

**Enron Corp.  
Board of Directors Meeting  
August 8, 2000**

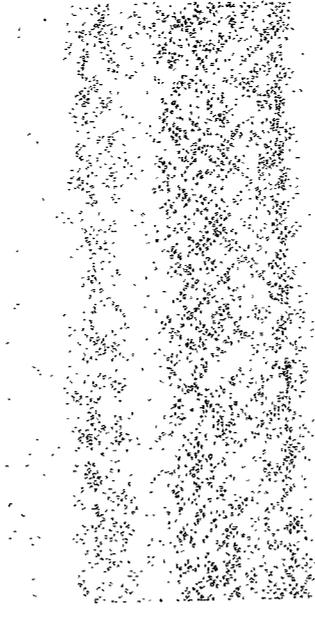


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EC004391389

Confidential

**Agenda**



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K. L. Lay, Chairman  
R. A. Belfer  
N. P. Blake, Jr.  
R. C. Chan  
J. H. Duncan  
W. L. Gramm  
K. L. Harrison  
R. K. Jaedicke  
C. A. LeMaistre

R.P. Mark  
J. Mendelsohn  
J. J. Meyer  
P.V. Ferraz Pereira  
F. Savage  
J. K. Skilling  
J. A. Urquhart  
J. Wakeham  
H. S. Winokur, Jr.

**AGENDA**  
**MEETING OF THE BOARD OF DIRECTORS**  
**ENRON CORP.**

**7:00 p.m. August 7, 2000**  
**Four Seasons Hotel, Austin Room**  
**Houston, Texas**

**EXECUTIVE SESSION:**

1. Approve minutes of meetings of the Board of Directors held on April 3 and May 2, 2000 – Mr. Lay
2. Report on Executive Committee meeting held on June 22 and approve minutes of Executive Committee meetings held on March 2, May 17, and June 1, 2000 – Mr. Duncan
3. Report on Compensation and Management Development Committee meetings held on May 26 and August 7, 2000 – Dr. LeMaistre
  - (a) Compensation and Management Development Committee Agenda included for information purposes only
  - (b) Approve the partial termination of the Enron Corp. Cash Balance Plan as adopted for EOG Resources, Inc. employees
  - (c) Approve amendments to the 1994 Enron Corp. Deferral Plan and the amended and restated Trust Documents
  - (d) Approve amendment to the 1991 Enron Corp. Stock Plan
  - (e) Approve amendments to the 1994 Enron Corp. Stock Plan to clarify the retirement definition and to allow for stock option transfers for grants made under the 1994 Stock Plan
4. Report on Audit and Compliance Committee meeting held on August 7, 2000 – Dr. Jaedicke

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- (a) Audit and Compliance Committee Agenda included for information purposes only
5. Report on Finance Committee Meeting held on August 7, 2000 – Mr. Winokur
- (a) Finance Committee Agenda included for information purposes only
  - (b) Approve Revision to the Risk Management Policy
  - (c) Approve Project Tammy
  - (d) Approve Enron South America Rio Gen
  - (e) Approve Enron South America Cuiaba Contingent Support
  - (f) Approve Enron South America Cuiba Buy-Out
  - (g) Merchant and Strategic Transactions approved by the Office of the Chairman since the last Board meeting included for informational purposes only
6. Report on Nominating and Corporate Governance Committee held on August 7, 2000 – Lord Wakeham
7. Financial and earnings report – Mr. Causey
8. Stock Performance Report – Mr. Koenig
9. Other business to be considered in executive session – Mr. Lay

Attendees:

Rebecca C. Carter  
Richard A. Causey  
Mark E. Koenig

**TALK TO DR. MENDELSON RE: UNIV. OF ST. THOMAS INSTITUTE FOR  
BOARD OF DIRECTORS ON NOVEMBER 2, 2000**

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K. L. Lay, Chairman  
R. A. Belfer  
N. P. Blake, Jr.  
R. C. Chan  
J. H. Duncan  
W. L. Gramm  
K. L. Harrison  
R. K. Jaedicke  
C. A. LeMaistre

R.P. Mark  
J. Mendelsohn  
J. J. Meyer  
P.V. Ferraz Pereira  
F. Savage  
J. K. Skilling  
J. A. Urquhart  
J. Wakeham  
H. S. Winokur, Jr.

**AGENDA  
MEETING OF THE BOARD OF DIRECTORS  
ENRON CORP.**

**8:00 a.m. August 8, 2000  
Boardroom, Enron Building  
Houston, Texas**

**OPEN SESSION:**

10. Special Reports/Updates:

- (a) Enron Gas Pipeline Group – Mr. Horton
- (b) Project Summer – Mr. Skilling
- (c) General Business Update – Mr. Skilling

11. General corporate matters:

- (a) Approve the declaration of dividends payable in the third quarter of 2000 for the common and preferred issues of stock– Mr. Lay
- (b) Approve election of corporate officers – Mr. Skilling

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12. Other Business

- (a) Approve Enron Energy Service Project – Mr. Skilling

13. Adjournment

**THE NEXT REGULAR MEETING OF THE BOARD WILL BE HELD ON OCTOBER 9-10, 2000 IN RIO DE JANEIRO, BRAZIL.**

**TALK TO DR. MENDELSON RE: UNIV. OF ST. THOMAS INSTITUTE FOR BOARD OF DIRECTORS ON NOVEMBER 2, 2000**

**Attendees:**

Rebecca Carter

Richard A. Causey

William A. Cordes

James V. Derrick, Jr.

Andrew S. Fastow

Robert A. Hill

Stanley C. Horton

Mark E. Koenig

Danny J. McCarty

Rockford G. Meyer

James C. Prentice

Joseph W. Sutton

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12. Other Business

- (a) Approve Enron Energy Service Project – Mr. Skilling

13. Adjournment

**THE NEXT REGULAR MEETING OF THE BOARD WILL BE HELD ON OCTOBER 9-10, 2000 IN RIO DE JANEIRO, BRAZIL.**

**TALK TO DR. MENDELSON RE: UNIV. OF ST. THOMAS INSTITUTE FOR BOARD OF DIRECTORS ON NOVEMBER 2, 2000**

**Attendees:**

Rebecca Carter ✓

Richard A. Causey ✓

William A. Cordes ✓

~~James V. Derrick, Jr.~~

Andrew S. Fastow ✓

Robert A. Hill ✓

Stanley C. Horton ✓

~~Mark E. Koenig~~

Danny J. McCarty ✓

Rockford G. Meyer ✓

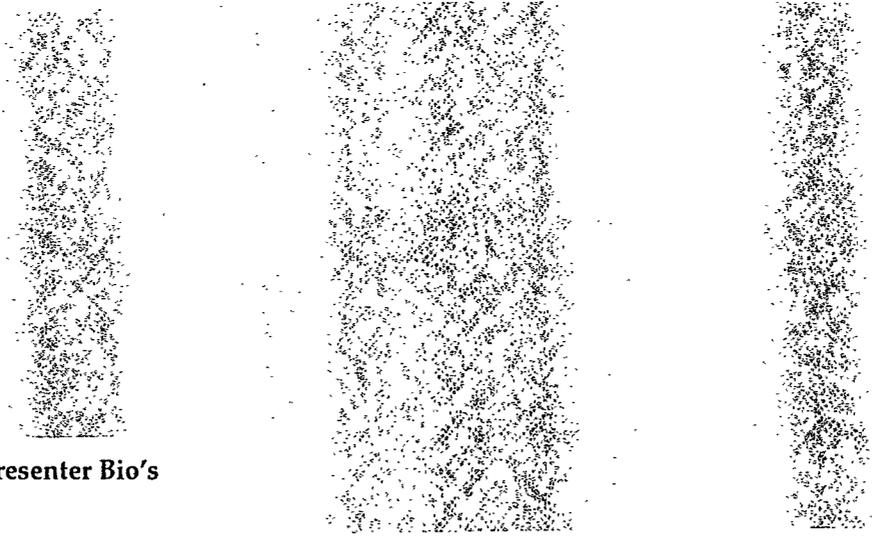
James C. Prentice ✓

Joseph W. Sutton ✓

*Louise Kitchen & Rosalee*

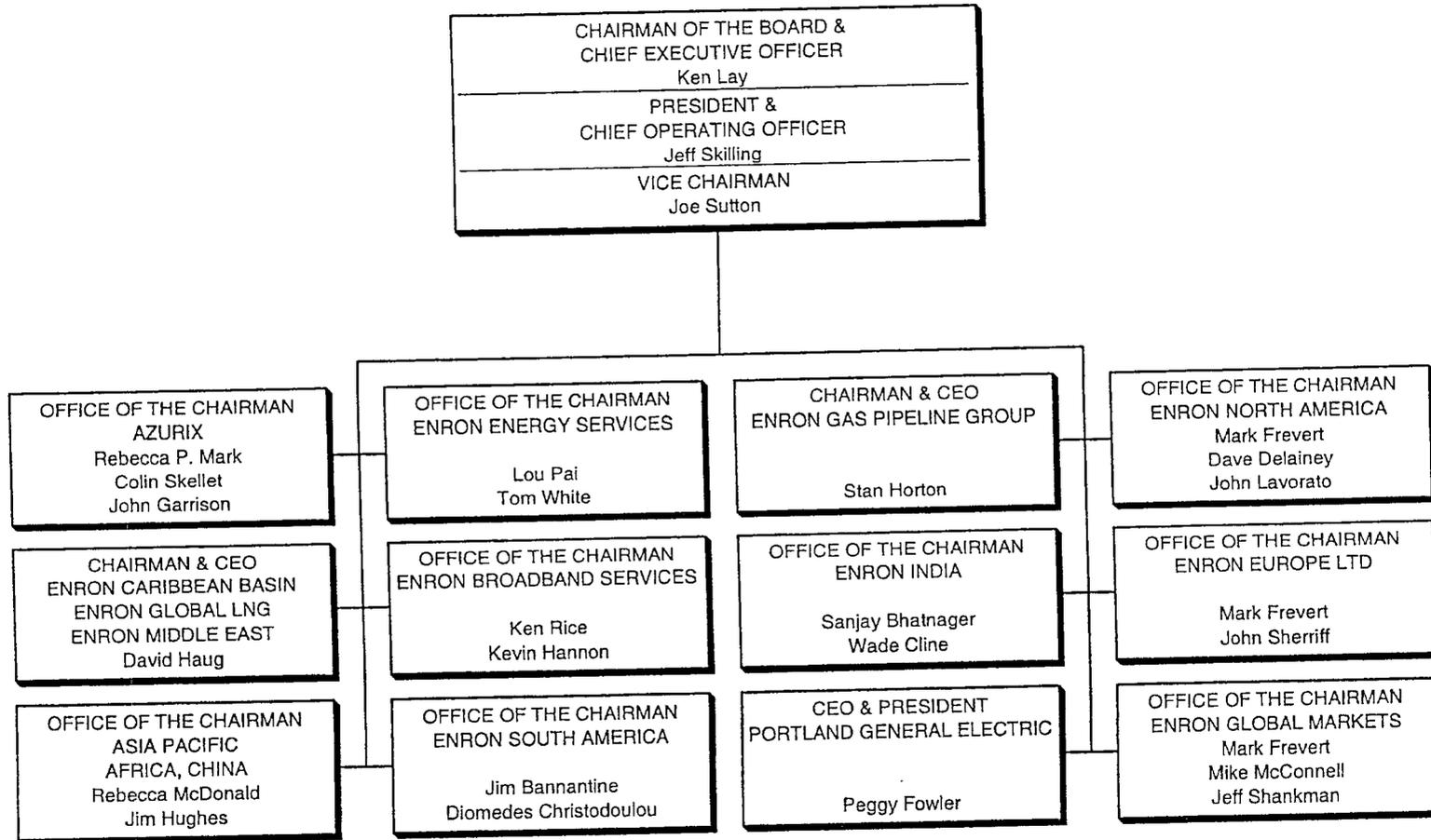
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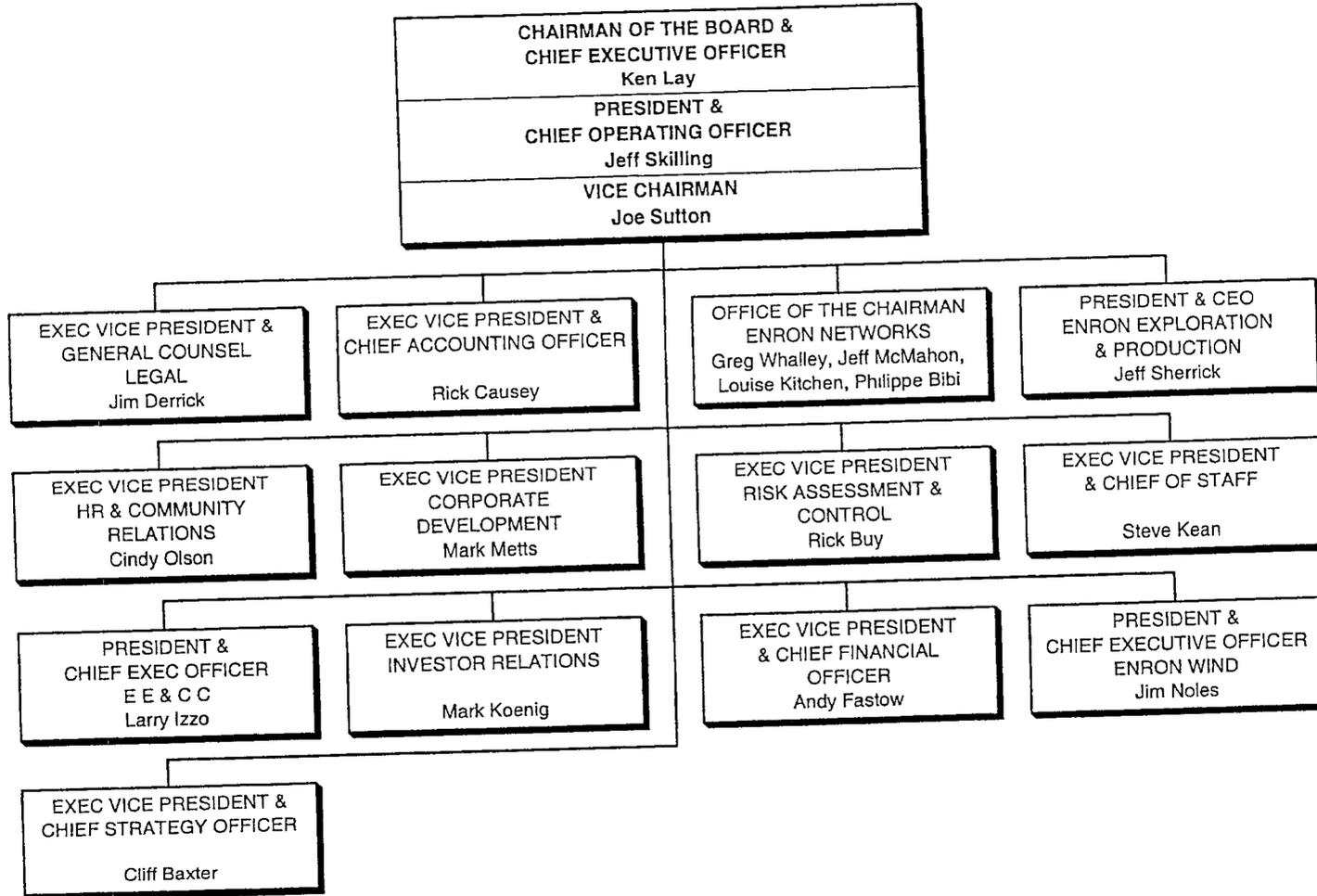


**Presenter Bio's**

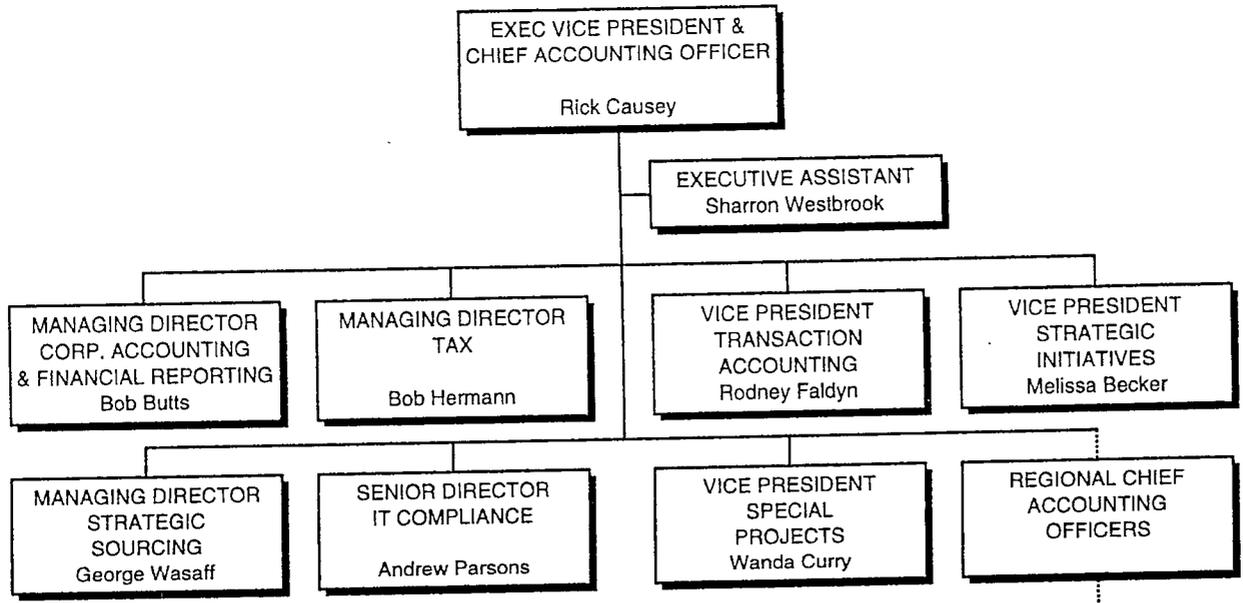
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**Rick Causey**



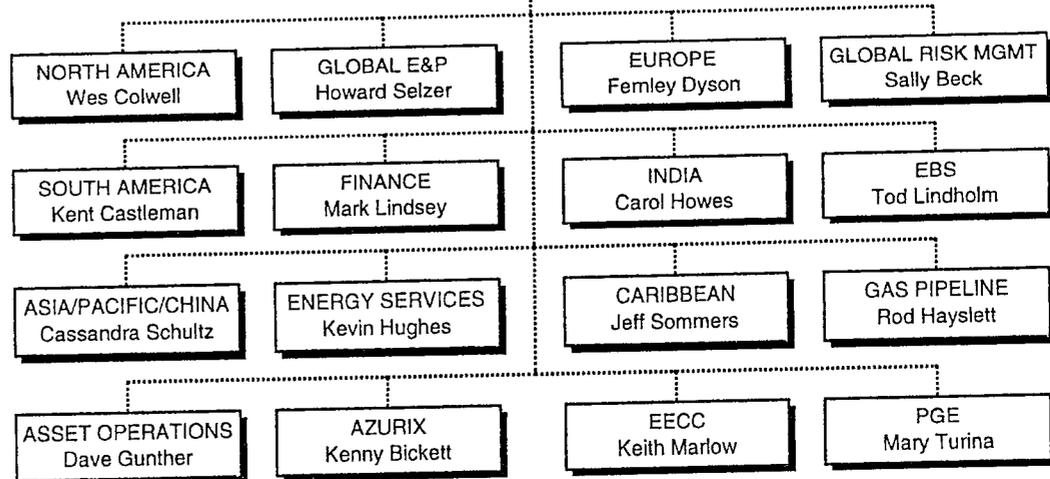
**CURRENT POSITION**  
Executive Vice President &  
Chief Accounting Officer

**PRIOR ENRON EXPERIENCE**  
1997 SVP Chief Acctg & Info Officer  
1996 Managing Dir ECT Retail Risk Mgmt  
1996 VP Comm ECT Retail Risk Mgmt

**PRIOR NON-ENRON EXPERIENCE**  
1982 Audit Mgr Arthur Andersen

**EDUCATIONAL BACKGROUND**  
1982 BBA Accounting - University of Texas

**CERTIFICATES**  
1983 Certified Public Accountant - Texas



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Mark Koenig



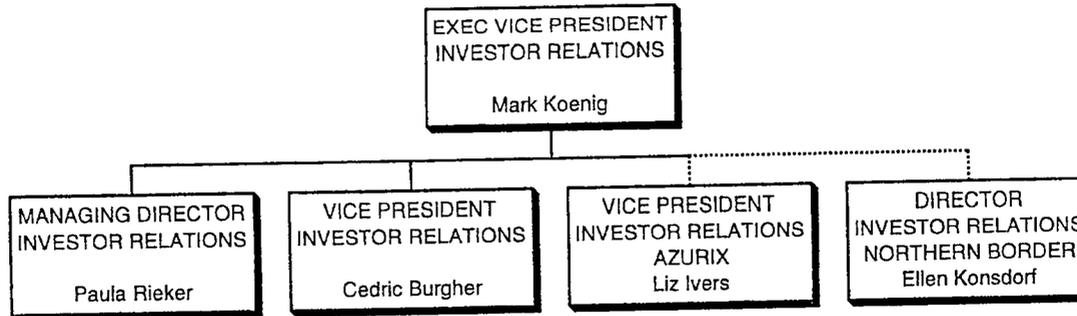
**CURRENT POSITION**  
Executive Vice President  
Investor Relations

**PRIOR ENRON EXPERIENCE**  
1998 SVP Investor Relations  
1992 VP Investor Relations  
1991 Assistant Treasurer

**PRIOR NON-ENRON EXPERIENCE**  
1978 Assistant Treasurer Peter  
Kiewit Sons, Inc.

**EDUCATIONAL BACKGROUND**  
1980 MBA Finance - Univ of  
Nebraska  
1977 Accounting - Univ of Nebraska

**CERTIFICATES**  
1989 CFA



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**Bill Cordes**



**CURRENT POSITION**  
 President Clean Fuels

**PRIOR ENRON EXPERIENCE**  
 1996 President, Transwestern Pipeline  
 1993 President NNG  
 1990 VP of Regulatory Affairs NNG

**PRIOR NON-ENRON EXPERIENCE**  
 1980 Division Controller, Peoples Natural Gas  
 1977 Gen. Manager Regulatory Affairs, Peoples Natural Gas  
 1971 Accounting, Peoples Natural Gas

**EDUCATIONAL BACKGROUND**  
 1970 BBA Accounting, University of Nebraska-Lincoln

**Stan Horton**



**CURRENT POSITION**  
 Chairman & Chief Executive Officer  
 Enron Gas Pipeline Group

**PRIOR ENRON EXPERIENCE**  
 1996 Chairman & CEO GPG/Enron Operations  
 1996 Pres & COO Enron Operations

**PRIOR NON-ENRON EXPERIENCE**  
 N/A

**EDUCATIONAL BACKGROUND**  
 1977 MS Mgmt - Rollins College  
 1973 BS Fin & Accting - University of Central Florida

**Jim Prentice**

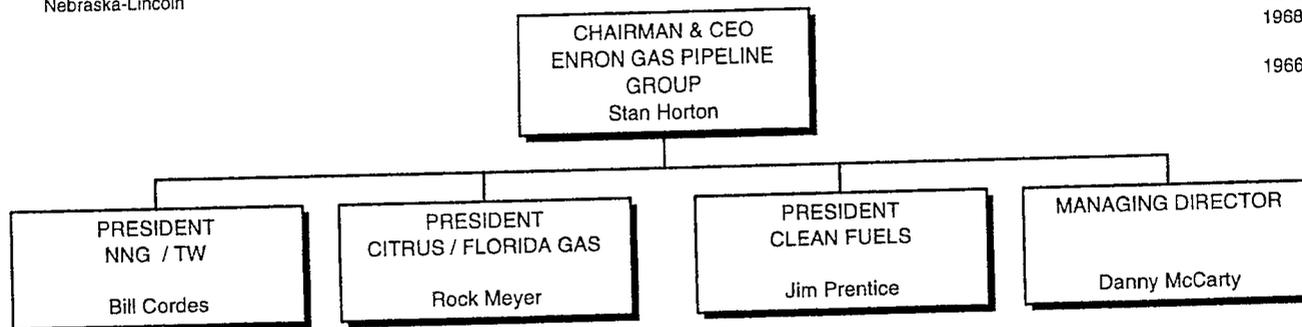


**CURRENT POSITION**  
 President Clean Fuels

**PRIOR ENRON EXPERIENCE**  
 SVP - Corp. Planning (Omaha)  
 SVP - Corp. Admin. & HR  
 EVP - Enron Liquid Fuels  
 SVP - Enron Gas Pipeline  
 SVP & Chief Tech. Officer - Enron Gas Pipeline  
 SVP - HR - Enron Gas Pipeline

**PRIOR NON-ENRON EXPERIENCE**  
 1971 Mkt. Mgr., Plant Mgr. & VP - Northern Petrochemical Co.  
 1967 Research Eng. - ESSO Research

**EDUCATIONAL BACKGROUND**  
 1968 Masters Chemical Eng. - Northwestern University  
 1966 Bachelor Chemical Eng. - Univ Louisville



**Rock Meyer**



**CURRENT POSITION**  
 President Citrus/Florida Gas

**PRIOR ENRON EXPERIENCE**  
 1996 Pres. - Citrus Corp/Florida Gas  
 1994 VP Regulatory Affairs & Gen. Council - Transwestern Pipeline  
 1984 Corp. Legal - NNG

**PRIOR NON-ENRON EXPERIENCE**  
 1976 Deputy County Atty.

**EDUCATIONAL BACKGROUND**  
 1976 J. D. - Creighton Univ.  
 1973 BA Political Science - Univ Nebraska

**Danny McCarty**



**CURRENT POSITION**  
 Managing Director

**PRIOR ENRON EXPERIENCE**  
 1998 Managing Director, London Exec.  
 1993 Vice President, Power Svcs.  
 1992 Director, Power Svcs.

