Appendix N: Intercompany Value Flow Analysis

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A. Introduction

The flow chart set forth in Section E below reflects projected recoveries of certain Debtors in respect of certain Intercompany Claims and the flow of value between the Debtors in the stand-alone scenario. No recoveries on Intercompany Claims would take place in a substantive consolidation scenario. Among other things, this information is provided to facilitate parties in interest in their analysis and understanding of the Debtors' estates. The estimated recoveries and the underlying projections and assumptions are highly speculative and based upon information available at the time that this analysis was prepared. **Actual results may vary materially from those reflected herein.** Further, the summary information reflected herein is qualified in its entirety by reference to the full text of the Plan and Disclosure Statement.

More specifically, the flow chart was derived from the Blackstone Model, which is a complex and customized software program utilized to synthesize estimates and projections regarding assets and liabilities, as well as to calculate Creditor recoveries under the Plan depending upon numerous variables and assumptions. The Blackstone Model was used to generate the flow chart and to reflect therein the estimated recoveries between Debtors in respect of Intercompany Claims in the stand-alone scenario.

B. Variance

The Debtors have prepared the estimates incorporated into the flow chart based upon certain assumptions that they believe are reasonable under the circumstances. The estimates have not been compiled or examined by independent accountants. The Debtors make no representations regarding the accuracy of the estimates or any ability to achieve forecasted results. Many of the assumptions underlying the estimates are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate financial results. **Therefore, the actual results achieved will vary from the estimates, and the variations may be material.** In evaluating the Plan, Creditors are urged to examine carefully all of the assumptions underlying the financial estimates.

1. Remaining Assets. With respect to the Remaining Assets, the estimated recoveries, valuations and projections are based, in part, on estimated proceeds generated by a sale or other disposition of substantially all of these assets. Many of these assets have been on the market or the subject of inquiries since the Initial Petition Date, but have not been sold for a variety of reasons, including, but not limited to, (i) poor market conditions, and (ii) the need to resolve complex ownership issues, pending litigation or government investigations, tax issues, and consent issues. In some cases, the Reorganized Debtors will be attempting to sell non-controlling financial interests for which a limited market exists. Due to the inherent uncertainties associated with selling these assets as a result of the issues identified above, there can be no assurance that these assets will be sold at presently estimated prices or at presently estimated times, if at all. Similarly, the recoveries of the Debtors (or the Reorganized Debtors, as the case may be) against counterparties on trading contracts are dependent on the creditworthiness and ability to pay of the counterparties.

2. Creditor Cash. The inability to sell or otherwise convert the Remaining Assets to cash may materially impact, among other things, the value of the Plan Currency. As a result of the foregoing, the Creditor Cash available for distribution as a result of liquidation of the Remaining Assets may be impacted.

3. Operating Entities Generally. Estimates of value do not purport to be appraisals nor do they necessarily reflect the values that may be realized if assets are sold. The estimates of value represent hypothetical equity values assuming the implementation of each of the Operating Entities' business plan, as well as other significant assumptions. Such estimates were developed solely for purposes of formulating and negotiating the Plan and analyzing the projected recoveries thereunder. Any estimated equity value is highly dependent upon achieving the future financial results set forth in the projections for each of the Operating Entities, as well as the realization of certain other assumptions that are not guaranteed.

The valuations of each of the Operating Entities set forth herein represent estimated values and do not necessarily reflect values that could be attainable in public or private markets for the Operating Entities or their constituent assets. The equity value ascribed in the analysis does not purport to be an estimate of the market value of stock to be distributed pursuant to the Plan. Such trading value, if any, may be materially different from the equity value associated with the valuation analysis.

4. PGE. The valuation of PGE set forth herein assumes that the current regulatory environment remains unchanged. However, PGE operates in a heavily regulated industry. Changes to the current regulatory environment may have a material adverse impact on PGE's actual results. For further discussion on these and other risks attendant with PGE and the electric utility industry, refer to the risk factor discussion and the description of PGE in the Disclosure Statement.

