



Endless possibilities.™

Finance Committee Meeting

EC004401810

May 1, 2000

| Committee Members |

Mr. Herbert S. Winokur, Jr., Chairman
Mr. Robert A. Belfer
Mr. Norman P. Blake, Jr.
Mr. Ronnie C. Chan
Mr. Jerome J. Meyer
Mr. Paulo V. Ferraz Pereira
Mr. Frank Savage
Mr. John A. Urquhart

GOVERNMENT
EXHIBIT

137

Crim. No. H-04-25 (S-2)

EC004401811

Agenda

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

2:30 p.m. (C.S.T.), May 1, 2000
Boardroom, Enron Building
Houston, Texas

- | | |
|---|-------------|
| 1. Approval of February 7, 2000 Finance Committee Minutes | Mr. Winokur |
| 2. Chief Financial Officer Report | Mr. Fastow |
| A) Project Raptor | |
| - Approve for Recommendation to the Board | |
| B) Treasurer and Deputy Treasurers Nomination Discussion | |
| 3. Treasurer Report | Mr. McMahon |
| A) Incremental Debt Authority | |
| - Approve for Recommendation to the Board | |
| 4. Chief Risk Officer | Mr. Buy |
| A) Revision of Transaction Approval Process | |
| - Approve for Recommendation to the Board | |
| B) Revision to the Risk Management Policy | |
| - Approve for Recommendation to the Board | |
| C) Quarterly Risk Update | |
| - Merchant Portfolio Summary | |
| - EES Review | |
| - Foreign Exchange Project | |
| - Market Risk Update | |
| 5. Other Business | |
| 6. Adjourn | |

EC004401812



Finance Committee Meeting
04/00

See Addendum for Deal Approval Sheets approved between Board meetings

Agenda Item 1

EC004401813

Enron Corp

Finance Committee Minutes May 1, 2000

EC004401814



DRAFT

**MINUTES
MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
ENRON CORP.
FEBRUARY 7, 2000**

Minutes of a meeting of the Finance Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 2:30 p.m., C.S.T., on February 7, 2000 at the Enron Building in Houston, Texas.

All of the Committee members were present, as follows:

Mr. Herbert S. Winokur, Jr., Chairman
Mr. Robert A. Belfer
Mr. Norman P. Blake, Jr.
Mr. Ronnie C. Chan
Mr. Jerome J. Meyer
Mr. Paulo Ferraz Pereira
Mr. Frank Savage
Mr. John A. Urquhart

Directors Kenneth L. Lay, Charles A. LeMaistre, and Jeffrey K. Skilling, Messrs. Richard B. Buy, Andrew S. Fastow, David B. Gorte, Mark E. Koenig, Jeffrey McMahon, Theodore R. Murphy, and Joseph W. Sutton, and Ms. Rebecca C. Carter, all of the Company or affiliates thereof, also attended the meeting. Messrs. Kurt S. Huneke and J. Mark Metts, of the Company or affiliates thereof, joined the meeting in progress as noted below.

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

Mr. Winokur called the meeting to order, noted that a draft of minutes of the meeting of the Committee held on December 13, 1999 had been distributed to the Committee members, and called for any corrections or additions. There being none, upon motion duly made by Mr. Belfer, seconded by Mr. Savage, and carried, the minutes of the meeting of the Committee held on December 13, 1999 were approved as distributed.

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Finance Committee Meeting
04/00

Mr. Winokur called upon Mr. Fastow to present the Chief Financial Officer's report. Mr. Fastow presented the Company's current and projected key financial ratios and stated that funds flow continued to be the primary focus. He reviewed the stock trading portfolio, including recent transactions involving the Company's stock, and the Company's cost of capital over the last three years. He commented on the Company's borrowing spreads and noted that recent issuances had brought new lenders to the Company. He discussed the Global Finance Group's 2000 goals including creating a merchant investment hedging vehicle to reduce downside earnings exposures, outperforming the BBB+ Bond Index, and providing a platform for increased capital velocity to achieve the return on equity target. A copy of Mr. Fastow's presentation is filed with the records of the meeting.

Mr. Winokur called upon Mr. McMahon to present the Treasurer's report. Mr. McMahon reviewed the liquidity report and noted that when the recent equity shelf registration becomes effective later this month it would add an additional \$450 million of liquidity. He reviewed the year-to-date investments, status of capital commitments by business unit, active letters of credit ("LOC"), and guarantee portfolio. He stated that increases in performance LOC and the trade guarantee portfolio were due to increased trading in the Italian electricity market and outsourcing contracts by Enron Energy Services, LLC, respectively. He reviewed the Company's rating by each rating agency and noted that Moody's Investor Services had recently put the Company on "review for upgrade" status. A copy of Mr. McMahon's report is filed with the records of the meeting.

Mr. Winokur called upon Mr. Buy to present the Chief Risk Officer's report, a copy of which is filed with the records of the meeting. Mr. Buy discussed the proposed Enron Corp. Credit Risk Management Policy and noted that the purpose of the policy was to outline the guidelines by which the Company's Credit Risk Management Group assesses, manages, and controls credit risk. Following a discussion, upon motion duly made by Mr. Belfer, seconded by Mr. Urquhart, and carried, the proposed Enron Corp. Credit Risk Management Policy was approved for recommendation to the Board.

Mr. Buy then proposed that certain revisions be made to the Enron Corp. Transaction Approval Process to reflect recent changes in the organizational structure of the Company. Upon motion duly made by Mr. Blake, seconded by Mr. Savage, and carried, the proposed revisions to the Enron Corp. Transaction Approval Process were approved for recommendation to the Board.

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Finance Committee Meeting
04/00

Mr. Buy distributed the Market Risk Update report, a copy of which is filed with the records of the meeting, and called upon Mr. Murphy to present the report. Mr. Murphy reviewed the 1999 profit and loss ("P&L") and value-at-risk ("VAR") by commodity group. He discussed the returns each commodity group had earned compared to the VAR it had taken and stated that the business provided a very steady stream of earnings throughout the year. He gave an overview of the VAR backtesting and stress testing performed to test the accuracy of the VAR calculation and the exposure under a "worst case" scenario of 5%-25% shifts in commodity prices. He reviewed limit violations during 1999 and noted that violations had significantly decreased from earlier in the year and primarily related to P&L rather than position or VAR. He presented two charts displaying VAR as a percentage of market capitalization and of net income for the Company, financial institutions, and other energy companies and commented on how the Company's risk profile impacted the comparisons. He then discussed the impact that trading losses had had on certain companies' stock prices.

Mr. Murphy then distributed proposed changes to the Enron Corp. Risk Management Policy ("the Policy"), a copy of which is filed with the records of the meeting. He stated that based on the current business activity the Company was recommending an increase in the bandwidth trading limits. He stated that the Office of the Chairman had approved the current bandwidth trading limits through the Interim Policy section of the Policy and they included open position, loss, and VAR limits. Mr. Skilling joined Mr. Murphy in answering questions from the Committee regarding how the industry is evolving and how the limit structure for bandwidth trading should be established. Following a discussion, it was decided that VAR limits were the most applicable for bandwidth trading and upon motion duly made by Mr. Blake, seconded by Mr. Belfer, and carried, the proposed bandwidth VAR trading limits were approved for recommendation to the Board.

Mr. Buy then distributed a handout relating to the Foreign Exchange Project ("the Fx Project"), a copy of which is filed with the records of the meeting. He stated that the Company's Risk Assessment and Control and Corporate Accounting groups were working with Arthur Andersen LLP's Derivatives and Treasury Risk Management groups on a project to identify, measure, and report the Company's foreign currency economic exposure. He noted that the Fx project team had selected one of the Company's investments as a pilot project due to the investment's size and complexity and the volatility of the local currency. He noted that the Fx project team planned to report on the outcome of the study at the May 2, 2000 Committee meeting. He then discussed the additional investments that would be analyzed in the Fx project and the targeted completion dates.

Messrs. Huneke and Metts joined the meeting.

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Finance Committee Meeting
01/00

Mr. Winokur called on Mr. Sutton for other business to be discussed by the Committee. Mr. Sutton stated that the Company was proposing a buyout of the minority interest in Enron Renewable Energy Corp. ("EREC") and he called upon Mr. Huneke to discuss the proposal. Mr. Huneke gave a brief history of EREC and noted that the earnings growth over the last three years was primarily driven by an acquisition of a German company. He discussed the investment considerations going forward and the projections of growth for the wind industry throughout the world. He commented on the improvements in the technology used by EREC and noted that it was on the verge of being able to compete with combined-cycle gas turbines. He discussed environmental events that will impact EREC, including the extension of a production tax credit in the U.S., states that are sponsoring renewables initiatives, certain European and Asian initiatives, the synergies between EREC and the Company, and the risks EREC faces. He discussed the terms of the proposed buyout and the economic impact on the Company. Following a discussion, upon motion duly made by Mr. Blake, seconded by Mr. Meyer, and carried, the proposed buyout of the minority interest in EREC was approved for recommendation to the Board.

There being no further business to come before the Committee, the meeting was adjourned at 3:35 p.m., C.S.T.

Secretary

APPROVED:

Chairman

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Finance Committee Meeting
04/00

Agenda Item 2

EC004401819

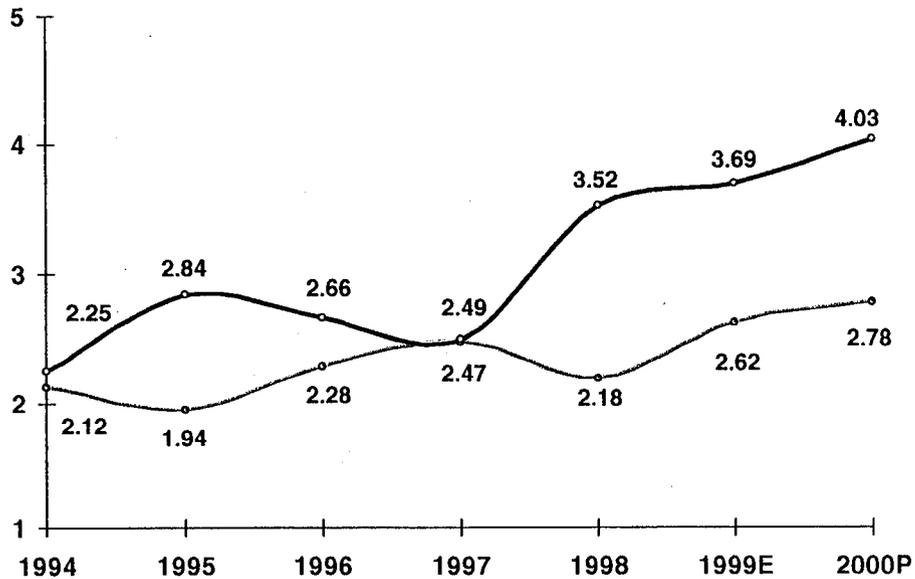
Enron Corp

Chief Financial Officer Report May 1, 2000

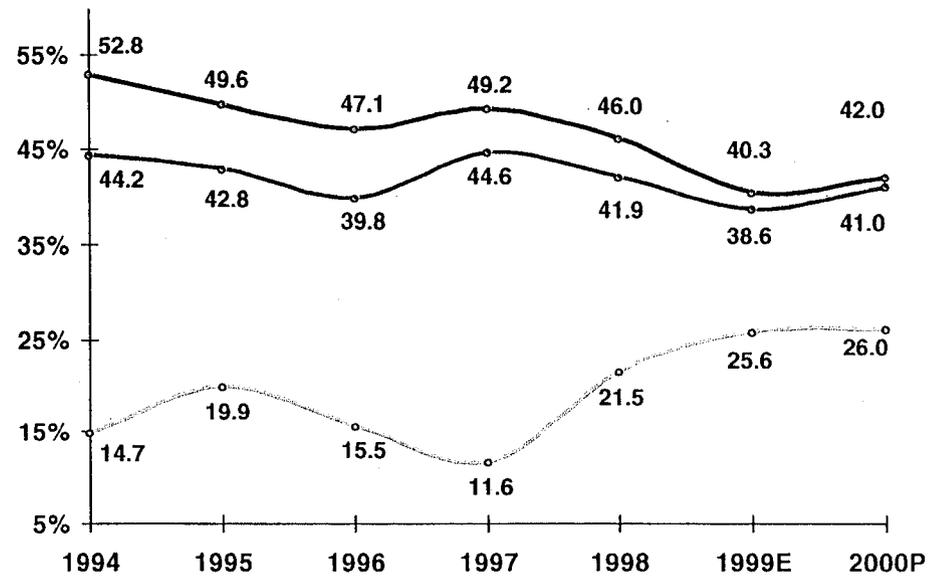
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Key Financial Ratios



Funds Flow Interest Coverage
 Interest Coverage



Total Obligations/Total Capital
 Debt/ B/S Capital
 FF0/Total Obligation

Assumes PGE proceed are reinvested

EC004401821



Finance Committee Meeting
04/00

Stock Trading Portfolio

Mark-to-Market Basis

Position - Thousands of Shares

	<u>1/1/00</u>	<u>Purchases</u>	<u>Sales</u>	<u>4/17/00</u>
ENE	280	12,574	(10,813)	2,041
EOG	-	-	-	-
EOTT	-	-	-	-
AZX	-	-	-	-

Treasury share have no MTM impact

Purchases & Sales above are utilizing derivative to purchase & sell shares

Must utilize cash

All of the above are swaps

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Stock Purchase Activity Treasury Shares