**PRIOR NON-ENRON EXPERIENCE**  
 1987 Attorney, Law Office of Jack  
 1982 K&E Petroleum, Inc.

**EDUCATIONAL BACKGROUND**  
 BA Political Science, University of Nebraska  
 JD University of Nebraska-Lincoln

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Minutes

EC004391402

**MINUTES  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
ENRON CORP.  
April 3, 2000**

Minutes of a special meeting of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 4:00 p.m., C.D.T., on April 3, 2000 at the Enron Building in Houston, Texas.

The following Directors were present, constituting a quorum, either in person or by telephone conference connection, where each of the participants could hear the comments by the other participants and join in the discussions:

Mr. Kenneth L. Lay, Chairman  
Mr. Robert A. Belfer  
Mr. Norman P. Blake, Jr.  
Mr. John H. Duncan  
Mr. Joe H. Foy  
Dr. Wendy L. Gramm  
Mr. Ken L. Harrison  
Dr. Robert K. Jaedicke  
Dr. Charles A. LeMaistre  
Mr. Jerome J. Meyer  
Mr. Mr. Frank Savage  
Mr. Jeffrey K. Skilling  
Mr. John A. Urquhart  
Lord John Wakeham  
Mr. Herbert S. Winokur, Jr.

Directors Ronnie C. Chan, Rebecca Mark-Jusbasche, John Mendelsohn, and Paulo V. Ferraz Pereira were absent from the meeting. Messrs. James V. Derrick, Jr., Richard G. DiMichele, Andrew S. Fastow, John L. Griebing, Kevin P. Hannon, Joseph M. Hirko, Mark S. Muller, Lou L. Pai, Kenneth D. Rice, Joseph W. Sutton, and Thomas E. White and Ms. Rebecca C. Carter, all of the Company or affiliates thereof, also attended the meeting.

The Chairman, Mr. Lay, presided at the meeting, and the Secretary, Ms. Carter, recorded the proceedings.

Mr. Lay called the meeting to order and inquired if the Committee members had received the material for the meeting, and each responded that he or she had

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received the material, a copy of which is filed with the records of the meeting. He stated that the meeting had been called for the Board to consider a transaction by Enron Energy Services, LLC ("EES"), a transaction by Enron Broadband Services, Inc. ("EBS"), and certain other business. He called upon Mr. Pai to present the EES transaction.

Mr. Pai noted that on December 31, 1997 EES had transacted a private placement of an interest in EES with Ontario Teachers' Pension Plan Board ("OTPPB") and the California Public Employees' Retirement System ("CalPERS") (together "the minority shareholders"). He discussed the specifics of the private placement and the current value of EES as independently determined by Wall Street analysts. He stated that OTPPB had agreed to exchange its EES interest for Enron stock based on a total valuation of EES of \$7 billion. He noted that the exchange was calculated at a fixed share exchange of 4.9 million shares of Enron stock within a \$65-\$75 collar prior to signing definitive agreements. He stated that EES was currently in negotiations with CalPERS, that CalPERS had agreed to exchange its EES interest for cash, and that EES was still exploring the alternative of using Enron stock in the exchange. He noted that as part of the exchanges the minority shareholders would receive their pro rata ownership of EMW Energy Services Corp. ("ResCo"), an indirect majority-owned subsidiary of the Company formed for the purpose of engaging in retail sales and marketing of natural gas and electricity to small commercial and residential customers in the U.S. He then discussed the original investment made by the minority shareholders, the exchange valuation, and the return on the minority shareholders' investments.

Following a discussion, upon motion duly made by Dr. Jaedicke, seconded by Dr. Gramm, and carried, the following resolutions were approved:

WHEREAS, Enron Corp. (the "Company") desires to acquire the interest of Ontario Teachers' Pension Plan Board ("OTPPB") in Enron Energy Services, LLC, a Delaware limited liability company ("EES"), and the interest in EES of Joint Energy Development Investments II Limited Partnership, a Delaware limited partnership ("JEDI II");

NOW, THEREFORE, IT IS RESOLVED, that the Company shall negotiate to acquire (the "OTPPB Transaction") the OTPPB interest in EES in consideration for the issuance to OTPPB of up to 4,900,000 shares of Enron common stock ("Enron Common Stock"), a portion of the securities of EMW Energy Services, Inc. ("Resco") currently owned by EES, and such other consideration to which OTPPB and the Company shall agree;

RESOLVED FURTHER, that the Company shall negotiate to acquire the JEDI II interest in EES (the "JEDI II Transaction," and together with the OTPPB Transaction, the "Transactions") in consideration for a cash payment to JEDI II at a valuation equivalent to that utilized in the transaction with OTPPB, a portion of the securities of ResCo currently owned by EES, and such other consideration to which JEDI II and the Company shall agree;

RESOLVED FURTHER, that the definitive contracts and agreements relating to the Transactions shall have such terms and conditions as may be negotiated and approved by an officer of the Company or other person authorized and empowered to act pursuant to these resolutions, the execution of which by any such officer or person, in the name and on behalf of the Company, shall be conclusive evidence of the approval by such officers or person of the contents thereof;

RESOLVED FURTHER, that each of the Chairman and Chief Executive Officer, the President and Chief Operating Officer, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, and any Managing Director of the Company is hereby authorized, empowered, and directed to authorize and approve (or ratify if already executed or taken) all agreements, instruments, and documents, and the taking of all actions, as any such officer may deem necessary, advisable, convenient, or proper to consummate the Transactions, including, without limitation, the authorization, execution, and delivery of agreements providing for either or both of the Transactions, which agreements may provide for, among other things, the registration of any shares of Enron Common Stock that may be delivered by the Company in connection with the Transactions, with such terms and conditions as such officer shall approve;

RESOLVED FURTHER, that the Company is authorized to issue up to an aggregate of 4,900,000 shares of Enron Common Stock in connection with the Transactions, and that upon any such issuance in accordance with the terms of definitive agreements relating to the Transactions, such shares of Enron Common Stock shall be validly issued, fully paid, and non-assessable;

RESOLVED FURTHER, that if required in connection with the Transactions the officers of the Company be, and they hereby are, authorized, empowered, and directed to cause to be prepared, executed, and filed with the Securities and Exchange Commission (i)

one or more Registration Statements, including exhibits thereto (collectively, the "Registration Statement"), and (ii) such amendments and post-effective amendments to the Registration Statement or supplements to the Prospectuses constituting a part thereof, and to take all such further action, including the filing of final forms of the Prospectuses, as may, in the judgment of such officers, be necessary, desirable, or appropriate to secure and thereafter to maintain the effectiveness of the Registration Statement;

RESOLVED FURTHER, that if the officers of the Company determine that it is desirable for the Company to do so, the Company may make application to the New York Stock Exchange, Inc. and one or more other national securities exchanges for listing of the Enron Common Stock to be issued in the Transactions; that the Chairman and Chief Executive Officer, the President and Chief Operating Officer, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, and any Managing Director of the Company be, and they hereby are, authorized and directed to execute and deliver any applications, documents, or agreements, to take any and all actions, to appear before such exchanges if necessary, to appoint any banking or other institution as an agent of the Company for any purpose, and to do so or cause to be done any and all things as may appear to them to be necessary or desirable in order to effect such listing;

RESOLVED FURTHER, that the execution by any officer of the Company of any papers and instruments or the performance by any one or more of them of any act in connection with the foregoing resolutions shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and instruments so executed and the actions so taken;

RESOLVED FURTHER, that the actions of the officers and employees of the Company acting under the supervision of the officers heretofore taken on behalf of the Company in connection with the above resolutions and the actions contemplated thereby are, in all respects, confirmed and ratified, and the officers of the Company, together or individually, may take any and all action and do any and all things, or direct the taking of such action or the doing of such things by employees of the Company acting under the supervision of the officer(s), as may be deemed by any of them to be necessary or advisable to effectuate the Transactions, and the taking of any and all such actions and the performance of any and all such

things in connection with the foregoing shall conclusively establish their authority from the Company and the approval and ratification by the Company; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Mr. Lay then called upon Mr. DiMichele to present the EBS transaction. Mr. DiMichele stated that the Company had an opportunity to acquire WarpSpeed Communications ("WarpSpeed"), a California-based software development company specializing in real-time, on-demand connection management services. He stated that if the acquisition were approved it would give EBS broadband switching capabilities and enable it to create a network of networks. He discussed the total proposed consideration and noted that it would require the issuance of Enron stock. He presented an overview of WarpSpeed including its current ownership structure, the services it provides, the number of employees, and certain financial data. He discussed the Company's valuation of WarpSpeed and noted that EBS did a build versus buy analysis to determine the best avenue for obtaining the needed technology.

Messrs. Harrison and Skilling joined Mr. DiMichele in answering questions from the Board regarding efforts the Company was taking to retain the employees of WarpSpeed after the acquisition, the expected timeframe necessary to adapt WarpSpeed's technology to fulfill EBS's needs, whether WarpSpeed's technology was proprietary, and the transferability of small scale technology applications to more wide-spread usage.

Mr. DiMichele then discussed the strategic rationale for the acquisition including the ability to develop connection-oriented switching, the scalability of the technology, the premium quality of service provided, and the ability of EBS to get to the market quickly with the technology. He discussed the deal structure and the financial impact of the transaction and noted that it would be structured as a tax-free merger and that it was slightly dilutive to the Company's earnings. He commented on the risks in the transaction and the mitigants there were or would be put in place. Following a discussion, upon motion duly made by Mr. Harrison, seconded by Mr. Blake, and carried, the following resolutions were approved:

WHEREAS, Enron Corp. (the "Company") desires to acquire WarpSpeed Communications, a California corporation ("WarpSpeed") pursuant to an Agreement and Plan of Reorganization dated as of March 28, 2000 (the "Agreement") by and among WarpSpeed, Enron Broadband Services, Inc., a Delaware corporation ("EBS"), Enron Broadband Acquisition, Inc., a Delaware corporation and wholly-owned subsidiary of the Company ("Merger Sub"), and the Company, which Agreement provides that (i) Merger Sub will merge with and into WarpSpeed, with WarpSpeed surviving (the "Merger"), (ii) the Company will issue to the holders of capital stock of WarpSpeed an aggregate of approximately 635,718 shares (subject to adjustment as provided in the Agreement) of the Company's common stock, which amount may be adjusted to account for changes in the amount of cash and debt of WarpSpeed prior to the Merger, as consideration for the cancellation of such stock (the "Enron Shares") and (iii) upon consummation of the Merger, the Company will own all of the shares of capital stock of WarpSpeed;

NOW, THEREFORE, IT IS RESOLVED, that the Merger and the form of Agreement is hereby authorized and approved, and that the Company shall proceed with the consummation of such Merger in accordance with the resolutions hereby adopted;

RESOLVED FURTHER, that the Transactions shall be subject to the following terms and conditions (the "Board Conditions"):

- (i) the definitive contracts and agreements relating to the Merger, including the Agreement, shall have such terms and conditions as may be negotiated and approved by an officer of the Company or other person authorized and empowered to act pursuant to these resolutions, the execution of which by any such officer or person, in the name and on behalf of the Company, shall be conclusive evidence of the approval by such officers or person of the contents thereof; and
- (ii) the maximum number of shares of Company common stock issued in connection with the Merger shall not exceed 800,000 shares.

RESOLVED FURTHER, that each of the Chairman and Chief Executive Officer, the President and Chief Operating Officer, any Vice Chairman, any Executive Vice President, any Senior Vice

President, any Vice President, and any Managing Director of the Company and the Chief Executive Officer, Chief Operating Officer, and any Vice President of EBS is hereby authorized, empowered, and directed to authorize and approve (or ratify if already executed or taken) all agreements, instruments, and documents, and the taking of all actions, as any such officer may deem necessary, advisable, convenient, or proper to consummate the Merger (subject, however, in all respects, to the Board Conditions), including, without limitation:

- (i) all matters insofar as they affect the Company or any of its subsidiaries or affiliates associated with the formation of Merger Sub and the merger of Merger Sub with and into WarpSpeed;
- (ii) the authorization, execution, and delivery of the Agreement by EBS and Merger Sub, and by the Company for the limited purpose of agreeing to the provisions set forth in Section 6.7 thereof (which provides for certain indemnification rights in favor of the holders of the capital stock of WarpSpeed) and Article IX thereof (which provides for the registration of the Enron Shares);
- (iii) the authorization, execution, and delivery of an agreement that provides for the escrow of a portion of the Enron Shares to provide for indemnification of the Company and its subsidiaries in accordance with the Agreement;
- (iii) the authorization and delivery of such information statements as may be required to be delivered to the holders of capital stock of WarpSpeed in connection with the issuance of the Enron Shares to such holders in order to comply with the requirements of Rule 502 of Regulation D of the Securities Act of 1933, as amended; and
- (iv) the authorization and filing with the Securities and Exchange Commission of a notification of Regulation D transaction in connection with the issuance of the Enron Shares;

RESOLVED FURTHER, that in addition to the officers appointed above, Richard DiMichele is hereby appointed as agent and attorney-in-fact of the Company and is authorized, empowered, and directed to authorize and approve all agreements, instruments, and documents, and the taking of all actions, as such agent and attorney-in-fact may deem necessary or desirable and shall have all the powers of an officer of the Company with respect to these resolutions (subject, however, in all respects, to the Board

Conditions) solely for the purpose of consummating the Merger; it is the intent of the Board of Directors that Richard DiMichele, in his capacity as agent and attorney-in-fact of the Company, shall have all the duties, obligations, and responsibilities of an officer of the Company for purposes of the Merger, as if he were an officer of the Company;

RESOLVED FURTHER, that the Company is authorized to issue up to an aggregate of 800,000 shares of Common Stock of the Company as consideration for the Merger (including the grant of registration rights on such shares as described in the Agreement), and upon issuance of such shares pursuant to the terms of the Agreement, such shares of Common Stock shall be validly issued, fully paid, and non-assessable;

RESOLVED FURTHER, that if it is deemed necessary or advisable by the officers of the Company that the Common Stock issuable in connection with the Merger be qualified or registered for sale under the applicable Blue Sky Laws or securities acts of any jurisdiction, or that a filing be made in any jurisdiction to secure or obtain an exemption from qualification or registration, the officers of the Company are each authorized to perform on behalf of the Company any and all such acts as any one or more of them may deem necessary or advisable in order to comply with such laws of such jurisdiction, and in connection therewith, to execute and file all requisite papers and instruments and to make any and all payments of filing, registration, or other fees, costs, and expenses, and to take any and all further action in connection with the foregoing which any one or more of them shall deem necessary or advisable;

RESOLVED FURTHER, that the execution by any officer of the Company or EBS of any papers and instruments or the performance by any one or more of them of any act in connection with the foregoing resolutions shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and instruments so executed and the actions so taken;

RESOLVED FURTHER, that the actions of the officers and employees of the Company or EBS acting under the supervision of the officers heretofore taken on behalf of the Company in connection with the above resolutions and the actions contemplated thereby, are, in all respects, confirmed and ratified, and the officers of the Company and EBS, together or individually, may take any and all

action and do any and all things, or direct the taking of such action or the doing of such things by employees of the Company acting under the supervision of the officer(s) as may be deemed by any of them to be necessary or advisable to effectuate the Merger, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish their authority from the Company and the approval and ratification thereof by the Company;

RESOLVED FURTHER, that the proper officers of the Company are, and each of them is, hereby authorized, empowered, and directed to take, or cause to be taken, all actions necessary or advisable to effect the listing and trading of the Enron Shares on the New York Stock Exchange ("NYSE") and all other securities exchanges on which the Enron Shares are to be listed, including the preparation, execution, and filing of all necessary applications, documents, forms, and agreements with the NYSE, such other securities exchanges, and the Securities and Exchange Commission, the payment by the Company of filing, listing, or application fees, the preparation of temporary and permanent certificates for the Enron Shares, and the appearance of any such officer before NYSE or other securities exchanges officials; and that any and all actions of such officers heretofore taken in such regard are hereby approved, ratified, and confirmed; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Mr. Lay then stated that, as previously discussed with the Board, the slate of Directors included in the Company's Proxy Statement ("Proxy") was the current Directors with the exception of Joe H. Foy, who would be retiring effective with the Annual Meeting of Shareholders on May 2, 2000. Upon motion duly made by Dr. Jaedicke, seconded by Dr. Gramm, and carried, the slate of Directors for inclusion in the Company's Proxy was approved.

Mr. Lay then updated the Board on the Company's first quarter earnings and an article in *Fortune* magazine regarding the Company.

There being no further business to come before the Board, the meeting was adjourned at 4:40 p.m., C.D.T.

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Secretary

APPROVED:

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Chairman

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**MINUTES  
MEETING OF THE BOARD OF DIRECTORS  
ENRON CORP.  
MAY 2, 2000**

Minutes of a meeting of the Board of Directors of Enron Corp. ("Company") held pursuant to due notice at 8:00 a.m., C.D.T., on May 2, 2000 at the Enron Building in Houston, Texas.

The following Directors were present, constituting a quorum, either in person or by telephone conference connection, where each of the participants could hear the comments by the other participants and join in the discussions:

Mr. Kenneth L. Lay, Chairman  
Mr. Robert A. Belfer  
Mr. Norman P. Blake, Jr.  
Mr. Ronnie C. Chan  
Mr. John H. Duncan  
Mr. Joe H. Foy  
Dr. Wendy L. Gramm  
Mr. Ken L. Harrison  
Dr. Robert K. Jaedicke  
Dr. Charles A. LeMaistre  
Ms. Rebecca Mark-Jusbasche  
Dr. John Mendelsohn  
Mr. Paulo Ferraz Pereira  
Mr. Frank Savage  
Mr. Jeffrey K. Skilling  
Mr. John A. Urquhart  
Lord John Wakeham  
Mr. Herbert S. Winokur, Jr.

Director Jerome J. Meyer was absent from the meeting. The meeting began in executive session, during which Messrs. James V. Derrick, Jr. and Joseph W. Sutton and Ms. Rebecca C. Carter, all of the Company, were also in attendance. Messrs. Robert B. Butts, Richard A. Causey, and Mark E. Koenig, and Ms. Rosalee T. Fleming, all of the Company, joined the executive session in progress as noted.

The Chairman, Mr. Lay, presided at the meeting, and the Secretary, Ms. Carter, recorded the proceedings.

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Mr. Lay stated that minutes of meetings of the Board held on December 14, 1999 and February 7-8, 2000 had been distributed to the Directors and were included in the meeting material. He called for any additions, corrections, or comments. There being none, upon motion duly made by Mr. Winokur, seconded by Lord Wakeham, and carried, the minutes of the meetings held December 14, 1999 and February 7-8, 2000 were approved as distributed. He called upon Mr. Duncan to discuss an Executive Committee meeting.

Mr. Duncan reported on a meeting of the Executive Committee of the Board of Directors held on March 2, 2000. He noted that at the meeting the Committee approved an Enron Europe, LLC transaction to sell the Company's interest in the Sutton Bridge power station. He noted that the sale would lead to a significant increase in the Company's short power position in the United Kingdom ("U.K.") and therefore, the Committee also approved an increase in the U.K. Electricity net open position and value-at-risk limits of the Enron Corp. Risk Management Policy.

Mr. Duncan then noted that minutes of an Executive Committee meeting held on January 20, 2000, previously discussed with the Board at the February Board meeting, were included in the meeting materials and moved the acceptance of the report and approval of the minutes of the January 20, 2000 meeting. Mr. Duncan's motion was duly seconded by Mr. Blake and carried and the report of the Executive Committee meeting was accepted and the minutes of the January 20, 2000 meeting were approved as distributed.

Mr. Lay then called upon Dr. LeMaistre for a report on a meeting of the Compensation and Management Development Committee held on May 1, 2000. Dr. LeMaistre stated that at the meeting the Committee had discussed a proposed amendment to the 1991 Stock Plan to change the vesting date of Director grants. He noted that under the 1991 Stock Plan non-employee Directors receive annual grants of stock options and phantom stock units on the Monday following the Annual Meeting of Shareholders and that the options vested 20% at grant and 20% on each anniversary of the grant date. He noted that Director retirements generally coincided with the Annual Meeting at which time unvested stock options were cancelled. He noted that certain of these options would have vested the following Monday and that it was not the Company's intention to have options cancelled days before they would have vested. He stated that to remedy the situation the Company was proposing that the vesting schedule for Director grants be modified so that the vesting date be May 1 instead of the anniversary of the grant date. Following a discussion, he moved acceptance of the proposed amendment, his motion was duly seconded by Dr. Jaedicke, and carried, and the following resolutions were approved:

WHEREAS, Enron Corp. (the "Company") and the shareholders of the Company have heretofore approved and adopted the Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, IT IS RESOLVED, that the proper officers of the Company be, and they are, authorized and directed to prepare and execute an amendment to the Plan incorporating the form of amendment presented at this meeting;

RESOLVED FURTHER, that upon execution of such amendment prepared according to the above provisions, such amendment shall be deemed adopted by this Board and is hereby ratified and approved; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel are hereby authorized, empowered, and directed to take all such further action, to amend, execute, and deliver all such instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses, as in their judgment may be necessary, appropriate, or advisable in order fully to carry into effect the purposes and intentions of this and each of the foregoing resolutions, including the execution of any further amendments, forms, or documents recommended by counsel or required by any governmental agency, and to do anything necessary to effect compliance with applicable law or regulation.

Dr. LeMaistre then noted that the Company had caused a study to be conducted to determine if the level of compensation for non-employee Directors was competitive with the marketplace. He stated that Towers Perrin had performed the study by reviewing the Company's non-employee Director compensation relative to a select group of comparable companies and had determined that the Director's total annualized stock value was below the Company's targeted 75<sup>th</sup> percentile. He stated that, based on the findings, the Committee approved granting an additional 3,335 stock options to Directors to bring total direct compensation to the 75<sup>th</sup> percentile.

Mr. Lay called upon Dr. Jaedicke to report on the Audit and Compliance Committee's meeting held on May 1, 2000. Dr. Jaedicke noted that the Committee had received the quarterly audit report from Arthur Andersen LLP ("AA"), and he

stated that AA would be spending additional time during the year on the formalization of accounting models, policies, and procedures relating to Enron Energy Services, LLC ("EES"), Enron Broadband Services, Inc. ("EBS"), and Enron NetWorks. He stated that the Committee had received a report on AA's fees for audit and other services provided to the Company. He noted that AA had five full-time partners and over 80 professionals in Houston who were focused on providing services to the Company. He then discussed an amended Audit and Compliance Committee Charter ("the Charter") and he commented on the changes that had been incorporated. Dr. Jaedicke moved approval of the amended Charter, his motion was duly seconded by Mr. Foy, and carried, and the following resolution was approved:

RESOLVED, that the Charter for the Audit and Compliance Committee of the Board of Directors be, and hereby is, approved and that a copy of the document be attached to the minutes as Exhibit A.

Mr. Lay called upon Mr. Winokur to begin his report. Mr. Winokur stated that one of his acquaintances had told him of a situation at the Company in which an employee's wife had been fatally injured and his children seriously injured while on vacation in Africa. He discussed the extraordinary efforts the Company had undertaken on behalf of the employee and his family to provide for medical assistance and evacuation from Africa. He commented that he was very proud of the Company for its response and the compassion it had shown in the situation.