5. CrossCountry. The valuation of CrossCountry set forth herein assumes certain levels of rates for the transportation of natural gas as set by FERC. Such rates are highly regulated and subject to periodic changes. There is no guarantee that the current rate levels will not change materially in the future or will provide adequate reimbursement for the services provided by CrossCountry and its subsidiaries. Any such changes are entirely beyond CrossCountry's control and may have a material adverse impact on actual results. Further, CrossCountry operates in a heavily regulated industry. In the ordinary course of its business, CrossCountry is subject regularly to inquires, investigations and audits by federal and state agencies that oversee various natural gas pipeline regulations. Changes to the current regulatory environment may have a material adverse impact on CrossCountry's actual results. For further discussion on these and other risks attendant with CrossCountry and the natural gas pipeline industry, refer to the risk factor discussion and the description of CrossCountry in the Disclosure Statement.

6. Prisma. The valuation of Prisma set forth herein assumes certain levels of tariffs or rates of return for the constituent assets. Such rates are highly regulated, subject to periodic changes, and in certain circumstances are the outcome of political processes in the subject jurisdictions. There is no guarantee that the current rate levels will not change materially in the future or will provide adequate reimbursement for the services provided by Prisma and its subsidiaries. Any such changes are entirely beyond Prisma's control and may have a material adverse impact on actual results. Further, as Prisma operates primarily in foreign jurisdictions, such political processes often lead to greater volatility in regulatory outcomes than might occur in the United States. Additionally, operations in the emerging markets are generally subject to greater risk of global economic slowdown, political uncertainty, currency devaluation, exchange controls and the ability to enforce and defend legal and contractual rights than are domestic companies. Such risk factors may also have a material adverse impact on Prisma's actual results. For further discussion on these and other risks attendant with Prisma and the industries in which it is involved, refer to sections X and XIV, subsection I, in the Disclosure Statement.

C. Assumptions

The following are the significant assumptions and limiting conditions utilized in preparation of the flow chart:

1. The Plan embodies a compromise establishing a 30/70 weighted average reflecting the likelihood of substantive consolidation as a proxy for numerous inter-Debtor disputed issues. For illustrative purposes and to facilitate parties in interest in their analysis and understanding of the Debtors' estates and the global compromise, the flow chart reflects distributions to Debtors in respect of Intercompany Claims assuming no substantive consolidation. These distributions are meaningful in that they impact the recovery of General Unsecured Claims under the stand-alone case, which constitutes 70% of the ultimate recovery on such claims.

2. The recoveries in the flow chart reflect the terms of the global compromise, including resolution of certain asset ownership disputed between ENE and ENA. Following extensive discussions and negotiation with the ENA Examiner, rather than litigate these and related issues, the Debtors, the Creditors' Committee and the ENA Examiner agreed to a compromise of these inter-Debtor disputes wherein, for purposes of calculating distributions pursuant to the Plan, the net economic ownership of certain assets would be reallocated. The Debtors and the Creditors' Committee believe that, even if meritorious, such litigation would only produce additional prepetition unsecured Intercompany Claims and not a transfer of ownership of such assets. Nevertheless, the Debtors and the Creditors' Committee agreed to a negotiated transfer of asset ownership as a further proxy for the resolution of all inter-estate issues.

3. An additional feature of the global compromise is the waiver and release of intercompany causes of action (including avoidance actions) between Debtors. Accordingly, the flow chart does not reflect these causes of actions (if any) held by one Debtor against one or more of the other Debtors.

4. The recoveries in the flow chart pertain to prepetition unsecured Intercompany Claims. Consequently, to the extent that a Debtor is entitled to satisfy all or a portion of its Intercompany Claim through setoff, offset or recoupment, the flow chart reflects recoveries on only the residual Claim, if any.

5. Pursuant to the Bankruptcy Court's August 1, 2002 order, no Claims Bar Date was set for any Debtor to file Claims against another Debtor. The Debtors are also seeking an order approving agreements tolling the statute of limitations for each debtor to pursue claims against: (a) other debtors, (b) non-debtor affiliates, (c) special purpose entities and related creditors, and (d) certain third parties. The Debtors are relying upon their Schedules (as the same may be amended or supplemented from time to time) for purposes of allowance and distribution of Claims held by any Debtor against another Debtor. Intercompany Claims reflected in the Schedules are based upon the intercompany accounts and notes reflected in the Debtors' books and records as of the date hereof. Intercompany account balances are derived from the Schedules, as the same may be updated or amended from time to time, and the books and records of the Debtors and their affiliates as of the date hereof. Additionally, the results are based on certain assumptions associated with the Tax Sharing Agreements. Should such assumptions change, there may be a material impact to certain Debtors.