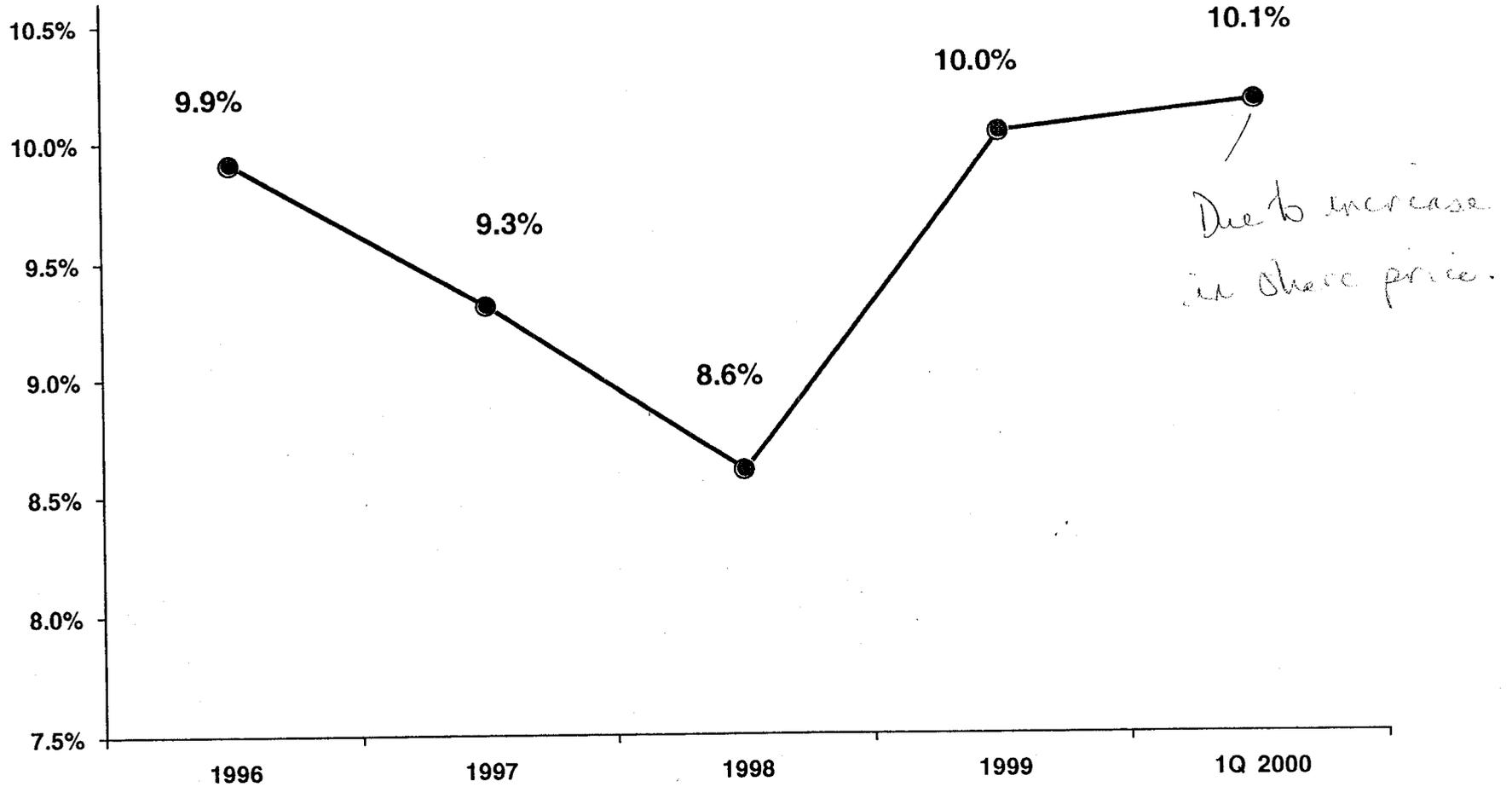
1/1/00 - 4/17/00
(000's except share price)

<u>Date</u>	<u>ENE Shares</u>	<u>Avg. Price</u>	<u>Amount</u>
Total	<u>0</u>	<u>-</u>	<u>0</u>

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Cost of Capital*



* Calculated using CAPM Model

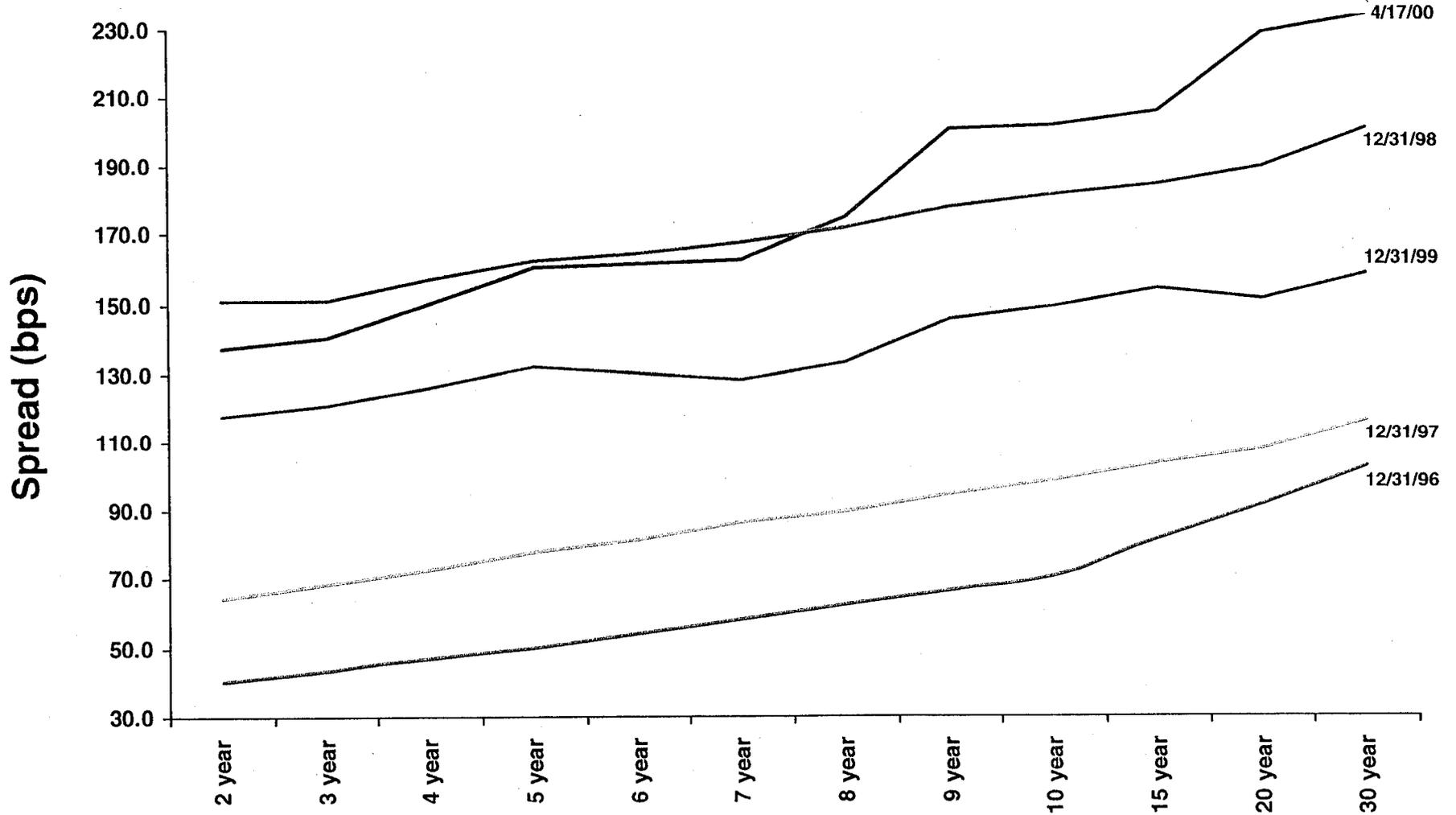
EC004401824



Finance Committee Meeting
04/00

Enron Corp. Borrowing Spreads

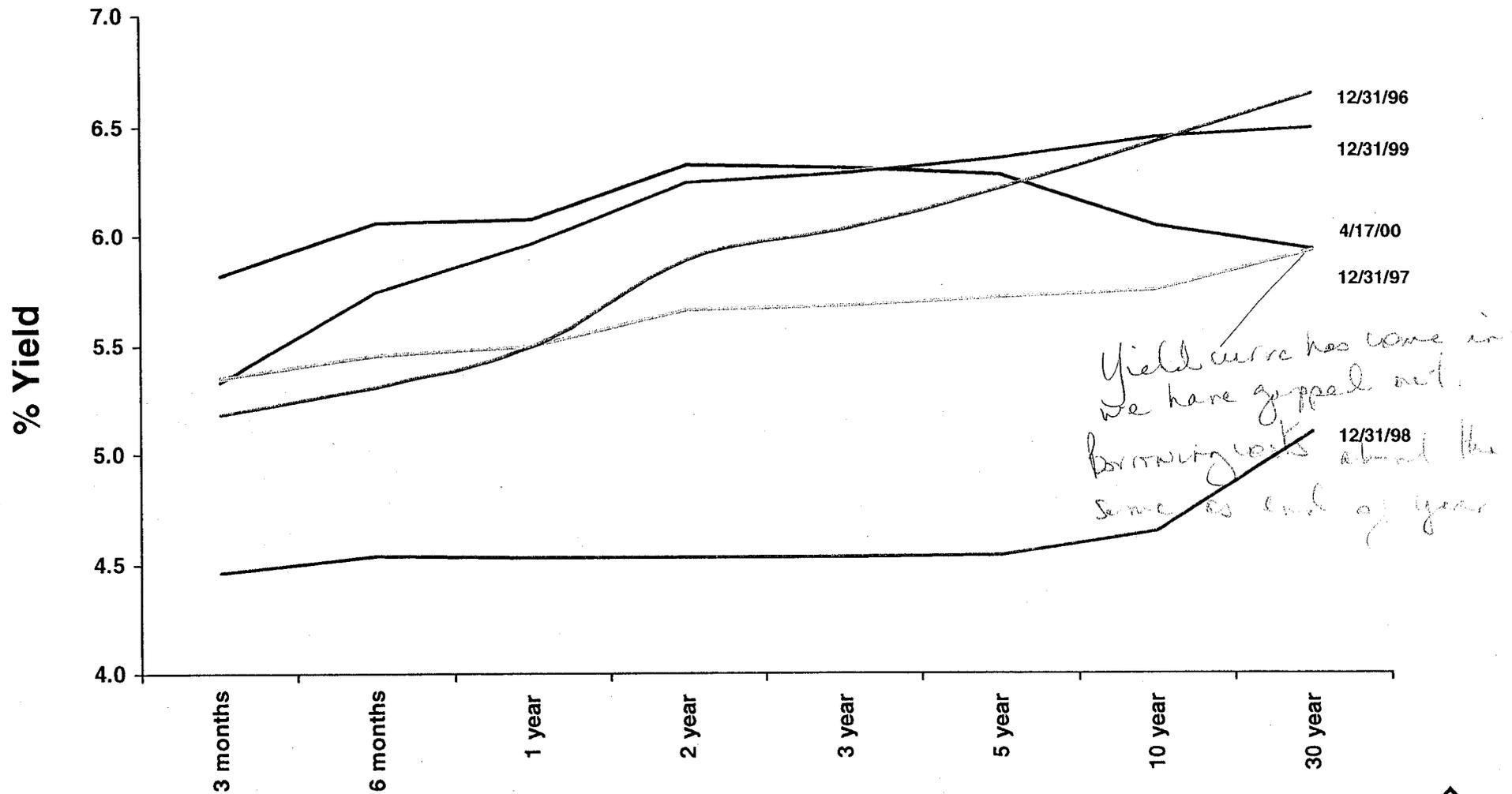
Other corporates have also gapped out



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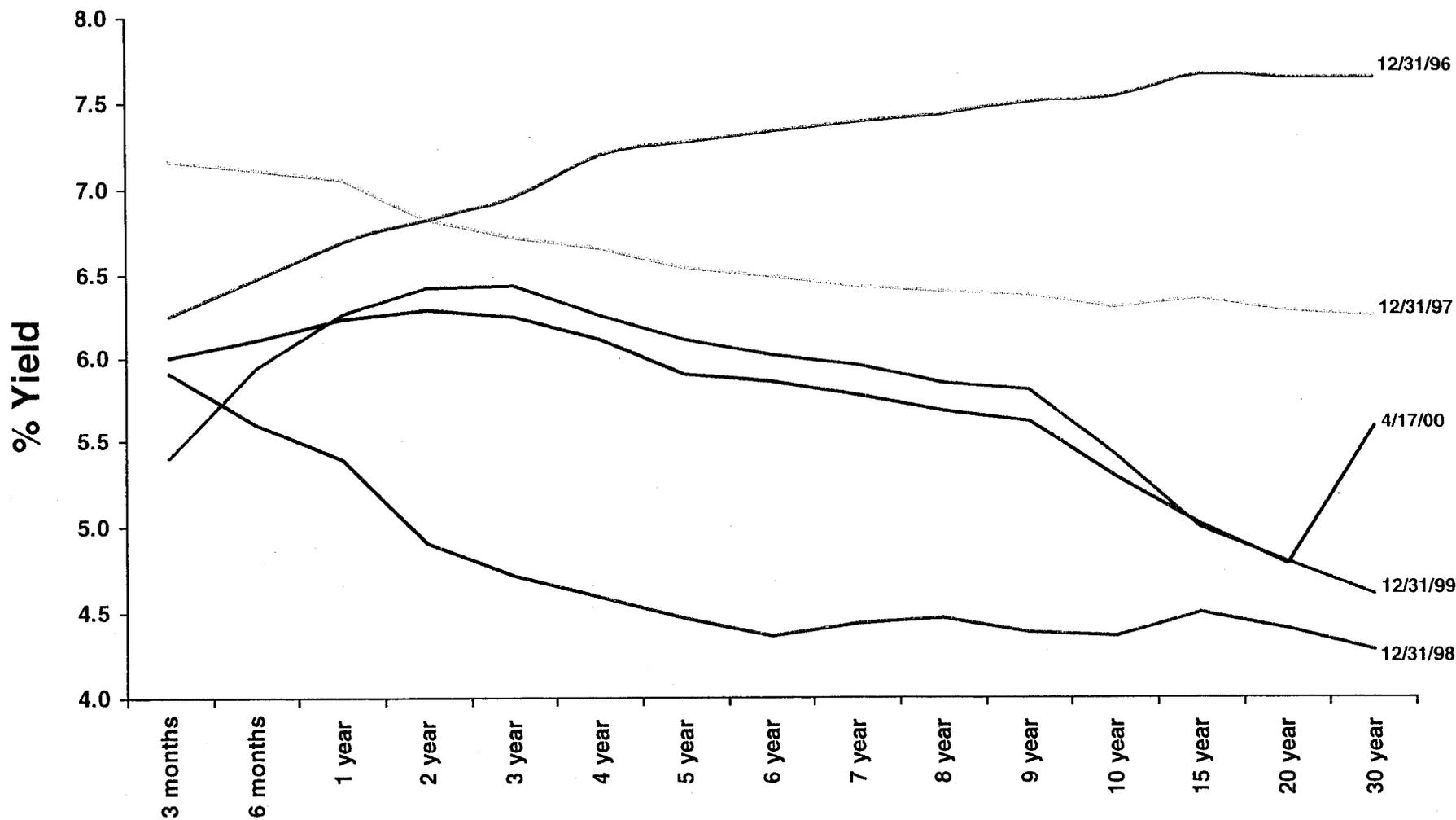
U.S. Treasury Yield Curve



