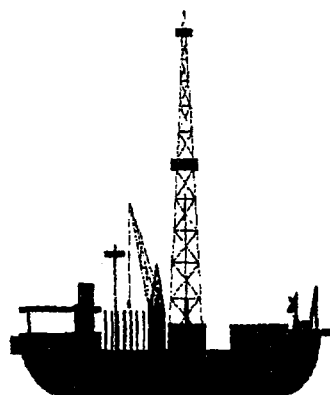


risk assessment & control

RAC

ENRON NORTH AMERICA PORTFOLIO WATCH LIST UPDATE AS OF 8/31/2000



Distribution:

Buy, Rick
Delaney, Dave
Donahue, Jeff
Frevert, Mark
Haedicke, Mark (via cc:Mail)
Lydecker, Richard (via cc:Mail)
Skilling, Jeff
Sutton, Joe (via cc:Mail)

PLEASE NOTIFY RICK CARSON AT X3-3905
WITH QUESTIONS OR COMMENTS

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RISK ASSESSMENT & CONTROL
PORTFOLIO WATCH LIST-UPDATE AS OF 8/31/2000
VALUES INDICATED ARE FOR ENRON NORTH AMERICA

Cost & Carry Values as of 7-31-2000. Market Values from Merchant Portfolio Report Dated 8-24-2000.

TABLE OF CONTENTS

WATCH ASSETS.....3-6

Bonne Terre Exploration	Lewis Energy (To Performing)	Sacramento Basin Exploration
R1 City Forest Corporation	R2 Linder Energy LLC	R1 Venoco, Inc.
R2 Cypress Exploration	R1 LSI Electric Specialty Corp	R1 WB Oil Company
DPR Holding Company LLC	R2 Mariner Energy	
? Ecogas (To Troubled)	R1 Oconto Falls	
R1 Heartland Steel (To Troubled)		
R1 Juniper Exploration		

TROUBLED ASSETS.....6-9

R1 ? Beau Canada	R1 Hughes Rawls LLC	Kafus Industries/ Canfibre
R1 Brigham Exploration Co.	R2 Ice Drilling	R1 Queen Sand Resources, Inc.
R2 C-Gas	R1 Industrial Holdings "IHII"	Basic Energy (Sierra Well Service)
Crown Energy (To Loss)	R1 Inland Resources	Transcoastal Marine Services
EnSerCo Offshore		

LOSS ASSETS.....9-10

Belco Oil & Gas	Nakornthai Strip Mill
Lycos Energy	

RESTRUCTURED ASSET ACTIVITY

In Progress / Partially Completed *	Restructurings Completed
Brigham Exploration	Carrizo Oil & Gas
C-Gas	Costilla Energy
Crown Energy	Eugene Offshore Holdings, LLC
Enserco Offshore	Forcenergy
Gasco Distribution	Ice Drilling
Hogan Exploration	Inland Resources
Hughes Rawls LLC	Repap Resources
Industrial Holdings	TriPoint, Inc.
Kafus Industries / Canfibre	Qualitech Steel

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2

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RISK ASSESSMENT & CONTROL
PORTFOLIO WATCH LIST-UPDATE AS OF 8/31/2000
VALUES INDICATED ARE FOR ENRON NORTH AMERICA

Lyc0 Energy *	
NSM - Thailand *	
Queen Sand Resources *	
Basic Energy (Sierra Well Service)	
Transcoastal Marine *	

WATCH

Assets displaying early warning signs of potential weakness that deserve close attention.

Bonne Terre Exploration (Limited Liability Company) JEDI II & Balance Sheet

- A new deal approval sheet has been finalized regarding an additional \$10 MM investment to be used to maintain leasehold position, purchase and evaluate seismic data and conduct an exploratory drilling program. The original program inventory had been drilled up or abandoned. The LLC between ENA and Sam Gary has been unsuccessful, but a potentially valuable undeveloped acreage block has been accumulated and further drilling is required to unlock the possible value. The LLC is being dissolved and ENA will be working with new partners, Manti and Tri-C to manage the assets and the drilling program. Two wells will be drilled "heads up," (according to ownership interest) with the remainder to be done on a promote basis. Negotiations are on-going with RIMCO to sell the Black Bayou dome field.