6. Amounts realized from intercompany receivables are estimated by the Blackstone Model and are based upon the estimated assets, liabilities and claims of the obligated Debtor or non-Debtor affiliate.

7. The value of investments in subsidiaries is estimated by the Blackstone Model and is based upon the estimated values of the assets and liabilities of those subsidiaries and the Debtors' corresponding ownership interest.

8. The value of assets excludes any value that may be realized from the Litigation Trust, the Special Litigation Trust or from any avoidance actions commenced by the Debtors. Any value that may be realized from these litigation trusts or avoidance actions may be material, but is highly speculative, and thus predictions regarding these amounts are not included.

9. Claims have been estimated by using a combination of the Enron Companies' books and records, scheduled claims, filed claims, and

professional judgment. Such estimates are subject to change and any such changes could have a material effect on Debtor recoveries. For information regarding scheduled claims, refer to the Debtors' Schedules, which are available at http://www.enron.com/corp/chapter11. Claims filed against the Debtors are available for viewing at http://www.bsillc.com.

10. All trading contracts between or among two or more Debtors or between or among Debtor and non-Debtor Affiliates (non-Debtors that are directly or indirectly 100% owned by one or more Debtors) are assumed to have been rejected and valued at the Initial Petition Date. Intercompany Claims relating to unsettled trading contracts reflect a marked-to-market value as of the Initial Petition Date.

11. The Debtors, as well as their non-Debtor affiliates, had numerous intercompany contracts, including, but not limited to, trading contracts, operations and maintenance agreements, and Tax Sharing Agreements. To the extent any of these contracts are rejected, the rejection or the resulting rejection damages claim could have a material impact on either party to the contract. In conjunction with confirmation, the Debtors intend to file a schedule of stipulated rejection damages arising from the Debtors' rejection of intercompany trading contracts and other intercompany contracts, including contracts between two Debtors or between a Debtor and any wholly owned affiliate.

12. The flow chart does take into account SPE settlements approved by the Bankruptcy Court but does not assume that Debtors will succeed in recovering any assets associated with the SPEs, nor does it assume that any settlements of SPEs may be negotiated and approved by the Bankruptcy Court in the future. The Debtors reserve their rights in both of these regards.

13. At the time this analysis was prepared, the Intercompany Claims aggregated approximately $72 billion. The flow chart reflects the aggregate of Intercompany Claims (a) with a face amount of $300 million or more, or (b) upon which recoveries in the stand-alone case is estimated to equal or exceed $100 million (the "Significant Intercompany Claims"). The aggregate amount of Significant Intercompany Claims is approximately $63.7 billion, or 89% of the total Intercompany Claims.

D. Discussion of Selected Value Flows

1. Largest Distributions

The Significant Intercompany Claims flow between 32 of the 179 Debtors and result in approximately $12.7 billion in distributions.

Approximately $19.5 billion of the Significant Intercompany Claims flow to ENE (for a total of $3.8 billion in distributions) and approximately $13.5 billion of the

Significant Intercompany Claims flow to ENA (for a total of $2.2 billion in distributions). Accordingly, almost 48% of the distributions on Significant Intercompany Claims will flow to ENE and ENA.

2. Cash Circles

Under the cash management system in effect prior to the Initial Petition Date, payments to EPMI and ENGMC were collected by ENE. ENE directly paid essentially all of the obligations of EPMI and ENGMC. The payment of EPMI and ENGMC by ENE generated payables from EPMI and ENGMC to ENE.

Based on intercompany obligations incurred prior to the Petition Date, ENE will make approximately $2.08 billion in distributions to ENA on approximately $12.7 billion of intercompany payables; ENA will make approximately $832 million in distributions to ENGMC on approximately $4.13 billion of intercompany payables; and ENGMC will make approximately $918 million in distributions to ENE on approximately $3.58 billion of intercompany payables. This "ENGMC Cash Circle" among ENE, ENA, and ENGMC is set forth in the Cash Circle Chart in Section E below.