EC004401826



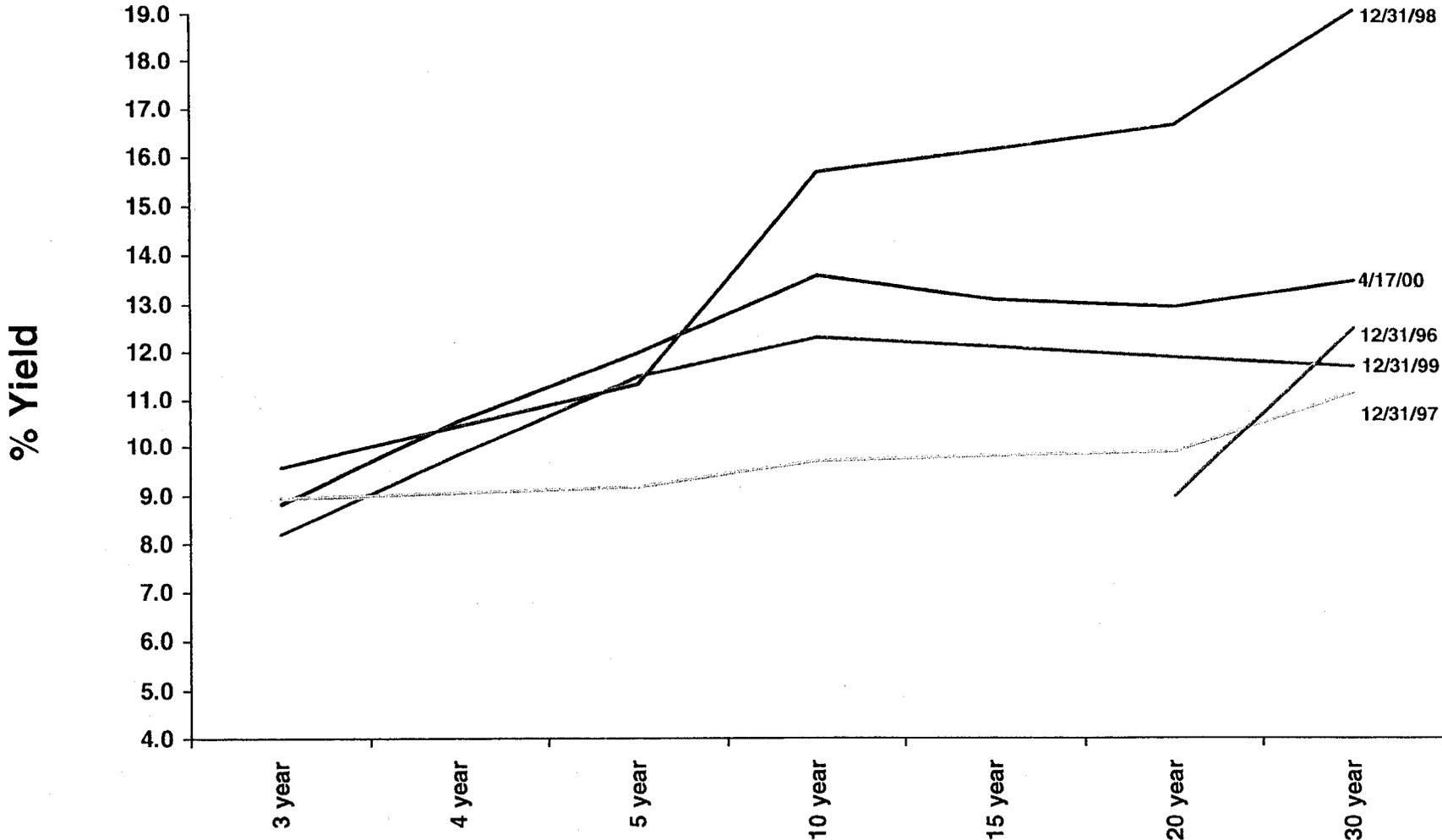
U.K. Yield Curve



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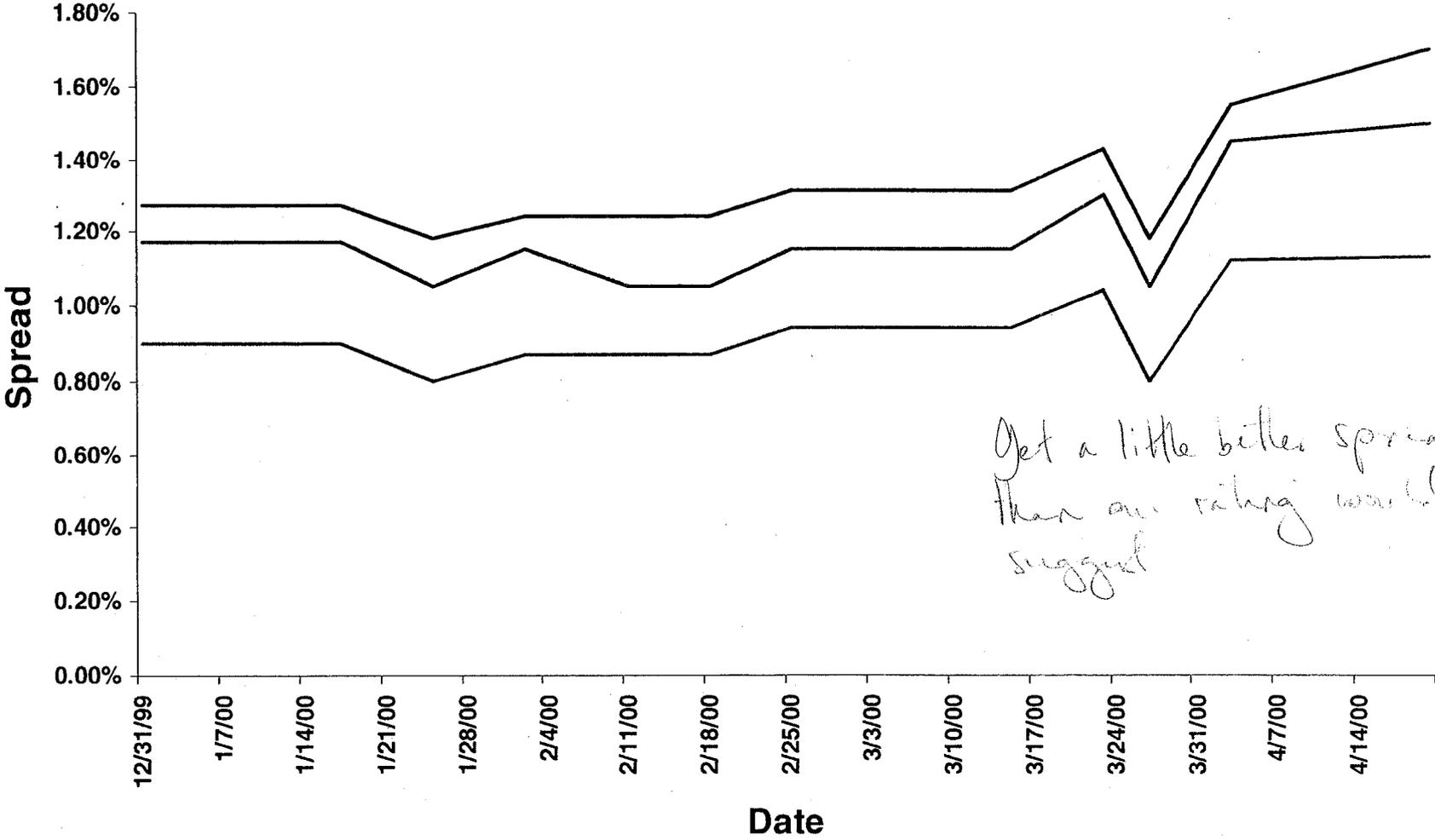
Brazil Yield Curve



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Enron 5Yr Spread Comparison vs. Index



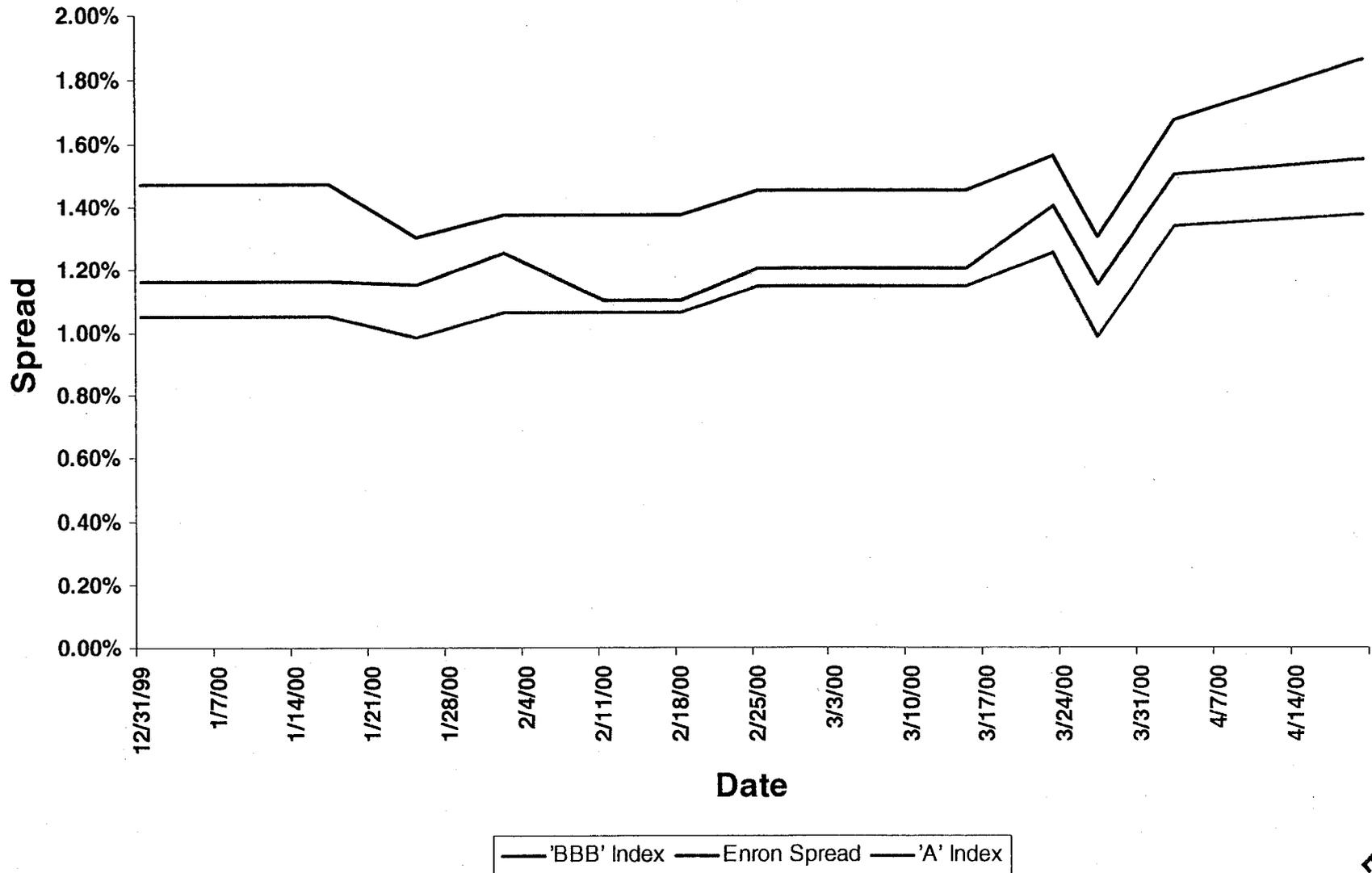
Get a little better spread than our rating would suggest