Mr. Winokur then reported on the Finance Committee meeting held on May 1, 2000. He stated that at the meeting the Committee had received the standard financial reports and that the outlook for the year appeared very positive. He stated that the Committee had also approved the following items for recommendation to the Board: 1) Project Raptor, a transaction to establish a risk management program to enable the Company to hedge the profit and loss volatility of investments, 2) the election of a new Treasurer and two Deputy Treasurers of the Company, 3) the authorization for Incremental Debt, 4) a revision to the Transaction Approval Process to change the limits relating to divestitures, and 5) a revision to the Enron Corp Risk Management Policy to add additional commodities. Following a discussion, Mr. Winokur moved approval of the items, his motion was duly seconded by Mr. Blake, and carried, and the revision to the Enron Corp. Risk Management Policy, as filed with the records of the meeting, and the following resolutions were approved:

*Project Raptor*

WHEREAS, Enron Corp. (the "Company") desires to consummate a series of risk management transactions involving (1)

the issuance by a newly organized subsidiary entity of the Company to be named Harrier or a similar name ("Harrier") of a debt security (the "Harrier Note") in consideration of (a) the execution and delivery of the Master Agreement described below and the Security Agreement described below, and (b) the contemporaneous issuance to Harrier by a newly formed entity ("Talon") to be owned indirectly by LJM2 Co-Investment, L. P. (together with its subsidiaries and affiliates, "LJM2") and Harrier of (i) an equity interest in Talon, and (ii) a debt security having a like tenor to the Harrier Note (the "Talon Note") to Talon, (2) the guarantee by the Company of the indebtedness of Harrier under the Harrier Note and the performance of the obligations of Harrier under the Talon Derivatives described below and of any affiliate of the Company under the Securities Agreement described below, (3) the entry by the Company or such subsidiary of a series of agreements with Talon providing for the risk management by the Company against (a) fluctuations in value of, or returns receivable in respect of, equity securities (and derivatives with respect thereto) designated by the Company or its subsidiaries and affiliates, including, without limitation, equity securities acquired or to be acquired by the Company in connection with its broadband activities and merchant assets generated in the Company's wholesale business, and (b) fluctuations in value of a number of shares of Common Stock of the Company to be agreed between the Company and LJM2 from a price to be established by agreement between the Company and LJM2 (the "ENE Derivative"), through the execution of a master agreement and related derivative securities and risk management transactions under the terms agreed in the documents to be executed in connection with the transaction, (4) as partial consideration for the issuance of the Talon Note and equity interest in Talon, the entry by an affiliate of the Company and Talon of an agreement (the "Securities Agreement") granting Talon the right to acquire an agreed number of shares of Common Stock of the Company in which such subsidiary presently owns an indirect beneficial interest, and (5) as partial consideration for the issuance of the Talon Note and equity interest in Talon, the assignment by the Company or an affiliate to Talon of rights to acquire shares of Common Stock of the Company (or equivalent value) (the "UBS Transaction") arising from amendment of certain existing agreements between the Company and an international banking institution (collectively referred to herein as the "Transactions");

NOW, THEREFORE, IT IS RESOLVED, that the Transactions, including, without limitation, the execution and

delivery by Harrier to Talon of the ENE Derivative and the acquisition by Talon of shares of Company Common Stock, if any, issued in settlement of the ENE Derivative and the Securities Agreement, are hereby authorized and approved, that any actions taken by officers and officials of the Company prior to the date hereof with respect to the Transactions are hereby ratified, and that the Company shall proceed with the consummation of the Transactions in accordance with the resolutions hereby adopted;

RESOLVED FURTHER, that the Transactions shall be subject to the following terms and conditions (the "Board Conditions"):

(i) the definitive contracts and agreements relating to the Transactions shall have such terms and conditions as are negotiated and approved by an officer of the Company or other person authorized and empowered to act pursuant to these resolutions, the execution of which by any such officer or person, in the name and on behalf of the Company, to be conclusive evidence of the approval by such officers or person of the contents thereof;

(ii) the maximum aggregate principal amount of the Harrier Note to be issued by Harrier to Talon in connection with the Transactions shall not exceed \$50 million and the interest rate payable thereon shall not exceed 7%; and

(iii) the maximum number of shares of Company Common Stock (i) subject to the ENE Derivative shall not exceed 7.5 million shares, and the ENE Derivative shall provide that any payment required to be made by Harrier or the Company thereunder may be made in either cash or shares of the Company's Common Stock, at the Company's sole option, and (ii) issuable under the Securities Agreement shall not exceed 4.2 million shares;

RESOLVED FURTHER, that each of the Chairman and Chief Executive Officer, the President and Chief Operating Officer, any Vice Chairman, any Executive or Senior Vice President, any Managing Director, or any Vice President is hereby authorized, empowered, and directed, with the power and authority of the full Board of Directors to the fullest extent permitted by law, to authorize and approve (or ratify if already executed or taken) all agreements, instruments, and documents, and the taking of all actions, as any such officer may deem necessary, advisable,

convenient, or proper to consummate the Transactions (subject, however, in all respects, to the Board Conditions), including, without limitation:

- (i) all matters insofar as they affect the Company or any of its subsidiaries or affiliates associated with the formation of Talon and the acquisition by Harrier of an equity interest therein, including, without limitation, the execution and delivery of constituent agreements establishing Talon and the terms thereof and the establishment of the amount and form of any capital contribution to be made to Talon in respect of Harrier's equity interest therein;
- (ii) the authorization, execution, and delivery of a guarantee agreement whereby the Company guarantees the indebtedness under the Harrier Note and the performance of the obligations of Harrier under the Talon Derivatives and of any affiliate of the Company under the Securities Agreement;
- (iii) the authorization, execution, and delivery of a master agreement (the "Master Agreement") providing for the general terms and conditions upon which the risk management activities contemplated by the Transactions will take place, the related form of the 1992 ISDA Master Agreement (Multicurrency-Cross Border), as modified by agreements of the parties and individual confirmations relating to particular transactions (collectively, the "Talon Derivatives"), and the security agreement granting the Company a security agreement in amounts received by Talon in order to secure Talon's obligations under the Talon Note, the Talon Derivatives, and the ENE Swap (the "Security Agreement"), in each case having such terms and conditions (including pricing terms) as such officer shall approve;
- (iv) the authorization, execution, and delivery of the Harrier Note with such terms and conditions (including pricing terms) as such officer shall approve;
- (v) the approval insofar as they affect the Company or any of its subsidiaries or affiliates of a form of note representing the Talon Note and the issuance by Talon of such Talon Note;
- (vi) the authorization, execution, and delivery of a registration rights agreement among the Company and Talon providing for, among other things, the registration of any shares of Common Stock

of the Company that may be delivered by the Company or its affiliates in performance of the ENE Derivative and the Securities Agreement, with such terms and conditions as such officer shall approve; and

(vii) the negotiation, authorization, execution, and delivery of such other agreements, instruments, and documents relating to the Transactions, including, but not limited to, agreements affecting the UBS Transaction and agreements, instruments, and documents that provide, among other things, for the indemnification of third parties, and the payment of fees and expenses of third parties as such officer may deem necessary, advisable, convenient, or proper in connection with the Transactions or any other matters addressed by these resolutions;

RESOLVED FURTHER, that in addition to the officers appointed above, Ben F. Glisan, Jr. is hereby appointed as agent and attorney-in-fact of the Company and is authorized, empowered, and directed, with the power of the full Board of Directors, subject to control and direction by the Company, to the fullest extent permitted by law, to authorize and approve (or ratify if already executed or taken) all agreements, instruments, and documents, and the taking of all actions as such agent and attorney-in-fact may deem necessary or desirable and shall have all the powers of an officer of the Company with respect to these resolutions (subject, however, in all respects, to the Board Conditions) solely for the purpose of consummating the Transactions; it is the intent of the Board of Directors that Mr. Glisan, in his capacity as agent and attorney-in-fact of the Company, shall have all the duties, obligations, and responsibilities of an officer of the Company for purposes of the Transactions, as if he were an officer of the Company;

RESOLVED FURTHER, that an aggregate of 7.5 million shares of Common Stock are hereby reserved for issuance in settlement of the ENE Derivative referred to above in the event the Company elects to make settlement thereunder in shares of Company Common Stock;

RESOLVED FURTHER, that the Company is authorized to issue such shares of Common Stock of the Company in settlement of the ENE Derivative and to offer and sell any such shares delivered in settlement of the Securities Agreement, and that upon any such issuance in accordance with the terms of the ENE Derivative and

Securities Agreement, such shares of Common Stock shall be validly issued, fully paid, and non-assessable;

RESOLVED FURTHER, that if it is deemed necessary or advisable by the officers of the Company that the Common Stock issuable upon settlement of the ENE Derivative or the Securities Agreement be qualified or registered for sale under the applicable Blue Sky Laws or securities acts of any jurisdiction, or that a filing be made in any jurisdiction to secure or obtain an exemption from qualification or registration, the officers of the Company are each authorized to perform on behalf of the Company any and all such acts as any one or more of them may deem necessary or advisable in order to comply with such laws of such jurisdiction, and in connection therewith, to execute and file all requisite papers and instruments and to make any and all payments of filing, registration or other fees, costs, and expenses, and to take any and all further action in connection with the foregoing which any one or more of them shall deem necessary or advisable;

RESOLVED FURTHER, that if the officers of the Company determine that it is desirable for the Company to do so, the Company may make application to the New York Stock Exchange, Inc. and one or more other national securities exchanges for listing of the Enron Common Stock to be issued in the Transactions; that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, any Managing Director, or any Vice President of the Company be, and they hereby are, authorized and directed to execute and deliver any applications, documents, or agreements, to take any and all actions, to appear before such exchanges if necessary, to appoint any banking or other institution as an agent of the Company for any purpose, and to do so or cause to be done any and all things as may appear to them to be necessary or desirable in order to effect such listing;

RESOLVED FURTHER, that the execution by any officer of the Company of any papers and instruments or the performance by any one or more of them of any act in connection with the foregoing resolutions shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and instruments so executed and the actions so taken;

RESOLVED FURTHER, that the actions of the officers and employees of the Company acting under the supervision of the

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officers heretofore taken on behalf of the Company in connection with the above resolutions and the actions contemplated thereby, are, in all respects, confirmed and ratified, and the officers of the Company, together or individually, may take any and all action and do any and all things, or direct the taking of such action or the doing of such things by employees of the Company acting under the supervision of the officer(s) as may be deemed by any of them to be necessary or advisable to effectuate the Transactions, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish their authority from the Company and the approval and ratification by the Company; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

#### *Officer Elections*

RESOLVED, that the following persons be, and each hereby is, elected to the position set forth opposite their names, to serve for the ensuing year and until their successors are duly elected and qualified:

Ben F. Glisan, Jr.	Vice President, Finance and Treasurer
Timothy A. DeSpain	Deputy Treasurer
Barry J. Schnapper	Deputy Treasurer

#### *Incremental Debt Authority*

WHEREAS, the Company desires to effect the issuance and sale from time to time of incremental, unsecured senior debt in an aggregate amount not to exceed \$1,000,000,000 (at exchange rates current at the date of issuance, if and to the extent all or any portion of such senior debt is denominated in a currency other than United States Dollars), for general corporate purposes, at interest rates, durations, and such other terms (including whether the debt will be

publicly offered in the United States, in Europe, or elsewhere or will be placed privately) as are approved by the Chairman of the Board, any Vice Chairman of the Board, the President, the Chief Financial Officer, the Treasurer, or any Deputy Treasurer of the Company, but which amount shall be exclusive of any and all borrowings under the Company's revolving credit facilities or issuances of commercial paper, or other debt issuances otherwise separately approved by this Board or the Executive Committee thereof (the "Debt Securities Authorization"); and

WHEREAS, the Board believes that the Debt Securities Authorization and the transactions contemplated thereby are in the best interests of the Company and its shareholders;

NOW, THEREFORE, IT IS RESOLVED, that the Company be, and it hereby is, authorized to issue and sell, from time to time, incremental, unsecured senior debt in an aggregate principal amount not to exceed \$1,000,000,000 (at exchange rates current at the date of issuance, if and to the extent all or any portion of such senior debt is denominated in a currency other than United States Dollars), for general corporate purposes, at interest rates, durations, and such other terms (including whether the debt will be publicly offered in the United States, in Europe, or elsewhere or will be placed privately, collectively, the "Debt Instruments") as are approved by the Chairman of the Board, any Managing Director, any Vice Chairman of the Board, the President, the Chief Financial Officer, the Treasurer, or any Deputy Treasurer (each an "Authorized Officer")(which authorization shall exclude debt under revolving credit facilities or issuances of commercial paper, or other debt issuances otherwise separately approved by this Board or the Executive Committee thereof);

RESOLVED FURTHER, that the Company is authorized and directed to execute and deliver any agreements evidencing such Debt Instruments and to observe and perform in full all of the obligations, conditions, covenants, and other terms set forth in or contemplated by any agreements evidencing the Debt Instruments as the same may be amended from time to time;

RESOLVED FURTHER, that each Authorized Officer be, and each such officer hereby is, authorized in the name and on

behalf of the Company to take or cause to be taken such action as such officer may deem necessary or desirable in connection with the performance by the Company of its obligations under any agreement, document, or instrument contemplated by these resolutions to which the Company is or will become a party;

RESOLVED FURTHER, that each Authorized Officer be, and each of them hereby is, authorized in the name and on behalf of the Company, under its corporate seal or otherwise, to set the terms of the Debt Instruments, to negotiate, execute, deliver, amend, perform, and consummate such other agreements, instruments, or documents, however designated, including underwriting agreements, purchase agreements, distribution agreements, agency agreements, confirmation letters, or terms of agreements, as such officer may deem necessary or desirable to carry out the purpose and intent of the resolutions herein, in such forms as shall be approved by the officer executing the same, such approval to be conclusively evidenced by the execution thereof by such officer;

RESOLVED FURTHER, that all actions heretofore taken by any officer of the Company, in the name and on behalf of the Company, related to or in connection with the transactions contemplated by these resolutions, including, without limitation, the execution and delivery of any instruments or other documents as any officer shall have deemed necessary, proper, or advisable, are hereby adopted, ratified, confirmed, and approved in all respects; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

*Revision to Transaction Approval Process*

WHEREAS, the Board of Directors of the Company approved resolutions on October 12, 1998 adopting the Enron Corp. Transaction Approval Process (the "Transaction Approval Process") which provides for (i) a process for review and approval of Capital Expenditures (as defined in the revised policy attached to these minutes) and (ii) a process for prior transactions involving Capital Expenditures to be reviewed for performance and results;

WHEREAS, the Board of Directors of the Company approved amendments to the Transaction Approval Process at meetings held on February 8, 1999, August 10, 1999, and February 7 and 8, 2000; and

WHEREAS, it would be in the best interest of the Company to amend the definitional provisions of the Transaction Approval Process in order to further reflect the reorganization of Enron Corp. into regional business units and global functions and to reflect a change in the definition of capital expenditures as it relate to divestitures;

NOW, THEREFORE, IT IS RESOLVED, that the Company revises the Transaction Approval Process to that attached to these minutes and as set forth in these resolutions;

RESOLVED FURTHER, that the revised Transaction Approval Process is adopted and approved, that a copy of the revised policy be attached to the minutes as Exhibit B, and that the persons, officers, and Approving Units identified therein shall perform the responsibilities as specified; for the purposes of this policy a certification by the President, the Chief Financial Officer, the Treasurer, the Chief Risk Officer (or his or her designee), or any Senior Vice President to the effect that this policy has been complied with in connection with any transaction involving Capital Expenditures shall be conclusive evidence of compliance and may be relied upon by all persons interested in or participating in such transaction, including (without limitation) the officers signing transactional documents on behalf of the Company and attorneys issuing legal opinions with respect to the transaction;

RESOLVED FURTHER, that the revised Transaction Approval Process shall not apply to the approval process for guarantees *except* as to those guaranteeing the obligations of unaffiliated third parties. The approval process for all other guarantees shall continue as described in the Company's existing "Policy for Approval of Guarantees, Letters of Credit, Letters of Indemnity, and Other Support Arrangements", and shall be reviewed by the Finance Group and the Risk Assessment and Control Group;

RESOLVED FURTHER, that the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, the Vice Chairman, any Executive or Senior Vice President, any Managing Director, any Vice President of the Company, or any other person authorized by the Board to act on behalf of the Company be, and each of them hereby is, authorized and empowered to negotiate, enter into, execute, and deliver on behalf of the Company any agreements and documentation in connection with any transaction involving Capital Expenditures which has been approved in accordance with the revised Transaction Approval Process and as the officers executing such agreements shall approve, such approval to be conclusively evidenced by such execution; and

RESOLVED FURTHER, that all actions heretofore taken by the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, the Vice Chairman, any Executive or Senior Vice President, any Managing Director, or any Vice President of the Company, in the name and on behalf of the Company, related to or in connection with transactions of the type contemplated by the new review process attached to these minutes but which originated prior to these resolutions, including, without limitation, the execution and delivery of any instruments or other documents as any such officer shall have deemed necessary, proper, or advisable, are hereby adopted, ratified, confirmed, and approved in all respects.

Messrs. Butts, Causey, and Koenig and Ms. Fleming joined the meeting.

Mr. Lay discussed the aviation budget and the operating statistics for the Company's current aircraft. He noted that the Company was considering the purchase of an extended range aircraft due to increased activities in Asia, South America, and Europe. He noted that the operating costs per hour for the extended range aircraft are similar to those of the Company's current aircraft. He stated that,

after reviewing the situation further, the Company would make a recommendation to the Executive Committee regarding any purchase.

Mr. Lay then called upon Mr. Causey for the Financial and Earnings report, a copy of which is filed with the records of the meeting. Mr. Causey discussed first quarter diluted earnings per share ("EPS"), net income, and earning by business segment and compared them to the 2000 Operating Plan. He noted that net income was ten percent higher than the plan due to strong performance from all of the business units and that the increase in recurring EPS was even greater.

Mr. Lay then called upon Mr. Koenig for an Investor Relations update, a copy of which is filed with the records of the meeting. Mr. Koenig reviewed the Company's total return to shareholders for year-to-date 2000, of 63.0%, and noted that it substantially exceeded the total return achieved by the Company's energy and broadband peer groups, the S&P 500, and the Dow Jones Industrial Average. He noted that there was a focus in the marketplace on the Company's wholesale business and especially EnronOnline. He reported on the Company's price-to-earnings valuation as of April compared to that of the S&P 500 and the Company's peer group and discussed the reasons that the Company had a premium valuation. He commented on how the Wall Street Analysts (the Analysts") valued the Company, presented a segment valuation of the Company that portrayed each business segment's contribution to the Company's stock price, and discussed the Analysts' target price for the Company's stock. He reviewed the Analysts' ratings for the Company and noted that there were some new Analysts that would soon be initiating coverage of the Company. He displayed a comparison of the total shares outstanding and the ownership profile over the last few years and discussed the Company's largest shareholders. He noted that the Company was now included in Motley Fool's "Now 50" Index, an index designed to include businesses exhibiting leadership in innovation, superior use of technology, global branding, and strategic vision, and he discussed the Investor Relations web site.

Mr. Lay called upon Mr. Derrick to give the legal report. Mr. Derrick updated the Board on the status of litigation involving the CATS pipeline in the North Sea and the status of allegations pending against one of the Company's partners pertaining to certain oil and gas activities in India.

Mr. Lay called upon Mr. Skilling to present other business to be considered in executive session. Mr. Skilling gave an update on Project California, a potential project that would involve the proposed sale of certain of the Company's international assets.

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Mr. Lay recessed the executive session at 9:20 a.m., C.D.T and Messrs. Lou L. Pai and Thomas E. White joined the meeting.

Mr. Lay called upon Mr. Pai to begin the EES presentation, a copy of which is filed with the records of the meeting. Mr. Pai stated that there were three components or "deal value levers" in EES transactions that impacted the economics: 1) the commodity component, which included commodity price, tariffs, and volatility, 2) the asset component, consisting of equipment costs, efficiencies, and operating practices, and 3) the operating and maintenance component, including workforce best practices and risk-based maintenance programs. He discussed the EES value proposition and noted that each component had known savings, potential savings, and the potential for additional upside from expanding the contract. He detailed the initial deal value levers and stated that they were identified prior to the signing of the deal and were managed in risk books similar to those used in the Company's wholesale business. He noted that the deal value, as calculated by the Company's Risk Assessment and Control ("RAC") Group, was often significantly lower than the known savings, calculated by EES, because of reserves that were taken. He reviewed the economics related to one of the first transactions completed by EES and noted that the current value of the contract was significantly greater than that originally estimated due to additional value created once EES was onsite at the contracted company.

Mr. Pai then discussed the benefits that EES had realized due to the scale advantage that had been achieved through the expansion of the business throughout the U.S. He noted that the Company had recently purchased Pacific Gas & Electric's commercial/industrial market business, which gave the Company a significant base of customers and increased buying power in the market. He commented on arbitrage opportunities that existed in the wholesale gas and power markets and noted that with network density the Company's opportunity for price arbitrage increased significantly. He discussed marginal cost pricing for cooling, heating, and lighting and noted that there would be additional opportunities for EES as deregulation more fully developed. He noted that EES estimated that there was \$120 million in additional value opportunities for each one percent efficiency improvement in controlled capital assets. He reviewed some of the transactions that EES had closed in 1998 and noted that the current estimate of net present value ("NPV") of the transactions, based only on components originally in the transaction, was significantly greater than the NPV calculated when the transactions were signed. He stated that there was also additional NPV that had been realized once EES began operating under the contract. He commented on the modeling approach used by RAC and noted that RAC modeled only EES's base case which did not include potential upside. He stated that EES and RAC would be working together to incorporate methodologies to quantify the base level

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economics, upside potential, additional potential O&M savings, and commodity price volatility.

Mr. Lay recessed the meeting at 9:40 a.m. for the 2000 Annual Meeting of Shareholders.

Following the Annual Meeting of Shareholders, the Board reconvened at 11:35 a.m. All of the attendees listed above rejoined the meeting with the exceptions of Director Foy and Mr. Sutton. Messrs. David W. Delainey, Mark A. Frevert, Michael S. McConnell, Jeffrey McMahon, Colin F. Skellet, and Greg L. Whalley joined the meeting at this time.

Mr. Lay called upon Mr. Delainey to present an update on Enron North America Corp. ("ENA"), a copy of which is filed with the records of the meeting. Mr. Delainey discussed ENA's first quarter highlights and noted that the gas and power trading operations had generated gross margin more than double the planned gross margin. He commented on the progress ENA had made in achieving its business plan and certain new strategies that were being undertaken. He discussed the growth in first quarter physical and financial volumes for the Company's core commodities and for its emerging businesses and reviewed how ENA has deployed capital during the first quarter. He noted that the Company was the leading energy merchant during 1999 in both gas and power, and Mr. Skilling joined him for a discussion of the Company's competitors. Mr. Delainey then discussed the commercial employees throughout the Company that had come from the ENA organization.

Mr. Delainey then began a review of certain transactions/businesses within ENA including: 1) the Peaker Plants, 2) Qualifying Facility ("QF") Restructuring, 3) Large Industrial Services ("LIS"), and 4) Mexico. He gave an overview of the Peaker Plants developed by ENA and noted that they were positioned in multiple high value energy markets, had access to 55% of the total U.S. electricity demand, and were in close proximity to multiple major interstate gas pipelines. He discussed the plants currently operating and under construction including the megawatt capacity and the capital costs. He commented that the plants were a good fit into the network and were well positioned in marketplace. He gave an overview of the QF restructuring transition cycle and stated that the business had been started with the Company's acquisition of Cogen Technologies. He noted that ENA's expertise in restructuring was led by its ability to manage complex, highly structured transactions and to act as a principal in the transactions. He gave a specific example of a QF restructuring, Project Motown, and he reviewed the current potential value to the Company and the potential value going forward as the power purchase contract was renegotiated and the debt restructured. He noted that ENA had always covered large industrials but the current focus was on the

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largest of the industrials in markets such as pulp and paper, chemicals, refiners, and plastics, metals and mining, heavy manufacturing, fertilizers, and industrial gases. He discussed the characteristics of the LIS business including the energy, locational, and asset intensiveness, the complexity and significant process loads, and the sophistication of the energy needs. He discussed how ENA added value through the outsourcing process and commented on selective deals currently being negotiated. He then discussed ENA's cogeneration project in Monterrey, Mexico including the industrial customers who would be taking the power and steam, the financing and fuel sources, and the power wheeling and backup services that were provided under long-term agreements. He noted that the project gave ENA a presence in Mexico and discussed the construction timeline, when commercial operations were scheduled to commence, and the capital costs of the project.

Mr. Lay then called upon Mr. Whalley to give an update on Enron NetWorks ("ENW"), a copy of which is filed with the records of the meeting. Mr. Whalley began his presentation with an update on ENW's strategy and noted that the current market conditions provided ENW with a unique opportunity. He stated that the internet was allowing immediate and inexpensive access to new distribution channels, many industries were selling commodity-like products through complex sales forces, and the equity markets indicated an enormous value differential between old and new economy businesses. He reviewed the opportunities ENW had to deploy eCommerce platforms/businesses to enhance its current market activities and to penetrate new markets, to convert old economy businesses into new economy businesses, and to combine the Company's information technology and eCommerce efforts into one organization focused on the execution of its business plan. He noted that Company had certain strengths that should enable it to successfully compete in the marketplace. He discussed the major initiatives that ENW was undertaking including the streamlining of processes to handle business in the most efficient manner, expanding the Company's market share in its current businesses, and rapidly establishing significant stakes in new markets. Mr. Skilling noted this could require ENW to make acquisitions in certain markets in order to establish a physical presence.

