ION MEDIA NETWORKS INC.
Form SC TO-T/A
May 08, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Schedule TO/A

Tender Offer Statement Under Section 14(d)(1)
or 13(e)(1)
of the Securities Exchange Act of 1934

(Amendment No. 1)

ION MEDIA NETWORKS, INC.

(Name of Subject Company (Issuer))

CIG MEDIA LLC

CITADEL WELLINGTON LLC
CITADEL KENSINGTON GLOBAL STRATEGIES FUND LTD.
CITADEL LIMITED PARTNERSHIP
CITADEL INVESTMENT GROUP, L.L.C.
KENNETH GRIFFIN

(Names of Filing Persons — Offerors)

CLASS A COMMON STOCK, PAR VALUE $0.001 PER SHARE
(Title of Class of Securities)

46205A103
(CUSIP Number of Class of Securities)

Matthew B. Hinerfeld
Citadel Investment Group, L.L.C.
131 S. Dearborn Street, 32nd Floor
Chicago, Illinois 60603
(312) 395-3167
(Name, Address and Telephone Numbers of Person
Authorized to Receive Notices and Communications on Behalf of Filing Persons)

Copies to:
Robert Schwenkel, Esq.
Steven Steinman, Esq.
Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004-1980
(212) 859-8000

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
$107,947,313.36	$3,313.98

* Estimated solely for purposes of calculating the filing fee in accordance with Rule 0-11(d) under the Securities Exchange Act of 1934. The transaction value was determined by multiplying the purchase price of $1.46 per share by the sum of 65,377,185 outstanding shares of Class A common stock, par value $0.001 per share, of ION Media Networks, Inc. (the ‘‘Shares’’) and 8,559,331 Shares issuable prior to the expiration of the offer pursuant to stock options and restricted stock units.

** The amount of the filing fee is calculated by multiplying the transaction value by 0.00003070.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) of the Exchange Act and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: $3,313.98
Form or Registration No.: SC TO-T
Filing Party: CIG Media LLC/Citadel Wellington LLC/Citadel Kensington Global Strategies Fund Ltd./ Citadel Limited Partnership/Citadel Investment Group, L.L.C./Kenneth Griffin
Date Filed: May 4, 2007

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer:

Check the appropriate boxes below to designate any transactions to which the statement relates.

third-party tender offer subject to Rule 14d-1.
issuer tender offer subject to Rule 13e-4.
going-private transaction subject to Rule 13e-3.
amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

(Continued on following pages)

SCHEDULE 13D

CUSIP No. 46205A103 Page 1 of 6

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON **CIG Media LLC**		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) (b)	x o
3	**SEC USE ONLY**		

4	SOURCE OF FUNDS **AF; WC**		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION **Delaware**		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER **0**	
	8	SHARED VOTING POWER **259,988,201**[1]	
	9	SOLE DISPOSITIVE POWER **0**	
	10	SHARED DISPOSITIVE POWER **259,988,201**[1]	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON **See Row 8 above.**		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		x
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) **84.6%**[2]		
14	TYPE OF REPORTING PERSON **OO**		

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[1] All capitalized terms used but not otherwise defined in the footnotes to these cover pages shall have the meanings given to them in the Offer to Purchase. The aggregate number of Shares that the Reporting Persons may be deemed to beneficially own is the sum of the following: (i) 2,724,207 Shares beneficially owned by the Purchaser; (ii) 15,455,062 Shares that would be beneficially owned by the Purchaser upon the Call Closing; (iii) 8,311,639 Shares that would be issued to the Purchaser upon conversion of the 8,311,639 shares of Class B Common Stock that would be beneficially owned by the Purchaser upon the Call Closing; (iv) 163,960 Shares that would be issued to the Purchaser upon conversion of 262.33603 shares of the Company s 9¾% Preferred Stock beneficially owned by the Purchaser; (v) 133,333,333 Shares that would be issued to the Purchaser upon conversion of $100 million of the Company s Series B Convertible Subordinated Debt beneficially owned by the Purchaser; and (vi) 100,000,000 shares that would be issued to the Purchaser upon exercise of the Warrant. With respect to the Call Shares identified

in sub-clauses (ii) and (iii) of this footnote 1, pursuant to the Call Agreement, the obligation of the Paxson Stockholders to deliver the Call Shares to the Purchaser is conditioned on the completion of the Offer and other material conditions, including FCC approval of the purchase of the Call Shares by the Purchaser and other conditions contained in the Call Agreement. Accordingly, neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by any of the Reporting Persons that it is the beneficial owner of any of the Call Shares for purposes of Section 13(d) of the Exchange Act or for any other purpose, and any such beneficial ownership thereof is expressly disclaimed.