~~Cost: \$1,500 MM; Market Value: \$1,500 MM; Carry Value: \$1,500 MM~~

City Forest Corporation (Senior / Sub Loans, with IPC's) Balance Sheet and ENA CLO Trust #1

- Liquidity issues will remain tight through Nov-1st, but the technical issues with the #4 machine have now been mostly resolved. The machine recently averaged 75 tons/day of light paper over a recent 2-week period with heavyweight paper averaging 100 tons/day over a similar period. The machine needs to average 85 tons/day per month for break even. The number of days sales outstanding has improved to 28 days. The semi-annual interest payment that is due on Sept-1st is expected to be made on time. Current estimates project average cash flow of \$250K / monthly, for the Q-4-2000 period.

~~Cost: \$100 MM; Market Value: \$100 MM; Carry Value: \$100 MM~~

(Transfer to ENA CLO #1) \$30,000 MM

Cypress Exploration (Working Interest) Balance Sheet

- The possible sale of the Thornwell property in Jefferson Davis Parish, Louisiana, to Manti and The Meridian Resource Corp. has been dropped. Drilling activity at Thorwell currently involves the Manti, Lyons #20-1 well. The well could not reach proposed total depth of 11,900 feet, but did log to 11,608 feet. The Thornwell property may be monetized through a volumetric production payment with Enron Resource Corp., in the amount of \$17 - \$20 MM. The Bill Rogers group continues to work the other acreage and identify new prospects. There is an emphasis to move to a drillable stage fairly quickly, thereby mitigating delay rentals on the leases that are estimated to be in the \$2 - \$3 MM range for year 2000.

~~Cost: \$5,700 MM; Market Value: \$5,700 MM; Carry Value: \$5,700 MM~~

DPR Holding Company, LLC (Senior Debt & Private Equity) JEDI II & Balance Sheet

- An Agreement has been reached and finalized with Chris Cline to repurchase the Panther mine loan and the associated income participation certificates. The loan to Panther had a corporate guarantee from DPR Holdings and a personal guarantee from Chris Cline. Due to ongoing operational losses at the Panther mine, an inter-company loan agreement was required between DPR Holdings and Panther that allowed for the timely payment of interest. That issue was also negatively impacting equity distributions to ENA / JEDI II as 19% owners of DPR Holdings. Another upcoming event that

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Cost: \$13,594 MM	Market Value: \$27,513 MM	Carry Value: \$27,322 MM
(Transfer to ENA CLO #1)		\$23,054 MM

Call	\$2.00	Put	\$2.00	Market Value	\$19.60	MM	Days Value	\$19.60	MM
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Cost: \$13,945 MM	Market Value: \$13,703 MM	Carry Value: \$13,845 MM
(Transfer to ENA CLO #1)		\$ 2,216 MM

Cash: \$13.04B MM Market Value: \$16.366 MM Capx Value: \$16.84 MM

RISK ASSESSMENT & CONTROL

PORTFOLIO WATCH LIST-UPDATE AS OF 8/31/2000

VALUES INDICATED ARE FOR ENRON NORTH AMERICA

for year 2000 is targeted in the \$25 MM range with \$15 MM from the higher margin MOR business and \$10 MM from Project business. LSI has recently been re-thinking their business model to possibly include a total cable inventory management system that would better allow them to withstand the inherent cyclicalities associated with the drilling business. The Company expects to see some near term revenue from a "preferred provider" status that was obtained with Enron Engineering & Construction Company and with Enron subsidiary, NEPCO. First business, involving NEPCO and Active Power (a project in Austin, TX) could occur during Q-4-2000. Loan payments (principal and interest) are current and are anticipated to be timely for Q-3-2000.