— 'BBB' Index — Enron Spread — 'A' Index

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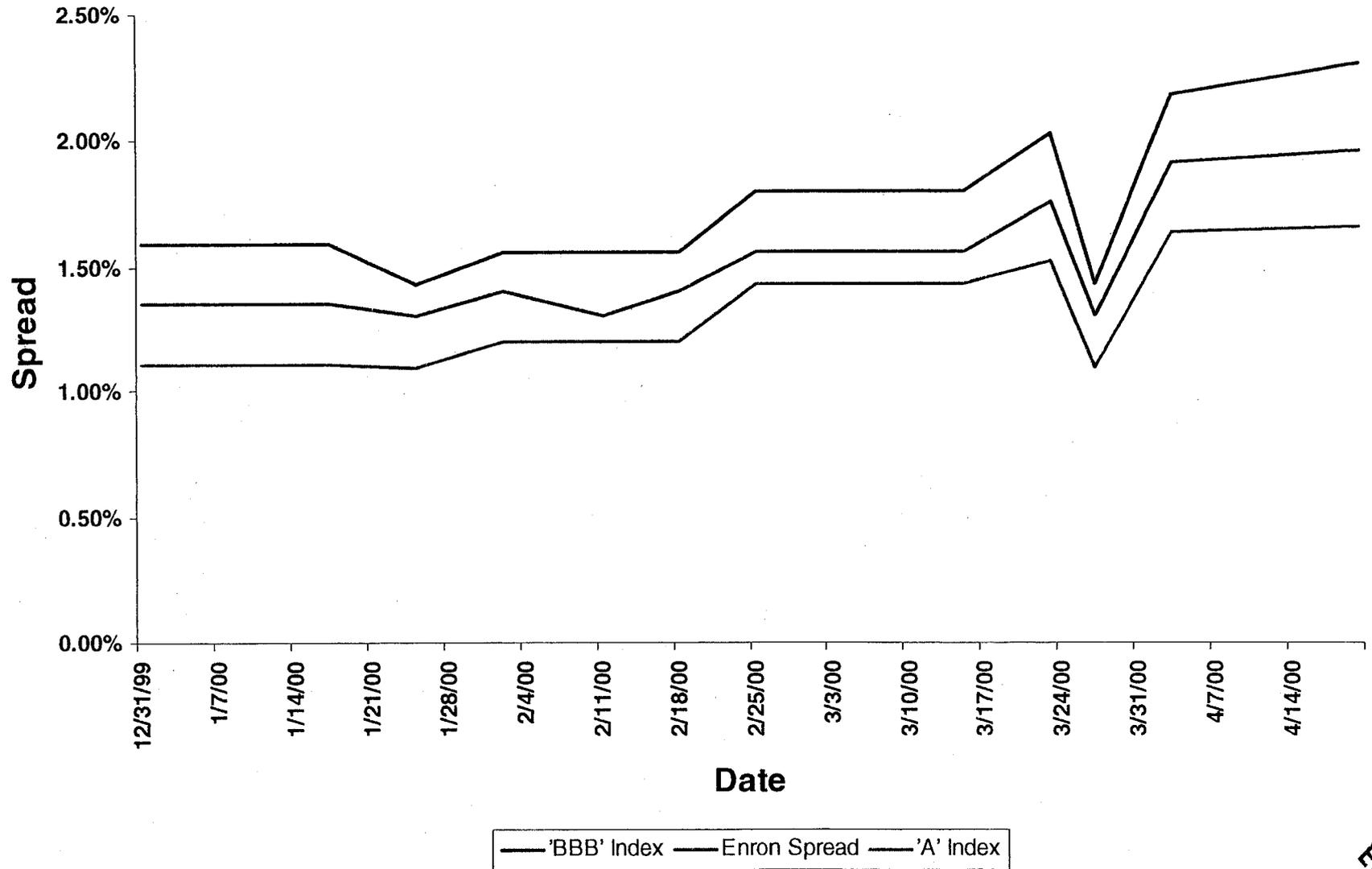
Enron 7Yr Spread Comparison vs. Index



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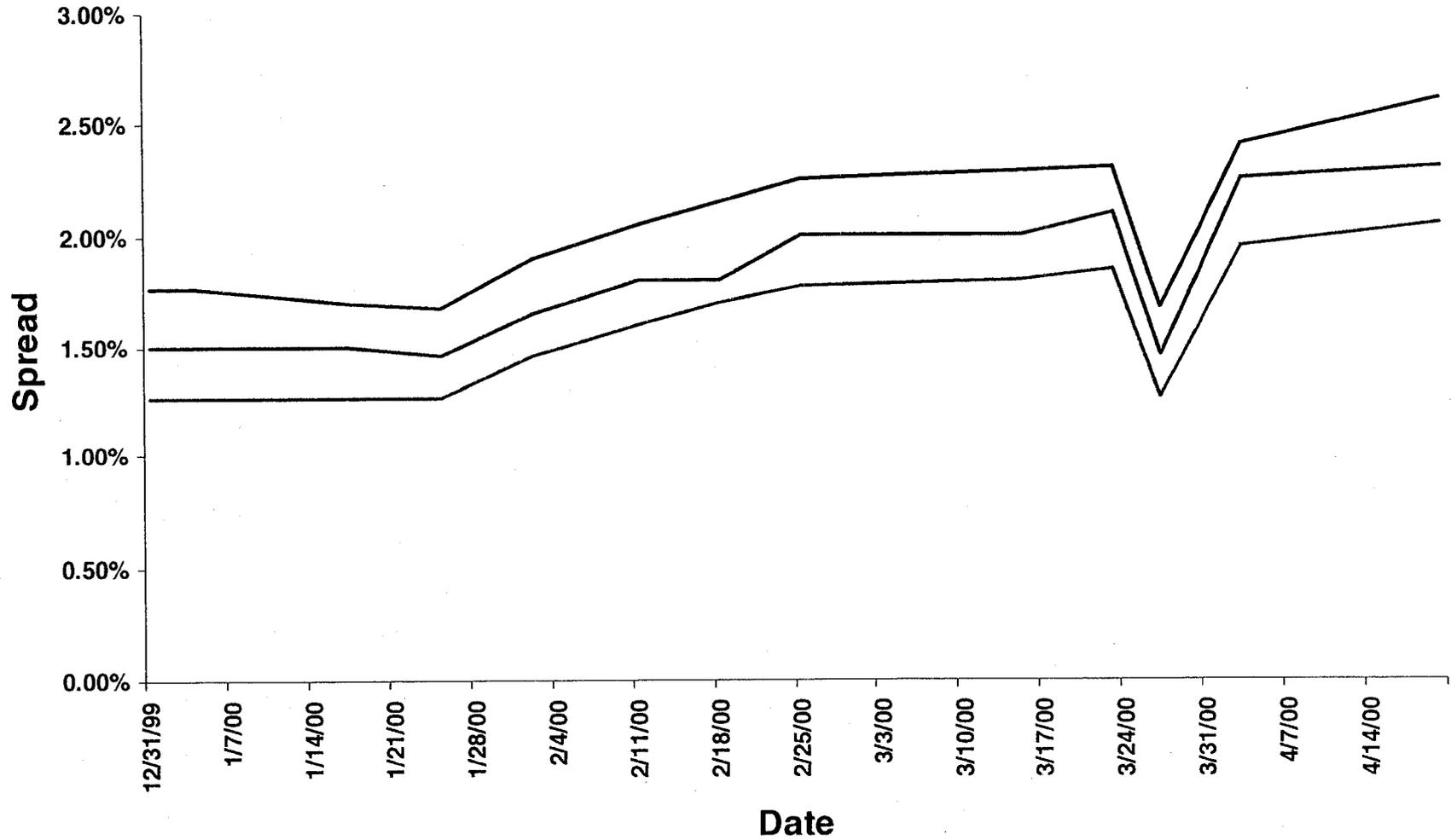
Enron 10Yr Spread Comparison vs. Index



EC004401831



Enron 30Yr Spread Comparison vs. Index



— 'BBB' Index — Enron Spread — 'A' Index

EC004401832



LJM2 Update

- ✓ ○ **\$386 million of capital commitments**
- ✓ ○ **33 investors including pension funds, insurance companies, banks, private funds, individuals**
- ✓ ○ **7 investments to date** *5 different business units*
 - **\$139 million**
 - **All purchased from Enron**
 - **Projected IRR of investments = 17.95%** *not leveraged*
 - **5 different business units**

Provide capital very quickly b/c of prior knowledge of the transactions

Direct and indirect LJM impact (including LJM1)

- **Earnings = \$229.5 million**
- **Funds flow = \$2,077.4 million**
- **Fee savings = \$2.3 million**
- **LJM2 provided marketing “backstop” on 3 occasions**
- **Q4 1999: 8 days/6 deals/\$125 million**

EC004401833

*Andy discussed his time commitment Approx. 3 hrs. a week
Spent*

Project Raptor

Hedging Program for Enron Assets

EC004401834



Purpose

Establish a risk management program in order to hedge the Profit & Loss volatility of Enron investments

original transaction last year LHM to hedge an investment the company had
looking for a new transaction for more flexibility

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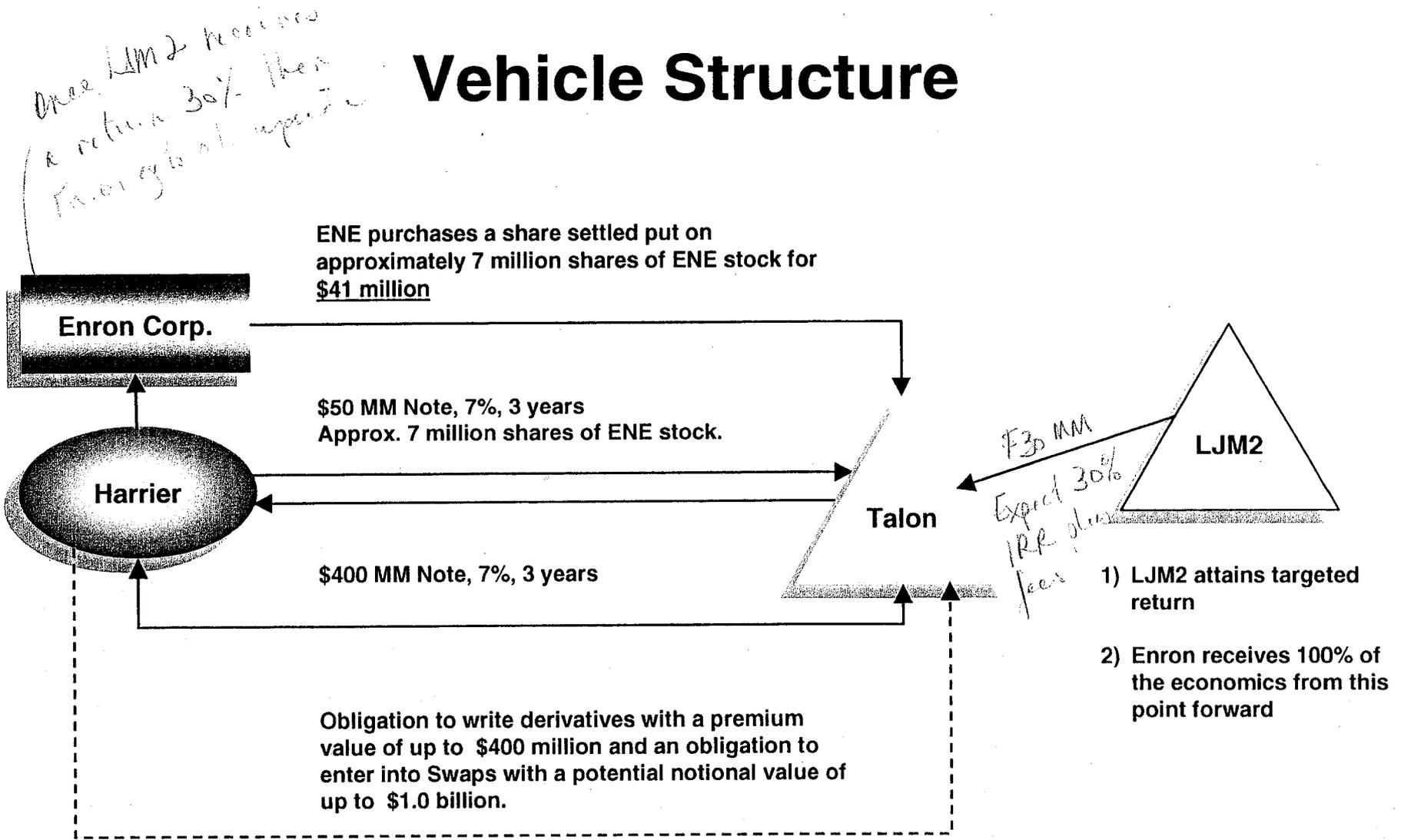
Structural Highlights

- ✓ ○ ENE will help establish a non-affiliated vehicle (“Talon”) as a hedge counterparty to selected investments.
- ✓ ○ Excess stock from existing structured finance vehicles will be utilized to seed approximately \$400 million of capital to Talon. *(ie UBS forward position)*
As our stock has increased in value (currently held in SPV)
- Initially, vehicle can provide approximately \$200 million of P & L protection to ENE. As ENE stock price increases, the vehicle’s P & L protection capacity increases as well.
- LJM2 will provide non-ENE equity and will be entitled to a 30% annualized return plus fees.
- ENE will be entitled to 100% of the upside beyond LJM2’s return hurdle.

Does not transfer economic risk but transfers P&L volatility

EC004401836

Vehicle Structure



Enron owns a member interest in Talon

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○ Talon also owns approx. \$400 million of ENE stock which is subject to a 3 year stock restriction agreement - Talon cannot sell or hedge the stock.

Casey - AA has spent considerable time analyzing structure. Also looking at LJM2's governance structure.