Based on intercompany obligations incurred during the 18 months prior to the Initial Petition Date, ENE will make approximately $2.08 billion in distributions to ENA on approximately $12.7 billion of intercompany payables; ENA will make approximately $1.04 billion in distributions to EPMI on approximately $5.14 billion of intercompany payables; and EPMI will make approximately $1.15 billion in distributions to ENE on approximately $4.76 billion of intercompany payables. This "EPMI Cash Circle" among ENE, ENA, and EPMI is set forth in more detail in the Cash Circle Chart in Section E below.

While there was an accounting policy that permitted non-cash settlement of such cash circles, non-cash settlements were not in fact effectuated in the EPMI Cash Circle and the ENGMC Cash Circle as of the Initial Petition Date (collectively, the "Cash Circles"). A discussion of these cash circles is also contained in the Twelfth Monthly Report of Harrison J. Goldin, the Court-Appointed Examiner in the Enron North America Corp. Bankruptcy Proceeding, dated April 14, 2003 which is available under "Related Documents" at http://www.enron.com/corp/por.

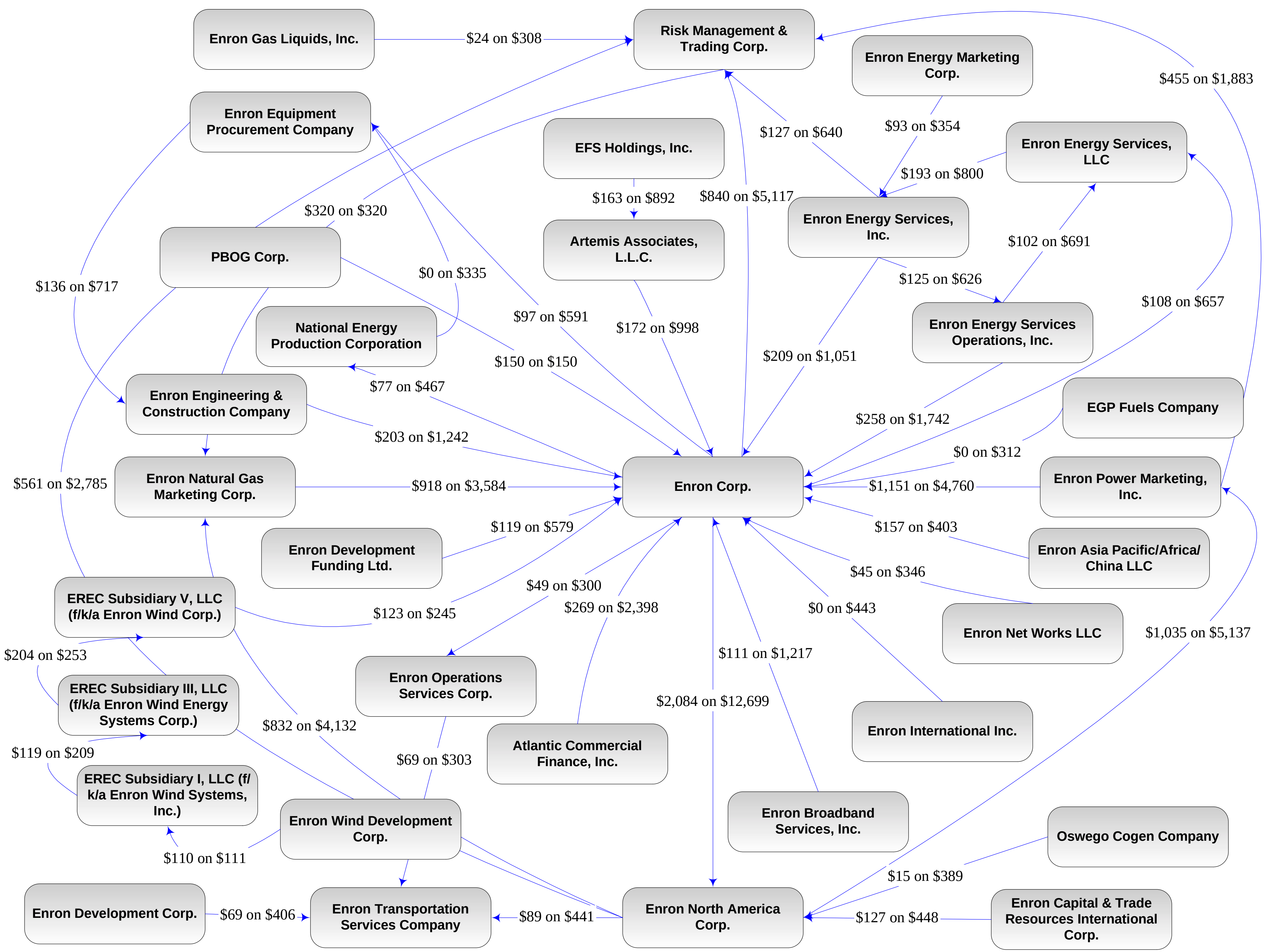
If the Cash Circles had been settled, it is likely that recoveries to creditors of EPMI would be higher than reflected herein and the recoveries to creditors of ENE lower. The effects upon creditors of ENGMC and ENA are less predictable, although it appears ENGMC and ENA creditors' recoveries would have been higher if non-cash settlements had been effectuated. Refer to Appendix M: "Substantive Consolidation Analysis".