The aggregate number of Shares reported as beneficially owned by the Reporting Persons excludes the following 470,227,426 Shares, which represent the maximum number of Shares that could be issued to the Purchaser in the Exchange Offer or the Contingent Exchange, as applicable; (a) 224,719,101 shares that would be issued to the Purchaser upon conversion of $200,000,000 aggregate stated liquidation preference of the Company s Series E-2 Convertible Preferred Stock that, among other securities, would be issued to the Purchaser in exchange for the Company s Series F Non-Convertible Preferred Stock beneficially owned by the Purchaser, (b) 127,446,252 Shares that would be issued to the Purchaser upon conversion of $95,584,689 aggregate stated liquidation preference or principal amount, as applicable, of the Company s preferred stock or the Company s Series B Convertible Subordinated Debt that would be issued to the Purchaser in the Contingent Exchange or in respect of securities received by the Purchaser in the Contingent Exchange; (c) 13,333,333 Shares that would be issued upon conversion of $10 million in principal amount of the Company s Series B Convertible Subordinated Debt that would be transferred by NBC Palm Beach I to the Purchaser if the Contingent Exchange occurs; (d) 20,000,000 Shares that would be issued upon conversion of up to $15 million of the Company s Series B Convertible Subordinated Debt to be issued to the Purchaser to fund the Company s expenses; and (e) 84,728,740 Shares that would be issued upon conversion of $76,403,430 in principal amount or aggregate stated liquidation preference, as applicable, of the Company s Series B Convertible Subordinated Debt and the Company s preferred stock that would be issued to the Purchaser in the Exchange Offer. The Reporting Persons do not beneficially own any of the Shares identified in sub-clauses (a) through (e) of this footnote 1, and the issuance to the Purchaser of the securities underlying those Shares is subject to the satisfaction of the conditions to the Exchange Offer and other material contingencies, including the number of holders of Senior Preferred Stock who participate in the Exchange Offer and the occurrence of the Exchange Offer or the Contingent Exchange, as applicable. Accordingly, neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by any of the Reporting Persons that it is the beneficial owner of any of the Shares identified in sub-clauses (a) through (e) of this footnote 1 for purposes of Section 13(d) of the Exchange Act or for any other purpose, and any such beneficial ownership thereof is expressly disclaimed.

Based on information reported by the NBCU Entities, National Broadcasting Company Holding, Inc. and General Electric Company in Amendment No. 10 to Schedule 13D filed with the Securities and Exchange Commission on May 7, 2007, NBC Palm Beach I holds 39,607 shares of 11% Series B Preferred Stock convertible into 198,035,000 Shares. If the Reporting Persons and the NBCU Entities were deemed to be a group by virtue of the transactions described in Section 11 Terms of the Master Transaction Agreement and Other Material Agreements of the Offer to Purchase, the Reporting Persons would be deemed to beneficially own an aggregate of 458,023,201 Shares. However, the Reporting Persons expressly disclaim beneficial ownership of the shares of 11% Series B Preferred Stock owned by any of the NBCU Entities.

[2] The denominator used in calculating this percentage is 307,186,117, which is the sum of (i) 65,377,185 outstanding Shares, as reported in the Master Transaction Agreement, and (ii) 241,808,932 Shares that would be issued upon conversion of the securities disclosed in footnote 1, items (iii) through (vi) above, of this Schedule 13D. If the Reporting Persons and the NBCU Entities were deemed to be a group by virtue of the transactions described in Section 11 Terms of the Master Transaction Agreement and Other Material Agreements of the Offer to Purchase, the Reporting Persons would be deemed to beneficially own approximately 90.7% of the Shares. However, the Reporting Persons expressly disclaim beneficial ownership of the shares of 11% Series B Preferred Stock owned by any of the NBCU Entities.

SCHEDULE 13D

CUSIP No. 46205A103

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON **Citadel Limited Partnership**	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) x (b) o
3	**SEC USE ONLY**	
4	SOURCE OF FUNDS	AF
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	o
6	CITIZENSHIP OR PLACE OF ORGANIZATION **Illinois**	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH			
	7	SOLE VOTING POWER	**0**
	8	SHARED VOTING POWER	**259,988,201**[3]
	9	SOLE DISPOSITIVE POWER	**0**
	10	SHARED DISPOSITIVE POWER	**259,988,201**[3]

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON **See Row 8 above.**	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	x
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) **84.6%**[4]	
14	TYPE OF REPORTING PERSON **PN; IA**	

[3] See footnote 1 above.
[4] See footnote 2 above.

SCHEDULE 13D
CUSIP No. 46205A103 Page 3 of 6

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Citadel Investment Group, L.L.C.

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the first and second quarters of 2001 and the fact that the 2001 year-to-date results are those strictly of EnerMark to the date of the Merger.

Management monitors the Fund's distribution payout policy with respect to forecast cash flows, debt levels, and spending plans. Management is prepared to adjust the payout levels in an effort to balance the investor's desire for distributions with the Fund's requirement to maintain a prudent capital structure.

The following table reconciles Enerplus' "Funds Flow from Operations" as per the Statement of Cash Flows with the cash available for distribution to Unitholders.

Reconciliation of Cash Available for Distribution for the Period ($ millions except per unit amounts)	**Three Months ended September 30,**		**Nine Months ended September 30,**	
	2002	**2001**	**2002**	**2001**
Funds flow from operations	**$ 69.6**	$ 84.9	**$ 200.9**	$ 264.6
Cash withheld for debt reduction	(**3.9**)	(5.6)	(**33.9**)	(32.2)
Enerplus cash flows				16.9
Accruals *	(**1.2**)	2.3	**3.5**	4.6
Cash available for distribution	**$ 64.5**	$ 81.6	**$ 170.5**	$ 253.9
Cash available for distribution per trust unit	**$ 0.88**	$ 1.25	**$ 2.40**	$ 4.77

* According to the Royalty Agreement with Enerplus Resources Corporation, the royalty paid to the Fund must be on a cash basis. As a consequence, the change in accrued net revenues for the period is added back to (deducted from) funds flow from operations for purposes of this reconciliation.

With respect to the third quarter of 2002, Enerplus distributed $64.5 million, or $0.88 per trust unit in cash distributions to Unitholders (94% of funds flow from operations) and withheld $3.9 million or $0.05 per trust unit for debt reduction (6% of funds flow from operations). For the nine month period, Enerplus has distributed $170.5 million, or $2.40 per trust unit (83% of funds flow from operations) and withheld $33.9 million or $0.48 per trust unit for debt reduction (17% of funds flow from operations).

