

ENRON RISK ASSESSMENT AND CONTROL DEAL APPROVAL SHEET

DEAL NAME: Project Tomas Windup Counterparty: Deutsche Bank / Bankers Trust Corp. Business Unit: Corporate Tax Business Unit Originator: R. Davis Maxey <input type="checkbox"/> Public <input checked="" type="checkbox"/> Private <input checked="" type="checkbox"/> Merchant <input checked="" type="checkbox"/> Strategic <input checked="" type="checkbox"/> Conforming Nonconforming	Date DASH Completed: September 26, 2000 RAC Analyst/Underwriter: NA/David Gorte Investment Type: Divestiture for Non-Cash Consideration Capital Funding Source(s): Self-Funded by Project Expected Closing Date: October 2, 2000 Expected Funding Date: N/A Board Approval: <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Received <input type="checkbox"/> Denied <input checked="" type="checkbox"/> N/A
RAC Recommendation: <input checked="" type="checkbox"/> Proceed with Transaction <input type="checkbox"/> Returns below Capital Price <input type="checkbox"/> Do not Proceed	

APPROVAL AMOUNT REQUESTED

Approve the receipt of the retirement distribution from Seneca Leasing Partners, L.P. ("Seneca") to Enron's affiliate, PGH Leasing, LLC ("PGH Leasing") consisting of (1) a demand note receivable from Bankers Trust Corp. ("Bankers Trust") in the amount of approximately \$226 million (including accrued interest) and (2) three aircraft subject to leases (value of approximately \$47 million). Also part of the retirement will be the assumption by PGH Leasing of approximately \$160 million of Seneca's demand note payable to Bankers Trust; such assumption of debt is necessary because the value of the assets received exceeds PGH Leasing's entitlement upon retirement (its marked-to-market capital account in Seneca of \$113 million).

EXPOSURE SUMMARY

This transaction:	\$ 222,308,495	Demand Note from Bankers Trust
	<u>4,168,453</u>	Accrued interest on demand note from Bankers Trust
Sub-total, Money Market	\$ 226,476,948	
Aircraft Leases	<u>47,311,782</u>	
Total	\$ 273,788,730*	

*Because of the near-cash, money market nature of this Bankers Trust demand note obligation, an imputed credit reserve amount equal to \$200,000 associated with this Bankers Trust exposure. This amount, plus the amount of the aircraft leases, a total of \$47,511,782, was used as the approval amount.

TRANSACTION SOURCES AND USES OF FUNDS

	Source		Uses
Liquidation of interest in Seneca	\$273,788,730	Bankers Trust Note (including accrued interest)	\$226,476,948
		Leased Aircraft	<u>47,311,782</u>
	<u>\$273,788,730</u>		\$273,788,730

RETURN SUMMARY

This transaction represents a liquidation of Enron's interest in Seneca for appraised, or estimated fair market, value. This transaction is expected to generate approximately \$40 million of pre-tax accounting income upon its consummation.

CASH FLOW SUMMARY

The Bankers Trust note will be called before December 31, 2000. The leased aircraft have leases terminating in 2006 (Continental DC-9-82) and 2002 (United 747-200); a Hawker 800XP leased to Enron will also be acquired and may be liquidated at any time.

EC2 000038053

DEAL DESCRIPTION

Enron Corp. ("Enron") seeks approval for its subsidiary, PGH Leasing, to accept a \$222 million demand note from Bankers Trust (plus accrued interest) and three aircraft leased to other parties (value of \$47 million), and to assume debt of approximately \$160 million, upon PGH Leasing's retirement as limited partner from Seneca. Bankers Trust is rated "A" by Standard & Poors and "A2" by Moody's. Deutsche Bank AG acquired Bankers Trust in 1999.

Background. Portland General Holdings, Inc. ("PGH"), as a limited partner, entered into the Seneca partnership with two Bankers Trust subsidiaries in September 1998. At that time, PGH contributed its portfolio of leveraged leased assets (approximately 17 portfolios, including commercial aircraft, railcars, containerhips, and manufacturing facilities).

Retirement. Under the terms of Seneca's partnership agreement, after September 30 2000, PGH Leasing has the right to retire from the partnership. Seneca gave notice in June 2000, asking the partnership to initiate a valuation of the partnership assets. Based on the outcome of the valuation, the general partners will mark the partnership assets to market.