Project Raptor

Risks

- Accounting scrutiny
- Substantial decline in the price of ENE stock
 - Program terminates early
 - Increases credit risk
- Counterparty credit

Mitigants

- Transaction reviewed by CAO and Arthur Anderson
- Negotiation of early termination with LJM2
- Assets of vehicle subject to a master netting agreement

EC004401838

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF
ENRON CORP.**

May 2, 2000

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 (v) 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;

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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 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

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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 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;

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Finance Committee Meeting
u/u/u

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, 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 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.

EC004401842



Agenda Item 2b

EC004401843

**Ben Glisan
Vice President
Global Equity Markets**

Ben Glisan Jr. currently works as a Vice President at Enron Corp. in the Global Equity Markets Group. Mr. Glisan has worked at Enron, or its affiliates for the past three years. Prior to his current position, Mr. Glisan worked at Enron Capital Management in its Structured Finance Group. Mr. Glisan's responsibilities included leading highly complex non-recourse or limited recourse joint venture and asset based financing.

Before joining Enron, Mr. Glisan worked at Coopers & Lybrand as well as Arthur Andersen. His responsibilities included providing accounting and finance services principally to financial institutions as well as developing financing transaction structures.

Mr. Glisan received his B.B.A. and his M.B.A. from The University of Texas at Austin.

EC004401844



Finance Committee Meeting
04/00

Barry J. Schnapper
Vice President
Enron Global Finance

Barry J. Schnapper currently works as a Vice President at Enron Corp. in the Global Finance Group. Prior to his current position, Mr. Schnapper worked at Enron International heading the Structured Finance Group. Mr. Schnapper's responsibilities include leading non-recourse or limited recourse and asset based financings. Mr. Schnapper joined the company in December 1996.

Before joining Enron, Mr. Schnapper was director of acquisitions at Union Texas Petroleum Holdings, Inc., where he headed the company's acquisition efforts. Prior to leading the acquisition area, he was director of finance and was involved in Union Texas' LBO and IPO, as well as many corporate and project financings.

Mr. Schnapper graduated from Rhodes College with a BA degree in international studies and received a master of business administration in finance from the University of Houston.

EC004401845



Finance Committee Meeting
04/00

Timothy A. DeSpain

Vice President of Capital Markets and Assistant Treasurer

Enron Corp.

Tim DeSpain is Vice President of Capital Markets and Assistant Treasurer of Enron Corp. His responsibilities include the management of Enron Corp.'s capital markets execution of equity placements and investment grade debt issues, coordination with fixed income investors and analysts, maintenance of rating agency relationships, and the management of the company's liquidity position through the administration of a \$3 billion commercial paper program.

Prior to joining Enron Corp., Mr. DeSpain was a Director with Enron Capital & Trade Resources (ECT). In this capacity, Mr. DeSpain arranged debt and equity capital required for ECT's third-party finance business in support of ECT's Coal, Paper & Pulp, Producer Finance and Power Origination groups.

Mr. DeSpain began his energy industry career at First Interstate Bank of Texas as an energy credit analyst and workout officer. He has worked in the banking industry with Fuji Bank and Credit Lyonnais in a variety of capacities including corporate finance, high-yield origination, and project finance.

A native of Amarillo, Texas, Mr. DeSpain has a bachelor's degree in finance from Texas Tech University and is a graduate of South Texas College of Law. He is a member of the State Bar of Texas and the American Bar Association. In addition to serving as the Chairman of the Volunteer Endowment for Patient Support at MD Anderson Cancer Center, Mr. DeSpain serves on the Board of Crisis Pregnancy Center of Houston and is a Sponsor of the Children's Fund.

EC004401846



Finance Committee Meeting
04/00

Agenda Item 3

EC004401847

Enron Corp

Treasurer Report

May 1, 2000

EC004401848



Finance Committee Meeting
04/00

Enron Corp.

Liquidity Report as of March 31, 2000 (\$000's)

	Overnight	2-30 Days	31-60 Days	61-90 Days	91 and over	Total
Commercial Paper & Uncommitted Lines	2,788,052					2,788,052
Bank Facilities:						
BHF	12,112					12,112
Accounts Receivable	60,000					60,000
Shelf Registration - Debt		500,000				500,000
Shelf Registration - Equity ¹		1,123,125				1,123,125
Merchant Portfolio Monetizations (As of 12/31/99):						
Public Equity		1,148,000				1,148,000
Debt Instruments			1,046,000			1,046,000
Private Equity					1,791,000	1,791,000
	2,860,160	2,771,125	1,046,000	-	1,791,000	8,468,289

¹ Reflects 15mm shares at \$74.875 per share.

EC004401849



2000 Investments to Date

(in millions USD)

○ Investments	<u>Actual</u> <u>Thru 4/17/00</u>	<u>Original</u> <u>Estimate</u>	<u>Over(Under)</u>
Transmission & Distribution	432	309	123
Wholesale	365	1,996	(1,631)
Retail	169	295	(126)
Communications	58	425	(367)
Corp/Other	<u>2</u>	<u>336</u>	<u>(334)</u>
Total Investments	<u>1,025</u>	<u>3,361</u>	<u>(2,336)</u>
○ Proceeds on Sale of Assets			
Transmission & Distribution	-	183	(183)
Wholesale	38	1,003	(965)
Retail	-	-	-
Communications	-	-	-
Corp/Other	<u>-</u>	<u>121</u>	<u>(121)</u>
Total Proceeds	<u>38</u>	<u>1,307</u>	<u>(1,269)</u>
Total	<u>987</u>	<u>2,054</u>	<u>(1,067)</u>
○ Net Investment Activities			

EC004401850

*plan to
Monetize*



Status of Capital Commitments

(in \$ millions)

Investments to Date:

GECC Turbines (total)	EE&CC/T&D	(412)	
Hurricane	NA/Wholesale	(226)	
Georgia Army	EES/Retail	(68)	
MDW	EES/Retail	(56)	
Zeppelin	EES/Retail	(37)	
World Wide Fiber	EBS/Communications	(32)	
Mariner LLC	NA/Wholesale	(31)	
Mariner - Pluto II	NA/Wholesale	(26)	
Powder River III	NA/Wholesale	(23)	
Demar Liquidity	EE&CC/T&D	(18)	
Linden Six	NA/Wholesale	(12)	
Jertovec Pre-NTP	Europe/Wholesale	(10)	
OPET	Europe/Wholesale	(10)	
South America Fiber Optic Net	SA-EBS/Communications	(10)	
All other (<\$10 million)		(54)	(1,025)

Sales to Date:

Calder (Beau Canada)	NA/Wholesale	11	
Hubble (Startech)	NA/Wholesale	11	
All other (<\$10 million)		16	38

(987)

EC004401851



Enron Corp.

Active Letters of Credit by Category

(000's)

	<u>3/31/00</u>	<u>12/31/99</u>	<u>12/31/98</u>
Bids	\$ 4,124	\$ 5,968	\$ 81,493
Debt	52,696	52,946	26,605
Portland General	0	0	2,711
Leases	455	455	17,329
Performance	534,319	522,006	114,440
Trade	67,503	76,269	1,184,103
EOTT	111,540	150,310	39,929
Other Third-Party	25	24,078	173,163
Other	58,198	80,071	18,909
Grand Total	<u><u>\$ 828,860</u></u>	<u><u>\$ 912,103</u></u>	<u><u>\$ 1,658,682</u></u>

EC004401852

*continue to expect them to
ramp up to our business
increase*

Enron Corp.

Guarantee Portfolio

(000's)

	<u>3/31/00</u>	<u>12/31/99</u>	<u>12/31/98</u>
Trade (Payment & Performance)	\$17,927,418	\$17,316,817	\$12,553,735
EOTT Trade	461,275	440,375	352,346
Swap Agreements (Master & Individual)	7,731,920	7,148,443	4,756,369
Projects (Non-Debt)	4,917,574	4,756,470	2,912,781
Debt			
Consolidated Subsidiaries	2,752,751	2,155,303	1,241,291
Unconsolidated Subsidiaries	337,746	337,746	565,808
Grand Total	<u><u>\$34,128,684</u></u>	<u><u>\$32,155,154</u></u>	<u><u>\$22,382,330</u></u>

EC004401853



Rating Summary

Rating Agency	Long Term	Commercial Paper	Outlook
Duff & Phelps	BBB+	D-2	Positive
Fitch IBCA <i>recently acquired Duff & Phelps</i>	BBB+	F-2	Stable
Moody's <i>No longer have split ratings</i>	Baa1	P2	Stable
R and I (Japan)	A-	n/a	Stable
Standard & Poors	BBB+	A2	Stable

In the middle of their annual analysis

EC004401854



Agenda Item 3a

EC004401855

Agenda Item ___
DEBT SECURITIES AUTHORIZATION
(Suggested Form of Resolutions)

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 or the 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 Vice Chairman of the Board, the President, the Chief Financial Officer or the 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 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;

EC004401856



Finance Committee Meeting
UWUU

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.

