market sovereign and project-specific spreads:** In general, events transpiring since these assets were acquired have increased sovereign spreads for developing countries; project-specific spreads for commercial projects have also

Confidential Treatment Req

RAC Valuation of Enron Global Assets & Services Assets

- Valuation is preliminary, based on dated models

[redacted]

Confidential Treatment Requested By Wilmer, Cutler & Pickering

South America

(In US$MM's)

Investments	Country	RAC Valuation[1] (5/31/01) Low	RAC Valuation[1] (5/31/01) High	(6/30/01) Carrying Value	Original Valuation[2]	Differences Due To[3] Assump.	FX	Term. Value	Disc. Rate	Other[4]	Current Mid Valuation
Equity											
Elektro[5]	Brazil	660	1,112	2,020	[illegible]	88	(235)	(369)	(197)	222	880
Cuiaba	Brazil	213	254	635	100	62	-	4	(71)	148	233
TGS[6]	Argentina	203	365	461	579	(100)	-	(148)	(101)	80	208
Gaspart[8]	Brazil	78	178	194	231	29	(60)	151	(137)	(86)	128
Promigas	Colombia	68	90	168	197	6	19	80	(140)	(78)	79
Transredes	Bolivia	60	73	145	118	27		-	(63)	(20)	62
Vengas & Citadel	Venezuela	103	128	142	207	2	88	(71)	(77)	(34)	115
Accro	Venezuela	29	31	49	38	32	-	-	(28)	(12)	30
Calife[12]	Venezuela	6	7	37	24	(9)	(9)	2	(3)	-	5
BBPL	Brazil/Bolivia	14	19	20	55	(15)	2	-	(6)	(20)	16
Centragas	Colombia	17	18	(2)	30	11	(1)	(21)	1	(3)	17
RAC Valuation Subtotal		1,431	2,275	3,755	2,090	117	(246)	(372)	(718)	179	1,850
CEG[7]	Brazil	96	152	199							
Copel[9]	Brazil	68	88	116							
CEG-Rio[7]	Brazil	20	68	70							
No RAC Valuation Subtotal		204	308	385							
	Total Equity	1,635	2,583	4,140							
Debt[11]											
BBPL Debt	Brazil/Bolivia	21	21	21							
Bachaquero	Venezuela	2	2	2							
	Total Debt	23	23	23							

[1] Probabilistic, market or multiples valuation

[2] Based on the original cash flow model (deterministic) or the oldest available cash flow model (deterministic). It is the present value of cashflows starting in 2001 (same methodology applied in our most recent revaluation)

[3] All the differences are on an incremental basis, calculated based on deterministic cash flows

[4] Other includes differences to our mid-point valuation due to probabilistic cash flows or valuation methodology

[5] Elektro's most recent valuation was based on multiples because the model provided by Enron Global Assets & Services was inappropriate for valuation purposes

[6] The high end of the valuation was based on the TGS' stock price and market multiples

[7] The sale of CEG and CEG-Rio to Petrobras is pending and expected to close in September 2001. No analyses were performed for these two assets

[8] GASPART most recent valuation was based on multiples because the model provided by Enron Global Assets & Services presents unreasonable assumptions in terms of growth rate

[9] Copel is publicly traded. Its valuation was based on market price. Our stake was being sold to the market

[10] The original model assumed a complete pass-through of devaluation effects from an exchange rate curve that was significantly higher than the curve in the latest model. Any comparisons of the old model with the new model with respect to either foreign exchange or assumption changes would render unusable data. It was assumed that changes due to foreign exchange and assumptions were equal to any value changes not caused by changes to terminal value or the discount rate. The difference was split equally between foreign exchange and assumptions since the main assumption driving value relates to foreign exchange

[11] All Debt Instruments were valued at par

E 122227

EXH009-00228

Central America / Caribbean

(In US$MM's)

Investments	Country	RAC Valuation [1] (5/31/01) Low	RAC Valuation [1] (5/31/01) High	(6/30/01) Carrying Value	Original Valuation [2]	Differences Due To [3] Assump.	FX	Term. Value	Disc. Rate	Other [4]	Current Mid Valuation
Equity											
EcoElectrica [5]	Puerto Rico	92	106	127	296	(160)	-	62	(59)	10	144
BLM	Panama	24	31	110	57	(21)	-	(11)	2	(1)	26
SECLP [6]	Dom. Republic	-	28	86	60	(24)	-	(1)	(2)	(9)	14
POPC [8]	Guatemala	30	47	41	29	12	-	(3)	11	(0)	43
San Juan Gas	Puerto Rico	-	8	58	(8)	13	-	1		(6)	3
IGL [7]	Jamaica	13	21	29	23	(10)	3	1	(4)	6	19
Corinto	Nicaragua	3	3	6	11	(7)	-	(1)	(1)	1	3
RAC Valuation Subtotal		170	334	413	459	(197)	3	38	(47)	(4)	252
Pro Caribe [9]	Puerto Rico	(16)	4	8							
CBPF [10]	Cayman Islands	6	8	4							
No RAC Valuation Subtotal		(9)	12	12							
Total Equity		161	346	425							
Debt [11]											
SECLP Debt	Dom. Republic	-	37	37							
Haina Note	Dom. Republic	-	14	18							
EcoElectrica Sub-Debt	Puerto Rico	18	18	18							
Total Debt		18	69	73							

[1] Probabilistic, market or multiples valuation

[2] Based on the original cash flow model (deterministic) or the oldest available cash flow model (deterministic). It is the present value of cashflows starting in 2001 (same methodology applied in our most recent revaluation)

[3] All the differences are on an incremental basis, calculated based on deterministic cash flows

[4] Other includes differences in our mid-point valuation due to probabilistic cash flows or valuation methodology

[5] $144MM of the changes in assumptions is due to the sale of preferred stock to GE in March 2000. $14.75MM is due to the sale of 2.5% of common equity to GE in March 2000

[6] For SECLP, no probabilistic valuation was performed due to the uncertainties in relation to the current default situation

[7] IGL original model did not include all the company's business units. The oldest and most complete model was used instead

[8] Due to the significant changes in the POP deal when a second "barge" was added, the model used for that analysis was considered to be the original one

[9] No original model is available

[10] CBPF is a private equity fund that invests its capital in power related project in the Caribbean Basin

[11] All Debt instruments were valued at par with the exception of the Haina Note. In face of the distress situation in SECLP, RAC assumed that the debt may never get repaid

E 122228

EXH009-00229