Mr. Whalley then moved to a discussion of specific initiatives currently underway in different commodity markets including energy, financial, pulp and paper, metals, and credit. He noted that the Board was already familiar with the Company's efforts in the energy markets with EnronOnline but that ENW was also working towards establishing eCommerce markets in the other areas. He stated that EnronDirectFinance.com would be the Company's platform for providing increased access to financial markets and that ENW could eventually allow other parties to include their financial products on the site. He noted that there were currently eCommerce sites available in the pulp and paper industry but that there was no market maker or liquidity available. He discussed a potential

acquisition that the Company was considering to give it a physical presence in the metals market and stated that additional products and services could be added to the existing operations of the proposed acquisition target. He discussed EnronCredit.com, ENW's vehicle for providing a platform to intermediate and trade credit exposures online. He noted that ENW was reviewing industries that could fit into ENW's business model because the cycle time to expand businesses would be much shorter in an eCommerce marketplace. He then reviewed certain other markets that ENW was considering in its efforts to expand the eCommerce initiative.

Mr. Whalley then gave an update on EnronOnline including the number of transactions and volumes that were currently being conducted online versus through traditional channels. He noted that the second phase of EnronOnline would be to enhance the functionality and to add additional products to the site. He discussed EnronOnline's major competitors, how the competitors' systems differed from EnronOnline, and the Company's strategy of encouraging competition in an effort to increase the liquidity in the marketplace. Mr. Skilling joined him in a discussion of the ways that online trading platforms can add value to the marketplace.

Messrs. J. Michael Anderson and Sutton joined the meeting and Messrs. Causey, Frevert, Koenig, McConnell, McMahon, and Whalley left the meeting following the presentation.

Mr. Lay called upon Ms. Mark-Jusbasche to give an update on Azurix Corp. ("Azurix"), a copy of which is filed with the records of the meeting. Ms. Mark-Jusbasche gave an overview of Azurix's business, noting that assets currently totaled \$4.9 billion and that Azurix was focusing its efforts on existing markets in the U.S., Canada, Europe, Mexico, Argentina, and Brazil. She stated that Azurix was well positioned to capitalize on global water opportunities. She reviewed the key milestones that had occurred at Azurix beginning with the Mendoza acquisition in May of 1998 and also presented an overview of Azurix's acquisitions. She commented on the performance of Azurix's stock price since the initial public offering in 1999 and noted that the decline was due to a slower than expected bid market for concessions, a revision to Azurix's earning growth projections, and a sharp decline in the value of U.K. water companies. She noted that Azurix's objectives for 2000 limited and refocused the strategic and geographic focus going forward and included maximizing the return on the existing business, growing the municipal and industrial services business, and developing an e-business and knowledge-based services. She reviewed the evolution of Azurix's strategy from its initial strategy, which focused on asset ownership, privatizations, a capital intensive business plan with global coverage, and regulated returns enhanced by economies of scale, to its refined strategy,

which was focused on services and included selective ownership with creative solutions, core assets with higher return services businesses, a judicious use of capital, concentration on the Americas and Europe, higher growth and return businesses, and services delivered through e-business.

Ms. Mark-Jusbasche then discussed Azurix's existing assets including those in England, Buenos Aires and North America. She commented on an issue relating to Azurix's concession in Buenos Aires and stated that it appeared that the issue stemmed from the government water supply in the area. She then moved to Azurix's Services Business, stated that the business focus was on the industrial and municipal outsourcing markets, and noted that the markets were less capital intensive and should bring higher returns. She reviewed the size of the outsourcing market in North America and the projected revenues. She discussed Azurix's e-business plan and noted that the initiative was to create an efficient marketplace for water resources and to create an online exchange for equipment, chemicals, and related services between water/wastewater treatment operators and suppliers. She noted that Azurix's internet delivery vehicles for the marketplace and the online exchange would be Water2Water.com and WaterDesk.com, respectively. She then reviewed Azurix's financial performance for 1999 and the estimate for 2000 and discussed the return on average equity and the debt to capital ratio. She stated that the key financial drivers impacting Azurix were a rate cut at Wessex Water, low initial returns on acquired businesses, performance at Azurix Buenos Aires that was below expectations, additional capital spending requirements, and investments necessary to build the services business. She noted that Azurix's goal in 2000 was to rebuild investors' confidence by maximizing the return on existing businesses, growing the municipal and industrial services business, and developing an e-business and knowledge-based services.

Mr. Winokur left during Ms. Mark-Jusbasche's presentation.

Mr. Lay then presented the following general corporate matters for consideration by the Board:

- 1) the declaration of dividends on the Common and Preferred Stock;
- 2) the declaration of a dividend on the Mandatorily Convertible Junior Preferred Stock, Series B; and
- 3) the election of a corporate officer.

Upon motion duly made by Mr. Skilling, seconded by Dr. Gramm, and carried, the following resolutions were approved:

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*Preferred Convertible and Common Stock*

RESOLVED, that a dividend of \$3.413 per share on the Cumulative Second Preferred Convertible Stock of the Company, covering the quarter ending June 30, 2000, be, and it hereby is, declared payable on July 3, 2000 to shareholders of record of said stock at the close of business on June 16, 2000; and

RESOLVED FURTHER, that a dividend of \$0.125 per share on the Common Stock of the Company be, and it hereby is, declared payable on June 20, 2000 to shareholders of record of said stock at the close of business on June 1, 2000 out of the net profits or surplus of the Company available for the payment of dividends.

*Mandatorily Convertible Junior Preferred Stock, Series B*

RESOLVED, that a dividend of \$131.44 per share on the Mandatorily Convertible Junior Preferred Stock, Series B of the Company (for an aggregate dividend payment of \$32,861,111), covering the dividend period from and including January 1, 2000 through June 30, 2000 be, and it hereby is, declared payable on July 10, 2000 to stockholders of record of said stock at the close of business on June 30, 2000.

*Corporate Officer Election*

RESOLVED, that the following person be, and she hereby is, elected to the position set forth opposite her name, to serve for the ensuing year and until her successor is duly elected and qualified:

Teresa A. Callahan                      Assistant Secretary

Mr. Lay then called upon Mr. Derrick to discuss the Argentine stamp tax proposal. Mr. Derrick noted that the Company was in dispute with certain provinces in Argentina regarding the assessment or potential assessment of taxes on various transactions involving Transportadora de Gas del Sur S.A., a company in which the Company has a substantial investment. He proposed that the Company authorize certain individuals to act on behalf on the Company in connection with the dispute. Following a discussion, upon motion duly made by Mr. Urquhart, seconded by Mr. Blake, and carried, the following resolutions were approved:

WHEREAS, the Provinces of Rio Negro, Neuquen, and Santa Cruz in Argentina ("Rio Negro," "Neuquen", and "Santa Cruz" respectively, collectively the "Provinces"), acting through their taxing authorities, have assessed or threatened to assess stamp taxes ("Stamp Taxes") on various transactions of Transportadora de Gas del Sur S.A. ("TGS"), an Argentine company in which the Company has a substantial investment;

WHEREAS, the assessments or threatened assessments in question impose taxes, penalties, and interest retroactively five years in an amount in excess of US\$500 million;

WHEREAS, the Company's investment has not received proper protection by the Argentine Republic and its political subdivisions under applicable law and treaties; and

WHEREAS, a dispute has arisen between the Company and the Argentine Republic and its political subdivisions with respect to the Stamp Taxes;

NOW, THEREFORE, IT IS RESOLVED, that the Company has reason to believe that the tax assessments imposed by the Provinces may be challenged on various grounds;

RESOLVED FURTHER, that Joseph W. Sutton, Robert H. Walls, Jr., K. George Wasaff, Peter E. Weidler, and Robert C. Williams of the Company, Raymond Doak Bishop of the law firm of King & Spalding, Horacio Ruiz Moreno and Christian Rosso Alba of the law firm of Hope, Duggan & Silva, and Guido Santiago Tawil of the law firm of M. & M. Bomchil, shall be authorized, jointly or severally, to negotiate and consult with the Argentine Republic for the purpose of resolving this dispute, including but not limited to, providing notice to the Argentine government that a dispute has arisen, which negotiations, consultations and notice dated November 23, 1999, are hereby approved and ratified in all respects;

RESOLVED FURTHER, that in the event negotiations and consultations do not result in the resolution of the dispute within six (6) months from the date the notice of dispute was received by the Argentine government, Joseph W. Sutton, Robert H. Walls, Jr., K. George Wasaff, Peter E. Weidler, and Robert C. Williams of the Company, Raymond Doak Bishop of the law firm of King & Spalding, Horacio Ruiz Moreno and Christian Rosso Alba of the law

firm of Hope, Duggan & Silva, and Guido Santiago Tawil of the law firm of M. & M. Bomchil, shall be authorized on behalf of the Company, jointly or severally, to consent to, to initiate, and to prosecute to completion an arbitration proceeding before the International Centre for the Settlement of Investment Disputes pursuant to the Treaty Between the United States of America and the Argentine Republic concerning the Reciprocal Encouragement and Protection of Investment, which actions are hereby approved and ratified;

RESOLVED FURTHER, that the officers of the Company, including but not limited to, Joseph W. Sutton, Robert H. Walls, Jr., K. George Wasaff, Peter E. Weidler, and Robert C. Williams, are hereby authorized and empowered, jointly or severally, for and on behalf of the Company, from time to time to take such actions and to execute and deliver such certificates, instruments, notices, and documents, or to effect such filings with any and all appropriate judicial or regulatory authorities, state, provincial, or federal, as may be required or as any such officer may deem necessary, appropriate, or advisable in order to carry out the purposes and intents of, the foregoing resolutions; all such actions to be performed in such manner, and all such certificates, instruments, notices, and documents to be executed and delivered in such form as the officer performing or executing the same shall approve, the performance or execution thereof by such officer to be conclusive evidence of the approval thereof by such officer and by this Board of Directors;

RESOLVED FURTHER, that the execution by any authorized officers of any document authorized by the foregoing resolutions or any document executed in the accomplishment of any action or actions so authorized, shall be (or shall become upon delivery) the enforceable and binding act and obligation of the Company, without the necessity of the signature or attestation of any other officer of the Company or the affixing of the corporate seal;

RESOLVED FURTHER, that the authority granted to the officers of the Company under the foregoing resolutions shall be deemed to include, in the case of each such resolution, the authority to perform such further acts and deeds as may be necessary, appropriate, or advisable, in the judgment of such officers, to carry out the purposes and intents of the foregoing resolutions, and all actions and deeds previously performed by the officers or representatives of the Company prior to the date of these resolutions

that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Company; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Messrs. Anderson, Butts, and Skellet and Ms. Fleming left the meeting.

Mr. Lay called upon Mr. Skilling to discuss other business to come before the Board. Mr. Skilling provided an update on EBS and noted that as EBS was evolving there were certain areas of the business that could benefit by adding specific assets or areas of expertise. He stated that EBS had considered purchasing companies that met the requirements but determined that it would be more efficient to build the infrastructure in-house.

There being no further business to come before the Board, the meeting was adjourned at 1:50 p.m., C.D.T.

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Secretary

APPROVED:

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Chairman

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**Executive Committee  
Minutes**

EC004391437

**MINUTES  
MEETING OF THE EXECUTIVE COMMITTEE  
OF THE BOARD OF DIRECTORS  
ENRON CORP.  
March 2, 2000**

Minutes of a meeting of the Executive Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 11:00 a.m., C.S.T., on March 2, 2000 at the Enron Building in Houston, Texas.

All of the Committee members were present, either in person or by telephone conference connection, where each participant could hear the comments of the others and join in the discussion:

Mr. John H. Duncan, Chairman  
Mr. Robert A. Belfer  
Mr. Joe H. Foy  
Mr. Kenneth L. Lay  
Dr. Charles A. LeMaistre  
Mr. Jeffrey K. Skilling  
Mr. Herbert S. Winokur, Jr.

Messrs. Richard B. Buy, James V. Derrick, Jr., Mark A. Frevert, Richard B. Lewis, Theodore R. Murphy, David J. Port, John R. Sherriff, and Steven W. Young and Ms. Rebecca C. Carter, all of the Company or affiliates thereof, also attended the meeting.

The Chairman, Mr. Duncan, presided at the meeting, and the Secretary, Ms. Carter, recorded the proceedings.

Mr. Duncan called the meeting to order and inquired if the Committee members had received the material for the meeting, and each responded that he had received the material. He then called upon Mr. Skilling to present the business of the meeting. Mr. Skilling indicated that the meeting had been called for the Committee to consider a transaction proposed by Enron Europe, LLC to sell the Company's interest in the Sutton Bridge power station ("Sutton Bridge"). He noted that if the Committee approved the sale it would significantly increase the Company's short power position in the United Kingdom ("U.K."). He discussed the Company's experience with deregulating energy markets and the potential impact of deregulation on power prices. He noted that the U.K. market had two distinct characteristics that could impact the effect of deregulation: two large generators controlled a significant share of the market and the moratorium on new

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gas-fired generation in the U.K. prevented new capacity from coming on line. He called upon Mr. Frevert to discuss the specifics of the transaction.

Mr. Frevert presented a summary of the transaction and noted that the Company was proposing to sell its equity interest in Sutton Bridge to EdF, the state owned utility company in France. He stated that the deal would include the novation of the capacity tolling agreement to a third-party toller, a new gas sales contract between the Company and EdF, and a six-month power purchase agreement between EdF and the Company. He noted that the transaction would significantly increase the Company's short power position in the U.K. and would require an increase in the U.K. Electricity net open position and value-at-risk limits of the Enron Corp. Risk Management Policy. He then reviewed the economics and rationale behind the transaction. He stated that the Company had very bearish views on the U.K. power market due to the potential for increased competition following the government mandated divestiture by U.K utility companies of generating assets and the end of the power pool structure currently in place. He commented on the Company's U.K. forward power curves and assumptions regarding excess generating capacity in the market. He discussed the overall hedging strategy that would be put in place to mitigate the impact of the additional short position that would be incurred if the Sutton Bridge sale was approved and noted that the position would gradually be reduced over an 18-month period. Messrs. Lay and Skilling joined him in answering questions from the Committee regarding the impact of changes in power prices on the net open short position and the Company's ability to decrease the position over time. Following a discussion, upon motion duly made by Mr. Belfer, seconded by Mr. Foy, and carried, the Committee approved the sale of Sutton Bridge and the increases in the U.K. Electricity limits of the Enron Corp. Risk Management Policy as presented at the meeting.

There being no further business to come before the Committee, the meeting was adjourned at 11:20 a.m., C.S.T.

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Secretary

APPROVED:

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Chairman

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**MINUTES  
MEETING OF THE EXECUTIVE COMMITTEE  
OF THE BOARD OF DIRECTORS  
ENRON CORP.  
May 17, 2000**

Minutes of a meeting of the Executive Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 10:15 a.m., C.D.T., on May 17, 2000 at the Enron Building in Houston, Texas.

The following Committee members were present, either in person or by telephone conference connection, where each participant could hear the comments of the others and join in the discussion, constituting a quorum:

Mr. Robert A. Belfer  
Mr. Joe H. Foy  
Mr. Kenneth L. Lay  
Dr. Charles A. LeMaistre  
Mr. Jeffrey K. Skilling  
Mr. Herbert S. Winokur, Jr.

The Chairman, Mr. John H. Duncan, was absent from the meeting. Messrs. Richard B. Buy, J. Clifford Baxter, Patrick M. Conner, Timothy J. Detmering, James V. Derrick, Jr., Andrew S. Fastow, and Greg L. Whalley and Ms. Rebecca C. Carter, all of the Company or affiliates thereof, also attended the meeting either in person or by telephone conference connection.

With the Committee's permission Mr. Skilling acted as Chairman and presided at the meeting and Ms. Carter, the Secretary, recorded the proceedings.

Mr. Skilling called the meeting to order and inquired if the Committee members had received the material for the meeting, and each responded that he had received the material. He indicated that the meeting had been called for the Committee to consider a transaction, code-named "Merlin", proposed by the Company. He called upon Mr. Whalley to discuss the specifics of the transaction.

Mr. Whalley noted that the Company was proposing the acquisition of MG plc ("MG"), a United Kingdom ("U.K.") company that held a preeminent position in the physical and financial markets of copper, aluminum, nickel, and other metals. He stated that MG was formerly a 100% owned subsidiary of MG Technologies but that 55% of MG had been sold in a public offering in September of 1999. He discussed the metals

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market and noted that there was a well-traded spot market but that few long-term or cross commodity transactions were currently being executed. He stated that the Company had been seeking to establish an asset position in the metals industry in order to move into the physical and financial markets. He commented that the Company believed that it would have the ability to do term-structured and derivative transactions in the metals market similar to transactions the Company was doing in the gas and power markets. He also noted that EnronOnline could provide the mechanism for quickly growing the business by providing an eCommerce platform. He then reviewed MG's two business lines, the merchanting/physical business and financial services, and discussed the financial contribution of each.

He then reviewed the rationale behind the acquisition and stated that it would accelerate the application of the Company's business model into the metals industry, combine the Company's trading, finance, and origination capabilities with MG's leading global position in non-ferrous metals trading and merchanting, and provide the Company access to new clients in Europe and the U.S., enabling cross-marketing opportunities.

Mr. Baxter then noted that the proposal was to make a cash offer for the entire issued and to be issued share capital of MG and he discussed the anticipated price range of the offer. He commented on the expected timeline for meeting with MG employees, announcement of the offer, and closing of the transaction. He then discussed the specifics of the proposed offer including the implied earnings and book value multiples and commented on MG's stock performance since it began trading in September of 1999. He discussed the historical and projected financial results for MG and the incremental opportunities from combining the operations into the Company, and he noted that MG's activities had been impacted by capital constraints. He reviewed the sources and uses of funds relating to the transactions and noted that there was a committed facility to provide the initial funding. He then gave additional information on the timeline for the transaction and noted that it was contingent on regulatory approval and subject to acceptance from 90% of the shareholders.

Mr. Skilling commented that the transaction was evidence of the strategy the Company had in place for Enron NetWorks, and he discussed the potential implications of purchasing a company primarily known for trading. Messrs. Buy and Whalley joined him in answering questions from the Committee relating to potential cost reductions at MG, the ability to retain MG employees, and certain valuation calculations. Mr. Skilling stated that if the transaction were approved it would necessitate amending the Enron Corp. Risk Management Policy to incorporate the risk management policy currently in place at MG. Following a discussion, upon motion duly made by Mr. Belfer, seconded by Dr. LeMaistre, and carried, the proposed amendment to the Enron Corp. Risk Management Policy and the following resolutions were approved:

RESOLVED, that the proposed acquisition (the "Acquisition") by Enron Corp. (whether by itself or through one or more affiliates and/or third parties to be identified) (the "Acquiror") of all of the outstanding capital stock of the entity code-named "Merlin" for a total cash purchase price of up to 350 million pounds (sterling), or 3.50 pence (sterling) per ordinary share of Merlin, is hereby approved;

RESOLVED FURTHER, that in connection with the foregoing, the Company hereby approves and consents to all actions duly authorized by the Acquiror in order to effectuate the Acquisition, which actions may include, without limitation, the issuance of a press announcement announcing the proposed Acquisition, the mailing of formal offer documents to Merlin stockholders, the payment of the consideration becoming due to Merlin stockholders on consummation of the Acquisition (including, without limitation, loan notes of the Acquiror), the making of appropriate regulatory and other filings, and the negotiation, execution, and delivery of any and all documents, instruments, or written obligations of the Acquiror and the Company ancillary to such transaction upon the terms and conditions of the Acquisition as presented to the Board and upon such other terms and conditions as any of the officers and agents of the Acquiror and the Company shall negotiate;

RESOLVED FURTHER, that in connection with obtaining financing for the Acquisition, the Company or its affiliates may be required by lenders to provide certain indemnities, guarantees, or other assurances (including in relation to the loan notes described above), and such indemnities, guarantees, or other assurances are hereby approved, provided that the terms and conditions thereof shall have been approved by any officer of the Company or of such affiliates; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Mr. Lay then stated that the Company was considering the purchase of an extended range Gulfstream V aircraft. He noted that the transaction was still being negotiated, the expected cost was \$41.5 million, and if the purchase were approved then, upon delivery

of the new aircraft, the Company would sell one of its existing Falcon 900s. He also noted that the Company's current hangar was not large enough to accommodate the Gulfstream V and the Company was considering possible alternatives for hangar space. Following a discussion, upon motion duly made by Dr. LeMaistre, seconded by Mr. Winokur, and carried, the proposed purchase of a Gulfstream V aircraft was approved.

There being no further business to come before the Committee, the meeting was adjourned at 10:55 a.m., C.D.T.

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Secretary

APPROVED:

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Chairman

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**MINUTES  
MEETING OF THE EXECUTIVE COMMITTEE  
OF THE BOARD OF DIRECTORS  
ENRON CORP.  
JUNE 1, 2000**

Minutes of a meeting of the Executive Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 8:30 a.m., C.D.T., on June 1, 2000 at the Enron Building in Houston, Texas.

The following Committee members, constituting a quorum, were present, either in person or by telephone conference connection, where each participant could hear the comments of the others and join in the discussion:

Mr. John H. Duncan, Chairman  
Mr. Robert A. Belfer  
Dr. Charles A. LeMaistre  
Mr. Jeffrey K. Skilling  
Mr. Herbert S. Winokur, Jr.

Mr. Kenneth L. Lay was absent from the meeting. Messrs. Richard B. Buy, James V. Derrick, Jr., Andrew S. Fastow, Ben F. Glisan, Jr., Theodore R. Murphy, and Joseph W. Sutton and Ms. Rebecca C. Carter, all of the Company or affiliates thereof, also attended the meeting.

The Chairman, Mr. Duncan, presided at the meeting, and the Secretary, Ms. Carter, recorded the proceedings.

Mr. Duncan called the meeting to order and called upon Mr. Skilling to begin the presentation. Mr. Skilling noted that the meeting had been called for the Committee to consider a proposal to increase temporarily the Company's overall value-at-risk ("VAR") limit. He noted that the natural gas markets had been undergoing significant changes recently as gas prices had increased to over \$4.60 per million cubic feet. He stated that the Company currently had tremendous opportunities in the marketplace but was limited by the overall VAR limit as specified in the Enron Corp. Risk Management Policy ("the Policy"). He noted that the Company was not proposing any increase in the volumetric limits as specified in the Policy, that the additional VAR amount would be allocated to different commodity groups depending upon perceived opportunities and the volatility in the markets, and that the Company would review the temporary VAR limit with the Board at the December Board meeting. He answered questions from the Committee regarding the sustainability of the level of natural gas prices and what the impact on earnings would

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have been if the higher VAR limit had been in place during the preceding few weeks. Mr. Winokur moved that the temporary increase be approved only until the August Board meeting, his motion was duly seconded by Mr. Belfer, and carried, and the proposed increase in the Company's overall VAR limit of the Policy, as discussed at the meeting, was approved.

Mr. Skilling then updated the Committee on a proposed project to sell certain of the Company's international assets.

There being no further business to come before the Committee, the meeting was adjourned at 8:45 a.m., C.D.T.