Cash available for distribution per trust unit of $0.88 for the three months ended September 30, 2002 represents what an Enerplus Unitholder will have received from the production relating to the third quarter of 2002 (paid to Unitholders on September 20, October 20, and November 20, 2002). Cash available for distribution was $1.25 per trust unit for the same period in 2001.

Capital Expenditures

During the three months ended September 30, 2002, Enerplus spent $46.1 million (2001 $41.9 million) on capital expenditures prior to acquisitions and divestitures with a focus on development drilling in the Joarcam area. During the nine months ended September 30, 2002, Enerplus spent $101.0 million (2001 $95.0 million) on capital expenditures prior to acquisitions and divestitures. The capital program to enhance light oil production at Joarcam invested $19.5 million to drill, complete and tie-in 11 Viking Oil wells and construct the associated production facilities. The Medicine Hat North 50 well shallow natural gas development program is near completion and additional compression capacity has been completed at a cost of $8.6 million. Enerplus participated in the drilling of three natural gas wells at Mount Benjamin, a non-operated property, at a cost of $4.7 million. Two of the wells were successfully completed with the third near completion at the end of the quarter.

Capital expenditures are in line with those anticipated for the three and nine months ended September 30, 2002. The Fund expects annual capital expenditures of approximately $145.0 million in 2002 which has increased from the original estimate of $130.0 million as a result of opportunities identified in acquired and existing properties.

	Three Months ended September 30,		**Nine Months ended September 30,**	
Capital Expenditures ($ millions)	**2002**	**2001**	**2002**	**2001**
Development drilling and	**$ 32.0**	$ 25.9	**$ 60.4**	$ 53.7

	Three Months ended September 30,		Nine Months ended September 30,	
recompletions				
Plant and facilities	**12.8**	15.2	**34.7**	36.2
Land and seismic	**0.3**	0.3	**2.0**	4.0
Office	**1.0**	0.5	**3.9**	1.1
Total capital spending	**46.1**	41.9	**101.0**	95.0
Acquisitions of oil and gas properties	**25.4**	57.2	**48.3**	60.0
Dispositions of non-core oil and gas properties	**(0.3)**	(34.8)	**(2.4)**	(54.8)
Net capital expenditures	**$ 71.2**	$ 64.3	**$ 146.9**	$ 100.2

Acquisitions of oil and natural gas properties for the nine months ended September 30, 2002 are comprised primarily of the acquisition of a 16% working interest in Oil Sands Lease #24 for $16.4 million, along with the acquisition of an additional interest in the Medicine Hat Glauconite C property during the first quarter 2002 for $20.5 million.

Through the remainder of the year, Enerplus will continue to pursue acquisition opportunities while maintaining a focused effort on the development of existing reserves that provide attractive potential economic returns to Unitholders.

Liquidity and Capital Resources

Enerplus' long-term debt as at September 30, 2002 of $362.5 million, which was comprised of bank credit facilities of $94.2 million and senior unsecured notes of $268.3 million was lower than long-term debt of $412.6 million as at December 31, 2001. The decrease in debt can be attributed to the equity issue on September 12, 2002 combined with cash from operations that has been withheld for debt repayments.

Financial Leverage and Coverage Ratios	Nine Months ended September 30, 2002	Year ended December 31, 2001
Long-term debt to funds flow from operations	**1.3 x**	1.2 x
Funds flow from operations to interest expense*	**16.4 x**	19.3 x
Long-term debt to long-term debt plus equity	**21%**	23%

* Funds flow from operations to interest expense ratio is based on the first nine months of 2002

plus the last three months of 2001.

During the second quarter of 2002, Enerplus diversified its debt portfolio through the issuance of US$175 million senior, unsecured notes with a coupon rate of 6.62% priced at par (the "Notes"). The Notes have a final maturity of June 19, 2014, with amortizing payments of 20% per annum on each of the five anniversary dates commencing on June 19, 2010. Concurrent with the issuance of the Notes, Enerplus swapped the US$175 million into Canadian dollar denominated floating rate debt at an exchange rate of 1.5333 for gross proceeds of $268.3 million at a floating interest rate, based on Canadian three month banker's acceptances, plus 1.18%. This cross currency swap on the senior

unsecured notes represented a mark-to-market gain of $40.0 million as at September 30, 2002. The Notes provide the Fund with a new source of financing and the assurance of long-term credit commitments at attractive rates.

On September 12, 2002, Enerplus closed an equity offering of 4,750,000 trust units at a price of $26.85 per trust unit for gross proceeds of $127,538,000 (net $120,886,000). These proceeds were used to reduce the amounts outstanding on the bank credit facilities.

As at September 30, 2002, Enerplus had a borrowing base limit of $620 million with respect to its bank credit facilities and senior unsecured debentures. This limit is based on the bank's evaluation of the value of Enerplus' proven oil and gas reserves. As of November 7, 2002, this limit was increased to $700 million. As a result, Enerplus' bank credit facilities were increased by $80 million from $351.7 million to $431.7 million.

On October 21, 2002, Enerplus closed the acquisition of Celsius Energy Resources Ltd. for total consideration of $165.9 million. This acquisition was financed from Enerplus' revolving credit facility.

Trust Unit Information

Enerplus had 74,751,000 trust units and no warrants outstanding at September 30, 2002 compared to 65,044,000 trust units and 2,238,000 warrants at September 30, 2001. The weighted average number of trust units outstanding during the third quarter of 2002 was 70,850,000 (2001 64,776,000). The weighted average number of trust units outstanding for the nine months ended September 30, 2002 was 70,066,000 (2001 50,738,000).