3. Zero Recoveries

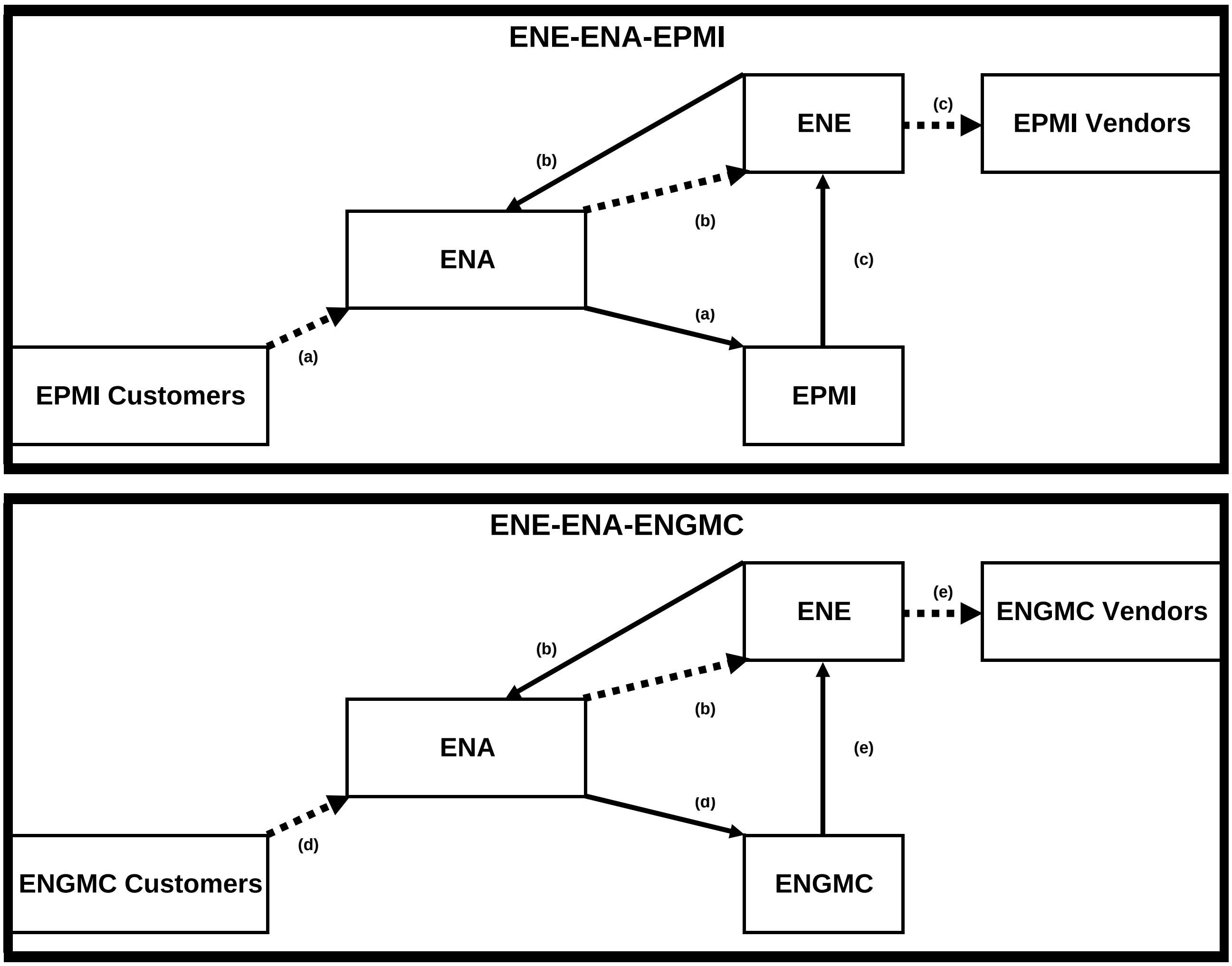
ENE will not receive any distributions on (a) the $443 million of claims it has against EI or (b) the $312 million of claims it has against EGPFC, because EI and