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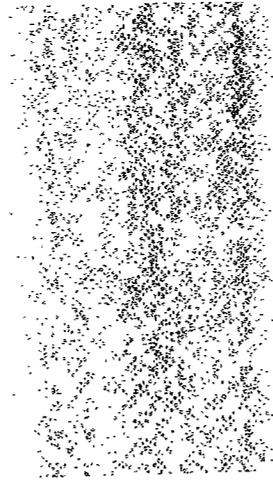
Secretary

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Chairman

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**Compensation Committee  
Agenda**

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Charles A. LeMaistre - Chairman  
Norman P. Blake, Jr.  
John H. Duncan  
Robert K. Jaedicke  
Frank Savage

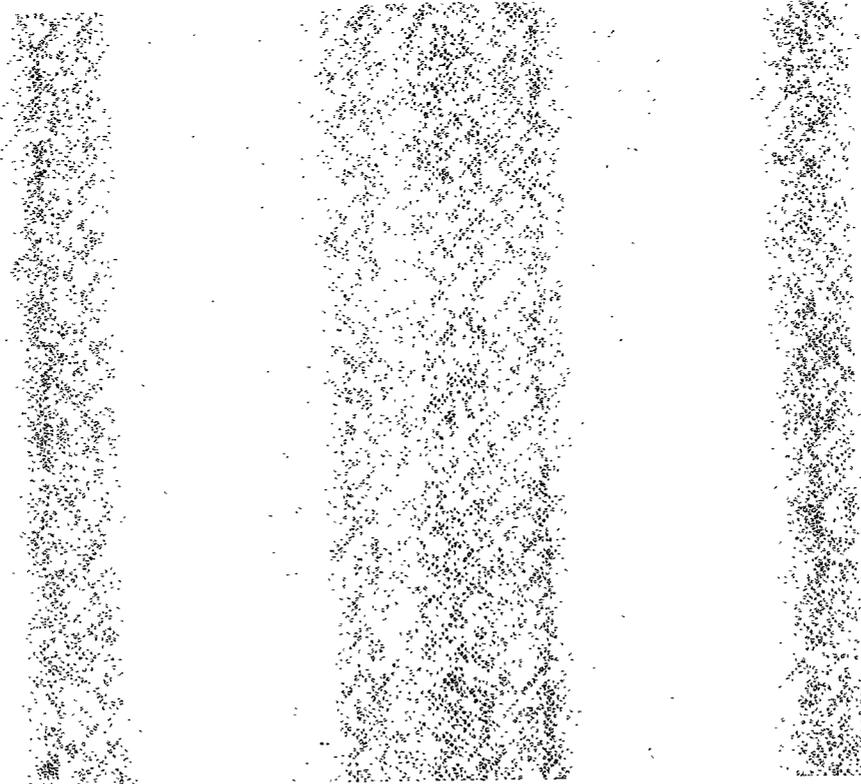
**AGENDA**  
**MEETING OF THE COMPENSATION AND**  
**MANAGEMENT DEVELOPMENT COMMITTEE**  
**OF THE BOARD OF DIRECTORS**  
**ENRON CORP.**

**AUGUST 7, 2000 - 2:00 p.m. (CDT)**  
**Enron Building 50<sup>th</sup> Floor - Room 50M Dining**

1. Approve minutes of February 14, 2000, May 1, 2000 and May 26, 2000 meetings.
2. Benefit Plan Items:
  - a) Approve restatement of the Enron Corp. Health Plan to incorporate the amended and restated Enron Corp. Medical Plan for active employees.
  - b) Approve and recommend to the Enron Board of Directors the partial termination of the Enron Corp. Cash Balance Plan as adopted for EOG Resources, Inc. employees.
3. Enron Performance Results.
  - a) Review Total Shareholder Return results relative to Performance Unit Plan.
  - b) Review and discuss replacements for Coastal and Columbia relative to the Performance Unit Plan and the Proxy peer group.
  - c) Enron's performance relative to the S&P 500 for the Executive Compensation Long-Term Incentive Program.
4. Deferral Plan Items.
  - a) Approve and recommend to the Enron Corp. Board of Directors an amended and restated Trust Document relative to the 1994 Enron Corp. Deferral Plan.
  - b) Approve and recommend to the Enron Board of Directors amendments to the 1994 Enron Corp. Deferral Plan.
5. Stock Plan Items:
  - a) Approve recommendation to expand eligibility for stock option transfers for all grants made under the Enron Corp. 1991 Stock Plan.
  - b) i) Approve and recommend to the Enron Board of Directors an amendment to the Enron Corp. 1991 Stock Plan to clarify the retirement definition.  
ii) Approve and recommend to the Enron Board of Directors amendments to the Enron Corp. 1994 Stock Plan to 1) clarify the retirement definition and 2) to allow for stock option transfers for grants made under the 1994 Stock Plan.
  - c) Stock Utilization Report.
6. Approve Second Amendment to the Enron Capital and Trade Resources Corp. Phantom Stock Unit Plan.
7. Approve project participation payouts under the Enron International Project Participation Plan.
8. Other business.
9. Executive Session
  - a) Update of Executive Committee compensation values.
10. Adjournment.

EC004391447

3(b)



EC004391448

**AGENDA ITEM 3(b)**  
**ENRON CORP. CASH BALANCE PLAN**  
**(Suggested Form of Resolution)**

RESOLVED, that the Company partially terminate the Enron Corp. Cash Balance Plan as adopted for the benefit of employees of EOG Resources, Inc. in accordance with the terms and provisions of that instrument entitled, "Partial Termination of Enron Corp. Cash Balance Plan" subject to and conditioned upon execution by EOG Resources, Inc. of a written agreement to return to the Company the \$1,850,000 (less reasonable expenses plus, as determined appropriate by the appropriate officers of the Company, earnings) which the Company transferred to EOG Resources, Inc. pursuant to Section 5.7(b) of that Share Exchange Agreement dated July 19, 1999 by and between the Company and Enron Oil & Gas Company; and

RESOLVED, that the partial termination referenced in the foregoing resolution be effected substantially in accordance with that instrument entitled, "Partial Termination of Enron Corp. Cash Balance Plan," a copy of which is attached hereto; and

RESOLVED, that the appropriate officers of the Company shall be and they are hereby directed to work with counsel and such other consultants or advisors as they deem appropriate and necessary to proceed to finalize the partial termination document adopted pursuant to the foregoing resolution and, upon such finalization, the resulting document shall be deemed approved and adopted by this Board as if presented at this meeting and shall be directed to be marked for identification and filed with the records of the Company; and

RESOLVED, that the appropriate officers of the Company shall be and they are hereby authorized and directed to execute all instruments and take such other actions including, specifically, actions in the nature of providing notices to affected individuals regarding the partial termination of the Plan, as they deem appropriate and necessary and to secure and maintain for the Plan a qualified status under applicable provisions of the Internal Revenue Code of 1986, as amended and of the Employee Retirement Income Security Act of 1974, as amended.

EC004391449

4. The Accrued Benefits of employees of the Company who terminated employment with the Company prior to August 16, 1999 shall not be subject to item 3 above or the partial Plan termination effected by this instrument but shall continue to be held under and distributed from the Plan pursuant to its terms and provisions except that such benefits will be treated as if they had been accrued exclusively while such individuals were employed by Enron Corp. or a Controlled Entity of Enron Corp.
5. Defined terms used in this instrument shall have the definitions ascribed to them pursuant to this instrument or pursuant to the terms and provisions of the Plan, as applicable.

IN WITNESS, WHEREOF, the parties hereto have caused these presents to be executed this \_\_\_\_\_, day of \_\_\_\_\_, 2000.

EOG RESOURCES, INC.

BY:

\_\_\_\_\_

ENRON CORP.

BY:

\_\_\_\_\_

EC004391450

**AGENDA ITEM 3(b)**  
**PARTIAL TERMINATION OF**  
**ENRON CORP. CASH BALANCE PLAN**

WHEREAS, EOG Resources, Inc. (formerly, Enron Oil & Gas Company) (the "Company") has heretofore adopted the Enron Corp. Cash Balance Plan (the "Plan"); and

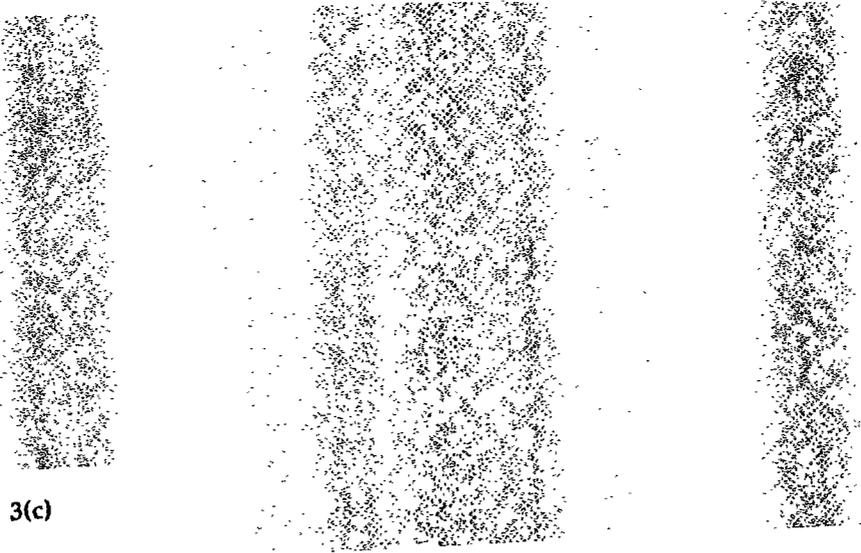
WHEREAS, the Company's ongoing participation in the Plan was terminated on August 16, 1999 in connection with a transaction pursuant to which Enron Corp. divested its remaining ownership interest in the Company; and

WHEREAS, the Company and Enron Corp. now desire to partially terminate the Plan as adopted for the benefit of employees of the Company who continued active employment with the Company from and after August 16, 1999 (the "Affected Members"), effective as of August 31, 2000;

NOW THEREFORE:

1. From and after August 31, 2000, there shall be no further accruals or events increasing Plan benefits of the Affected Members.
2. Subject to and conditioned upon receipt of a favorable determination (the "Determination") from the Internal Revenue Service that the partial termination of the Plan effected pursuant to this instrument will not adversely affect the qualified status of the Plan pursuant to section 401, *et seq.* of the Internal Revenue Code of 1986, as amended, the Vested Interest of each Affected Member shall be 100%, effective as of the date of issuance of the Determination but retroactive to August 16, 1999.
3. Subject to and conditioned upon receipt of the Determination, the Accrued Benefits under the Plan of the Affected Members shall be distributed to them pursuant to the terms and conditions of the Plan, in each case computed and distributed or, as applicable, held for deferred distribution as if he or she had terminated employment from the Company on August 16, 1999.

EC004391451



3(c)

EC004391452

**AGENDA ITEM 3(c)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, the Company has heretofore established the Enron Corp. 1994 Deferral Plan (As Restated Effective August 11, 1997) (the "Deferral Plan");

WHEREAS, the Company desires to amend the Deferral Plan and adopt the Trust Under The Enron Corp. 1994 Deferral Plan;

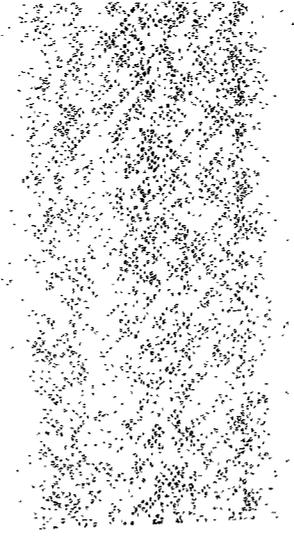
RESOLVED, that the proper officers of the Company be, and they are authorized and directed to prepare and execute such amendment to the Deferral Plan on behalf of the Company substantially in the form of amendment presented at this meeting;

RESOLVED FURTHER, that upon execution of such amendment, such amendment shall be deemed adopted by this Board and is hereby ratified and approved;

RESOLVED FURTHER, that the Trust Under The Enron Corp. 1994 Deferral Plan is hereby adopted and made a part of the Deferral Plan, and that the proper officers of the Company be, and they are authorized to execute such Trust on behalf of the Company substantially in the form of presented at this meeting; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel are hereby authorized, empowered and directed to take all such further action, to amend, execute and deliver all such instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses, as in their judgment may be necessary, appropriate or advisable in order fully to carry into effect the purposes and intentions of this and each of the foregoing resolutions, including the execution of any further amendments, forms or documents recommended by counsel or required by any governmental agency, and to do anything necessary to effect compliance with applicable law or regulation.

EC004391453



3(d)

EC004391454

**AGENDA ITEM NO. 3(d)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, Enron Corp. (the "Company") and the shareholders of the Company have heretofore approved and adopted the Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, IT IS RESOLVED, that the proper officers of the Company be, and they are authorized and directed to prepare and execute an amendment to the Plan incorporating the form of amendment presented at this meeting;

RESOLVED FURTHER; that upon execution of such amendment prepared according to the above provisions, such amendment shall be deemed adopted by this Board and is hereby ratified and approved; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel are hereby authorized, empowered and directed to take all such further action, to amend, execute and deliver all such instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses, as in their judgment may be necessary, appropriate or advisable in order fully to carry into effect the purposes and intentions of this and each of the foregoing resolutions, including the execution of any further amendments, forms or documents recommended by counsel or required by any governmental agency, and to do anything necessary to effect compliance with applicable law or regulation.

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EC004391455

**AGENDA ITEM NO. 3(d)**  
**FIFTH AMENDMENT TO**  
**ENRON CORP. 1991 STOCK PLAN**  
**(AS AMENDED AND RESTATED EFFECTIVE MAY 4, 1999)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, ENRON CORP. (the "Company") and the stockholders of the Company have heretofore approved and adopted the Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999)(the "Plan"); and

WHEREAS, the Company desires to amend the definition of "Retirement."

NOW, THEREFORE, the Plan is amended as follows effective August 7, 2000:

The definition of "Retirement" under Section 11(u) is deleted and the following is substituted therefor:

"Retirement" shall mean (i) with respect to an Employee of the Company or one of its Affiliates, (a) with the consent of the Enron Corp. Office of the Chairman, after age 55 with at least five years of service, the Employee's termination of employment, and (b) upon or after age 72 the employee's termination of employment, and (ii) with respect to a Director of the Company (a) with the consent of the Board of Directors, after at least five (5) years of service, termination of service as a Director or Honorary Director, and (b) upon or after the date the Director attains age 72.

EC004391456

AS AMENDED HEREBY, the Plan is specifically ratified and reaffirmed.

Date: \_\_\_\_\_, 2000

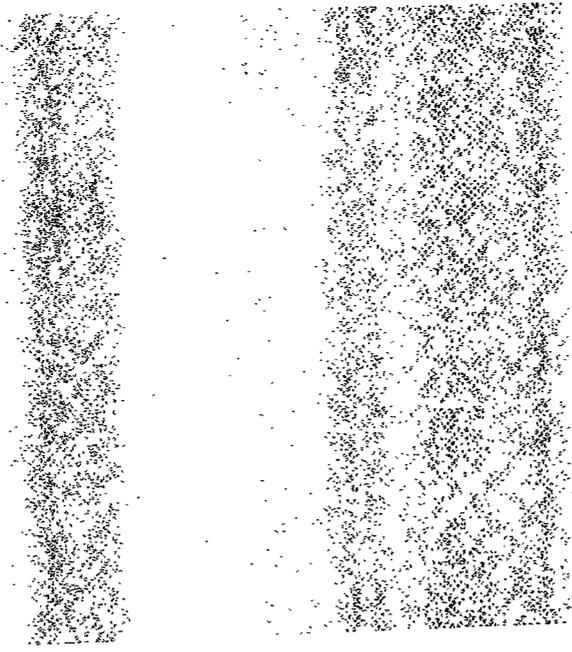
ENRON CORP.

By: \_\_\_\_\_  
Title:

ATTEST:

By: \_\_\_\_\_  
Title:

EC004391457



**3(e)**

EC004391458

**AGENDA ITEM NO. 3(e)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, ENRON CORP. (the "Company") has heretofore adopted and maintains the Enron Corp. 1994 Stock Plan (As Amended and Restated Effective October 12, 1999)(the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, IT IS RESOLVED, that the proper officers of the Company be, and they are authorized and directed to prepare an amendment to the Plan incorporating the form of amendment presented at this meeting;

RESOLVED FURTHER; that upon execution of such amendment prepared according to the above provisions, such amendment shall be deemed adopted by this Board and is hereby ratified and approved; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel are hereby authorized, empowered and directed to take all such further action, to amend, execute and deliver all such instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses, as in their judgment may be necessary, appropriate or advisable in order fully to carry into effect the purposes and intentions of this and each of the foregoing resolutions, including the execution of any further amendments, forms or documents recommended by counsel or required by any governmental agency, and to do anything necessary to effect compliance with applicable law or regulation.

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EC004391459

**AGENDA ITEM NO. 3(e)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, ENRON CORP. (the "Company") has heretofore adopted and maintains the Enron Corp. 1994 Stock Plan (As Amended and Restated Effective October 12, 1999)(the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, effective August 7, 2000, the Plan is amended as follows:

1. The definition of "Retirement" under Section 9(u) is deleted and the following is substituted therefor:

"Retirement" shall mean with respect to an Employee of the Company or one of its Affiliates, with the consent of the Enron Corp. Office of the Chairman, after age 55 with at least five years of service, the Employee's termination of employment, and (ii) upon or after age 72 the employee's termination of employment.

2. Subparagraph (iii) under Section 5.3 is deleted and the following is substituted therefor:

(iii) LIMITS ON TRANSFER OF AWARDS. No Award (other than Released Securities) and no right under any such Award shall be assignable, alienable, saleable or transferable by a Participant other than:

(a) by will or by the laws of descent and distribution;

(b) pursuant to a "domestic relations order" as defined in Section 414 of the Code or Section 206 of the Employee Retirement Income Security Act of 1974, as amended;

(c) by transfer by an eligible Participant, subject to such rules as the Committee may adopt to preserve the purposes of the Plan (including limiting such transfer to Participants who are directors or senior executives), to:

(I) a member of his or her Immediate Family,

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(II) a trust solely for the benefit of the Participant and his or her immediate Family, or

(III) a partnership or limited liability company whose only partners or shareholders are the Participant and his or her Immediate Family members,

(d) by designation, in a manner established by the Committee, of a beneficiary or beneficiaries to exercise the rights of the Participant and to receive any property distributable with respect to any Award upon the death of the Participant.

Each transferee described in (b) and (c) above is hereafter referred to as a "Permitted Transferee", provided that the Committee is notified in writing of the terms and conditions of any transfer intended to be described in (b) or (c) and the Committee determines that the transfer complies with the requirements of the Plan and the applicable Award Agreement. Any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance that does not qualify under (a), (b), (c) or (d) shall be void and unenforceable against the Company. "Immediate Family" means, with respect to a particular Participant, the Participant's spouse, children or grandchildren (including adopted and stepchildren and grandchildren).

The terms and provisions of an Award Agreement shall be binding upon the beneficiaries, executors and administrators of the Participant and on the Permitted Transferees of the Participant (including the beneficiaries, executors and administrators of the Permitted Transferees), except that Permitted Transferees shall not reassign any Award other than by will or by the laws of descent and distribution. An Award shall be exercised only by the Participant (or his or her attorney in fact or guardian) (including, in the case of a transferred Award, by a Permitted Transferee), or, in the case of the Participant's death, by the Participant's executor or administrator (including, in the case of a transferred Award, by the executor or administrator of the Permitted Transferee), and all exercises of an Award shall be accompanied by sufficient payment, as determined by the Company, to meet its withholding tax obligation on such exercise or by other arrangements satisfactory to the Committee to provide for such payment.

EC004391461

AS AMENDED HEREBY, the Plan is specifically ratified  
and reaffirmed.

Date: \_\_\_\_\_, 2000

ENRON CORP.

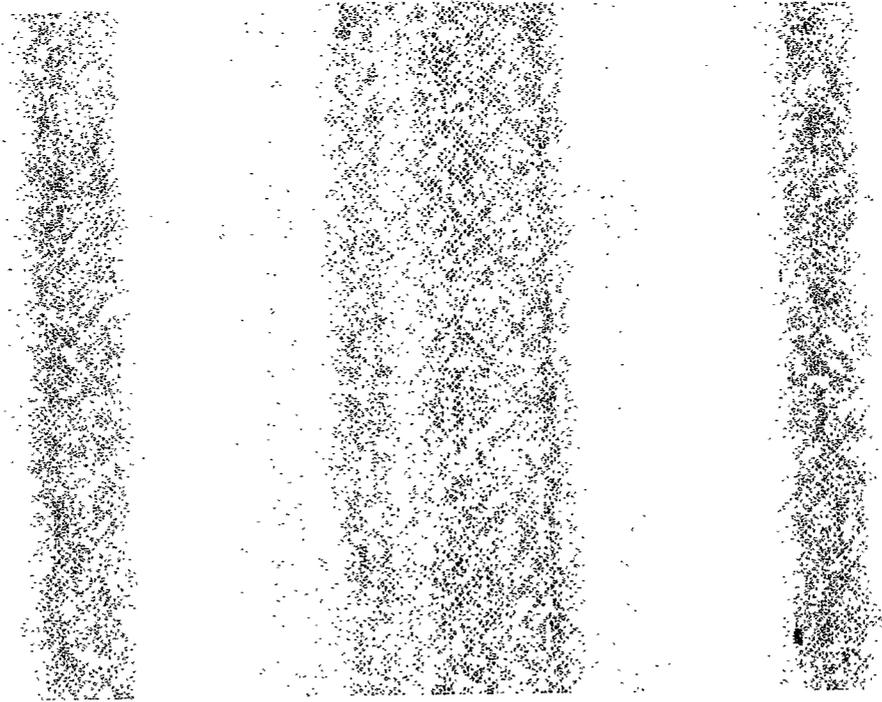
\_\_\_\_\_  
By:

Title:

ATTEST:

\_\_\_\_\_  
Corporate Secretary

EC004391462



EC004391463

**Audit Committee  
Agenda**

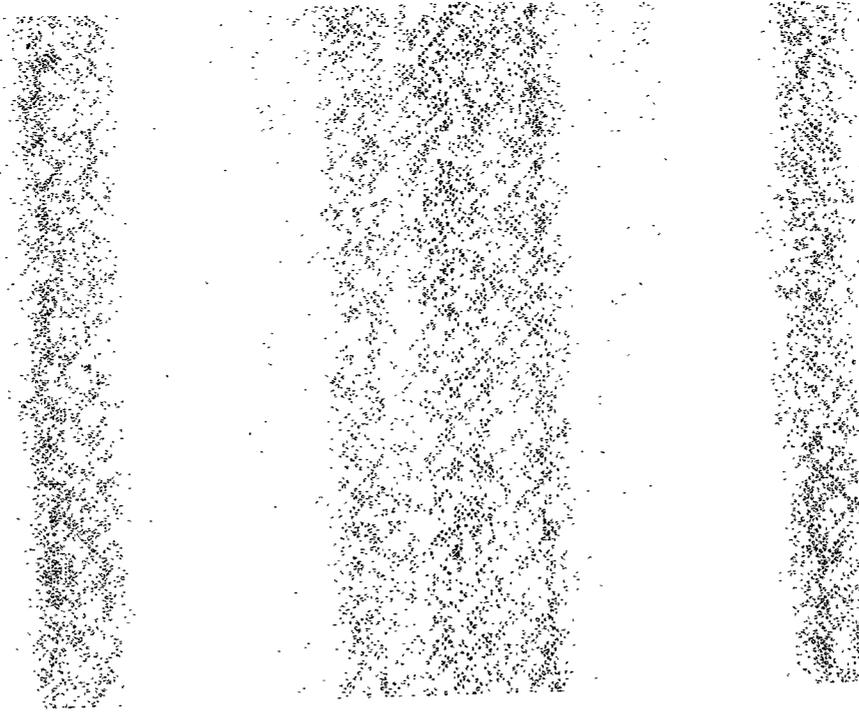
Dr. Robert K Jaedicke, Chairman  
Mr. Ronnie C. Chan  
Dr. Wendy L. Gramm  
Dr. John Mendelsohn  
Mr. Paulo V. Ferraz Pereira  
Lord John Wakeham

**Agenda**  
**Meeting of the Audit and Compliance**  
**Committee of the**  
**Board of Directors**  
**Enron Corp.**  
**4:30 p.m. (C.D.T.)**  
**August 7, 2000**  
**50<sup>th</sup> Floor Boardroom**  
**Enron Corp.**  
**Houston, Texas**

1. Approve minutes of meeting of the Audit Committee held on May 1, 2000 – Dr. Jaedicke.
2. Financial Reporting and Control Audit Update – Messrs. Duncan and Bauer, Arthur Andersen LLP, and Mr. Causey.
3. Update on recent initiatives regarding corporate governance, financial reporting and auditor/client relationships. – Mr. Duncan, Arthur Andersen LLP and Mr. Causey.
4. Independent auditor communications regarding independence. Mr. Duncan, Arthur Andersen LLP.
5. Credit and Market Risk update. – Mr. Buy.
6. Adjournment.

EC004391464

**Finance Committee  
Agenda**



EC004391465

**AGENDA**  
**Meeting of the Finance Committee**  
**of the Board of Directors of Enron Corp.**

**3:00 p.m. (C.S.T.), August 7, 2000**  
**50<sup>th</sup> Floor - Boardroom, Enron Building**  
**Houston, Texas**

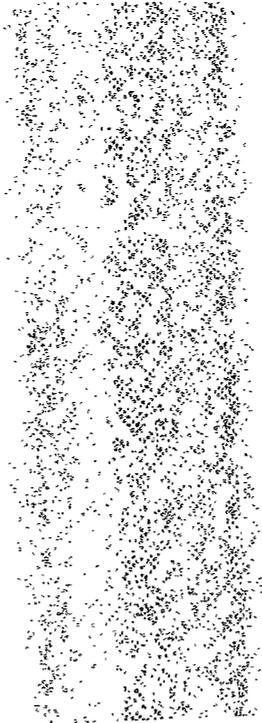
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1. Approval of May 1, 2000 Finance Committee Minutes	2
2. Chief Financial Officer Report	8
3. Treasurer Report	20
4. Chief Risk Officer	27
<b>Quarterly Risk Update</b>	28
- Merchant Portfolio Summary	44
- Foreign Exchange Project Update	52
- Project Doorstep	56
- Market Risk Update	69
5. Projects and Amendments	70
A) <b>Revision to the Risk Management Policy</b>	70
- Approve for Recommendation to the Board	82
B) <b>Project Tammy</b>	82
- Approve for Recommendation to the Board	88
C) <b>Enron South America Rio Gen</b>	88
- Approve for Recommendation to the Board	109
D) <b>Enron South America Cuiaba Contingent Support</b>	109
- Approve for Recommendation to the Board	126
E) <b>Enron South America Cuiaba Buy-Out</b>	126
- Approve for Recommendation to the Board	146
6. Other Business	147
7. Adjourn	147

*See Addendum for Deal Approval Sheets approved between Board meetings*



EC004391466

5(b)



EC004391467

**ENRON CORP.**  
**RISK MANAGEMENT POLICY**  
Approved by Enron Corp. Board of Directors

Proprietary and Confidential

Approved: October 1, 1996  
Amended: December 8, 1998  
Amended: May 3, 1999  
Amended: August 10, 1999  
Amended: October 20, 1999  
Amended: December 14, 1999  
Amended: February 7, 2000  
Amended: May 2, 2000  
Amended: August 8, 2000

**I. General Authorization**

Enron Corp. is authorized to execute Transactions and manage these Transactions within certain authorized Portfolios in support of its businesses.