Taxability of Distributions

In the current commodity price environment, Enerplus expects that approximately 65% of the distributions paid to Canadian Unitholders in 2002 will be taxable and the remaining 35% will be treated as a tax deferred return of capital.

Forward-Looking Statements

This discussion and analysis contains forward-looking statements relating to future events or future performance. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expects", "projects", "plans", "anticipates" and similar expressions. These statements represent management's expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of Enerplus. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties, including the business risks discussed above, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

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ENERPLUS RESOURCES FUND
CONSOLIDATED BALANCE SHEET

($ thousands) (Unaudited)	September 30, 2002	December 31, 2001
ASSETS		
Current assets		
Cash and cash equivalents	**$ 3,471**	$ 979
Accounts receivable	**75,638**	100,089
Other current	**3,377**	4,869
	82,486	105,937
Property, plant and equipment	**2,814,368**	2,667,504
Accumulated depletion and depreciation	**(643,572)**	(489,188)
	2,170,796	2,178,316
Deferred charges (Note 4)	**1,847**	
	$ 2,255,129	$ 2,284,253

($ thousands) (Unaudited)		September 30, 2002		December 31, 2001
LIABILITIES				
Current liabilities				
Accounts payable	**$**	**76,582**	$	72,341
Distributions payable to unitholders		**22,426**		20,860
Payable to related party (Note 3)		**10,392**		7,915
		109,400		101,116
Long-term debt (Note 4)		**362,458**		412,589
Future income taxes		**314,222**		333,560
Accumulated site restoration		**58,538**		55,403
Deferred credits		**4,848**		6,591
Payable to related party (Note 3)		**1,525**		1,909
		741,591		810,052
EQUITY				
Unitholders' capital (Note 2)		**1,958,521**		1,826,507
Accumulated income		**389,069**		324,570
Accumulated cash distributions		**(943,452)**		(777,992)
		1,404,138		1,373,085
	$	**2,255,129**	$	2,284,253
Number of Trust Units outstanding (thousands)		**74,751**		69,532

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ENERPLUS RESOURCES FUND
CONSOLIDATED STATEMENT OF INCOME

($ thousands except per unit amounts) (Unaudited)	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
REVENUES				
Oil and gas sales	**$ 151,286**	$ 163,824	**$ 428,408**	$ 492,420
Crown royalties	**(21,161)**	(24,231)	**(66,013)**	(89,536)

	Three Months Ended September 30		Nine Months Ended September 30	
Freehold and other royalties	**(7,823)**	(8,713)	**(22,502)**	(26,032)
	122,302	130,880	**339,893**	376,852
Interest and other income	**31**	110	**338**	680
	122,333	130,990	**340,231**	377,532
EXPENSES				
Operating	**34,689**	34,717	**95,853**	81,157
General and administrative	**3,352**	1,633	**10,085**	6,367
Management fees (Note 3)	**7,216**	2,497	**13,571**	6,957
Interest (Note 5)	**5,169**	5,121	**12,705**	13,473
Depletion, depreciation and Amortization	**52,656**	55,423	**158,906**	135,885
	103,082	99,391	**291,120**	243,839
Income before taxes	**19,251**	31,599	**49,111**	133,693
Capital taxes	**1,294**	1,352	**3,950**	3,624
Future income tax	**(11,124)**	5,106	**(19,338)**	(13,260)
NET INCOME	**$ 29,081**	$ 25,141	**$ 64,499**	$ 143,329
Net income per trust unit				
Basic	$ 0.41	$ 0.39	$ 0.92	$ 2.82
Diluted	$ 0.41	$ 0.39	$ 0.92	$ 2.82
Weighted average number of Units outstanding (thousands)				
Basic	70,850	64,776	70,066	50,738
Diluted	71,019	64,853	70,181	50,817

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CONSOLIDATED STATEMENT OF ACCUMULATED INCOME

	Three Months Ended September 30	Nine months Ended September 30

($ thousands) (Unaudited)	Three Months Ended September 30		Nine months Ended September 30	
	2002	**2001**	**2002**	**2001**
Accumulated income, beginning of period	**$ 359,988**	$ 262,489	**$ 324,570**	$ 144,301
Net income	**29,081**	25,141	**64,499**	143,329
Accumulated income, end of Period	**$ 389,069**	$ 287,630	**$ 389,069**	$ 287,630

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ENERPLUS RESOURCES FUND
CONSOLIDATED STATEMENT OF CASH FLOWS

($ thousands) (Unaudited)	Three Months Ended September 30		Nine Months Ended September 30	
	2002	**2001**	**2002**	**2001**
OPERATING ACTIVITIES				
Net income	**$ 29,081**	$ 25,141	**$ 64,499**	$ 143,329
Depletion, depreciation and Amortization	**52,656**	55,423	**158,906**	135,885
Future income tax	**(11,124)**	5,106	**(19,338)**	(13,260)
Site restoration and abandonment Costs incurred	**(1,023)**	(719)	**(3,130)**	(1,343)
Funds flow from operations	**69,590**	84,951	**200,937**	264,611
Decrease (increase) in non-cash Operating working capital	**1,787**	(7,565)	**21,832**	(35,779)

