GOVERNMENT EXHIBIT
9809
Crim No. H-04-0025

10/23
Lay Fastow Frevert Whalley
Koenig Gilsen Causey

Boikes

LJM - AJF sold in July [illegible]
Q3: Reversed, write off deals

Approved by BoD
Appropriately disclosed

Bus & Lay

Support CFO
A. Fastow

Liquidity

BBB+
Fitch
S&P

Bad Moodys

RAPTOR - Terminated those vehicles
NPC
Arizi
Etc.

$1.2B S/E
$1.2B N/R

62 mm
shares

~~$3.35 B CP Backup~~

~~$550 MM Loss sales Faculty~~

SE 1.2

SW(SEC)1041

N/R 1.2

1st Causey said this per Lay

~~Morgan Chase~~

don't make that unknown (i.e.

Lay: "The transactions could have been done elsewhere"

Raptor:

No they couldn't!

2000 1/5 ?: W/out these p'ships
IMPACT: $500 MM of 1/5 Profits GONE

2B Mkt Cap

1985
– InNW/HNG

Pres Naturalized
O & G 1985 (Dec)
1982 ~~Oil~~ Oil ↓, Debt to Cap 70%

1987 – 2 Rogue traders were hiding offshore → Misled their controls
($180 MM w/o)
Oil trading scandal ~~$300 MM~~ 1987

1997 J Block $600 MM

Poor deals
Poor investments
Strategy
1985

Heartbroken
Over this

LJM
At the very top!!

It's OK – LJM
But Perception is bad – we wouldn't do it in hindsight
→ We will never do it again

17B 2001 $\boxed{173B\ 2000}$

What about Financial Trade Volume?

10/23 All Employee Meeting

635MM Yearly Revenue
Trans per 2B?
~~Debt to Total Cap~~
29 Tmcf
1.7 mm dollars / ...

88.2 Bcf/d
2001
Physical Settlements

53.5 2000

ETS

~~ETS~~	85
Global	19
EBIT	105 × 4 = 420 Yrly
	× 5 P/E
$ 2,000	
	$ 2.50 per share!

6.5 B Assets
56% S. Am
14% India (388 M Excl India)
8% Asia (SK ~300 M)

SW(SEC)1042

Jim Schwieger
x3-7705

SW(SEC)1044

Who asked these ?'s

Could LTCM lose money?

Did LTCM lose money? $700MM of 50K options

How could LTCM lose money? Rice, Shelby, Pai etc.

~14% of DC fund W/W & Paribas

Lay: "There was Risk Capital"

No there wasn't!

N/R \$1.2 B — By what method did LTCM intend to give \$1.2B N/R?

In bankrupt co.

S/E (Cont. Shares) 1.2 B!

No relation

N/R would be w/o to 1/5!! Leave ptrs to regain $$$. If unwind Restate now! Chose least 1/5 impact!

McMahon

Clare
11-14-01

Financial Position

Liquidity Position

$3b cash on credit lines
Redeemed CP's

[illegible]
[illegible]
[illegible]

New Equity Partners
$500MM to $1B
- 8B from [illegible], [illegible]

PG&E $1.8B

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M'Mahon, p 2

FINANCINGS

Marlin: Azurix $950 MM 144a debt
125 Equity

Azurix Assets

Wessex
Regulated

+ Contingent stock from Enron
(Enron top up provision)

IF Azurix Assets don't measure up

IF $2.6B worth than
$1.9B at maturity

July 15, 2003

March 17 2003 defeased

+ $650MM impact to
ENE I/S, Equity & cash

Osprey: Whitewing

4/17, 2002
Jan 15, 2003

$2.4B of 144a debt
+ 225 MM of Equity
Top up By Enron (? $/M P.S.)

(1) Asset Backed
(2) Enron Conv. Preferred Stock into 57 mm shares
(3) Contingent equity from ENE

Current status

at maturity   Assets @ 25% to BV

liquidation of vehicles: Rehave PSHE for $/MM [illegible]

$600 MM use of cash by Enron (I/S, Equity ↓

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11-19-01 McMahon, p. 5

Yosemite & credit link note program

Same as white wings

No change top ups
here

2 sets of books
Rating agencies
Synergy
All have reviewed & factor these items
into the numbers

WHAT: Nothing on LJM
& Raptor?

SW(SEC)1047

11-14-01

Q&A

Chewco

LJM 1

LJM 2

Completely separated from LJM 1 & 2.?

McMahon: Id'd all items related

See 8-K

McMahon: 8-K & Restmt

Special Committee is still reviewing

SW(SEC)1048

Nov 14, 2001

Enron conference call

8:30-10 AM
CT

Mark Koenig, IR

Ken Lay, CEO

Whalley ~~#~~ COO

McMahon, CFO

Ray Bowen, Treasurer

Causey Acctg

Lay:

"I could never have contemplated this outcome"

P.S.: look at my handouts!

1st Bad investments

Azurix, India + Brazil

the ~~gone~~ ~~covered~~
became

SW(SEC)1049

2nd Related Party K's → Conflicts of Interest

3rd Opaque F/S disclosures

4th Restatement

Chewco

LJM1

What about LJM2?!

NY Times on Key

Where's Hunt or Skilling?

1. Replace 2 most senior finance executives
CFO, Treasurer

2. Special Committee

Why haven't they called me?

Action Plan

Whalley, COO - on networking
McMahon, CFO - finances!

Nov 14, 2001

Whalley

Core: ETS, Trading, Retail, Coal, Energy wholesale } N America & Europe

Non core: Global Assets, EBS — BV $8B in these Businesses

Exit these businesses

Under review:

Strong prospects but not in our poor state

Wholesale outside of gas & power

EIM

Weather

Metals

Impact on core trading:

4th Qtr 2001: Severance costs & write offs

SW(SEC)1051