All Transactions covered by this policy must be conducted in compliance with all Enron Corp. policies, as each may be amended, supplemented or restated from time to time (collectively the "Enron Corp. Policies").

**II. Portfolios**

Designated Enron Business Units are authorized to enter into Transactions which create Positions for Enron Corp. and its affiliates, other Enron Business Units or their respective customers within the authorized Commodity Groups and limits, specified in Appendix I. These Positions are managed in the following Portfolios:

- A. **Trading Portfolios** - designed to capture and manage risks related to physical delivery of energy and other commodities, to provide related risk management services, to take advantage of market arbitrage opportunities and to manage positions within the approved limits. This portfolio includes commodity transactions, financial instruments and securities transactions.
- B. **Merchant Portfolio** - designed to capture and manage merchant investments in public and private companies, including the active management of embedded exposures and to provide greater liquidity for Enron's merchant investment activities, consistent with Enron Corp.'s core competencies within the approved limits. This portfolio includes equity, "equity-like," debt and "debt-like" investments in the public and private sector.

**Capital Portfolio** - designed to accommodate positions and transactions in Enron's own stock, or derivatives thereof which may occur from time to time in the execution of approved structural transactions (for example, stock buy-backs, hedging of stock option programs)

**III. Position and Loss Notification Requirements**

Generally, Enron Companies' business activities are subject to a combination of limits. These limits include, but are not limited to, Net Open Position, Maturity/Gap Risk, and Potential Exposure limits and Loss notifications, as appropriate for the type of business activity under consideration.

Limits will be applied at the Commodity Group and Portfolio level, as appropriate.

- A. **Net Open Position Limits.** Enron Business Units' activities are subject to the Net Open Position limits at the Commodity Group level, as specified in Appendix I.
- B. **Maturity/Gap Risk Limits.** Enron Business Units' activities are subject to the Maturity/Gap Risk limits at the Commodity Group level, as specified in Appendix I.

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- C. **Potential Exposure Limits.** Enron Business Units' activities are subject to potential exposure analysis using stress-testing and scenario analysis, as directed by the Enron Corp. Chief Risk Officer, and limits based on VAR, calculated daily or as appropriate to the business activity under consideration at the Portfolio level and at the Commodity Group level.
- D. **Regulated Exchange Limits.** Enron Business Units' may be subject to limits imposed by regulated exchanges on which they transact. Enron Companies shall comply with any such limits imposed on them, as such limits may be modified from time to time.
- E. **Loss Notifications.** Daily and Cumulative Losses resulting from Enron Business Units' activities are subject to the reporting requirements, as specified in Section IV.C.

All Enron Business Units are expected to formulate limits subordinate to approved limits, which should be monitored internally, and act as triggers for reference to and action by senior Business Unit management.

#### IV. Limit Violation/Loss Notification Requirements

Notwithstanding the other provisions of this Policy, any violation of limits must be reported to the Enron Corp. Chief Risk Officer. Such report should be made prior to entering into a Transaction if there is a sufficient reason to believe that a limit violation will occur. Requirements for limit violation notifications, each accompanied by an explanation for all limit violations and a recommended course of action for Net Open Position, Maturity/Gap Risk and Value-at-Risk limit violations, will be as follows:

- A. **Net Open Position Limits; Maturity/Gap Risk Limits.** If the limit violation is equal to or in excess of five percent (5%) of the applicable limit, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the President of Enron Corp. If the limit violation is equal to or in excess of ten percent (10%) of the applicable limit, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the Chairman of Enron Corp.
- B. **Value-at-Risk Limits.** If the aggregate VAR limit is exceeded or if the VAR for any Commodity Group or Portfolio is equal to or in excess of five percent (5%) of the applicable limit, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the President of Enron Corp. If the aggregate VAR or the VAR for any Commodity Group or Portfolio is equal to or in excess of ten percent (10%) of the applicable limit, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the Chairman of Enron Corp.
- C. **Loss Notifications.** If at any time the aggregate Daily Loss or the Daily Loss in any Commodity Group or Portfolio is equal to or in excess of 50% of the respective VAR limit as approved by the Board of Directors, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the President of Enron Corp. If at any time the aggregate Daily Loss or the Daily Loss in any Commodity Group or all Commodity Groups in the aggregate is equal to or in excess of 75% of the respective VAR limit as approved by the Board of Directors, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the Chairman of Enron Corp.

If at any time the aggregate Cumulative Loss or Cumulative Loss in any Commodity Group or Portfolio is equal to or in excess of 75% of the respective VAR limit as approved by the Board of Directors, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the President of Enron Corp. If at any time the aggregate Cumulative Loss or Cumulative Loss in any Commodity Group or Portfolio is equal to or in excess of the respective VAR limit as approved by the Board of Directors, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the Chairman of Enron Corp.

EC004391469

Cumulative Loss violations are not reported for events, for which a respective Daily Loss has been previously reported.

- D. **Finance Committee of the Board of Directors Notification.** The Chief Risk Officer shall communicate to the Chairman of the Finance Committee violation of the Aggregate VAR Limit of 15% or greater and aggregate Daily Loss in excess of the respective VAR Limit. These and other limit violations and Loss Notifications and a summary of Enron's market risks will be reported to the Audit Committee of the Board by the Chief Risk Officer of Enron Corp. at all regularly scheduled Audit Committee meetings.

V. **Operations and Controls**

- A. **Segregation of Duties.** Enron Business Units shall keep segregated from the business groups or individuals entering into Transactions each of the following activities: recording and aggregation of Transactions; preparation, issuance and verification of Enron Corp. or third-party documentation; reporting of Positions and Commodity Group information; review of the reasonableness of prices and models, periodic validation of prices from independent market sources; monitoring of limits; physical and/or financial settlement of Transactions; reconciliation of accounts; and preparation of financial statements.

- B. **Position Reporting.** Designated Enron Business Units shall prepare, distribute and make available data constituting a daily report ("Daily Position Report") including Commodity Group Net Open Position, profit or loss, potential exposure and any other parameters as may be required by the President or the Chief Risk Officer of Enron Corp. The Daily Position Reports will also report various limits compared to their respective actual amounts and will be signed off by the commercial owner of the position(s) and the head of the commercial support group responsible for their preparation, before any subsequent trading occurs.

The President of Enron Corp. and Enron Corp. Chief Risk Officer shall designate individuals who are authorized to approve the Daily Position Report on behalf of Enron Corp. After approval, a consolidated Daily Position Report shall be distributed to the Chairman, the President, the Chief Information, Administrative & Accounting Officer and the Chief Risk Officer of Enron Corp. and others as designated by the President or the Chief Risk Officer of Enron Corp.

- C. **Stress and Scenario Testing.** On a monthly basis, or as markets dictate, designated Enron Business Units shall formulate and examine the effects of extreme changes in the market parameters relevant to exposures and positions. Results of these tests should be made available to the Enron Corp. Chief Risk Officer, or his designee.
- D. **Valuation.** On a monthly basis, or as markets dictate, designated Enron Business Units shall provide evidence of verification of all market parameters used in the calculation of risk metrics and profits and losses. This should be made available to the Enron Corp. Chief Risk Officer, or his designee.
- E. **Transaction Approvals.** Only those employees designated by the Enron Corp. Chief Risk Officer or his designee will be authorized to enter into Transactions on behalf of Enron. The Chief Risk Officer must also approve and maintain a record of those employees responsible for the individual Commodity Groups as specified in Appendix I, Appendix III and Appendix IV. All Transactions must be entered into in compliance with current or future policies, prevailing at the time transactions are contemplated, of the Credit Group, Market Risk Group, Legal Department, and other relevant groups, as determined by the Enron Corp. Chief Risk Officer.
- F. **Brokerage Accounts.** Designated Enron Business Units are authorized to open trading accounts with clearing brokers to facilitate the conduct of their business. All openings or revisions of trading

accounts with a broker or brokers will be reviewed and approved by the Enron Corp. Chief Risk Officer or his designees. The Enron Corp. Chief Risk Officer or his designees will also notify the brokers of the names of personnel authorized to trade futures, options or other contracts on regulated exchanges if the account has been designated for this purpose.

- G. **Calculation of the Net Open Position by Commodity Group.** For purposes of monitoring the Net Open Position Limits, as specified in IIIA., all Positions within a Commodity Group shall be aggregated into a reference Benchmark Position assigned to each group. Subject to approval by the Enron Corp. Chief Risk Officer, certain Positions within a Commodity Group may be authorized to have those Positions designated to a second Commodity Group for use as Cross-Commodity Hedges. If designated for this purpose, the relevant Position will be reported and monitored in the second Commodity Group for the purposes of limit monitoring. Affiliate positions are excluded from the Net Open Position calculation for purposes of limit monitoring.

## VI. Policy Amendment Authority

- A. **Portfolios, Commodity Groups and Positions.** Subject to the authorization of the Board of Directors, the Enron Corp. Chairman, the President of Enron Corp. and the Enron Corp. Chief Risk Officer, additional Portfolios may be created and additional Commodity Groups may be added within existing Portfolios. The related limits will be created or revised accordingly. The President of Enron Corp., in conjunction with the Enron Corp. Chief Risk Officer, can authorize additional Positions within the existing Commodity Groups, provided that such Positions can be aggregated within the limits of a currently authorized Commodity Group. Any amendment that authorizes additional Positions should be communicated to the Enron Corp. Chairman and the Board of Directors.
- B. **Position Measurement Parameters.** Any changes to parameters used in the aggregation and measurement of Positions must be approved by the Enron Corp. Chief Risk Officer. This includes, but is not limited to, the Benchmark Positions, VAR parameters, Maturity/Gap Risk periods, conversion ratios, volatility factors and correlation factors. Any substantive change will be communicated to Enron's Board at the next regularly scheduled Board of Directors' meeting.
- C. **Interim Policy for New Commodity Groups.** The President of Enron Corp. and the Chief Risk Officer of Enron Corp. may approve positions in new Commodity Group(s) prior to ratification by the Enron Corp. Board of Directors, subject to the following constraints: i) the new positions do not increase the respective Portfolio limits and ii) meet the criteria in the New Commodity Group requirements specified in Appendix II.
- D. **Limit Changes and Other Policy Amendments.** Any modification of limits or other amendments, supplements or updates to this Policy, unless covered by VI A, VI B, or VI C, must be either (i) approved by the Enron Corp. Board of Directors or (ii) approved by the Enron Corp. Chairman or President and ratified by the Enron Corp. Board of Directors at the next regularly scheduled Board of Directors' meeting.

## VII. Miscellaneous

**Employee Trading.** No employee of any Enron Company may engage in the trading of any Position for the benefit of any party other than an Enron Company (whether for their own account or for the account of any third party) where such Position relates to (i) any financial instrument, security, financial asset or liability which falls within such employee's responsibility at an Enron Company or (ii) any other commodity, included in any Commodity Group.

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**Employee Review of Policies.** An employee of any Enron Company participating in any activity or transaction within the coverage of this Policy shall sign, on an annual basis or upon any material revision to this Policy, a statement approved by the Enron Corp. Chief Risk Officer that such employee (i) has read this Policy and the Enron Corp. Trading Policies, (ii) understands such Policies, and (iii) has and will comply with such Policies.

**Supersedes Prior Policies.** This Policy supersedes and replaces all previous Policies of Enron Corp. approved by the Enron Corp. Board of Directors concerning risk management or trading, including the Enron Corp. Risk Management Policy and Addendums approved by the Enron Corp. Board of Directors on December 14, 1993, which was last amended on May 7, 1996. This Risk Management Policy was approved by the Enron Corp. Board of Directors on October 1, 1996, and as permitted hereunder it has been amended as of the date reflected on the first page hereof.

**Compliance with Policy.** All Business Units and their relevant employees should comply with this Policy. Dispensation for non-compliance should be sought from the President of Enron Corp., the Enron Corp. Chief Risk Officer or their designee. Willful or deliberate non-compliance or falsification of risk metrics or profits and losses referred to by this Policy will be regarded as gross misconduct.

### VIII. Definitions

**"Affiliate Position"** shall mean the Position between a Designated Enron Company and any other Enron Company ("Affiliate Transactions"), and any such other Transaction designated as a hedge of any Affiliate Transaction, in accordance with the Affiliate Policy.

**"Benchmark Position"** shall mean the Position within a Commodity Group into which all other Positions within the same Commodity Group can be converted using price volatility and correlation based conversion factors. Such conversion factors shall be established and authorized by the Enron Corp. Chief Risk Officer, in conjunction with the President of Enron Corp.

**"Commodity Group"** shall mean a collection of Positions having sufficient relationship and correlation (as approved by the Enron Corp. Board of Directors) that allow for aggregation into a Benchmark Position.

**"Cross-Commodity Hedge"** shall mean a Position within a certain Commodity Group that is suitably used as a hedge for another Position within a different Commodity Group (i.e. Natural Gas position used to hedge an Electricity position). The suitability and approval of Cross-Commodity Hedges for each Position for purposes of limit measurement shall be reviewed and approved by the Chief Risk Officer of Enron Corp. or his designee.

**"Cumulative Loss"** shall mean a sum of Daily Losses for the last consecutive five days. Upon occurrence of a Cumulative Loss Limit violation, Cumulative Loss calculation is reset and begins with the Daily Loss following the day on which the violation took place.

**"Daily Loss"** shall mean the loss in value of any Commodity Group (other than the Affiliate Position) on a daily basis, exclusive of originations and prudence. The Daily Loss will be calculated using the mark-to-market method on a net present value basis.

**"Designated Enron Companies"** shall mean Enron Corp. and such other Enron Companies as are designated for the specific relevant purpose under this Policy by the Enron Corp. Chief Risk Officer and the President of Enron Corp., acting jointly.

**"Enron Business Unit(s)"** shall mean Enron Corp. and any entity controlled, directly or indirectly, by Enron Corp., (including internal groups created for the purposes of trading, or aligned according to, the commodities as set out in Appendix III), or any entity directly or indirectly under common control of

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Enron Corp. For this purpose, "control" of any entity means ownership of fifty percent (50%) or more of the voting power of such entity.

"Maturity/Gap Risk" shall mean the risks related to non-parallel changes of forward prices or interest rates. For purposes of this Policy, the Maturity/Gap Risk related to commodity Positions with forward prices shall be measured using a rolling total of the net open position per period, which may be modified based on the market structure of the underlying Position and pending authorization of the Chief Risk Officer of Enron Corp. (see Appendix I).

"Net Open Position" shall mean the aggregate of the open Positions in a Commodity Group on a Benchmark Position equivalent basis.

"Position" shall mean, collectively, the risk components (including, but not limited to, price risk, basis risk, index risk, credit risk and liquidity risk) of all commodities, financial instruments, securities, equities, financial assets or liabilities which have been authorized for trading in the Enron Corp. Risk Management Policy, any of the Enron Corp. Policies or approved for trading through any amendments to this Policy.

"Market Parameters" shall mean market spot and forward prices/curves, market spot and forward volatility, correlation (where appropriate), market interest rates, spot foreign exchange rates (where appropriate).

"Daily Position Report" shall mean hard or soft copy report including, but not limited to the following, for each major commodity and price curve traded, and for all positions regardless of financial accounting treatment:

1. The amounts by which the mark-to-market value of the portfolio can change for small (or unit) changes in all "market parameters", as a term structure (i.e. by time "bucket") and on a net aggregate basis.
2. For portfolios with option or non linear risks, the concentration of sensitivities (delta, gamma, vega) according to expiry date and strike price ("strike concentration").
3. The value-at-risk for the portfolios, according to Enron's approved methodology.

"Potential Exposure" shall mean the potential change in value of a Position or Commodity Group resulting from changes in, but not limited to, market prices, interest rates, currency rates, counterparty credit condition, liquidity, funding and settlement risk.

"Transactions" shall mean, collectively, forwards, futures, swaps, options, any combination of these instruments and any other derivative or cash market instruments creating a Position.

"Value-at-Risk" shall mean the Potential Exposure related to a Commodity Group or Position calculated using the Enron Corp. adopted VAR methodology at the 95% confidence interval using a 1-day time horizon. Any recalibration or modification of the VAR methodology or parameters that take into account observed or anticipated changes in market factors or developments in VAR technologies must be approved by the Enron Corp. Chief Risk Officer or his designee.

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Commodity Group	Benchmark Position	Net Open Position Limit	Maturity / Gap Risk Limit	VAR Limit
<b>TRADING PORTFOLIO</b>				\$75MM
North American Natural Gas	NYMEX Henry Hub Equivalents	300 Bcf	350 Bcf (Rolling 12-Month)	\$40MM
Global Products	NYMEX WTI Equivalents	12.5 Mil Bbl	15 Mil Bbl (Rolling 12-Month)	\$8 MM
North American Electricity	Electricity Equivalents	18 Twh	15 Twh (Rolling 12-Month)	\$40 MM
Metals & Minerals	LME Aluminum Futures Equiv.	375,000 MT	600,000 MT (Rolling 12-Month)	\$8 MM
Coal	U.S. Eastern Coal Equivalents	15 MM MT	15 MM MTs (Rolling 12-Month)	\$2 MM
Pulp & Paper	Pulpex NBSK (Pulp) Futures Equiv.	300,000 MT	300,000 MT (Rolling 12-Month)	\$3 MM
Weather Derivatives	Maximum USD Exposure	\$100 MM	N/A	\$3 MM
Emission Allowances	SO2 Credits	1,000,000 Credits	1,000,000 Credits (Rolling 12-Month)	
* European Natural Gas	UK NBP Gas Equivalents	60 Bcf	90 Bcf (Rolling 12-Month)	\$7.5 MM
* UK Electricity	UK Electricity Equivalents	35 Twh	15 Twh (Rolling 12-Month)	\$10 MM
Nordic Electricity	Nordic Electricity Equivalents	15 Twh	15 Twh (Rolling 12-Month)	\$5 MM
Continental Electricity	Continental Electricity Equivalents	20 Twh	20 Twh (Rolling 12-Month)	\$5 MM
Australian Electricity	Electricity Equivalents	3 Twh	6 Twh (Rolling 12-Month)	\$3 MM
Japanese Electricity	Japanese Electricity Equivalents	4 Twh	4 Twh	\$4 MM
Southern Cone Natural Gas	Natural Gas Equivalents	35 Bcf	20 Bcf (Rolling 12-Month)	\$2 MM
Southern Cone Electricity	Electricity Equivalents	3 Twh	2 Twh (Rolling 12-Month)	\$2 MM
Financial Instruments				\$3 MM
Interest Rate	USD Notional Equivalent @ AA Libor	\$100,000 / bp	USD 50,000 / bp (<= 2 years)	(combined Interest Rate/FX)
Foreign Currency	USD Spot Rate Notional Equivalents	\$100 MM	N/A	
Equity Trading	Market Value in USD	\$100 MM	N/A	\$6 MM
Debt Trading	Market Value in USD	\$250 MM	N/A	\$2 MM
Enron Broadband Services	N/A	N/A	N/A	\$2 MM
MERCHANT PORTFOLIO	Market Value in USD	N/A	N/A	N/A
<b>CAPITAL PORTFOLIO</b>				
Enron Companies	Market Value in USD	\$300 MM	N/A	\$10 MM
Other	S&P Equivalents	\$200 MM	N/A	\$10 MM

\* - See Temporary Limits – Appendix IV

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**INTERIM POLICY REQUIREMENTS FOR NEW COMMODITY GROUP:**

- a) Approval by the President and the Chief Risk Officer of Enron Corp.
- b) Reported to the Enron's Board at the next Board meeting
- c) Does not increase the applicable Portfolio limit (see Appendix I)
- d) Position and P&L become a part of the daily reporting requirements
- e) Monthly review with Senior Risk Manager and Chief Risk Officer of Enron Corp.
- f) Does not exceed limits in New Commodity Group Parameters, as listed below

New Commodity Group Parameters:

Maximum Net Open Positions:	10BCF Equivalents
Maximum Time/Product Spread Position:	20BCF Equivalents
Maximum Daily Loss Limit:	\$500,000
Maximum VAR	\$1MM
Maximum Term of Interim Policy	6 Months

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**INTERIM POLICY LISTING:**

Commodity Group	Benchmark Position	Net Open Position Limit	Maturity / Gap Risk Limit	VAR Limit
Lumber	Board Feet	22 Mil Board Feet	22 Mil Board Feet	\$0.25 MM
Enron Credit	Maximum Exposure in USD	\$100 MM	N/A	\$1 MM
Colombia Electricity	Colombia Electricity Equivalents	0.5 Twh	0.75 Twh (Rolling 12-Month)	\$0.45 MM
Advertising Swaps	Cost per Point (CPP) Equivalents	782 CPP	782 CPP	\$1 MM
Meat Trading	Future Contract Equivalents	1,000 Contracts	1,000 Contracts	\$0.75 MM
Live Cattle Futures	(1 Contract = 40,000 lbs.)			
Lean Hogs Futures	(1 Contract = 40,000 lbs.)			
Feeder Cattle Futures	(1 Contract = 50,000 lbs.)			
Frozen Pork Bellies Futures	(1 Contract = 40,000 lbs.)			
Grain Trading	Future Contract Equivalents	1,000 Contracts	1,000 Contracts	\$0.5 MM
Corn Futures	(1 Contract = 5,000 bushels)			
Soybean Futures	(1 Contract = 5,000 bushels)			
Wheat Futures	(1 Contract = 5,000 bushels)			
Soft Commodities	Future Contract Equivalents	2,000 Contracts	2,000 Contracts	\$0.75 MM
Sugar Futures	(1 Contract = 112,000 lbs.)			
Coffee Futures	(1 Contract = 37,500 lbs.)			
Cocoa Futures	(1 Contract = 22,046 lbs. Or 10 MT)			

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**TEMPORARY POLICY LISTING:**

Commodity Group	Benchmark Position	Net Open Position Limit	Maturity / Gap Risk Limit	VAR Limit
* COO/CRO ALLOCATION				\$5 MM
* Enron Energy Services				\$5 MM
* NA Cross Commodity Trading				\$45 MM
* North American Natural Gas				\$7.5 MM
** EUROPEAN NATURAL GAS	UK NBP Gas Equivalents	260 Bcf	90 Bcf (Rolling 12-Month)	\$18 MM
*** UK ELECTRICITY (3/2/2000)	UK Electricity Equivalents	85 Twh	15 Twh (Rolling 12-Month)	\$7.5 MM

\* COO/CRO ALLOCATION -  
Corporate VAR Limit

	<u>Current</u>	<u>Proposed</u>
	\$60 MM	\$75 MM – until 12/31/00 – (\$15 MM allocated below)

The increase (\$15MM) will be allocated to Commodity Groups based on the specific approval from the President & COO and the Chief Risk Officer (CRO) of Enron Corp. All volumetric limits will remain in force at current levels. We further recommend this increased risk allocation to remain in effect through December 31, 2000 and will be reviewed at the August 8, 2000 Board meeting.

* Enron Energy Services VAR Limit	<u>Current</u>	<u>With Allocation</u>
	None	\$5 MM – June 15, 2000 until September 30, 2000
* NA Cross Commodity Trading VAR Limit	<u>Current</u>	<u>With Allocation</u>
	None	\$5 MM – June 26, 2000 until December 31, 2000
* North American Natural Gas VAR Limit	<u>Current</u>	<u>With Allocation</u>
	\$40 MM	\$45 MM – July 26, 2000

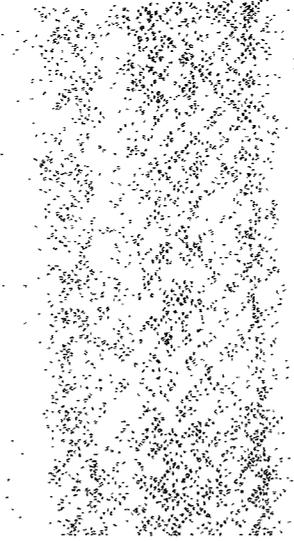
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ENRON CORP.  
RISK MANAGEMENT POLICY

	<u>Current</u>	<u>Temporary</u>	<u>Proposed</u>
** European Natural Gas			
Net Open Position Limit	60 Bcf	260 Bcf – until 12/31/99	260 Bcf – until 12/31/00
Rolling 12-Month Open Position Limit	90 Bcf	90 Bcf	120 Bcf – until 12/31/00
VAR Limit	\$7.5 MM	\$7.5 MM	No change
*** UK Electricity			
Net Open Position Limit	35 MM Mwh	85 MM Mwh	
Rolling 12-Month Open Position Limit	15 MM Mwh	<sup>40</sup> 15 MM Mwh	
VAR Limit	\$10 MM	\$18 MM	

In order to facilitate the sale of the Sutton Bridge Power Station, the new limits will amortize quarterly back down to current limits by 9/01/01.