EC004401857



Finance Committee Meeting
04/00

Agenda Item 4

EC004401858

Enron Corp

Chief Risk Officer

May 1, 2000

EC004401859



EC004401860

Agenda Item 4a

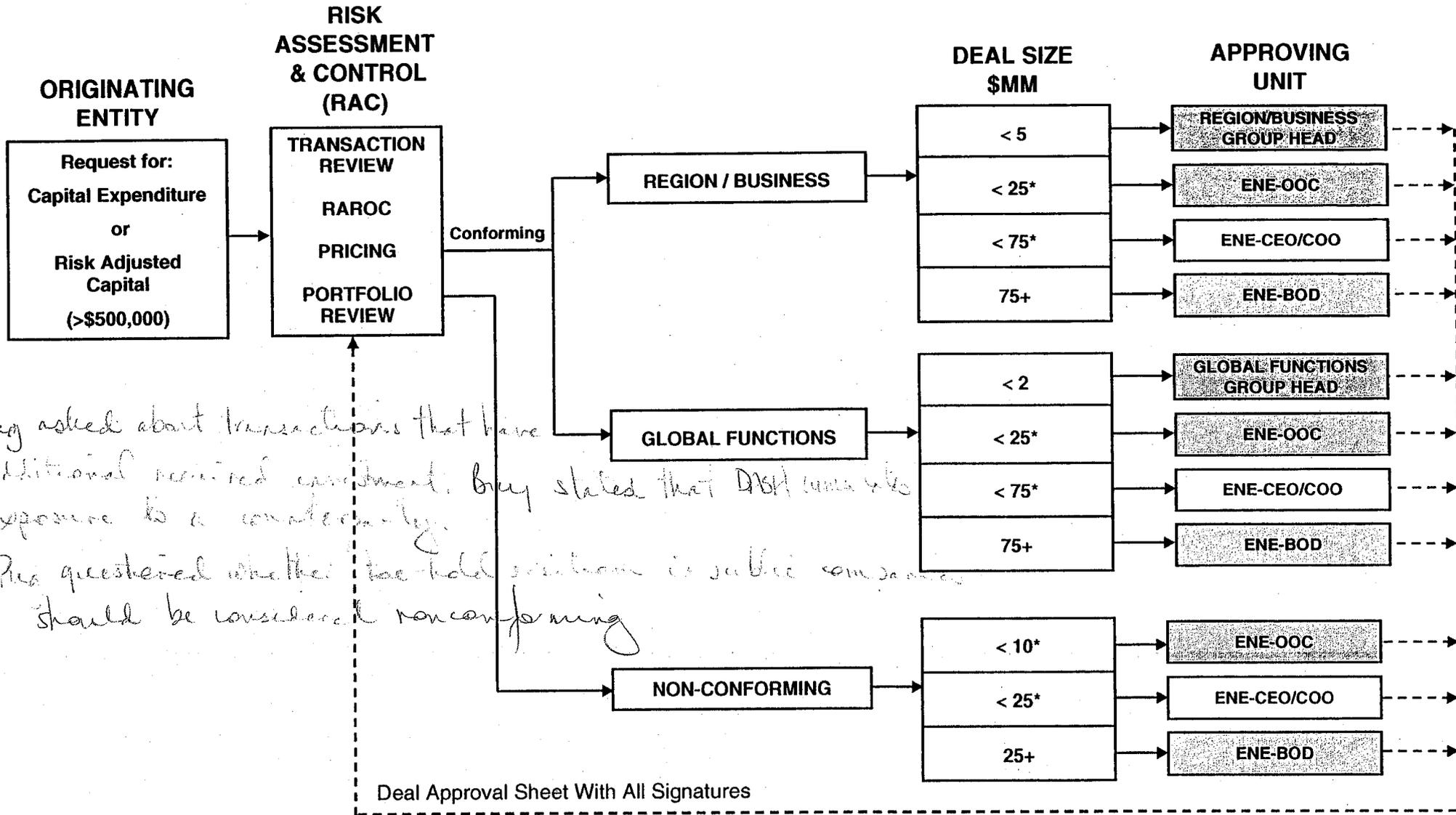
Transaction Approval Process

EC004401861



Enron Corp. Transaction Approval Process

Revised 5-2-00



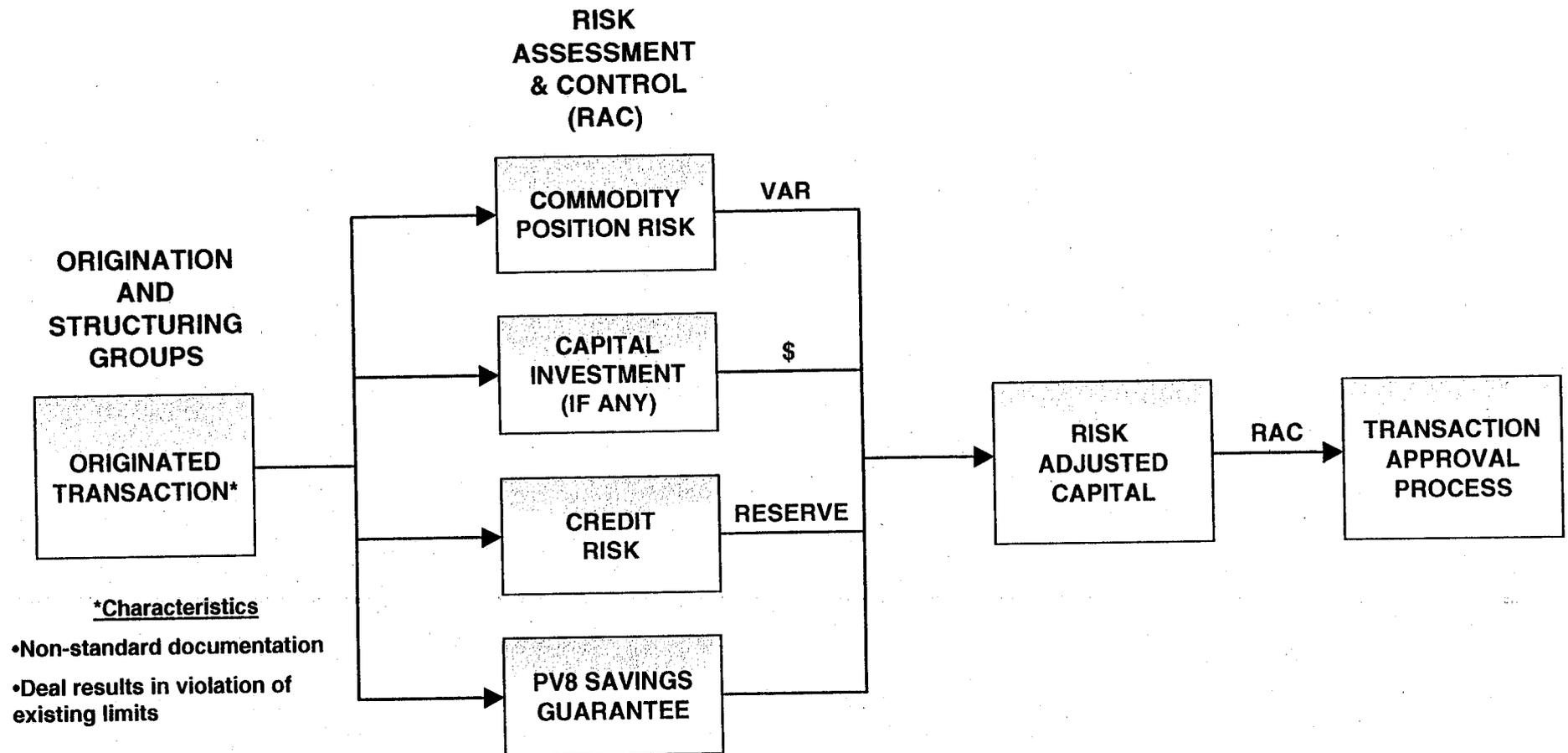
* Transaction Deal Approval Sheets will be distributed to the ENE-BOD (Finance Committee) after approval by the ENE-OOC.



EC004401862

Approval Process for Originated Contractual Transactions

Revised 5-2-00



EC004401863





**Enron Corp.
Transaction
Approval Process**

DEFINITIONS

Revised 5-2-00

REGION/BUSINESS GROUP HEADS	<p>Jim Bannantine – South America Cliff Baxter – North America Sanjay Bhatnagar – India Diomedes Christodoulou – South America Dave Delainey – North America Andy Fastow – EGF Mark Frevert – Europe Kevin Hannon – EBS David Haug – Caribbean/Middle East Joe Hirko – EBS.</p>	<p>Stan Horton – GPG Mike McConnell – Enron Net Works Jeff McMahon – Enron Net Works Rebecca McDonald – Asia/Africa Lou Pai – EES Ken Rice – EBS Jeff Sherrick – EGEP John Sherriff - Europe Greg Whalley – Enron Net Works Tom White – EES</p>
GLOBAL FUNCTION GROUP HEADS	<p>Kurt Huneke – Asset Operations Larry Izzo – EE&CC</p>	
ENE-OOC	<p>Enron Corp. Office of Chairman Approval defined as Ken Lay, Jeff Skilling or Joe Sutton</p>	
ENE-CEO or COO	<p>Ken Lay or Jeff Skilling</p>	
ENE-BOD	<p>Enron Corp. Board of Directors Executive Committee between Board Meetings</p>	
DEAL	<p>Capital Expenditure Net to Enron Funding Vehicle exposure included in Enron exposure</p>	
RAC	<p>Risk Assessment and Control Group at Enron Chief Risk Officer responsible for RAC activities</p>	
Capital Expenditure	<p>All major corporate commitments by Enron and any of its subsidiaries' Acquisitions/Divestitures (Divestitures exceeding \$500 MM require Board Approval) Disposal of Assets Providing a guarantee of obligations of unaffiliated third parties Providing debt, subordinated debt, equity or partnership capital A commodity or financial position that results in an exposure outside of Board Approved Limits</p>	
Risk Adjusted Capital	<p>The aggregation of exposure in a transaction that results from commodity positions, credit and guaranties; such exposure translated to an equivalent amount of capital</p>	
Conforming	<p>Routine non-budgeted Capital Expenditure within the general business lines of Enron Capital Expenditure made in an industry where Enron has established expertise Capital Expenditure made in a country where Enron has established a local presence and is currently conducting business RAC Group will determine if Conforming</p>	
Non-Conforming	<p>Capital Expenditure outside the general business lines of Enron Capital Expenditure in an industry where Enron has little or no expertise Capital Expenditure made in a country where Enron has no local expertise Capital Expenditure made in a country where the overall exposure to the country is excessive Capital Expenditure made to an entity or within an industry that would result in excessive exposure to that entity or industry RAC Group will determine if Non-Conforming EREC (Enron Renewable Energy Corp.) transactions are deemed non-conforming</p>	
Merchant Portfolio Limit	<p>The sum of all Merchant transactions less any syndicated amounts The numerical limit is set forth in the most recent Enron Risk Management and Trading Policy</p>	

*Change to \$200 Strategic
& \$500 Merchant.
Will also be provided w/ DAS*

*Also changes level
requiring BOD
approval. Related
to both strategic
& merchant
assets.*

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EC004401864

Agenda Item __
TRANSACTION APPROVAL PROCESS
(Suggested Form of Resolutions)

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; and

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 7th and 8th, 2000;

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 BE IT RESOLVED, that the Company revise 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 A, 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, the Executive Vice President and Chief Risk Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President, Finance and Treasurer, 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,

EC004401865



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, the Executive Vice President and Chief Risk Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President, Finance and Treasurer or any Vice President, 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.

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EC004401866



Finance Committee Meeting
01/00

Agenda Item 4b

EC004401867



Interoffice Memorandum

To: The Finance Committee of the Board of Directors
 From: Jeff Skilling and Rick Buy
 Department: Risk Assessment and Controls
 Subject: Changes to the Risk Management Policy
 Date: May 1, 2000

We are recommending full Board approval of the following amendments to the Risk Management Policy. The limit changes below will not affect the Enron Corp. Aggregate VAR limit, which will remain at \$60 MM.

I. New Commodity Group:

	<u>Current</u>	<u>Proposed</u>
<u>Japanese Electricity</u>		
Net Open Position Limit	None	4 Twh
Rolling 12-Month Open Position Limit	None	4 Twh
VAR Limit	None	\$4 MM

Discussion of Japanese electrical trading group - same people that set up Australia

II. The following limit increases to existing Commodity Groups:

	<u>Current</u>	<u>Proposed</u>
<u>Australian Electricity</u>		
Net Open Position Limit	1 Twh	3 Twh
Rolling 12-Month Open Position Limit	2 Twh	6 Twh
VAR Limit	\$2 MM	\$3 MM

<u>Pulp & Paper</u>		
Net Open Position Limit	150,000 MT	300,000 MT
Rolling 12-Month Open Position Limit	150,000 MT	300,000 MT
VAR Limit	\$1.5 MM	\$3 MM

<u>Equity Trading</u>		
Net Open Position Limit	\$50 MM	\$100 MM
VAR Limit	\$4 MM	\$6 MM

buy discussed raising the equity

EC004401868

Buy

III. The following Commodity Groups under the Interim Policy are seeking permanent limit structures and limit increases:

	<u>Current</u>	<u>Proposed</u>
<u>Southern Cone Electricity</u>		
Net Open Position Limit	1 Twh	3 Twh
Rolling 12-Month Open Position Limit	1.5 Twh	2 Twh
VAR Limit	\$1 MM	\$2 MM
<u>Southern Cone Gas</u>		
Net Open Position Limit	10 Bcf	35 Bcf
Rolling 12-Month Open Position Limit	20 Bcf	20 Bcf
VAR Limit	\$0.75 MM	\$2 MM

IV. Change the wording in the Risk Management Policy to clarify the difference between position limit violations and loss notification requirements.

EC004401869

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

I. General Authorization

Enron Corp. is authorized to execute Transactions and manage these Transactions within the 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 Companies are authorized to enter into Transactions which create Positions for Enron Corp. and its affiliates, other Enron Companies 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 Portfolio** – 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, 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.
- C. **Capital Portfolio** – designed to accommodate active management of the market sensitive exposures embedded in the Merchant Portfolio and to provide greater liquidity for Enron's merchant investment activities within the approved limits.
- D. **Energy Investment Portfolio (EIP)** - designed to capture and manage certain large open Positions domestically and internationally, that have been entered into as an offset or anticipatory hedge to originated physical positions within the approved limits. Positions within the EIP are reviewed regularly by the Enron Corp. Chief Risk Officer and the President of Enron Corp., who together are responsible for policies concerning the suitability of Transactions within EIP, monitoring guidelines, risk measurement standards and Transaction approval requirements.

III. Limits 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 ~~limits~~, Maturity/Gap Risk ~~limits~~, and Potential Exposure limits and ~~Loss limits~~ 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 Companies' 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 Companies' activities are subject to the Maturity/Gap Risk limits at the Commodity Group level, as specified in Appendix I.

- C. **Potential Exposure Limits.** Enron Companies' 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. **Loss Limits.** Daily and Cumulative Losses resulting from Enron Companies' activities are subject to the reporting requirements, as specified in Section IV.C.~~
- D. **Regulated Exchange Limits.** Enron Companies 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 Companies' activities are subject to the reporting requirements, as specified in Section IV.C.

E.

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 Limits 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. Cumulative Loss violations are not reported for events, -for which a respective Daily Loss violation 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 violations of the Aggregate VAR Limit of 15% or greater and violations of the aggregate Daily Loss Limit in excess of the respective VAR Limit. These and other limit violations and Loss

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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 Companies 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 Companies shall prepare and distribute a daily report ("Daily Position Report") showing 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 Report will also report various limits compared to their respective actual amounts. 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. The 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. **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 Companies. 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 and Appendix III. All Transactions must be entered into in compliance with current or future policies, prevailing at the time transactions are contemplated, of the Structuring Group, Credit Group, Legal Department, Risk Controls Group and relevant groups.
- D. **Brokerage Accounts.** Designated Enron Companies 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.
- E. **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.

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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.

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. Any violation of this Policy by an employee shall be grounds for immediate termination.

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.

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 Company(ies)" shall mean Enron Corp. and any entity controlled, directly or indirectly, by Enron Corp., or any entity directly or indirectly under common control of 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.

"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.

Commodity Group	Benchmark Position	Net Open Position Limit	Maturity / Gap Risk Limit	VAR Limit
TRADING PORTFOLIO				\$60MM
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 Mil MWHTwh	15 Mil MWHTwh (Rolling 12-Month)	\$40 MM
Metals & Minerals	LME Aluminum Futures Equiv.	100,000 MT	100,000 (Rolling 12-Month)	\$2 MM
Coal	U.S. Eastern Coal Equivalents	15 MM MTFtons	15 MM MTFtons (Rolling 12-Month)	\$2 MM
Pulp & Paper	Pulpex NBSK (Pulp) Futures Equiv.	+50,000300,000 MTFtons	+50,000300,000 Tons-MT (Rolling 12-Month)	\$1.53 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)	\$3 MM
European Natural Gas	UK NBP Gas Equivalents	60 Bcf	90 Bcf (Rolling 12-Month)	\$7.5 MM
UK Electricity	UK Electricity Equivalents	3585 Mil MWHTwh	15 Mil MWHTwh (Rolling 12-Month)	\$40.18 MM
Nordic Electricity	Nordic Electricity Equivalents	10 Mil MWHTwh	10 Mil MWHTwh (Rolling 12-Month)	\$3 MM
Continental Electricity	Continental Electricity Equivalents	10 Mil MWHTwh	10 Mil MWHTwh (Rolling 12-Month)	\$3 MM
Australian Electricity	Electricity Equivalents	1-3 Mil MWHTwh	2-6 Mil MWHTwh (Rolling 12-Month)	\$2-3 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	\$400,000100,000 / bp	USD 50,000 / bp (<= 2 years)	\$3 MM (combined Interest Rate/FX)
Foreign Currency	USD Spot Rate Notional Equivalents	\$100 MM	N/A	
Equity Trading	Market Value in USD	\$50-100 MM	N/A	\$4-6 MM
Debt Trading	Market Value in USD	\$250-250 MM	N/A	\$2-2 MM
Enron Broadband Services	NY-LA Route Bandwidth Equiv. N/A	2,800 NY-LA DS3 Months N/A	5,600 NY-LA DS3 Months N/A	\$2 MM
MERCHANT PORTFOLIO	Market Value in USD	N/A	N/A	N/A
CAPITAL PORTFOLIO				
Enron Companies	Market Value in USD	\$300 MM	N/A	\$10 MM
Other	S&P Equivalents	\$200 MM	N/A	\$10 MM
ENERGY INVESTMENT PORTFOLIO	NYMEX Henry Hub Equivalents	200 Bcf	40 Bcf (Rolling 12-Month)	