Cap. \$3.95 MM Market Value: \$3.95 MM Carry Value: \$3.95 MM
(Transfer to ENA CLO Trust #1) \$5.200 MM

WATCH - (Continued)

Mariner Energy (Private Equity & Debt) JEDI I & Balance Sheet (Gross #'s)

- The mid-year borrowing base re-determination will commence in early September. Mariner will furnish their mid-year internal reserve report to the Bank of America by August 31st. As of Aug-9th there was a balance of \$32.8 MM on the \$70 MM Bank of America-led revolving credit facility. Results for Q-2 were announced on Aug-10th, but no conference call was held due to Mariner remaining in registration for a possible IPO. For the three months ending Jun-30-2000, Mariner had total revenue of \$35.0 MM vs. \$14.8 MM during the similar '99 period. EBITDA of \$29.3 MM compared to \$10.4 MM for the Q-2-99 period and net income of \$10.4 MM compared to \$(1.6 MM) during Q-2-99. Mariner will overspend cash flow this year with year 2000 cap-ex (including capitalized G&A and interest) estimated to be in the \$85 - \$90 MM range.

Cap. \$15.0 MM Market Value: \$15.0 MM Carry Value: \$15.0 MM

Oconto Falls (Sub-Debt / Equity & IPC's) Balance Sheet

- Agreement has been reached on a "buy-back" of the IPC's associated with Oconto Falls for approximately \$11 MM. A first payment was scheduled for on or about Aug-15th but was delayed pending final approval and closing. The \$5 MM of debt at the Merlin level will remain as the Company is precluded from paying that off, prior to repayment of their senior debt. ENA will not be participating in the Re-Box Paper facility (a greenfield linerboard project), but future-hedging arrangements may be entered into.

Cap. \$11.0 MM Market Value: \$11.0 MM Carry Value: \$11.0 MM
(Transfer to ENA CLO Trust #1) \$ 5.000 MM

Sacramento Basin Exploration Venture (50% W.I. and a 40% N.R.I.) JEDI II & Balance Sheet

- (Formerly known as the Amerada Hess Exploration Venture) On 7/28/00 Calpine and ENA / JEDI II agreed to replace the original Prospect Wells with new wells to be proposed by Calpine. The maximum commitment was reduced from \$5MM to \$4MM (with the understanding that ENA has already funded \$1.879MM), and the commitment period was extended to Dec-31-2001. New properties are being proposed and discussed.

Cap. \$4.0 MM Market Value: \$4.0 MM Carry Value: \$4.0 MM

Venoco, Inc. (Private Equity - Cumulative Convertible Preferred Stock) JEDI II & Balance Sheet

- The Company has not been successful to date in selling properties to improve their liquidity situation. Extended payment terms had been required in June on the Company's fully drawn bank debt. Data rooms have been open on three properties, but no bids have been received that Venoco feels are representative of true value. The Company has a bullet payment of \$11 MM due on Oct-1st as a result of the extension of payments. Wells Fargo Bank continues to want to be taken out in its entirety. The

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5

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RISK ASSESSMENT & CONTROL

PORTFOLIO WATCH LIST-UPDATE AS OF 8/31/2000

VALUES INDICATED ARE FOR ENRON NORTH AMERICA

remaining bank debt would then be allocated between the three banks remaining in the original syndication. The sale of the properties (and the Company's office building in Santa Barbara, CA) was estimated to have generated proceeds of approximately \$32 MM. The Company's debt-to-capitalization ratio as of May-30-2000 was 62% (\$80 MM debt; \$49.6 MM equity).

~~Cost: \$1.21 MM, Market Value: \$45.92 MM, Carry Value: \$5.92 MM~~

WB Oil Company (Private Equity) Balance Sheet

- A recent well drilled by Coastal at High Island Block 85 was unsuccessful. Coastal had signed a participation agreement with WB, whereby they paid \$700K for a 77.5% working interest at High Island Block 85. Coastal was to pay an additional \$300K, when drilling commenced on the initial test well.