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5(c)



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**AGENDA ITEM 5(c)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

RESOLVED, that the formation and capitalization of Enron Finance Partners, LLC, a Delaware limited liability company ("EFP"), by the Company, Enron Capital Investments Corp., a Delaware corporation ("ECIC"), Smith Street Land Company, a Delaware corporation ("SSLC"), and EOGI-India, Inc., a Delaware corporation ("EOGI"), all direct or indirect wholly-owned subsidiaries of the Company, pursuant to that certain Limited Liability Company Agreement of Enron Finance Partners, LLC, dated as of July 21, 2000 ("LLC Agreement"), be, and hereby is, authorized, approved, ratified and confirmed;

RESOLVED FURTHER, that the appointment and admission of the Company as the sole Managing Member of EFP be, and hereby is, authorized, approved, ratified and confirmed;

RESOLVED FURTHER, that, in connection with the formation of EFP, the execution and delivery by the Company of a Demand Promissory Note, dated as of July 21, 2000, in the original principal amount of \$200 Million Dollars, with a maturity date of July 21, 2010 and bearing an interest rate of eight percent per annum ("Promissory Note"), made payable to ECIC as a contribution to the capital of ECIC be, and hereby is, authorized, approved, ratified and confirmed;

RESOLVED FURTHER, that upon receipt of the Promissory Note, ECIC contributed the Promissory Note to EFP as a capital contribution by ECIC, and such contribution by ECIC to EFP of the Promissory Note be, and hereby is, authorized, approved, ratified and confirmed, and the Company hereby recognizes EFP as the holder of the Promissory Note;

RESOLVED FURTHER, that in addition to its initial cash capital contribution to EFP in consideration of its admission as a member of EFP, EOGI caused a further capital contribution to EFP by contributing to EFP all of the issued and outstanding capital stock of Enron Oil & Gas India Ltd., a Cayman Islands company ("EOG Cayco"), pursuant to an irrevocable stock power (the "EOG Cayco Contribution"), and the EOG Cayco Contribution be, and hereby is, authorized, approved, ratified and confirmed;

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RESOLVED FURTHER, that in connection with the EOG Cayco Contribution, EOGI assumed approximately \$523 million of debt of Enron Corp. (the "Enron-EOGI Debt Obligations"), which debt was assumed pursuant to an Assumption Agreement, dated as of July 21, 2000 (the "EOGI Assumption Agreement"), between the Company and EOGI, and such assumption by EOGI of the Enron-EOGI Debt Obligations and the execution and delivery of the EOGI Assumption Agreement be, and hereby are, authorized, approved, ratified and confirmed;

RESOLVED FURTHER, that upon assumption of the Enron-EOGI Debt Obligations by EOGI, EFP assumed the Enron-EOGI Debt Obligations pursuant to a Supplemental Assumption Agreement, dated as of July 21, 2000 (the "First Supplemental Assumption Agreement"), between EOGI and EFP, and such assumption by EFP of the Enron-EOGI Debt Obligations and the execution and delivery of the First Supplemental Assumption Agreement be, and hereby are, authorized, approved, ratified and confirmed;

RESOLVED FURTHER, that as a result of the EOGI Assumption Agreement and the First Supplemental Assumption Agreement, the Company has not been released from the Enron-EOGI Debt Obligations;

RESOLVED FURTHER, that in addition to its initial cash capital contribution to EFP in consideration of its admission as a member of EFP, SSLC caused a further capital contribution to EFP by executing an Option Agreement, dated as of July 27, 2000 ("Option Agreement"), between SSLC and EFP, granting EFP an exclusive and irrevocable option until July 27, 2010 to purchase all of the shares of capital stock of Enron Renewable Energy Corp., a Delaware corporation ("EREC"), held by SSLC, and that the execution, delivery and performance of such Option Agreement and contribution be, and hereby are, authorized, approved, ratified and confirmed;

RESOLVED FURTHER, that in connection with the execution and delivery of the Option Agreement, SSLC assumed approximately \$524 million of debt of Enron Corp. (the "Enron-SSLC Debt Obligations"), which debt was assumed pursuant to an Assumption Agreement, dated as of July 27, 2000 (the "SSLC Assumption Agreement"), between the Company and SSLC, and such assumption

by SSLC of the Enron-SSLC Debt Obligations and the execution and delivery of the SSLC Assumption Agreement be, and hereby are, authorized, approved, ratified and confirmed;

RESOLVED FURTHER, that upon assumption of the Enron-SSLC Debt Obligations by SSLC, EFP assumed the Enron-SSLC Debt Obligations pursuant to a Supplemental Assumption Agreement, dated as of July 27, 2000 (the "Second Supplemental Assumption Agreement"), between SSLC and EFP, and such assumption by EFP and the execution and delivery of the Second Supplemental Assumption Agreement be, and hereby are, authorized, approved, ratified and confirmed;

RESOLVED FURTHER, that as a result of the SSLC Assumption Agreement and the Second Supplemental Assumption Agreement, the Company has not been released from the Enron-SSLC Debt Obligations;

RESOLVED FURTHER, that in order to provide financing and liquidity for construction and operation of the new Enron Building in Houston, Texas and to facilitate other businesses and financings of the Company, the Company is hereby authorized, in its own capacity and in its capacity as Managing Member of EFP, to:

- (a) cause EFP to loan funds to one or more third parties or to the Company or to affiliates of the Company, or receive as a loan, contribution or investment funds by one or more third parties, the Company or affiliates of the Company, in connection with the business of EFP and the Company;
- (b) seek the participation or investment by any affiliated or unaffiliated investors, and cause the issuance and/or sale of equity or debt securities or membership interests in EFP in such amounts and at such times as determined by the Company, which issuances may be to an affiliate of the Company or to an investor or investor group not affiliated with the Company;
- (c) engage any financial, legal or other advisors to implement financings, loans and issuances of equity or debt securities or membership interests for EFP, the Company or their respective affiliates;

(d) form and capitalize all entities necessary or appropriate to effectuate the foregoing transactions.

RESOLVED FURTHER, that the Company hereby authorizes the implementation of all actions necessary or appropriate to accomplish the purposes of the foregoing resolution, including, without limitation, (i) the creation of entities (including, but not limited to, corporate entities, limited liability companies, branches, and/or partnerships under the laws of the United States, the states thereof, and foreign jurisdictions), (ii) the issuance of or purchase of shares or other interests by the Company, EFP, and their respective subsidiaries and affiliates, (iii) contributions of capital to EFP and to subsidiaries and affiliates of EFP and the Company, (iv) transfers by the Company, EFP or their respective subsidiaries or affiliates of receivables or other assets (including, without limitation, third party, Company, EFP or their respective subsidiaries' or affiliates' notes or other financial obligations), (v) making guarantees and indemnifications by the Company, EFP or their respective subsidiaries or affiliates, (vi) borrowing or providing lending by the Company, EFP or their respective subsidiaries or affiliates, (vii) acquisitions of securities of the Company, EFP or their respective subsidiaries or affiliates, and (viii) the sale of securities by the Company, EFP or their respective subsidiaries or affiliates to third parties, all of the foregoing subject to the applicable charter and governing documents of the Company, EFP and their respective subsidiaries and affiliates, and the execution and delivery of contractual agreements as deemed necessary or appropriate and approved and executed by officers or representatives of the Company or EFP acting on the advice of counsel, which is hereby authorized and which shall be conclusively evidenced by their signatures on documents intended to be final documents;

RESOLVED FURTHER, that the Chairman of the Board, any Vice Chairman of the Board, the President or any Vice President (including any Executive Vice President, Senior Vice President or Vice President), the Treasurer or any Deputy Treasurer of the Company (each an "Authorized Officer") be, and each hereby is, authorized, empowered and directed (and any one of them acting alone) to take any and all such further actions as such officer deems necessary or desirable to carry into effect the foregoing resolutions;

RESOLVED FURTHER, that a Committee of the Board consisting of Kenneth Lay and Jeffrey Skilling (with Kenneth Lay to serve as chairman) be, and hereby is, constituted under Section 3, Article IV of the Company's Bylaws with full power and authority on behalf of the Board (except as otherwise contemplated by Section 6, Article IV of the Company's Bylaws) to:

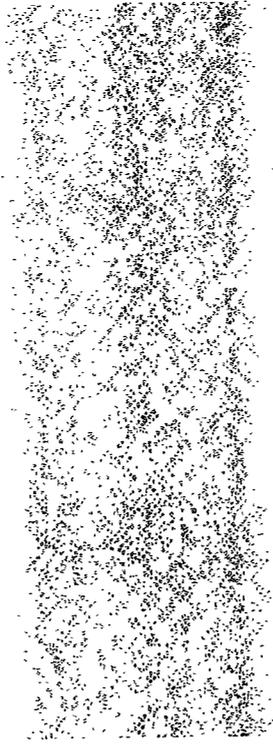
- (a) settle and approve the terms and authorize execution on behalf of the Company of such additional documents relating to the transaction undertaken or proposed to be undertaken by the foregoing resolutions as may be required or necessary in order to enable the Company and its affiliates to fulfill their respective obligations in connection with the foregoing resolutions;
- (b) pay or authorize the payment of all fees, expenses or charges incurred by or on behalf of the Company or its affiliates in connection with the transactions contemplated by the foregoing resolutions, including (but without limitation) the fees and expenses of the Company's and its affiliates' financial, legal and professional advisers; and
- (c) take any and all such further action as they shall deem necessary or desirable in connection with the transactions contemplated by the foregoing resolutions;

RESOLVED FURTHER, that the Authorized Officers of the Company and its counsel be, and each of them hereby is, authorized, empowered and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company and/or EFP, under their respective corporate seals or otherwise, and to pay all such expenses as in their discretion appear to be necessary or desirable to carry into effect the purposes and intentions of this and each of the foregoing resolutions; and

RESOLVED FURTHER, that all actions heretofore taken by any officer or representative of the Company related to or in connection with the transactions contemplated by these resolutions be, and hereby are, adopted, ratified, confirmed and approved in all respects.

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

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5(d)

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AGENDA ITEM 5(d)  
(SUGGESTED FORM OF RESOLUTIONS)

WHEREAS, the Board of Directors of the Company deems it advisable and in the best interests of the Company that Enron South America LLC and certain of its wholly-owned subsidiaries (and affiliates) (the "Project Participants") build, own and operate a 355MW skid mounted merchant power plant near Rio de Janeiro, Brazil (the "Project"), the total cost of which project is estimated to be US\$230 million dollars; and

WHEREAS, the Executive Committee of the Board of Directors of the Company deems it advisable and in the best interests of the Company that approvals be granted, as set forth below, in connection with its development of the Project;

NOW, THEREFORE, IT IS RESOLVED, that the appropriate officers of the Company and/or the Project Participants be, and hereby are, authorized to execute, deliver, and perform the obligations of all agreements in connection with the Project, including engineering, procurement and construction contract(s) with the Project's turnkey construction contractor, joint venture, shareholder and participation agreements with other project participants, operations and maintenance, fuel supply, power purchase and tolling agreements, financing and loan agreements with various project lenders, and other various agreements related to the Project;

RESOLVED FURTHER, that the Company and/or the Project Participants be, and hereby are, authorized to make equity contributions in order to fund construction of the Project in the amount of up to US\$230,000,000;

RESOLVED FURTHER, that the officers, directors, and authorized legal representatives of the Company and the Project Participants be, and hereby are, authorized to execute and deliver such other certificates, powers of attorney, affidavits, agreements, assignments, documents, guarantees, and instruments as are required in connection with the above-referenced Project;

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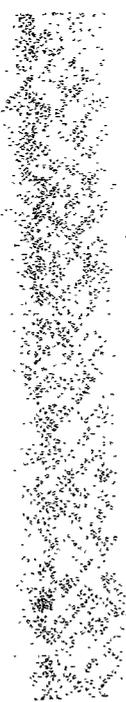
RESOLVED FURTHER, that all actions heretofore taken by the officers and representatives of the Company and the Project Participants with respect to the transactions contemplated above be, in all respects, approved, confirmed, and ratified; and

RESOLVED FURTHER, that the proper officers of the Company and the Project Participants be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company and the Project Participants, under a corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and the foregoing resolutions.

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

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5(e)

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**AGENDA ITEM NO. 5(e)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, certain wholly-owned subsidiaries of the Enron South America LLC, including Enron do Brazil Holdings Ltd. and Enron Brazil Power Holdings I Ltd. (the "Enron Project Participants"), have participated with Shell Cuiabá Holdings Ltd. and Shell Gas (Latin America) B.V. (together with their affiliates, "Shell") in the development and ownership of the Cuiabá Integrated Energy Project (the "Cuiabá Project" or the "Project");

WHEREAS, in order to secure funding for the Cuiabá Project, the Project Participants and Shell, along with their jointly owned subsidiaries involved in the Project, have entered into a Common Terms Agreement dated as of September 30, 1999, with Overseas Private Investment Corporation, Kreditanstalt für Wiederaufbau, the banks or other financial institutions that become parties thereto, Citibank, N.A., Bolivia, Citibank, N.A., Brazil, and Citibank, N.A. (the "Lenders"), as amended by Amendment No. 1 to Common Terms Agreement, dated as of July 21, 2000, and also various mortgages, loan agreements, security documents and other documents required in connection with the financing (the "Project Financing"); and

WHEREAS, the Lenders have required the following guarantees and pledges in connection with the Project Financing: (i) guarantee of the fuel supply to the Cuiabá Project through May 31, 2003, with the subsequent guarantee of outstanding debt of the Project if the Project is unable to obtain an adequate replacement fuel supply (the "Fuel Standby Arrangement"); (ii) indemnification of the Lenders against potential debt service deficiencies resulting from inadequate prior approval by the *Banco Central do Brasil* (the "Central Bank") for U.S. dollar accounts and cross-guarantees required by the Lenders (the "Central Bank Indemnity"); (iii) sponsor support for cost overruns associated with change orders and delays under the Project's construction contracts (the "Contingent Equity Guarantee"); (iv) guarantee of the Enron Project Participants' contributions to the Chiquitano Forest Conservation Foundation Program in Bolivia (the "NGO/Chiquitano Foundation Support"); (v) liquidity support to the power plant portion of the Cuiabá Project in the event of an economic equilibrium event until the Project is

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reimbursed for such event under the Project's Power Purchase Agreement (the "Liquidity Facility"); (vi) guarantee of potential gas price differential resulting from index price differences between the Project's Power Purchase Agreement and its Gas Supply Agreement (the "Gas Price Floor");

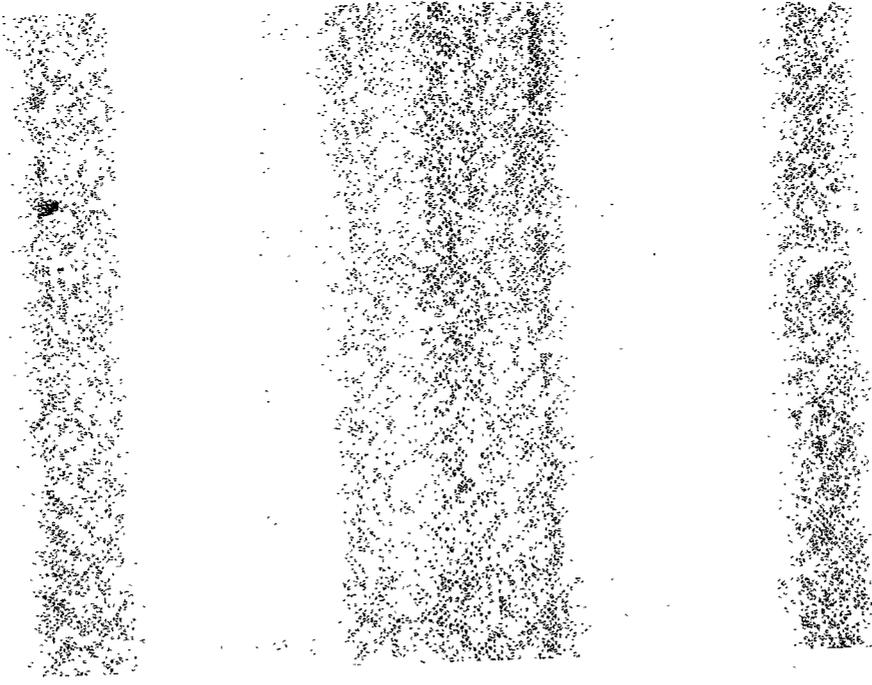
NOW, THEREFORE, IT IS RESOLVED, that the guarantees required in connection with the Cuiabá Project are approved up to the following amounts: the Fuel Standby Arrangement in an amount up to US\$365,000,000; the Central Bank Indemnity in an amount up to US\$262,400,000.00; the Contingent Equity Guarantee in an amount up to US\$100,240,000.00; the NGO/Chiquitano Foundation Support in an amount up to US\$12,250,000; the Liquidity Facility in an amount of US\$14,375,000; and the Gas Price Floor in an amount up to US\$2,200,000 per annum;

RESOLVED FURTHER, that the directors, officers, and attorneys-in-fact of the Company and the Enron Project Participants are hereby authorized, empowered, and directed (any one of them acting alone) to take any and all such actions necessary to execute and deliver all instruments and documents in support the Cuiabá Project and the Project Financing, under corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions and that all actions heretofore taken by the directors, officers, and attorneys-in-fact of the Company and the Enron Project Participants with respect to the transactions contemplated above be, in all respects, approved, confirmed, and ratified.

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

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5(f)



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**AGENDA ITEM 5(f)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, certain wholly-owned subsidiaries of the Enron South America LLC, including Enron do Brazil Holdings Ltd. (the "Project Participants") have participated with Shell Cuiabá Holdings Ltd. and Shell Gas (Latin America) B.V. (together with their affiliates, "Shell") in the development and ownership of the Cuiabá Integrated Project (the "Cuiabá Project), including partial ownership of Transredes-Transporte de Hidrocarburos S.A. ("Transredes"); and

WHEREAS, Transredes currently holds a participation in the Cuiabá Project consisting of 12.5% of EPE - Empresa Produtora de Energia S.A., 12.5% of GasOcidente do Mato Grosso Ltda. and 40% of GasOriente Boliviano Ltda., and Shell has made a firm offer to purchase all of such interests and has granted the Project Participants the opportunity to participate with Shell in such offer on a 50:50 basis (i.e., to purchase up to 50% of Transredes' interest in the Cuiabá Project) (the Buyout");

WHEREAS, it is now in the best interests of the Company for the Project Participants to acquire this additional interest in the Cuiabá Project;

NOW, THEREFORE, IT IS RESOLVED, that the Board of Directors hereby approves the purchase of up to 50% of Transredes' ownership in the Cuiabá Project;

RESOLVED FURTHER, that the appropriate officers of the Company and/or the Project Participants be, and hereby are, authorized to execute, deliver, and perform the obligations of all agreements necessary or desirable in connection with the Buyout;

RESOLVED FURTHER, that the Company and/or the Project Participants be, and hereby are, authorized to participate in the Buyout in the amount of up to US\$59,600,000;

RESOLVED FURTHER, that the officers, directors, and authorized legal representatives of the Company and the Project Participants be, and hereby are, authorized to execute and deliver such other certificates, powers

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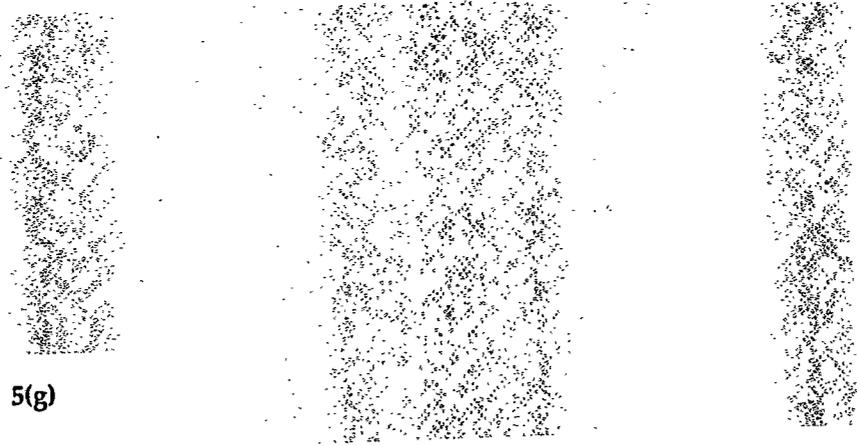
of attorney, affidavits, agreements, assignments, documents, guarantees, and instruments as are required in connection with the above-referenced Buyout;

RESOLVED FURTHER, that all actions heretofore taken by the officers and representatives of the Company and the Project Participants with respect to the transactions contemplated above be, in all respects, approved, confirmed, and ratified; and

RESOLVED FURTHER, that the proper officers of the Company and the Project Participants be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company and the Project Participants, under a corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and the foregoing resolutions.

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

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5(g)

EC004391495

# Enron Transaction Approval Summary

## Merchant Transactions

August 8, 2000

Board of Directors Meeting:

July 21, 2000

TODAY'S DATE:

Tab No.	Region/ Business	Investment Class	Date Approved	Transaction Name	Transaction Size	Approval Authority*	Net Amount
					\$ 31,300,000	ENE-CEO/COO	\$ 31,300,000
M-1	ENA	Conforming	22-Jun-00	Avista	\$ 20,500,000	ENE-OOC	\$ 10,250,000
M-2	ENA	Conforming	28-Jun-00	Crescendo Energy, LLC	\$ 39,846,378	ENE-CEO/COO	\$ 39,846,378
M-3	EE&CC	Conforming	30-May-00	EECC Blue Dog Turbine Purchase (1)	\$ 3,200,000	ENE-OOC	\$ 3,200,000
M-4	ESA	Conforming	30-May-00	ESA Turbine (2)	\$ 30,000,000	ENE-CEO/COO	\$ 30,000,000
M-5	ENA	Conforming	28-Apr-00	Heartland Industrial Partners	\$ 1,100,000	ENE-OOC	\$ 1,100,000
M-6	EIP	Conforming	29-Jun-00	leC II (3)	\$ 3,500,000	ENE-OOC	\$ 3,500,000
M-7	ENA	Conforming	02-Jun-00	Kafus (4)	\$ 52,280,000	ENE-CEO/COO	\$ 26,140,000
M-8	ENA	Conforming	01-Jun-00	Linden Six (5)	\$ 15,262,000	ENE-OOC	\$ 15,262,000
M-9	ENA	Conforming	19-Apr-00	LM 6000 Transformer	\$ 500,000	ENE-OOC	\$ 375,000
M-10	ENA	Conforming	01-May-00	LSI (Three Amigos) (6)	\$ 29,907,000	ENE-CEO/COO	\$ 20,007,000
M-11	ENA	Conforming	13-Jul-00	Pastoria	\$ 5,000,000	ENE-OOC	\$ 2,500,000
M-12	ENA	Conforming	26-May-00	Sierra Preferred Equity (7)	\$ 232,395,378		\$ 183,480,378
<b>Total Funded Capital Approved:</b>							

Commodities							
Tab No.	Region/ Business	Investment Class	Date Approved	Transaction Name	Transaction Size	Approval Authority*	Net Amount
M-13	ENA	Conforming	26-May-00	NSTAR	\$ 13,700,000	ENE-OOC	\$ 13,700,000
<b>Total Commodities</b>					\$ 13,700,000		\$ 13,700,000

Guarantees and Letters of Credit							
Tab No.	Region/ Business	Investment Class	Date Approved	Transaction Name	Transaction Size	Approval Authority*	Net Amount
M-14	EE&CC	Conforming	06-Jul-00	Cogentrix Sterlington Power Plant	\$ 56,350,000	ENE-CEO/COO	\$ 56,350,000
M-15	ENA	Conforming	30-May-00	EEX Reliable Reserves	\$ 20,000,000	ENE-OOC	\$ 20,000,000
M-16	EWC	Conforming	15-May-00	Indian Mesa II Wind Project / Sweetwater I Wind Project	\$ 5,018,245	ENE-OOC	\$ 5,018,245
<b>Total Letters of Credit</b>					\$ 81,368,245		\$ 81,368,245

# Enron Transaction Approval Summary

## Merchant Transactions

August 8, 2000

Board of Directors Meeting:

July 21, 2000

TODAY'S DATE:

Divestitures				Transaction Name	Transaction Size	Approval Authority*	Net Amount
Tab No.	Region/ Business	Investment Class	Date Approved				
M-17	ENA	Conforming	07-Jul-00	Avista Turbine Sale	\$ 39,400,000	ENE-CEO/COO	\$ 39,400,000
M-18	ENA	Conforming	17-May-00	LEG Sale	\$ 15,500,000	ENE-OOC	\$ 9,300,000
M-19	EWC	Conforming	26-Jun-00	Sale of Lake Benton II Project	\$ 127,500,000	ENE-CEO/COO	\$ 127,500,000
<b>Total Commodities</b>					<b>\$ 182,400,000</b>		<b>\$ 176,200,000</b>

\* Approved under authority granted at the August 1999 Board meeting. Included for information purposes only.