EC004401875

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

EC004401876

INTERIM POLICY LISTING:

Commodity Group	Benchmark Position	Net Open Position Limit	Maturity / Gap Risk Limit	VAR Limit
Southern Cone Natural Gas	Natural Gas Equivalents	40 Bef	20 Bef (Rolling 12 Month)	\$0.75MM
Southern Cone Electricity	Electricity Equivalents	4 Mil MWH	4.5 Mil MWH (Rolling 12 Month)	\$1 MM
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

EC004401877

Agenda Item 4c

EC004401878

Merchant Portfolio Summary

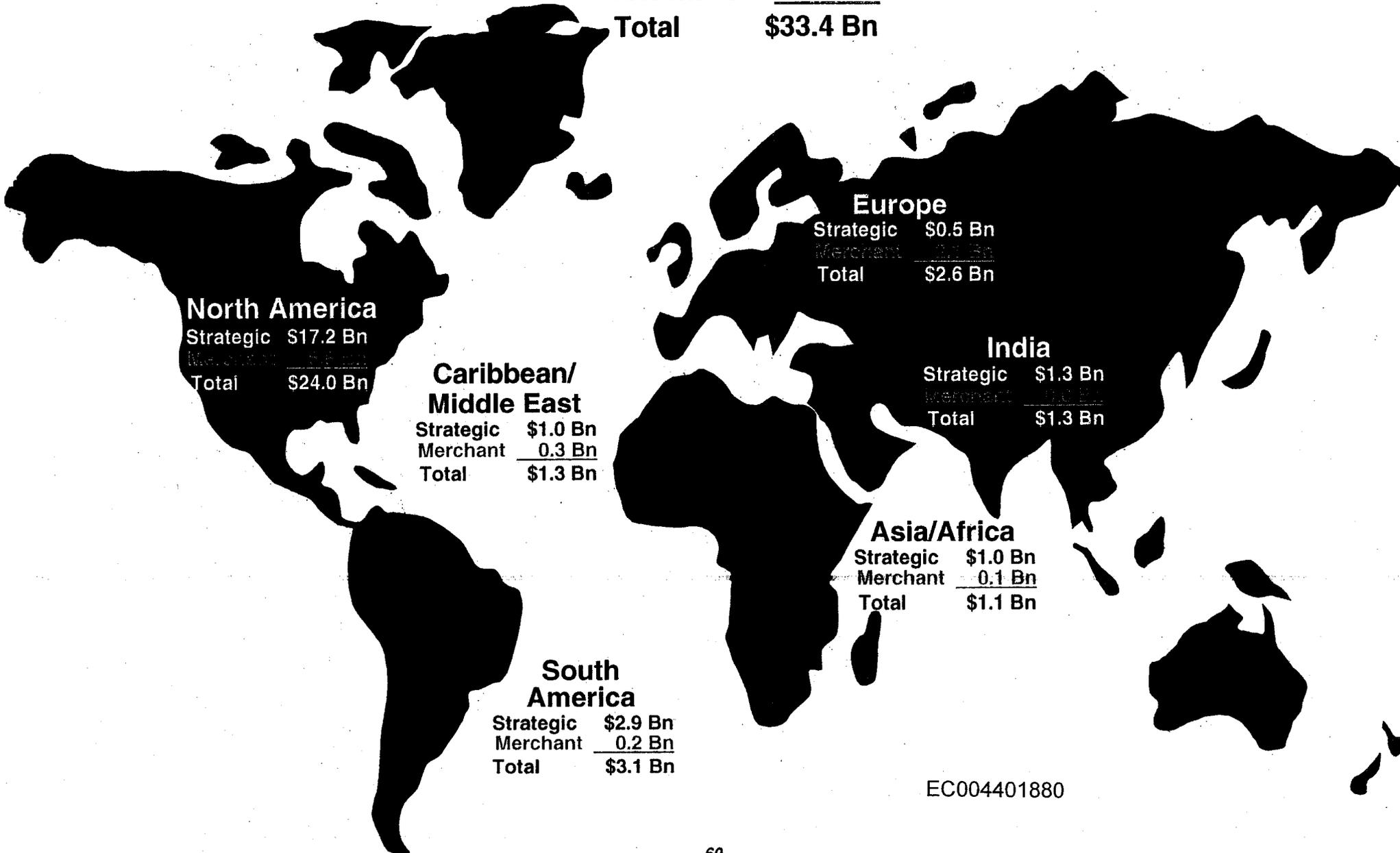
EC004401879



Enron's Assets by Region

as of December 31, 1999

Strategic	\$23.9 Bn
Merchant	<u>9.5 Bn</u>
Total	\$33.4 Bn

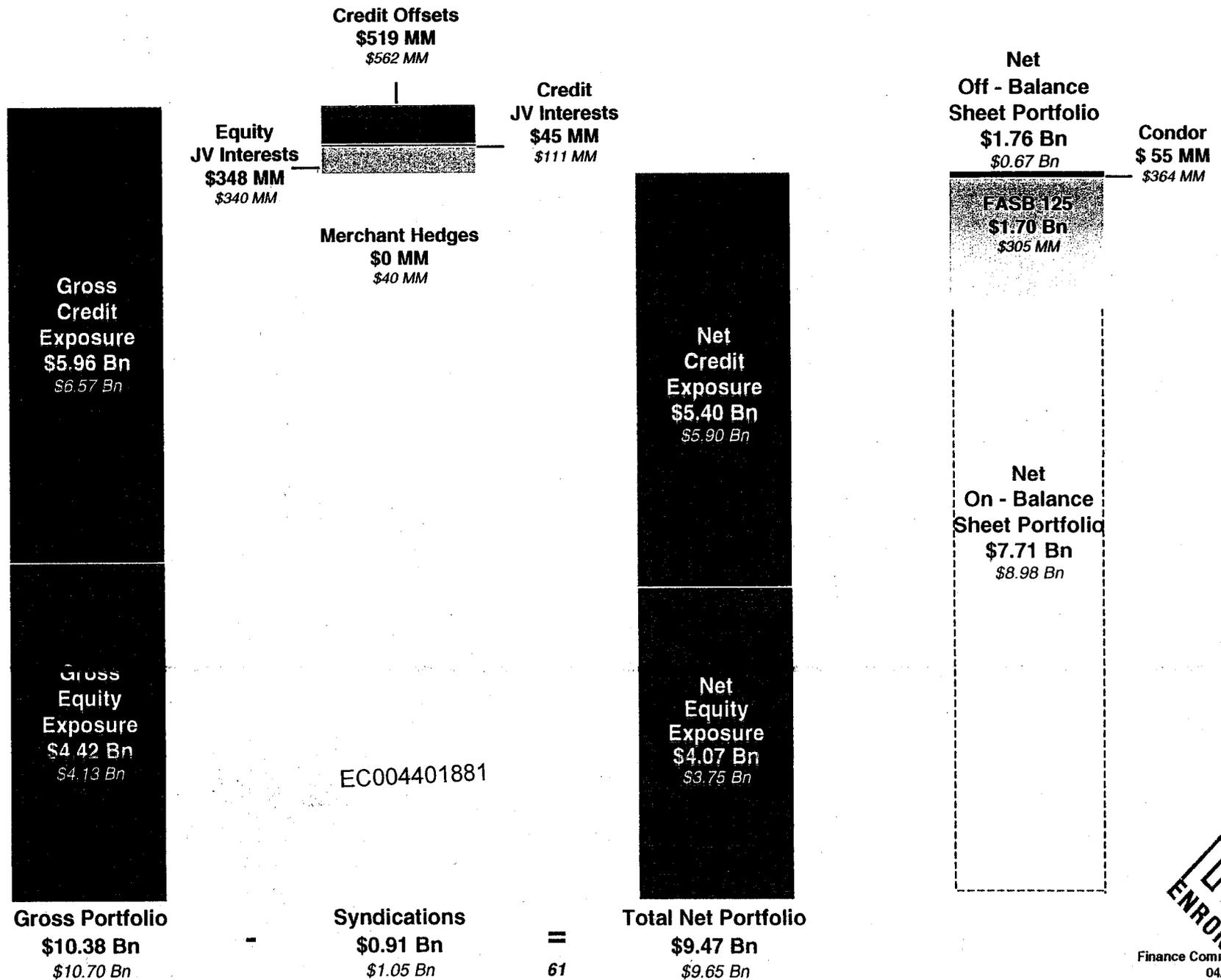


EC004401880

No significant changes since Dec. '99 Board Meeting

Merchant Portfolio

as of December 31, 1999

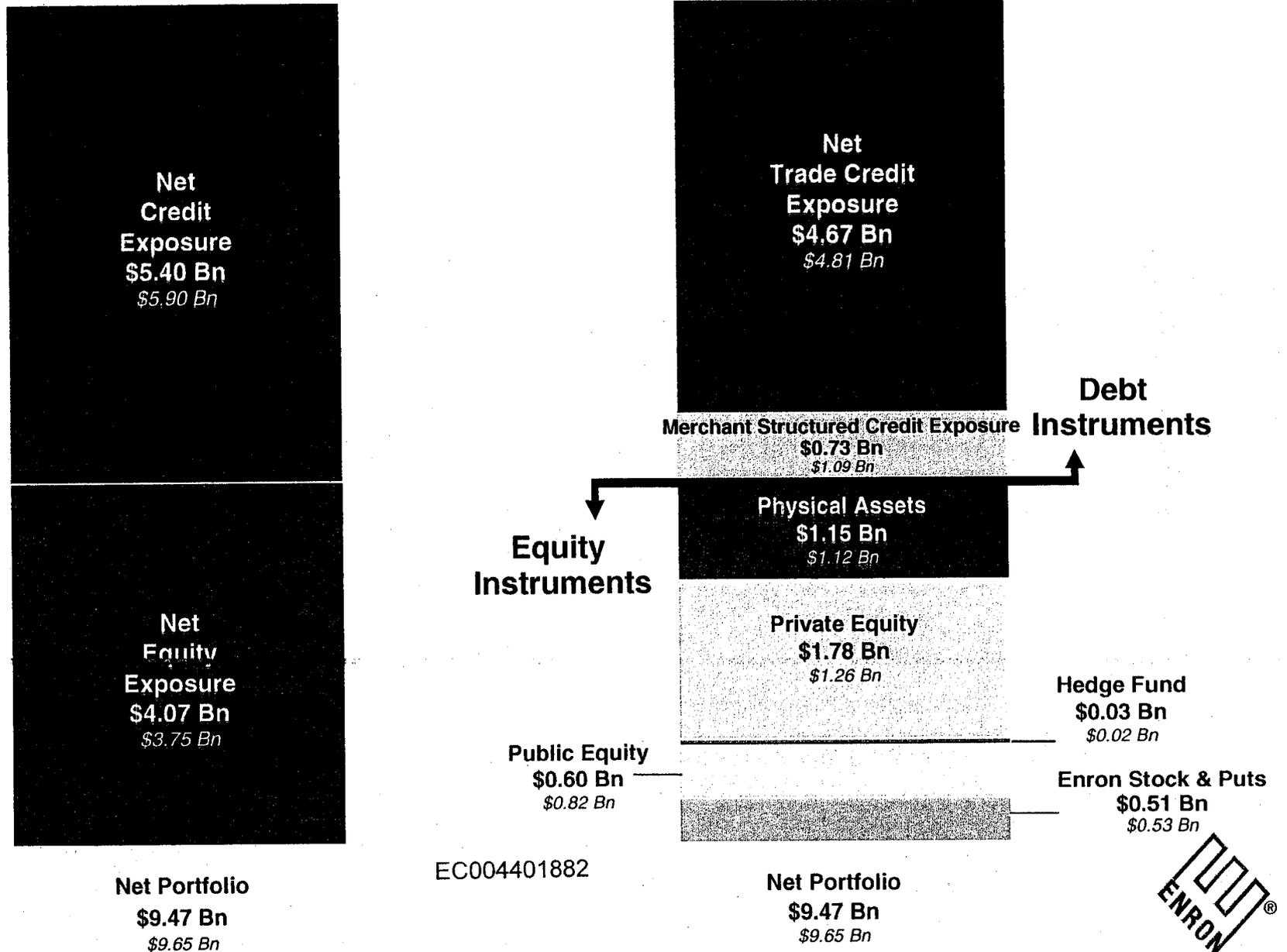


EC004401881



Merchant Portfolio After Syndication

as of December 31, 1999



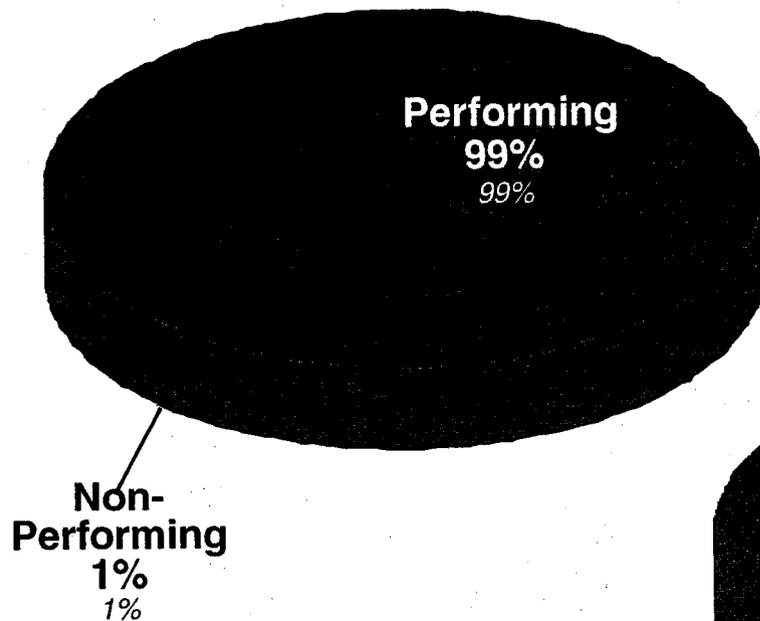
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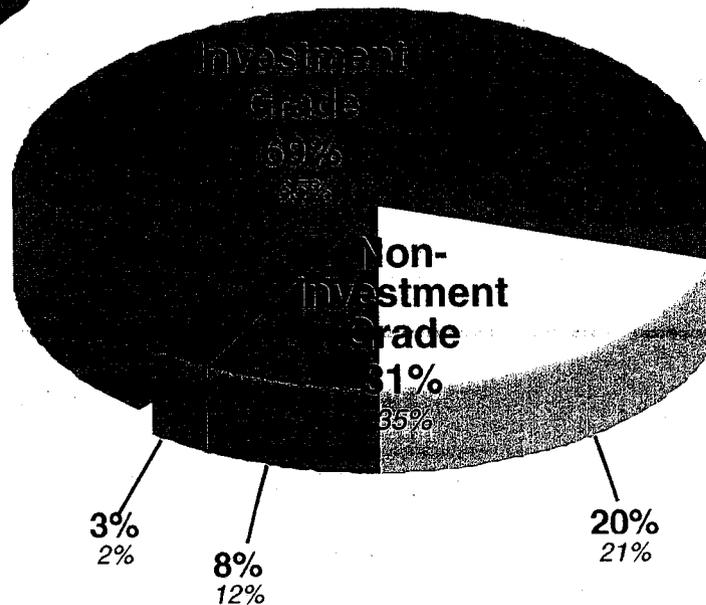
Debt Instruments as of December 31, 1999