~~Cost: \$1.50 MM, Market Value: \$1.30 MM, Carry Value: \$1.30 MM~~

TROUBLED – Assets for which the returns are considerably less than originally projected.

Beau Canada (Common Stock & Warrants) JEDI & JEDI II (Gross #'s)

- Closed the sale of its Peggo and Thetlandoa assets located in N.E. British Columbia on Aug-17th. The \$66.5 MM received from the sale will be applied to reduce the ENA CLO term debt by \$25 MM and bank debt and working capital deficiency by \$41.5 MM. The Company set Aug-25th, as the record date for the distribution of Beau Canada's common shares in Genoil Inc. to its shareholders. Beau holds approximately 61.6 MM common shares of Genoil, or 67% of Genoil's issued capital, on a fully diluted basis. As a result of the distribution, Beau's shareholders will retain their Beau Canada shares and receive two-thirds of a Genoil common share for each Beau Canada share held.

~~Cost: \$26.685 MM, Market Value: \$26.685 MM, Carry Value: \$26.685 MM~~

(Transfer to ENA CLO #1)

\$26.685 MM

Brigham Exploration Co. (Sub-debt, Common Stock & Warrants) JEDI II & Balance Sheet

- Brigham representatives were in the Houston office last week to discuss a potential restructuring of the ENA / JEDI II senior subordinated note. The ENA Commercial team requested that Brigham submit a "buy-out" number that would be inclusive of the entire ENA / JEDI II investment – sub-note, common stock and warrants. Brigham is looking to raise \$40 MM through a private equity placement and is being advised by CIBC. The Company remains significantly leveraged and access to the capital markets is not possible absent a re-capitalization of the balance sheet. It is unlikely that Brigham will satisfy the necessary condition precedents by Aug-31st, that would allow them to pay PIK dividend interest for one more quarter, meaning cash payment of dividends will be required beginning in Q-4-2000. This will impact cash flow approximately \$1.5 MM per quarter. Due to being unfavorably hedged at \$2.15 / MCF, the Company will generate little internal cash flow this year. For 2001, the Company has hedged approximately 11.5 MMCF / day (33% of estimated total production) at an average price of \$2.35 / MCF. A response from Brigham on the "buy-out" is anticipated shortly.

~~Cost: \$1.90 MM, Market Value: \$1.90 MM, Carry Value: \$1.90 MM~~

C-Gas (Private Equity) JEDI I (Gross #'s)

- The Company has shown significant improvement in revenue and EBITDA results YTD. EBITDA through the first seven months was at \$4.824 MM, an increase of 25% over plan and cash flow of \$3.669 MM exceeded plan by 36%. Revenue run rate is now in the \$4 MM monthly range. Drilling success has been good with 10 successful wells out of 12 drilled. A 30-well program is in place for full year 2000. The ENA Commercial strategy is focusing on proving up the exploration concept of the Company, where valuation would be driven by "going concern." Given the reasonably strong operational results YTD, no immediate sale of the Company is planned.

~~Cost: \$1.70 MM, Market Value: \$1.70 MM, Carry Value: \$1.70 MM~~

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6

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RISK ASSESSMENT & CONTROL

PORTFOLIO WATCH LIST-UPDATE AS OF 8/31/2000 VALUES INDICATED ARE FOR ENRON NORTH AMERICA

Ecogas Corporation (Private Equity & Revolving Debt) Balance Sheet

- **"MOVED FROM WATCH"** The gas rights at Olindo Alpha and Bowerman locations (Orange County, CA) have expired and are not being renewed by the counter-parties, based upon the counter-parties receiving interest from other companies that were willing to start construction right away. On the Section 40 tax credit issue, the Bracewell attorney representing Ecogas / ENA, feels increasingly less confident that a favorable private letter ruling will be forthcoming from the IRS. Negotiations on the financing at the San Antonio location is continuing with ABB. A corporate guarantee from Enron had been requested, but ABB has been advised that this will not be possible - the Commercial team believes this will not be an impediment to closing the transaction. As a result of these two developments, it is unlikely that a permanent financing facility will be put in place - ABB and Mees Pierson have stated they are not interested in agenting a facility of less than \$60 MM. As a result, Ecogas will be back to one-off financing for all projects. The FritoLay issue (involving gas penalties) has been settled for \$1.5 MM. A data room has been opened in Austin and one potential buyer has come through with another one scheduled for Wednesday, Aug-30th. A gen-set Company has also expressed interest and is being scheduled for the data room.