	Three Months Ended September 30		Nine Months Ended September 30	
	71,377	77,386	**222,769**	228,832
FINANCING ACTIVITIES				
Issue of trust units, net of Issue costs	**124,591**	11,253	**131,274**	45,845
Cash distributions to unitholders	**(61,323**)	(92,677)	**(163,894**)	(252,512)
Increase (decrease) in long-term Debt	**(78,351**)	79,768	**(50,131**)	93,325
Payment to related party (Note 3)	**(128**)	(127)	**(384**)	(127)
Deferred charges			**(1,892**)	
	(15,211)	(1,783)	**(85,027**)	(113,469)
INVESTING ACTIVITIES				
Property, plant and equipment	**(54,366**)	(101,495)	**(137,696**)	(156,323)
Proceeds on sale of property, Plant and equipment	**308**	34,755	**2,446**	61,581
Corporate acquisitions		(8,792)		(20,594)
	(54,058)	(75,532)	**(135,250**)	(115,336)
Increase in cash	**2,108**	71	**2,492**	27
Cash, beginning of period	**1,363**	802	**979**	846
Cash, end of period	**$ 3,471**	$ 873	**$ 3,471**	$ 873
Funds flow from operations	**$ 0.98**	$ 1.31	**$ 2.87**	$ 5.22

per unit	Three Months Ended September 30		Nine Months Ended September 30	
SUPPLEMENTARY CASH FLOW INFORMATION				
Cash income taxes paid	**$**	$	**$**	$
Cash interest paid	**$ 2,099**	$ 5,373	**$ 9,483**	$ 13,278

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CONSOLIDATED STATEMENT OF ACCUMULATED CASH DISTRIBUTIONS

($ thousands) (Unaudited)	Three Months Ended September 30 2002	Three Months Ended September 30 2001	Nine Months Ended September 30 2002	Nine Months Ended September 30 2001
Accumulated cash distributions, Beginning of period	**$ 881,863**	$ 619,051	**$ 777,992**	$ 447,158
Cash distributions to unitholders	**61,589**	87,712	**165,460**	259,605
Accumulated cash distributions, end of period	**$ 943,452**	$ 706,763	**$ 943,452**	$ 706,763

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SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands of Canadian dollars and thousands of units except per unit amounts)

1. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of Enerplus Resources Fund ("Enerplus" or the "Fund") have been prepared by management following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2001 except as stated below.

The note disclosure requirements for annual statements provide additional disclosure to that required for these interim statements. Accordingly, these interim statements should be read in conjunction with the Fund's consolidated financial statements for the year ended December 31, 2001. The disclosures provided below are incremental to those included in the 2001 annual consolidated financial statements.

(a)

The accounting of the merger of EnerMark Income Fund ("EnerMark") and Enerplus Resources Fund ("Enerplus") which occurred on June 21, 2001 ("the Merger"), applied the reverse takeover form of the purchase method of accounting for business combinations. Accordingly, these consolidated financial statements of the Fund include the accounts of the merged Fund for the nine months ended September 30, 2002 but the comparative figures for the prior year include the accounts of EnerMark as at and for the nine months ended September 30, 2001, plus the results of Enerplus from June 21, 2001 to September 30, 2001.

All numbers of trust units and Warrants up to the June 21, 2001 Merger date have been restated using the merger exchange ratio of 0.173 EnerMark unit for each Enerplus unit (the "Merger Exchange Ratio").

(b)

Effective for the fiscal years beginning on or after January 1, 2002, the Fund adopted the recommendations of the CICA on accounting for stock-based compensation which apply to new rights granted on or after that date. The Fund has elected to continue to measure compensation cost based on the intrinsic value of the award at the date of the grant and recognize that cost over the vesting period. As the exercise price of the rights granted approximates the market price of the trust units at the grant date, no compensation cost has been provided in the consolidated statement of income.

The exercise price of the rights granted under the Fund's rights plan may be reduced in future periods in accordance with the terms of the rights plan. The amount of the reduction cannot be reasonably determined as it is dependent upon a number of factors including, but not limited to, future prices received on the sale of oil and natural gas, future production of oil and natural gas, determination of the amounts to be withheld from future distributions to fund capital expenditures and the purchase and sale of property, plant and equipment. Therefore, it is not possible to determine a fair value for the rights granted under the plan.

2. FUND CAPITAL

(a) Unitholders' Capital

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Authorized: Unlimited Number of Trust Units

Issued: (thousands)	September 30, 2002 Units	September 30, 2002 Amount	December 31, 2001 Units	December 31, 2001 Amount
Balance, beginning of period	**69,532**	**$ 1,826,507**	40,925	$ 1,050,986
Issued for cash:				
Pursuant to public offerings	**4,750**	**120,886**	4,313	101,039
Pursuant to Option Plans	**98**	**1,905**	135	2,530
Pursuant to exercise of warrants			1,197	33,319
Pursuant to expiry of warrants				2,846
Issued pursuant to the deemed Acquisition of			20,863	582,364

	September 30, 2002		December 31, 2001	
Enerplus (Note 1)				
Issued pursuant to the management agreement (Note 3)				5,000
Distribution Reinvestment & Unit Purchase Plan	**340**	**8,483**	173 659	16,577
Issued for acquisition of Property interests	**31**	**740**	1,267	31,846
Balance, end of period	**74,751**	**$ 1,958,521**	69,532	$ 1,826,507

On September 12, 2002, Enerplus closed an equity offering of 4,750,000 trust units at a price of $26.85 per trust unit for gross proceeds of $127,538,000 (net $120,886,000).