EGPFC are each administratively insolvent on a stand-alone basis. Similarly, EEPC will not receive any distributions on the $335 million of claims it has against NEPCO because NEPCO is administratively insolvent on a stand-alone basis. The administrative claims of EI, EGPFC, and NEPCO will be treated in accordance with section 3.1 of the Plan.

E. Intercompany Value Flow Chart and Cash Circle Chart


Enron Gas Liquids, Inc.
$24 on $308
Risk Management & Trading Corp.
Enron Energy Marketing Corp.
$455 on $1,883
Enron Equipment Procurement Company
EFS Holdings, Inc.
$127 on $640
$93 on $354
Enron Energy Services, LLC
$193 on $800
$163 on $892
$840 on $5,117
$320 on $320
Artemis Associates, L.L.C.
Enron Energy Services, Inc.
PBOG Corp.
$102 on $691
$0 on $335
$136 on $717
$125 on $626
$108 on $657
National Energy Production Corporation
$97 on $591
$172 on $998
Enron Energy Services Operations, Inc.
$150 on $150
$209 on $1,051
$77 on $467
Enron Engineering & Construction Company
EGP Fuels Company
$258 on $1,742
$203 on $1,242
$0 on $312
$561 on $2,785
Enron Natural Gas Marketing Corp.
$918 on $3,584
Enron Corp.
$1,151 on $4,760
Enron Power Marketing, Inc.
$119 on $579
$157 on $403
Enron Development Funding Ltd.
Enron Asia Pacific/Africa/China LLC
$45 on $346
$49 on $300
EREC Subsidiary V, LLC (f/k/a Enron Wind Corp.)
$269 on $2,398
$0 on $443
$123 on $245
Enron Net Works LLC
$1,035 on $5,137
$204 on $253
$111 on $1,217
EREC Subsidiary III, LLC (f/k/a Enron Wind Energy Systems Corp.)
Enron Operations Services Corp.
$2,084 on $12,699
$832 on $4,132
Enron International Inc.
$119 on $209
Atlantic Commercial Finance, Inc.
$69 on $303
EREC Subsidiary I, LLC (f/k/a Enron Wind Systems, Inc.)
Enron Broadband Services, Inc.
Enron Wind Development Corp.
Oswego Cogen Company
$110 on $111
$15 on $389
Enron Capital & Trade Resources International Corp.
Enron Development Corp.
$69 on $406
Enron Transportation Services Company
$89 on $441
Enron North America Corp.
$127 on $448

"Cash Circles"



Cash flows:

Intercompany:

(a) ENA collects cash from EPMI customers, which generates a payable from ENA to EPMI.
(b) ENE sweeps collected cash from ENA, which generates a payable from ENE to ENA.
(c) ENE pays EPMI vendors, which generates a payable from EPMI to ENE.
(d) ENA collects cash from ENGMC customers, which generates a payable from ENA to ENGMC.
(e) ENE pays ENGMC vendors, which generates a payable from ENGMC to ENE.