~~Cost: \$10.18 MM, Market Value: \$10.18 MM, Carry Value: \$0.00 MM~~

TROUBLED - continued

EnSerCo Offshore (formerly NorAm) (Senior Term Loan) EnSerCo

- All of the business points for the sale have now been negotiated, with one signature remaining to finalize the deal approval sheet. All of the more salient points of the term sheet were agreed to between the parties. The new entity, known as Kingdom Energy, is being formed from the combination of a private geo-seismic company, the coil tubing division of Baker Hughes and a small-cap publicly traded E&P company. The transaction as presently structured would take us out at a premium to par on our current carry value. Some recovery from collateral value associated with Noram Rig 252 (which is currently docked in south Malaysia), will also result from the sale. This will be granted in lieu of Enron giving up legal pursuit of the current guarantors of Enserco Offshore (Noram).

~~Cost: \$1.00 MM, Market Value: \$1.00 MM, Carry Value: \$1.00 MM~~

Heartland Steel (Senior Debt, Common Stock & Warrants) Balance Sheet

- **"MOVED FROM WATCH"** The project is an estimated 9 months behind schedule. Two steel industry consultants, previously used by Enron (now employed by Heartland), are at the Terre Haute, Indiana plant on a daily basis helping to resolve technical / operational issues. The ENA Commercial group has extended the forbearance agreement with the bank group headed by PNC-Deutsche Bank Alex Brown to Oct-31-2000. The Company has also been hurt by their purchase of large quantities of steel and zinc (roughly buying 3x more than what has been needed), predicated on production ramping up. When this failed to happen, a significant opportunity cost of capital began to be incurred with carrying the inventory, further exacerbated by the fact that commodity prices were declining for steel and zinc. Near term liquidity concerns include a \$10 MM bullet payment due on Aug-31st for the "special / stretch" revolver and a \$5 MM contingency payment related to construction due on Dec-15th. The ENA commercial group is working towards the establishment of a "steel book," that may help resolve some of the inventory issue and have helped arrange a one-month extension on the \$10 MM principal payment that was due Aug-31st. No sub-debt interest is likely to be paid through 2001.

~~Cost: \$16.13 MM, Market Value: \$14.75 MM, Carry Value: \$14.75 MM~~

(Transfer to Condor)

\$ 14.754 MM

(Transfer to ENA CLO #1)

\$ 15.000 MM

Hughes Rawls LLC (LLC Membership) JEDI I & Balance Sheet (Gross #'s)

- Similar scenario of a Company expressing interest and then rescinding its offer following due

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7

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RISK ASSESSMENT & CONTROL

PORTFOLIO WATCH LIST-UPDATE AS OF 8/31/2000

VALUES INDICATED ARE FOR ENRON NORTH AMERICA

diligence continues, with EPL being the latest example. Federal farm-out issues and requirements in federal off-shore waters, again were the main issues precluding an agreement. Dudley Hughes, the remaining principal of the LLC, will continue to attempt to market the properties.

Cost: \$40.00 MM, Market Value: \$250 MM, Carry Value: \$250 MM

Ice Drilling (Term Loan with Warrants) EnSerCo

- RESTRUCTURING COMPLETED - No major updates since our last report. A reconciliation of the amounts owed indicates C\$1,057,836 (US\$719,616) outstanding on the original US\$10 MM (gross) loan after the sale of assets placed in receivership. A negotiated settlement on the deficiency with the guarantors was unsuccessful and legal action is now underway.