(b)

Trust Unit Option Plan

As at September 30, 2002, 150,000 options issued pursuant to the Trust Unit Option Plan were outstanding, representing 0.2% of the total units outstanding. Activity for the options issued pursuant to the option plan is summarized as follows:

	September 30, 2002		December 31, 2001	
(thousands except per Unit amounts)	**Number of Options**	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Options outstanding at beginning of period	**264**	**$ 20.93**	363[(1)]	$ 21.03
Exercised	**(98)**	**$ 19.55**	(55)	$ 21.94
Cancelled	**(16)**	**$ 22.73**	(44)	$ 20.47
Options outstanding at end of	**150**	**$ 21.75**	264	$ 20.93

	September 30, 2002	December 31, 2001
period		
Options exercisable at end of period	**119**	99

(1) Number of options representing the balance at June 21, 2001 after the Merger of EnerMark and Enerplus.

No new options have been granted under the Trust Unit Option Plan as this plan was superseded by the Trust Unit Rights Incentive Plan discussed below.

(c) **Trust Unit Rights Incentive Plan**
As at September 30, 2002, a total of 1,348,000 rights were issued (2,740,000 reserved) pursuant to the Trust Unit Rights Incentive Plan of which none are exercisable. Under the Incentive Plan, distributions per trust unit to Enerplus Unitholders in a calendar quarter which

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represent a return of more than 2.5% of the net property, plant and equipment of Enerplus at the end of such calendar quarter would result in a reduction in the exercise price of the rights. Based on second and third quarter 2002 results, the exercise price has been calculated to be reduced by $0.07 per trust unit (effective October 2002) and $0.14 per trust unit (effective January 2003) respectively.

As it is not possible to determine the fair value of rights granted under the plan, compensation costs for pro forma disclosure purposes has been determined based on the excess of the unit price over the exercise price at the date of the financial statements. For the three and nine months ended September 30, 2002, net income would be reduced by $150,000 and $183,000, for the estimated compensation cost associated with rights granted under the plan on or after January 1, 2002 with a negligible impact on net income per trust unit during these periods.

Activity for the rights issued pursuant to the Incentive Plan is as follows:

	September 30, 2002		December 31, 2001	
(thousands except per Unit amounts)	**Number of Rights**	**Weighted Average Exercise Price**	**Number of Rights**	**Weighted Average Exercise Price**
Rights outstanding at Beginning of period	**1,318**	**$ 24.50**		
Granted	**145**	**$ 26.66**	1,360	$ 24.50
Cancelled	**(115)**	**$ 24.47**	(42)	$ 24.50
Rights outstanding at End of period	**1,348**	**$ 24.63**	1,318	$ 24.50

3. RELATED PARTY TRANSACTIONS

Management, advisory and administration services are supplied to the Fund on a fee and cost reimbursement basis, pursuant to an agreement with Enerplus Global Energy Management Company ("EGEM"). Management fees of $13,571,000 are reported on the consolidated statement of income for the nine months ended September 30, 2002. This included earned base management fees of $6,291,000 and accrued performance fees of $7,280,000. The performance fees are not determined until December 31, 2002, and as such, this amount may increase or decrease throughout the remainder or the year. As at September 30, 2002, $9,883,000 was payable to EGEM, pursuant to this agreement.

In addition, pursuant to a share purchase agreement related to the Merger, the Fund acquired shares of Enerplus Resources Corporation from EGEM for $2,545,000 payable over five years in quarterly installments of $127,000 through a reduction of management fees. At September 30, 2002, the indebtedness remaining pursuant to this agreement was $2,035,000 of which $509,000 has been classified as current.

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In addition to the transactions described above, Enerplus has entered into financial instrument contracts at prevailing market rates with an indirect subsidiary of El Paso Corporation, the ultimate parent of EGEM, as described in Note 5.

4. LONG-TERM DEBT

	September 30, 2002	December 31, 2001
Bank credit facilities	**$ 94,130**	$ 412,589
Senior unsecured notes	**268,328**	
Total long-term debt	**$ 362,458**	$ 412,589

The senior unsecured notes (the "Notes") were issued on June 19, 2002 in the amount of US$175,000,000. They have a final maturity of June 19, 2014 and bear interest at 6.62% per annum, with interest paid semi-annually on June 19 and December 19 of each year. The Note Purchase Agreement requires the Fund to make five annual amortizing principal repayments of 20% of the initial principal amount, commencing on June 19, 2010.

Concurrent with the issuance of the Notes, the Fund entered into a cross currency swap, with a syndicate of major financial institutions. Under the terms of the swap, the amount of the Notes was fixed for purposes of interest and principal repayments at a notional amount of CDN$268,328,000. Interest payments are made on a floating rate basis, set at the rate for three-month Canadian banker's acceptances, plus 1.18%. Costs incurred in connection with issuing the Notes, in the amount of $1,892,000, are being amortized over the term of the Notes. As at September 30, 2002, the amount not amortized associated with these costs was $1,847,000.

Subsequent to September 30, 2002 the Fund's borrowing base was increased to

$700,000,000. The increase resulted in the amount of credit available under the bank credit facilities (the "Facilities") being increased to $431,672,000 from $351,672,000. The Facilities remain unsecured and consist of a $402,000,000 revolving committed line with an incremental two-year term, and a $29,672,000 demand operating line. Various borrowing options are available under the Facilities including prime rate based advances and banker's acceptance loans.

5. FINANCIAL INSTRUMENTS

The Fund uses various types of financial instruments to manage the risk related to fluctuating commodity prices. The fair values of these instruments are based on an approximation of the amounts that would have been paid to or received from counterparties to settle the instruments outstanding as at September 30, 2002 with reference to forward prices and mark-to-market valuations provided by independent sources. The Fund may be exposed to losses in the event of default by the counterparties to these instruments. This credit risk is controlled by the Fund through the selection of financially sound counterparties.

