

## ENRON COLLAPSES AS SUITOR CANCELS PLANS FOR MERGER

### BANKRUPTCY IS EXPECTED

Energy Trader Sank as Doubts  
Continued to Build About  
Soundness of Finances

By RICHARD A. OPPEL Jr.  
and ANDREW ROSS SORKIN

Enron, the champion of energy deregulation that grew into one of the nation's 10 largest companies, collapsed yesterday, after a rival backed out of a deal to buy it and many big trading partners stopped doing business with it.

Enron, based in Houston, was widely expected to seek bankruptcy protection. With \$62 billion in assets as of Sept. 30, it would be the biggest American company ever to go bankrupt, dwarfing the filing by Texaco in 1987. Late in the day, though, Enron's chief financial officer, Jeff McMahon, said that the company was still talking to banks about a restructuring and considering other options.

Talks with its would-be rescuer Dynegy, also of Houston, about salvaging the deal ended in acrimony.

Dynegy, which had agreed on Nov. 9 to buy Enron but had second thoughts as Enron disclosed more financial problems and investors pummeled its stock, accused Enron of misrepresenting the health of its business. Enron, meanwhile, was weighing whether to sue Dynegy for breaching the terms of the deal, a person close to Enron said.

Enron's swift collapse left the prospects of 13,000 employees in doubt, wiped out what was left of the holdings of stock investors, including some giant mutual funds, and roiled the Treasury market. It tarnished the standing of the big New York banks that advised on the deal and poured their own cash into the company and left in tatters the reputation of Enron's chief executive, Kenneth L. Lay, a confidant and major campaign backer of President George W. Bush. [Page C1.]

The Treasury Department, the Federal Reserve and the Federal Energy Regulatory Commission said they had monitored Enron's impact on the financial and energy markets yesterday; officials who would comment said they saw no dangerous ripple effect.

"The markets are functioning normally," said Peter Bakstansky, a spokesman for the Federal Reserve Bank of New York.

From a pipeline company in the



James H. H. for The New York Times

**AFGHAN BATTLE'S AFTERMATH** Northern Alliance troops walked over the site of a battle with Taliban prisoners at the Qala Jangi fortress. Page B1.

### Political Memo

## 2 Parties Embrace New York And Look to '04 Conventions

By RICHARD L. BERKE

WASHINGTON, Nov. 28 — New York has long held a cherished, but narrow, role in national politics. It is where candidates go to raise money, only to quickly vanish. In the presidential campaign last fall, George W. Bush never stumped there because the state was a shoo-in for the Democrats. And Al Gore never stumped there because he did not have to.

But the terrorist attacks have sent the parties scurrying back to New York — and not just for cash.

In gestures of unity with the nation's most wounded city, prominent Democrats and Republicans are now mulling over holding their 2004 presidential conventions at Madison Square Garden. In the shorter term, 165 House members in both parties have sponsored a Congressional resolution for the House and Senate to convene a one-day joint session in New York City next year to underscore "the nation's solidarity with New Yorkers."

"I'm confident that the selection committee will give very serious consideration to New York," Karl

Rove, President Bush's chief political adviser, said in an interview about prospects for the Republican convention. "The decision will probably be made sometime after the 2002 elections." Mayor-elect Michael R. Bloomberg raised the matter during a recent visit to the White House, Mr. Rove said, adding that Gov. George E. Pataki and Mayor Rudolph W. Giuliani have intensified their appeals since Sept. 11.

There are less ambitious gestures as well. Tonight, Laura Bush, the first lady, appeared in New York to light the Christmas tree at Rockefeller Center. "This year, I particularly want to be there with New Yorkers," Mrs. Bush said. Next week, former President Clinton will be the marquee attraction at a Democratic Party event in Harlem to honor community leaders affected by the Sept. 11 calamity (and to be the draw at a fund-raising dinner that evening in the home of a wealthy donor.)

The impulse in both parties to

Continued on Page B9



Reuters

Johnny Michael Spann

## Al Qaeda Link Seen In Only a Handful Of 1,200 Detainees

By DAVID FIRESTONE  
and CHRISTOPHER DREW

The nationwide search for terrorists after Sept. 11 has resulted in the arrests of more than 1,200 people, but law enforcement officials said today that only a small number of those

## C.I.A. NAMES AGENT KILLED IN FORTRESS

### Rare Official Acknowledgment of First U.S. Combat Death

By JAMES RISEN

WASHINGTON, Nov. 28 — The Central Intelligence Agency said today that one of its officers was killed in a chaotic uprising by Taliban prisoners near Mazar-i-Sharif on Sunday, the first American combat death in Afghanistan since the military campaign began.

The officer, Johnny Michael Spann, a 32-year-old former Marine captain who served in the Directorate of Operations, the agency's clandestine espionage arm, was killed inside the fortress where Taliban prisoners were being held and questioned, George Tenet, the C.I.A. director, said in a statement.

The revolt at the prison has been shrouded in confusion since it began last weekend; Northern Alliance soldiers said on Tuesday that they had crushed it, though Pentagon officials said a small group of rebels were still holding out inside the fortress. But witnesses said Mr. Spann and anti-Taliban guards were shot short-

## TOP GENERAL SAYS U.S. MAY ESTABLISH NEW AFGHAN BASES

### INCREASING THE PRESSURE

Northern Alliance Troops May  
Move South to Seek Taliban  
and Al Qaeda Leaders

By ERIC SCHMITT  
with THOM SHANKER

MACDILL AIR FORCE BASE, Fla., Nov. 28 — The commander of American forces fighting in Afghanistan said today that the United States might establish more makeshift bases inside the country, making it easier to dispatch marines and Army soldiers quickly wherever they are needed in the intensifying hunt for the leaders and fighters of the Taliban and Al Qaeda.

In an interview at his headquarters here, the commander, Gen. Tommy R. Franks of the Army, said any decision to move or create new American bases inside Afghanistan, beyond the one now being used by the Marines near Kandahar, would depend on the course of the war.

But General Franks signaled that the United States was prepared to take whatever steps necessary to catch the senior leaders of the Taliban and Al Qaeda.

"It could well be that marines could be positioned in any place inside the country, or Army forces could be positioned at another forward operating base at some point," General Franks said. "We're going to continue to apply pressure. We're going to continue to refine our intelligence, and what we know. As we do that, the noose tightens."

Another source of pressure on the Taliban and Al Qaeda could come from Northern Alliance troops, which may push deeper into southern Afghanistan, a senior officer said today.

While many of the Northern Alliance factions, made up ethnic Uzbek, Tajik and Turkmen, have clashed with the majority Pashtun tribes in the south, some of the northern opposition forces, especially in the West, have close ties to southern tribal leaders. "You could find someone from the north move further to the south but it would be in conjunction with leaders in the south," the military official said.

At the same time, anti-Taliban commanders in eastern Afghanistan said that they had been enlisted by the American military to help search for Osama bin Laden in isolated mountain hideouts. [Page B2.]