Cost: \$10 MM, Market Value: \$10 MM, Carry Value: \$10 MM

Industrial Holdings "IHII" (Term Loan) EnSerCo

- The ENA Legal group has recommended against filing litigation against the Company, due to our unsecured position. The ENA commercial group will be meeting with Industrial Holdings the week of Aug-21st to further discuss the default status of their loan. The Company did record positive earnings for the Q-2-2000 period and have hired a new CEO as of June 1st. The ENA Restructuring Group is meeting with internal Legal counsel to examine recourse against the counter-party.

Cost: \$15 MM, Market Value: \$15 MM, Carry Value: \$15 MM

TROUBLED - continued

Inland Resources (Cumulative Convertible Preferred) JEDI II

- RESTRUCTURING COMPLETED. The ENA Commercial group recently met with the President of Flying J to discuss the status of the merging of certain assets of Flying J with Inland Resources. The agreement remains on track with closing expected on or about Oct-1st. ENA was impressed with the strength of Flying J management, as well as their accounting and reporting control systems. The Chase Bank \$150 MM credit facility, which was a condition precedent to closing has been approved and a specific plan to upgrade the Black Wax refinery has been agreed to. The refinery is to be re-conditioned over an approximate 18-month period at a cost of roughly \$20 MM. Enron will maintain par on our \$10 MM preferred stock, with our absolute common stock position (2.93 MM shares) maintained, but at a reduced ownership percentage. There are no restrictions on the common stock held by Enron. ENA commercial has negotiated the right to match any new hedging bid(s), the post combination Company would enter into.

Cost: \$10 MM, Market Value: \$10 MM, Carry Value: \$10 MM

Kafus Industries, Ltd., Canfibre of Riverside, Inc. (Debt & IPC's) Balance Sheet

- The British Columbia Supreme Court granted a creditor's petition filed on Aug-14th and appointed PricewaterhouseCoopers Inc. as interim receiver. Reports indicate that some construction continues at the Company's medium density fiberboard ("MDF") plant located in Lackawanna, NY and that production of MDF has resumed at the Riverside, CA location. All remaining Kafus directors, announced their resignation on the day the interim receiver was appointed. Kafus common stock remains suspended from trading on the Amex and Canadian exchanges.

Cost: \$10 MM, Market Value: \$10 MM, Carry Value: \$10 MM (Riverside)

Cost: \$10 MM, Market Value: \$10 MM, Carry Value: \$10 MM (Other Kafus)

(Transfer to ENA CLO Trust #1)

\$ 60.000 MM

Queen Sand Resources, Inc. (Equity - Preferred & Common) JEDI (Gross #'s)

- RESTRUCTURING PARTIALLY COMPLETED. S&P placed the Company's triple-'C'-plus corporate credit and senior unsecured debt ratings on CreditWatch with positive implications. That action follows the company's announcement that it expects to realize \$74 MM in net proceeds from a

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8

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RISK ASSESSMENT & CONTROL

PORTFOLIO WATCH LIST-UPDATE AS OF 8/31/2000

VALUES INDICATED ARE FOR ENRON NORTH AMERICA

common stock issuance expected to occur by Oct-31-2000. Proceeds will be applied, in part, to purchase \$75 MM of QSRI's \$125 MM 12.5% senior unsecured notes due 2008 for \$49 MM and repay \$13MM currently outstanding under its credit facility. After completion of the equity issuance, the company is expected to be considerably less leveraged and to have better liquidity. The investment-banking firm of Friedman, Billings & Ramsey is advising the Company. The Annual General Meeting of shareholders (Company uses a June-30 fiscal year) will be held on Sept-18th in Dallas. The Company expects to report its Jun-30-2000 year-end results on or before Aug-28-2000. Following the re-capitalization, JEDI will own approximately 229,391 shares of common stock, representing a 2.04% ownership position in QSRI.