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Interest rate and cross currency swaps:

In addition to the cross currency swap described in Note 4, the Fund has entered into various interest rate swaps on a notional amount of bank debt, as follows:

Term	Notional Amount	Fixed Rate(1)
January 18, 2002 to January 18, 2005	$ 25 million	3.89%
June 3, 2002 to June 3, 2005	25 million	4.70%
June 4, 2002 to June 4, 2005	25 million	4.65%
	$ 75 million	

(1) Before banking fees that are expected to range between 0.85% and 1.05%.

The mark-to-market values of the $75.0 million interest rate swaps as at September 30, 2002, represent an unrealized loss of $2.0 million. The mark-to-market value of the cross currency interest rate swap related to the Senior Unsecured Notes as at September 30, 2002 represented an unrealized gain of $40.0 million.

Crude oil:

Enerplus has entered into the following financial option contracts on its gross crude oil production that are designed to reduce a downward impact of crude oil prices. The remaining costs to be amortized associated with these contracts are approximately $215,000. The mark-to-market value of the financial crude oil contracts as at September 30, 2002 reflects an unrealized loss of $8,979,000.

		WTI Crude Oil Price US $		
Term	**Volume Bbls/day**	**Sold Call**	**Purchased Put**	**Sold Put**
July 1, 2002 Dec. 31, 2002				
3-way	1,500	US$ 27.00	US$ 19.50	US$ 16.00
3-way(1)	1,500	US$ 25.00	US$ 19.50	US$ 17.00
3-way	2,175	US$ 27.00	US$ 19.50	US$ 17.00
3-way	1,500	US$ 28.00	US$ 20.10	US$ 17.00
3-way(2)	1,500	US$ 31.00	US$ 22.00	US$ 19.50
3 way(2)	1,500	US$ 30.00	US$ 24.00	US$ 21.35
Oct. 1, 2002 Sept. 30, 2004				
3-way(2)	1,500	US$ 29.00	US$ 22.00	US$ 19.25
Jan. 1, 2003 Sept. 30, 2004				
3-way(2)	1,500	US$ 30.00	US$ 23.00	US$ 20.00
Jan. 1, 2003 Dec. 31, 2003				
3-way	1,500	US$ 27.00	US$ 19.50	US$ 17.00
3-way	1,500	US$ 28.00	US$ 20.15	US$ 17.00
3-way(2)	1,500	US$ 28.51	US$ 22.00	US$ 19.50
Jan. 1, 2003 June 30, 2004				
3-way(2)	1,500	US$ 28.00	US$ 22.50	US$ 19.60
3-way(2)	500	US$ 28.00	US$ 22.50	US$ 19.90
Jan. 1, 2003 December 31, 2004				

		WTI Crude Oil Price US $		
3-way(3)	1,500	US$ 29.50	US$ 22.00	US$ 20.00

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(1) The counterparty to this 3-way crude oil option is a subsidiary of El Paso Corporation which is the ultimate parent of EGEM (refer to Note 3) and the amount receivable/payable with respect to this transaction is currently not material. The remaining option premium for this instrument is $69,000 and is being amortized over the remaining term.

(2) Financial option transactions entered into during the third quarter of 2002.

(3) Transactions entered into subsequent to September 30, 2002 that are not included in the mark-to-market values.

Natural Gas:

In addition to the crude oil price protection initiatives described previously, Enerplus also has physical and financial contracts in place on its gross natural gas production as described below. The remaining costs to be amortized associated with these contracts are $0.01 per trust unit or $509,000 in 2002 and $0.02 per trust unit or $1,694,000 in 2003. The mark-to-market value of the financial natural gas contracts as at September 30, 2002 reflects an unrealized loss of $17,981,000.

	MMcf/day	AECO $/Mcf CDN$				
Term	**Daily Volumes**	**Sold Call**	**Purchased Put**	**Sold Put**	**Fixed Price**	**Escalated Price**
July 1, 2002 Oct. 31, 2002						
Physical	3.8				$ 2.63	
Physical	8.5				$ 3.97	
Collar(1)	9.5	$ 5.27	$ 3.69			
Put(1)	9.5		$ 3.69			
3-way	9.5	$ 4.22	$ 3.29	$ 2.37		
July 1, 2002 Dec. 31, 2002						
Physical	2.8				$ 2.64	

	MMcf/day	AECO $/Mcf CDN$				
Physical	2.0					$ 2.01
Swap	3.8		$ 2.90			
Collar	7.6	$ 4.22	$ 3.43			
Collar	5.7	$ 4.81	$ 3.43			
Collar	14.2	$ 4.22	$ 3.32			
Nov. 1, 2002 Dec. 31, 2002						
Collar(1)	7.1	$ 5.27	$ 3.69			
Put(1)	7.1		$ 3.69			
Call	9.5	$ 6.33				
Nov. 1, 2002 Mar. 31, 2003						
3-way(2)(3)	4.8	$ 7.39	$ 5.28	$ 4.22		
3-way(4)(5)	4.8	$ 7.39	$ 5.28	$ 4.22		
Jan. 1, 2003 Mar. 31, 2003						
Call	9.5	$ 6.33				
Jan. 1, 2003 Oct. 31, 2003						
Physical	2.8				$ 2.64	
Collar(1)	7.1	$ 5.27	$ 3.69			
Put(1)	7.1		$ 3.69			