The valuation process is nearing completion, and the anticipated retirement date for PGH Leasing from Seneca is October 2, 2000. Based upon initial estimates, the value of PGH Leasing's interest in Seneca should be approximately \$113 million.

Distribution to Retiring Partner. Upon retirement, PGH Leasing will receive assets as a distribution from the partnership in exchange for its partnership interest. The value of these assets exceeds the amount of Seneca value allocable to PGH Leasing, so PGH Leasing will also assume a portion of the partnership's debt payable to Bankers Trust as part of the retirement distribution.

The terms of the note receivable from Bankers Trust provide for payment of all or any part of the principal amount due on the day following demand for such payment. Interest is payable at the end of each quarter, or if demand is made for repayment of the principal in full, on the date such principal repayment is due. Interest accrues on outstanding principal at the rate of LIBOR plus 35%.

We anticipate that Bankers Trust will call the portion of the Seneca debt assumed by PGH Leasing (approximately \$160 million) on or soon after the retirement date. We further anticipate that the note receivable, payable from Bankers Trust (\$226 million including accrued interest) will not be called until some time after the retirement date (but in any event prior to the end of the year). Even if the note payable to Bankers Trust were to remain outstanding, the two notes do not provide for any right of offset with each other in the event of default (or for any other reason).

Benefit to Enron. Enron anticipates generating pretax accounting income from this transaction of approximately \$40 million. This income value reflects the valuation of PGH Leasing partnership interest, as described above, less PGH Leasing's basis in its partnership interest of approximately \$72 million.

TRANSACTION UPSIDES/OPTIONALITY
(include chart to show impact if appropriate)

None.

EXIT STRATEGY (Merchant investments only)

Payment on the Bankers Trust demand note can be demanded at any time following the Retirement Date. Demand will be made on this note prior to December 31, 2000. The aircraft leased to United and Continental are expected to be sold upon lease termination; Enron is expected to use the Hawker aircraft acquired for its corporate purposes, but because this is an intercompany lease, flexibility with respect to the disposition of this aircraft exists.

RISK MATRIX (Maximum 5)

DESCRIPTION	MITIGATION/COMMENTS
Credit Risk	The principal credit risk is to Bankers Trust. Bankers Trust is rated "A" by Standard & Pools and "A2" by Moody's. Due to the short-term nature of this exposure and the pricing of this note at LIBOR + 0.25%, at market for this note, the pricing of this note compensates Enron adequately for this risk. Additional credit risks arise from secured exposures to Continental and United Airlines, rated (unsecured) BB-/Ba2 and BB+/Ba3, respectively, by S&P and Moody's. The lease rates are deemed to be market for secured credits to these leases.
Aircraft Valuation Risk	At lease termination, Enron will have the residual value risk related to the leased aircraft. An independent appraisal of this residual value corroborating the valuation of these leased aircraft has been received.

KEY SUCCESS FACTORS

	NA	Poor	Excellent
Core Business			X
Strategic Fit			X
Upside Potential		X	
Management	X		
Risk Mitigation			X

TRANSACTION MILESTONES:

- Update on status of call of Bankers Trust Note November 15, 2000
- Confirmation that Bankers Trust Note has been called, if not by November 15, 2000 December 15, 2000

OTHER RAC COMMENTS:

APPROVALS

	Name	Signature	Date
Regional Mgmt.	Rick Causey	<i>Rick Causey</i>	9-22-00
Legal	Ann Bellard	<i>Ann Bellard</i>	30 Oct - Nov 27, 2000
RAC Management	Rick Bay/David Gots	<i>Rick Bay</i>	27-29 Nov 2000
Enron Capital Management	Andy Fastow/Ben Glisan	<i>Andy Fastow</i>	9-22-00
ENE Management	Jeff Skilling/Joe Sutton	<i>Jeff Skilling</i>	9-22-00
Other - Tax	Davis Maxey	<i>Davis Maxey</i>	9/28/00
ENE Office of the Chairman	Jeff Skilling	<i>Jeff Skilling</i>	9/28/00

Global Finance Summary (addendum to DASH)

1. Transaction Summary
Retirement of PGH Leasing as Limited partner of Seneca

Total Deal/Project Capital Commitment
Less: Financings
Less: Syndications
Net Enron Investment

	Amount (\$000)
	\$
	-0-
	-0-
	\$

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