Cost: \$12.04 MM, Market Value: \$93 MM, Carry Value: \$122 MM

TROUBLED - continued

Basic Energy (Sierra Well Service) (Senior Secured Notes with Warrants and Preferred Stock) JEDI II

- The Company has engaged Jefferies to assist with a private equity placement through a 144A offering to qualified institutional buyers. Basic has been actively examining all locations to ensure that rigs and trucks are deployed to the highest margin areas and have moved equipment from two locations as a result of that effort. Utilization rates are running very high and the Company should record its first ever \$5 MM revenue month during August. A resolution of Basic's liquidity situation will be required very shortly as they remain in default on their Jun-30th principal and interest payment, with another principal and interest payment due on Sept-30th. A notice of default has been served to the Company, but the note has not been accelerated.

Cost: \$52.55 MM, Market Value: \$52.55 MM, Carry Value: \$52.55 MM

(Transfer to ENA CLO Trust #1)

\$ 52.550 MM

Transcoastal Marine Services ("TCMS") (Subordinated Debt with Warrants) JEDI II

- RESTRUCTURING PARTIALLY COMPLETED. TCMS has filed a voluntary petition for Chapter 7 liquidation, requesting debtor in possession status. The fee for the Bankruptcy Trustee is currently being negotiated. The law firm of Andrews and Kurth LLP is advising the CLO Trust in the bankruptcy proceeding.

Cost: \$20.00 MM, Market Value: \$20.00 MM, Carry Value: \$20.00 MM

(Transfer to ENA CLO Trust #1)

\$ 20.00 MM

LOSS

No future cash flows projected and FMV of the asset has been written off. Residual recovery possible.

Belco Oil & Gas (Warrants) JEDI 1 (Gross #'s)

- The Belco warrants are out of the money to the extent that it is not likely that any value will be realized unless another transaction is consummated with Belco that would involve re-pricing the

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9

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RISK ASSESSMENT & CONTROL

PORTFOLIO WATCH LIST-UPDATE AS OF 8/31/2000

VALUES INDICATED ARE FOR ENRON NORTH AMERICA

warrants, which strike at \$27.50 (Aug-28th closing price of \$9 3/16). The warrants expire Nov-25-2000.

Cost: \$7.175 MM, Carry Value: \$0.800

Crown Energy (Private Equity) Balance Sheet

- "MOVED FROM TROUBLED" The Crown Ridge production facility, a JV agreement between MCNIC Pipeline & Processing Company and Crown Asphalt Corp., did not complete its pilot operations during the Q-2 period. The continued delays of the pilot operations, indicates that the \$6.63 MM investment that the Company holds on its balance sheet in Crown Ridge has the potential to be impaired if the facility does not achieve an acceptable level of profitable operations. MCNIC will not provide additional working capital in excess of the existing loan and Crown Management has been unable to secure additional working capital through other sources. This issue presents a serious test as to Crown's ability to continue as a going concern. ENA Senior Management made the decision during August to mark the asset to zero on the Merchant Portfolio Report.

Cost: \$6.63 MM, Market Value: \$0.00 MM, Carry Value: \$0.00 MM

Lyco Energy (Private-Convertible Preferred & Common) JEDI I and Balance Sheet (Gross #'s)

- RESTRUCTURING PARTIALLY COMPLETED. The \$2.5 MM payoff of the ENA preferred and common stock investment is anticipated at or shortly following month end. Lyco is selling certain Panhandle properties for cash with closing expected no later than Sept-7-2000. The Lyco payoff and the closing of the sale will be scheduled contemporaneous with one another.

Cost: \$2.50 MM, Carry Value: \$0.00

L OSS - continued

Nakornthai Strip Mill (NSM) -Thailand (Subordinated Notes w/Warrants) Balance Sheet

- RESTRUCTURING PARTIALLY COMPLETED. No major news since the last report. The ENA commercial group and internal counsel continue to work towards obtaining releases (two remain - Farallon Capital Mgmt. & Legg Mason) on the lawsuits that were filed against the original underwriting group that included ECT Securities.

Cost: \$1.30 MM, Carry Value: \$0.00

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10

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