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Jan. 1, 2003 Dec. 31, 2003					
Physical	2.0				$ 2.23
Swap	3.8		$ 2.90		
3-way	9.5	$ 7.91	$ 4.27	$ 3.17	
Jan. 1, 2003 June 30, 2004					
3-way	9.5	$ 7.39	$ 4.75	$ 3.17	
Jan. 1, 2003 Sept. 30, 2004					
3-way(2)	9.5	$ 6.67	$ 4.75	$ 3.17	
3-way(2)	9.5	$ 7.39	$ 4.75	$ 3.69	
Jan. 1, 2003 Oct. 31, 2006					
Swap(5)	9.5		$ 5.47		
Apr.1, 2003 Oct. 31, 2003					
Collar(2)	4.8	$ 6.25	$ 4.75		
Collar(5)	4.8	$ 6.25	$ 4.75		
Jan. 1, 2004 Oct. 31,					

2004			
Swap	3.8	$ 2.90	
2004 2010			
Physical	2.0		$ 2.33

(1) The counterparty to these natural gas collars and puts is a subsidiary of El Paso Corporation which is the ultimate parent of EGEM (refer to Note 3) and the amounts receivable/payable with respect to these transactions are currently not material. The remaining option premiums for these instruments are $2,203,000 and are being amortized over their remaining terms.

(2) Additional transactions entered into during the third quarter of 2002.

(3) Enerplus sells physical gas at the Month Index less $0.05/Mcf.

(4) Enerplus sells physical gas at the Month Index less $0.11/Mcf.

(5) Transactions entered into subsequent to September 30, 2002 that are not included in the mark-to-market values.

6. COMMITMENTS AND CONTINGENCIES

The acquisition of the working interest in Oil Sands Lease #24 (Joslyn Creek Lease) included the assumption of approximately $4,100,000 in contingent project debt that was comprised of $3,360,000 of principal and approximately $740,000 in accrued interest. Interest is accrued at the Bank of Canada prime business rate and is not compounded. The debt is contingent on both production and pricing hurdles with respect to development on the lease. As it is too early in the development of this project to determine if these hurdles will be satisfied, the contingent debt has not been accrued in the consolidated financial statements.

7. SUBSEQUENT EVENT

Subsequent to September 30, 2002, the Fund acquired all of the issued and outstanding shares of Celsius Energy Resources Ltd., a private oil and gas company, for total cash consideration of approximately $165.9 million including working capital adjustments. The acquisition will be

accounted for by the purchase method with the results of operations included in the consolidated financial statements of the Fund from the closing date of October 21, 2002.

DIRECTORS

Douglas R. Martin(3)(4)(5)(8)
President, Charles Avenue Capital Corp.
Calgary, Alberta

André Bineau(1)
Vice President, Association de bienfaisance et de retraite des
policiers et policières de la Ville de Montréal
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Harry B. Wheeler(1)(2)(7)
President,
Colchester Investments Ltd.
Calgary, Alberta

Robert L. Zorich
Managing Director,
EnCap Investments L.C.
Houston, Texas

(1) Audit & Risk Management Committee

(2)

Environment, Safety & Reserves Committee

(3) Corporate Governance Committee

(4) Compensation & Human Resources Committee

(5) Chairman of the Board

(6) Chairman of the Audit & Risk Management Committee

(7) Chairman of the Environment, Safety & Reserves Committee

(8) Chairman of the Corporate Governance Committee

(9) Chairman of the Compensation & Human Resources Committee

OFFICERS

Gordon J. Kerr
President & Chief Executive Officer

Robert J. Waters
Senior Vice President & Chief Financial Officer

Heather J. Culbert
Senior Vice President, Corporate Services

Garry A. Tanner[(10)]
Senior Vice President, Business Development

Eric P. Tremblay
Senior Vice President, Capital Markets

Jo-Anne M. Caza
Vice President, Investor Relations

Daryl W. Cook
Vice President, Operations

Wayne T. Foch
Vice President, Finance

Gerald F. Stevenson
Vice President, Acquisitions

Rodney D. Gray
Controller, Finance

Christina S. Meeuwsen
Corporate Secretary

Wayne G. Ford
Controller, Operations

(10) Officer of Enerplus Global Energy Management Company only

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CORPORATE INFORMATION

OPERATING COMPANIES OWNED BY ENERPLUS RESOURCES FUND

EnerMark Inc.
Enerplus Resources Corporation

LEGAL COUNSEL
Blake, Cassels & Graydon LLP
Calgary, Alberta and Toronto, Ontario

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Calgary, Alberta

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CO-TRANSFER AGENT
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Ridgefield, New Jersey

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STOCK EXCHANGE LISTINGS AND TRADING SYMBOLS
New York Stock Exchange: ERF
Toronto Stock Exchange: ERF.un

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For more information, visit our website:

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ABBREVIATIONS

AECO Alberta Energy Company interconnect with the Nova Gas System
ARTC Alberta Royalty Tax Credit
bbl(s)/day barrel(s) per day
BOE(s)/day barrel of oil equivalent per day (6 Mcf gas = 1 bbl crude oil)
Mbbls thousand barrels
MBOE thousand barrels of oil equivalent
Mcf/day thousand cubic feet per day
MMbbl(s) million barrels
MMBOE million barrels of oil equivalent
MMcf/day million cubic feet per day
NYSE New York Stock Exchange
TSX Toronto Stock Exchange
W.I. percentage working interest of ownership
WTI West Texas Intermediate oil at Cushing, Oklahoma

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENERPLUS
RESOURCES FUND

By: /s/ Christina S. Meeuwsen

Christina S. Meeuwsen
Corporate Secretary

DATE: November 14, 2002

QuickLinks

EXHIBIT 1