- (1) Includes Amendments.
- (2) Total Exposure after this transaction is \$153.2MM
- (3) Total Exposure after this transaction is \$7.0MM.
- (4) Total Exposure after this transaction is \$169.7 MM (this includes \$60MM of debt in Merlin).
- (5) Not included in the Transaction Size is an Enron Guarantee of \$7.65MM.
- (6) Total Exposure after this transaction is \$12MM, net to Enron \$9MM.
- (7) Total Exposure after this transaction is \$10MM, net to Enron \$5MM.

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# Enron Transaction Approval Summary

## Strategic Transactions

August 8, 2000

Board of Directors Meeting:

July 21, 2000

TODAY'S DATE:

Tab No.	Region/ Business	Investment Class	Date Approved	Transaction Name	Transaction Size	Approval Authority*	Net Amount
S-1	EE&CC	Nonconforming	01-May-00	Acquisition-51% of Tecna	\$ 5,000,000	ENE-OOC	\$ 5,000,000
S-2	CALME	Nonconforming	26-Apr-00	Al Kamil, Oman IPP	\$ 1,970,000	ENE-OOC	\$ 1,970,000
S-3	EBS	Conforming	30-Jun-00	AT&T Fiber	\$ 6,000,000	ENE-OOC	\$ 6,000,000
S-4	EE&CC	Conforming	26-Apr-00	EPC-63 (Pemex)	\$ 15,000,000	ENE-OOC	\$ 15,000,000
S-5	EES	Conforming	05-May-00	Erpag	\$ 9,000,000	ENE-OOC	\$ 9,000,000
S-6	Europe	Conforming	20-Jun-00	ETOL Boiler 6	\$ 9,000,000	ENE-OOC	\$ 9,000,000
S-7	EES	Conforming	15-May-00	Ft. Bragg	\$ 20,200,000	ENE-OOC	\$ 20,200,000
S-8	EES	Conforming	25-Apr-00	Ft. Campbell	\$ 20,000,000	ENE-OOC	\$ 20,000,000
S-9	ESA	Conforming	05-Jul-00	Gaspart LDC Capex Funding (1)	\$ 8,400,000	ENE-OOC	\$ 8,400,000
S-10	EGEP	Conforming	02-Jun-00	Korea Gas Exploration	\$ 22,900,000	ENE-OOC	\$ 22,900,000
S-11	EGF	Conforming	10-Jul-00	Margaux	\$ 15,000,000	ENE-OOC	\$ 15,000,000
S-12	EBS	Conforming	30-Jun-00	Qwest Fiber/Conduit Swap	\$ 39,900,000	ENE-CEO/COO	\$ 39,900,000
S-13	MG	Conforming	29-Jun-00	Romulus	\$ 74,100,000	ENE-CEO/COO	\$ 74,100,000
S-14	ESA	Conforming	08-Jun-00	Starburst	\$ 13,200,000	ENE-OOC	\$ 13,200,000
S-15	ESA	Conforming	05-Jul-00	Transredes III (2)	\$ 10,000,000	ENE-OOC	\$ 10,000,000
S-16	EE&CC	Conforming	10-May-00	Tribasa IV (3)	\$ -	ENE-OOC	\$ -
<b>Total Funded Capital Approved:</b>					<b>\$ 269,670,000</b>		<b>\$ 269,670,000</b>

Guarantees							
Tab No.	Region/ Business	Investment Class	Date Approved	Transaction Name	Transaction Size	Approval Authority*	Net Amount
S-17	ENA	Conforming	30-May-00	Ecogas Guarantee	\$ 6,000,000	ENE-OOC	\$ 6,000,000
<b>Total Guarantees</b>					<b>\$ 6,000,000</b>		<b>\$ 6,000,000</b>

EC004391498

# Enron Transaction Approval Summary

## Strategic Transactions

August 8, 2000

Board of Directors Meeting:

July 21, 2000

TODAY'S DATE:

Divestitures				Transaction Name	Transaction Size	Approval Authority*	Net Amount
Tab No.	Region/ Business	Investment Class	Date Approved				
S-18	CALME	Conforming	30-Jun-00	Haina Equity Sale	\$ 70,000,000	ENE-OOC	\$ 70,000,000
<b>Total Divestitures</b>					<b>\$ 70,000,000</b>		<b>\$ 70,000,000</b>

\* Approved under authority granted at the August 1999 Board meeting. Included for information purposes only.

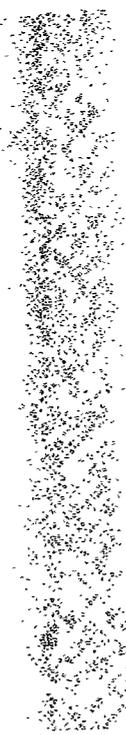
(1) Total Exposure after this transaction is \$183.2MM.

(2) Total Exposure after this transaction is \$141.75MM.

(3) Extend maturity of loan to December 15, 2000. Total Tribasa Exposure is \$22.9MM.

(4) Cumulative Exposure for Ecogas is \$45.9MM (Maximum \$81.9MM including contingent equity purchase price payment).

EC004391499



**Nominating Committee  
Agenda**

EC004391500

Lord John Wakeham, Chairman  
Dr. Wendy L. Gramm  
Dr. John Mendelsohn  
Mr. Jerome J. Meyer

**AGENDA  
MEETING OF THE NOMINATING AND  
CORPORATE GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS**

**August 7, 2000 at 1:30 p.m., C.D.T.  
Enron Building  
Houston, Texas**

1. Approve minutes of a meeting of the Committee held on February 7, 2000 – Lord Wakeham.
2. Other Business
2. Adjournment.

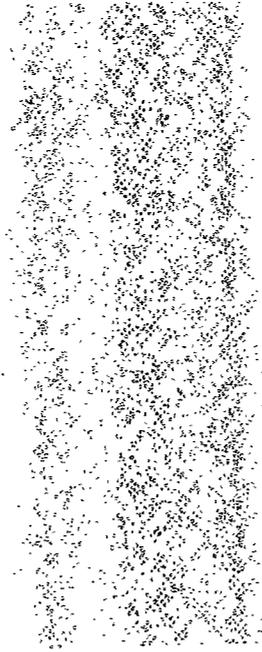
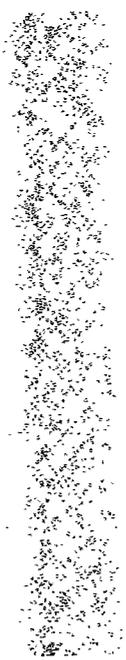
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EC004391501



**General Corporate  
Matters**

EC004391502



11(a)

EC004391503

**AGENDA ITEM 11(a)**  
**(SUGGESTED FORM OF RESOLUTIONS**  
**IF DIVIDEND LEVEL MAINTAINED)**

RESOLVED, that a dividend of \$3.413 per share on the Cumulative Second Preferred Convertible Stock of the Company, covering the quarter ending September 30, 2000, be, and it hereby is, declared payable on October 2, 2000 to shareholders of record of said stock at the close of business on September 15, 2000; and

RESOLVED FURTHER, that a dividend of \$0.125 per share on the Common Stock of the Company be, and it hereby is, declared payable on September 20, 2000 to shareholders of record of said stock at the close of business on September 1, 2000 out of the net profits or surplus of the Company available for the payment of dividends.

**OR**

**AGENDA ITEM 11(a)**  
**(SUGGESTED FORM OF RESOLUTIONS**  
**IF DIVIDEND LEVEL REDUCED)**

RESOLVED, that a dividend of \$2.625 per share on the Cumulative Second Preferred Convertible Stock of the Company, covering the quarter ending September 30, 2000, be, and it hereby is, declared payable on October 2, 2000 to shareholders of record of said stock at the close of business on September 15, 2000; and

RESOLVED FURTHER, that a dividend of \$0.0125 per share on the Common Stock of the Company be, and it hereby is, declared payable on September 20, 2000 to shareholders of record of said stock at the close of business on September 1, 2000 out of the net profits or surplus of the Company available for the payment of dividends.

11(b)



EC004391505

**AGENDA ITEM 11(b)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

RESOLVED, that the following persons be, and each hereby is, elected to the position set forth opposite their names, to serve for the ensuing year and until their successors are duly elected and qualified:

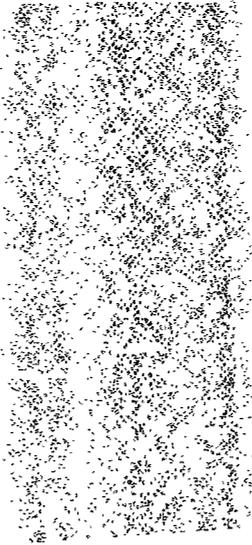
Cedric R. Burgher  
Rodney L. Faldyn  
Christie A. Patrick  
James D. Steffes  
Michael F. Terraso

Vice President, Investor Relations  
Vice President, Transaction Accounting  
Vice President, Public Affairs  
Vice President, Public Affairs  
Vice President, Environmental, Health &  
Safety & Chief Environmental Officer

*Wray  
L. M.*

EC004391506

**Other Business**



EC004391507

# IPT Talking Points

## The Deal

- \$28.5 Million For 100% Of Outstanding shares of IPT - \$8.6 Million in ENE options for employees vesting over 3 years
- HSB owns 51% of IPT
  - \$13.5 million cash (\$10.0 million to be used to retire debt)
  - Non-Compete
- Gary Weiss Is Founder and 49% shareholder
  - \$15 million in ENE equity per Board resolution
  - 3 year employment agreement
  - \$6.1 million in options vesting over 3 year term
- Key 15 Employees
  - Receive \$2.5 million in ENE options vesting over three year term
- Anticipate Definitive Agreements To Be Signed Week Of August 14th, 2000
- Closing forecast for end of Q3 pending Hart-Scott-Rodino clearance.

EC004391508

# Integrated Process Technologies (“IPT”) Talking Points

## Core Platform For Service Dispatching, Asset Data Capture and Forward Pricing Development

- Web-Based Vendor Management Network Used To Dispatch HVAC Service Providers For All Classes Of Facility Services
- Process Data To Provide Preventative Maintenance of HVAC Equipment
- Customers Include: Blockbuster, Exxon/Mobil, The Limited Stores, Payless Shoe Stores, Structure, Pizzeria Uno, Bath and Body Works
- 120 employees based in Hartford Connecticut (All expected to come with Acquisition)

EC004391509

*Mark  
Mullin  
Jan 11 2001*

**AGENDA ITEM NO. 12  
(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, Enron Corp. (the "Company") desires to acquire all of the outstanding equity interests of Integrated Process Technologies, LLC ("IPT");

WHEREAS, Enron Energy Services Operations, Inc. ("EESO") has entered into a letter of intent dated July 12, 2000, with Gary A. Weiss ("Weiss") providing, among other things, for the acquisition by the Company of all of the outstanding capital stock of Weiss Holding Company, which owns 49% of the equity interests of IPT in exchange for the issuance of \$15 million worth of shares of Common Stock of the Company to Weiss;

WHEREAS, it is contemplated that in connection with the transaction an aggregate of approximately \$6.5 million to \$11.5 million of Company stock options will be issued to Weiss and certain other key employees;

WHEREAS, EESO has entered into a letter of intent dated July 12, 2000, with HSB Group, Inc. ("HSB Group") providing, among other things, for the acquisition by the Company of 51% of the outstanding equity interests of IPT in exchange for the issuance of \$13.5 million worth of shares of Common Stock of the Company to HSB Group.

NOW, THEREFORE, IT IS RESOLVED, that the Company shall negotiate the aforesaid transactions (the "Transactions") and that the definitive contracts and agreements relating to the Transactions shall have such terms and conditions as may be negotiated and approved by an officer of the Company or other person authorized and empowered to act pursuant to these resolutions, the execution of which by any such officer or person, in the name and on behalf of the Company to be conclusive evidence of the approval by such officers or person of the contents thereof;

RESOLVED FURTHER, that each of the Chairman and Chief Executive Officer, the President and Chief Operating Officer, any Vice Chairman or any Vice President is hereby authorized, empowered and directed, with the power and authority of the full Board of Directors to the fullest extent permitted by law, to authorize and approve (or ratify if already executed or taken) all agreements, instruments, and documents, and the taking of all actions, as any such officer may deem necessary, advisable, convenient or proper to consummate the Transactions, including, without limitation, the authorization, execution and delivery of agreements providing for either or both of the Transactions, which agreements

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may provide for, among other things, the registration of any shares of Company Common Stock that may be delivered by the Company in connection with the Transactions, with such terms and conditions as such officer shall approve;

RESOLVED FURTHER, that the Board of Directors hereby approves the issuance of up to \$20 million worth of shares of Common Stock of the Company to Weiss in consideration for the purchase of all of the outstanding capital stock of Weiss Holding Company and that upon any such issuance in accordance with the terms of definitive agreements relating to the Transactions, such shares of Company Common Stock shall be validly issued, fully paid and non-assessable;

RESOLVED FURTHER, that the Board of Directors hereby approves the issuance of up to \$13.5 million worth of shares of Common Stock of the Company to HSB Group in consideration for the purchase of 51% of the outstanding equity interests of IPT and that upon any such issuance in accordance with the terms of definitive agreements relating to the Transactions, such shares of Company Common Stock shall be validly issued, fully paid and non-assessable;

RESOLVED FURTHER, that if required in connection with the Transactions the officers of the Company be, and they hereby are, authorized, empowered, and directed to cause to be prepared, executed, and filed with the Securities and Exchange Commission (i) one or more Registration Statements, including exhibits thereto (collectively, the "Registration Statement"), and (ii) such amendments and post-effective amendments to the Registration Statement or supplements to the Prospectuses constituting a part thereof, and to take all such further action, including the filing of final forms of the Prospectuses, as may, in the judgment of such officers, be necessary, desirable, or appropriate to secure and thereafter to maintain the effectiveness of the Registration Statement;

RESOLVED FURTHER, that if the officers of the Company determine that it is desirable for the Company to do so, the Company may make application to the New York Stock Exchange, Inc. and one or more other national securities exchanges for listing of the Enron Common Stock to be issued in the Transactions; that

the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President of the Company be, and they hereby are, authorized and directed to execute and deliver any applications, documents, or agreements, to take any and all actions, to appear before such exchanges if necessary, to appoint any banking or other institution as an agent of the Company for any purpose, and to do so or cause to be done any and all things as may appear to them to be necessary or desirable in order to effect such listing;

RESOLVED FURTHER, that the execution by any officer of the Company of any papers and instruments or the performance by any one or more of them of any act in connection with the foregoing resolutions shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and instruments so executed and the actions so taken; and

RESOLVED FURTHER, that the actions of the officers and employees of the Company acting under the supervision of the officers heretofore taken on behalf of the Company in connection with the above resolutions and the actions contemplated thereby, are, in all respects, confirmed and ratified, and the officers of the Company, together or individually, may take any and all action and do any and all things, or direct the taking of such action or the doing of such things by employees of the Company acting under the supervision of the officer(s) as may be deemed by any of them to be necessary or advisable to effectuate the Transactions, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish their authority from the Company and the approval and ratification by the Company.

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

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**AGENDA ITEM NO. 12(a)**  
**(SUGGESTED FORM OF RESOLUTIONS)**

WHEREAS, Enron Corp. (the "Company") desires to authorize the creation of up to two additional structures and related risk management transactions similar to those approved by the Company's Board of Directors on May 2, 2000 involving Harrier I LLC and Talon I LLC and by the Executive Committee of the Company's Board of Directors on June 22, 2000 involving Harrier II LLC and Talon II LLC, including, without limitation, (1) the issuance by each of one or more existing or newly organized subsidiaries of the Company (each a "Subsidiary") of a debt security (each a "Subsidiary Note") in consideration of (a) the execution and delivery of a Master Agreement described below and a Security Agreement described below, and (b) the contemporaneous issuance to Subsidiary by one or more entities (each an "Entity") owned or to be owned directly or indirectly by LJM2 Co-Investment, L. P. (together with its subsidiaries and affiliates, "LJM2") or another third-party entity and Subsidiary of (i) an equity interest in Entity, and (ii) a debt security having a like tenor to the subject Subsidiary Note (each an "Entity Note"), (2) the guarantee by the Company of the indebtedness of each Subsidiary under its Subsidiary Note and the performance of the obligations of Subsidiary under the subject Entity Derivatives and the Securities Agreement described below, (3) the guarantee by the Company of the performance of a Subsidiary's obligation to purchase LJM2's (or other third-party entity's) interest in an Entity upon the occurrence of certain events set forth in the subject Entity constitutional documents, (4) the entry by the Company or Subsidiary into a series of agreements with Entity providing for the risk management by the Company against (a) fluctuations in value of, or returns receivable in respect of, equity securities (and derivatives with respect thereto) designated by the Company or its subsidiaries and affiliates, including, without limitation, equity securities acquired or to be acquired by the Company in connection with its broadband activities and merchant assets generated in the Company's wholesale business, and (b) fluctuations in value of a number of shares of Common Stock of the Company to be agreed between the Company and LJM2 (or other third-party entity, if applicable) from a price to be established by agreement between the Company and LJM2 (or other third-party entity, if applicable) (each an "ENE Derivative"), through the execution of a master agreement and related derivative securities and risk management transactions under the terms agreed in the documents to be executed in connection with the transaction and (5) as partial consideration for the issuance of a

EC004391513

Subsidiary Note and equity interest in an Entity to a Subsidiary, the entry by such Subsidiary and Entity into an agreement (each a "Securities Agreement") granting Entity the right to acquire an agreed number of shares of Common Stock of the Company in which Subsidiary will own (after giving effect to the transactions contemplated by these resolutions) an indirect beneficial interest or (6) any types or combinations of transactions or series of transactions similar to those outlined in (1) through (5) of this paragraph (transactions (1) through (6) collectively referred to herein as the "Transactions").

NOW, THEREFORE, IT IS RESOLVED, that the Transactions, including without limitation, the execution and delivery by each Subsidiary of a Subsidiary Note, an Entity Derivatives described below and a Securities Agreement, the execution and delivery by the Company of each ENE Derivative and the guarantee agreements referred to above and the acquisition by any Entity of shares of Company Common Stock, if any, issued in settlement of an ENE Derivative and a Securities Agreement, are hereby authorized and approved subject to the following terms and conditions (the "Board Conditions"):

- (i) specific Transactions must be approved and authorized by either the Company's Chairman and Chief Executive Officer or President and Chief Operating Officer;
- (ii) subject to the immediately preceding clause (i), the definitive contracts and agreements relating to the Transactions shall have such terms and conditions as are negotiated and approved by an officer of the Company or other person authorized and empowered to act pursuant to these resolutions, the execution of which by any such officer or person, in the name and on behalf of the Company, to be conclusive evidence of the approval by such officers or person of the contents thereof;
- (iii) the maximum aggregate principal amount of each Subsidiary Note or other debt instrument to be issued by a Subsidiary in connection with the Transactions shall not exceed \$50 Million and the stated interest rate payable thereon shall not exceed 7%;
- (iv) the maximum aggregate principal amount of all Subsidiary Notes or other debt instruments contemplated by the immediately preceding clause (iii) shall not exceed \$100 Million;
- (v) the maximum number of shares of Company Common Stock (a) subject to each ENE Derivative shall not exceed 8.0 million shares, and

(b) issuable under each Securities Agreement shall not exceed 8.0 million shares; and

(vi) the maximum number of shares of Company Common Stock (a) subject to all ENE Derivatives contemplated by the immediately preceding clause (v) shall not exceed 16 million shares, and (b) issuable under all Securities Agreements contemplated by the immediately preceding clause (v) shall not exceed 16 million shares;

RESOLVED FURTHER, that each of the Chairman and Chief Executive Officer, the President and Chief Operating Officer, any Vice Chairman, any Vice President and the Treasurer or any Deputy Treasurer is hereby authorized, empowered and directed, with the power and authority of the Board of Directors to the fullest extent permitted by law, to authorize and approve (or ratify if already executed or taken) all agreements, instruments, and documents, and the taking of all actions, as any such officer may deem necessary, advisable, convenient or proper to consummate the Transactions (subject, however, in all respects, to the Board Conditions), including, without limitation:

(i) all matters insofar as they affect the Company or any of its subsidiaries or affiliates associated with the formation of each Entity and the acquisition by a Subsidiary of an equity interest therein, including, without limitation, the execution and delivery of constituent agreements establishing an Entity and the terms thereof and the establishment of the amount and form of any capital contribution to be made to an Entity in respect of a Subsidiary's equity interest therein;

(ii) the authorization, execution and delivery of each guarantee agreement whereby the Company guarantees the indebtedness under a Subsidiary Note and the performance of a Subsidiary's obligations under an Entity Derivatives and a Securities Agreement;

(iii) the authorization, execution and delivery of each guarantee agreement whereby the Company guarantees the performance of a Subsidiary's obligation to purchase LJM2's (or other third-party's) interest in an Entity upon the occurrence of certain events set forth in the Entity constitutional documents;

(iv) the authorization, execution and delivery of one or more master agreements (each a "Master Agreement") providing for the general terms and conditions upon which the risk management activities contemplated by the Transactions will take place, the related form of

the 1992 ISDA Master Agreement (Multicurrency-Cross Border), as modified by agreements of the parties and individual confirmations relating to particular transactions (collectively, the "Entity Derivatives"), and the security agreement granting the Company and a Subsidiary a security interest in amounts received by Entity in order to secure Entity's obligations under an Entity Note, Entity Derivatives and ENE Derivative (each a "Security Agreement"), in each case having such terms and conditions (including pricing terms) as such officer shall approve;

(v) the authorization, execution and delivery of each Subsidiary Note and Securities Agreement, in each case, with such terms and conditions (including pricing terms) as such officer shall approve;

(vi) the approval insofar as they affect the Company or any of its subsidiaries or affiliates of each form of note representing an Entity Note and the issuance by an Entity of such Entity Note;

(vii) the authorization, execution and delivery of each registration rights agreement between the Company and an Entity providing for, among other things, the registration of any shares of Common Stock of the Company that may be delivered by the Company or its affiliates in performance of an ENE Derivative and a Securities Agreement, with such terms and conditions as such officer shall approve; and

(viii) the negotiation, authorization, execution, and delivery of such other agreements, instruments and documents relating to the Transactions, including, but not limited to, documents relating to each ENE Derivative and agreements, instruments, and documents that provide, among other things, for the indemnification of third parties, and the payment of fees and expenses of third parties as such officer may deem necessary, advisable, convenient or proper in connection with the Transactions or any other matters addressed by these resolutions;

RESOLVED FURTHER, that an aggregate of 16.0 million shares of Company Common Stock are hereby reserved for issuance in settlement of the ENE Derivatives referred to above in the event the Company elects to make settlement thereunder in shares of Company Common Stock;

RESOLVED FURTHER, that the Company is authorized to issue such shares of Common Stock of the Company in settlement of ENE Derivatives, and to offer and sell any such shares delivered in

settlement of any Securities Agreement and that upon any such issuance in accordance with the terms of the subject ENE Derivative and Securities Agreement, such shares of Common Stock shall be validly issued, fully paid and non-assessable;

RESOLVED FURTHER, that if it is deemed necessary or advisable by the officers of the Company that the Common Stock issuable upon settlement of an ENE Derivative or Securities Agreement be qualified or registered for sale under the applicable Blue Sky Laws or securities acts of any jurisdiction, or that a filing be made in any jurisdiction to secure or obtain an exemption from qualification or registration, the officers of the Company are each authorized to perform on behalf of the Company any and all such acts as any one or more of them may deem necessary or advisable in order to comply with such laws of such jurisdiction, and in connection therewith, to execute and file all requisite papers and instruments and to make any and all payments of filing, registration or other fees, costs and expenses, and to take any and all further action in connection with the foregoing which any one or more of them shall deem necessary or advisable;

RESOLVED FURTHER, that if the officers of the Company determine that it is desirable for the Company to do so, the Company may make application to the New York Stock Exchange, Inc. and one or more other national securities exchanges for listing of the Company Common Stock to be issued in the Transactions; that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, any Vice President, the Treasurer or any Deputy Treasurer of the Company be, and they hereby are, authorized and directed to execute and deliver any applications, documents, or agreements, to take any and all actions, to appear before such exchanges if necessary, to appoint any banking or other institution as an agent of the Company for any purpose, and to do so or cause to be done any and all things as may appear to them to be necessary or desirable in order to effect such listing;

RESOLVED FURTHER, that the execution by any officer of the Company of any papers and instruments or the performance by any one or more of them of any act in connection with the foregoing resolutions shall conclusively establish their authority therefor from the Company and the approval and ratification by the Company of the papers and instruments so executed and the actions so taken;

RESOLVED FURTHER, that the actions of the officers and employees of the Company acting under the supervision of the officers heretofore taken on behalf of the Company in connection with the above resolutions and the actions contemplated thereby, are, in all respects, confirmed and ratified, and the officers of the Company, together or individually, may take any and all action and do any and all things, or direct the taking of such action or the doing of such things by employees of the Company acting under the supervision of the officer(s) as may be deemed by any of them to be necessary or advisable to effectuate the Transactions, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish their authority from the Company and the approval and ratification by the Company; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

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