Total Credit Exposure: \$5.40 Bn

Portfolio Performance



E - Ratings *



- 1-5 Investment Grade
- 6-8 BB+/BB/BB-
- 9-10 B+/B/B-
- 11-12 All C & D Ratings

* "E-Ratings" represent Enron's Internal Credit Rating System. 1 = AAA.

Numbers in italics represent amounts at September 30, 1999

EC004401883



Top 25 Credit Exposures

Type of Credit	E-Ratings	Counterparty Name	December 31, 1999	March 31, 2000 **
Merchant	2	Deutsche Bank	N/A	1,950
Trade	4	Eastern Power & Energy Trading Limited	598	1,050
Trade	5	Sithe/Independence Power Partners, L.P.	315	303
Trade	4	Reliant Energy Resources Corp.	178	181
Trade	5	Sithe/Independence Power Partners, L.P. Tracking Account	171	180
Merchant	6	East Coast Power	142	142
Trade	2	Florida Power & Light Company	106	133
Merchant	7	American Coal Tranche I	133	133
Merchant	8	Enron Wind Corp. Lake Benton II	119	119
Trade	2	Bonneville Power Administration	76	117
Trade	5	Canadian Natural Resources Ltd.	94	109
Trade	4	Reliant Energy Services, Inc.	38	95
Trade	4	Yorkshire Electricity Group PLC	N/A	83
Trade	4	United Illuminating Company	63	73
Trade	4	Petro-Canada Oil and Gas	49	70
Trade	3	Sempra Energy Trading Corp.	51	70
Trade	2	BP Oil Supply Company	N/A	68
Trade	2	The Chase Manhattan Bank	46	63
Trade	2	The Power Authority of the State of New York	57	56
Trade	7	Aquila Energy Marketing Corporation	N/A	55
Trade	1	Swiss Re Financial Products Inc.	N/A	44
Trade	8	Calpine Fuels Texas Corporation	52	41
Trade	4	Talisman Energy Inc.	N/A	41
Trade	2	Mobil Oil Corporation	N/A	40
Trade	3	British Gas Trading Limited	44	38
Trade	4	California Power Exchange Corporation	35	N/A
Trade	5	Commonwealth Edison Company	36	N/A
Trade	2	City of Tallahassee	38	N/A
Trade	3	Brooklyn Union Gas Company	39	N/A
Trade	8	Midland Cogeneration Venture Limited Partnership	45	N/A
Trade	3	Pacific Gas & Electric Company	54	N/A
Trade	3	Duke Energy Trading and Marketing, L.L.C.	61	N/A
Top 25 Total			2,640	5,254
Other Credit Exposures			2,755	
Total Credit Exposure			5,395	

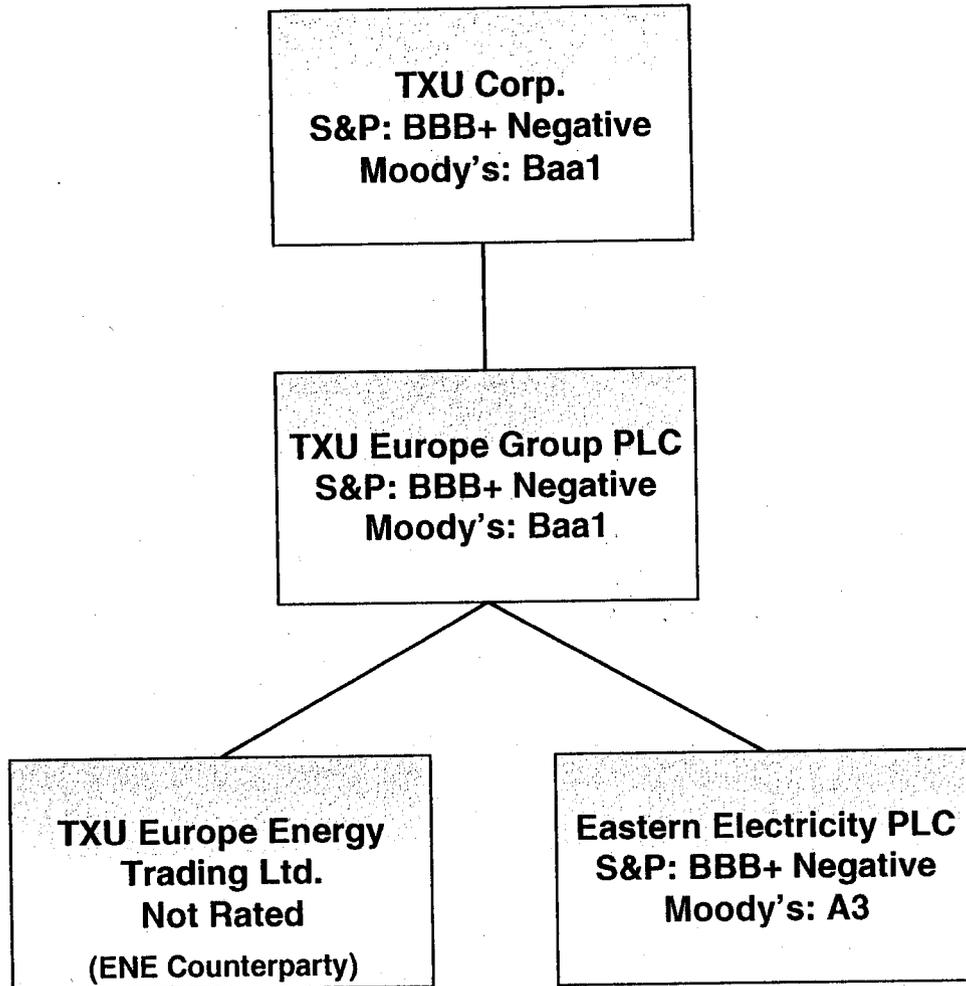
Transactions new to "Top 25" list from Sept. '99 data
 Transactions new to "Top 25" list since Dec. '99 data

* DASH signed in March '00, deal closed in April '00
 ** Mar-31-00 data estimated



TXU Europe Energy Trading Ltd.

Formerly known as Eastern Energy & Power Trading Ltd.



EC004401885

Exposure Summary

Credit exposures are associated with 15 year and 19 year virtual power station transactions.

Organization Highlights

TXU Europe Group PLC, the holding company for TXU Corp's activities in Europe, has provided capped guarantees to Enron

- Eastern Electricity PLC, its main operating subsidiary, is one of the major UK Regional Electricity Companies.
- Aggressively financed acquisitions coupled with a period of declining power prices has resulted in the recent negative outlook from S&P.

Mitigation Efforts

An Enron Team is actively pursuing credit risk mitigation opportunities.



Debt Instrument Performance

Non-Performing Asset Detail

Region	Country	E-Ratings	Transaction	Industry Sector	Net Carry Dec-31-99 (\$MM's)	Net Carry Mar-31-00 * (\$MM's)
North America	United States	11	Ecogas	Energy: Gas Processing	14.04	16.56
North America	United States	11	Badak Gas Marketing, Inc.	Oil & Gas: E&P	8.44	8.44
North America	United States	12	Hughes Rawls	Oil & Gas: E&P	9.41	8.06
North America	United States	11	Industrial Holdings	Oil Field Services	7.12	7.12
North America	United States	12	North American Energy Conservation	Energy Marketing	3.51	3.51
North America	Canada	12	Merit Energy Ltd.	Oil & Gas: E&P	2.17	2.17
North America	United States	12	Gasco Distribution	Gas: LDC	1.72	1.72
North America	Thailand	12	NSM	Steel	0.00	0.00
North America	United States	12	Repap Enterprises	Paper/Pulp	24.99	SOLD
North America	United States	11	TriPoint	Oil Field Services	4.65	SOLD
Total Non-Performing Credit:					76.05	47.58

Total Credit Exposure:

5,395.00

Non-Performing Percentage:

1%

New to "Debt Instrument Performance" list from Sept. '99 data

New to "Debt Instrument Performance" list since Dec. '99 data

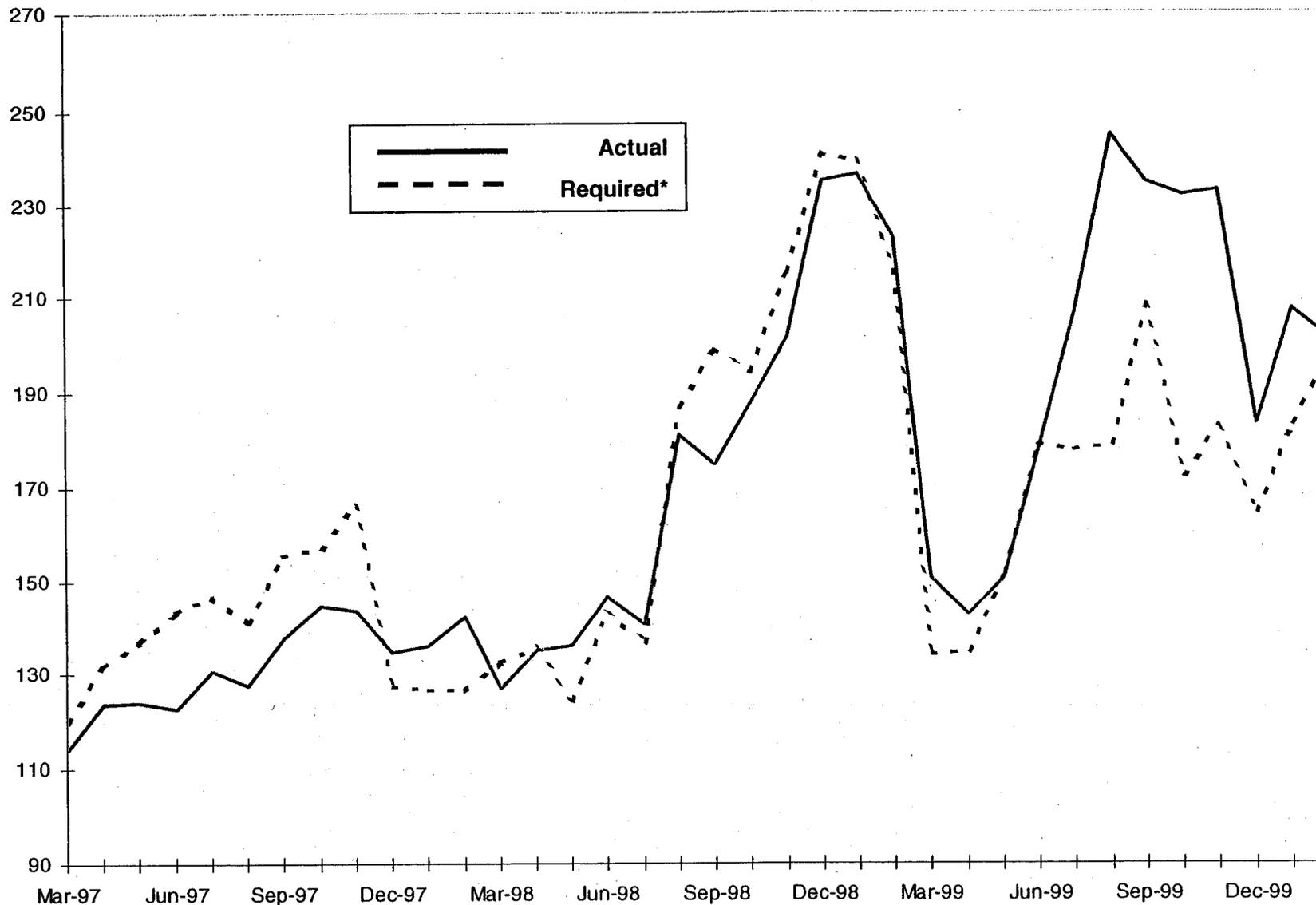
* Mar-31-00 data estimated

EC004401886



Finance Committee Meeting
04/00

Credit Reserve Historical Comparison (\$MM)



* Required Reserve: Amount of reserve required for existing portfolio after simulating defaults and assuming 50% recovery.

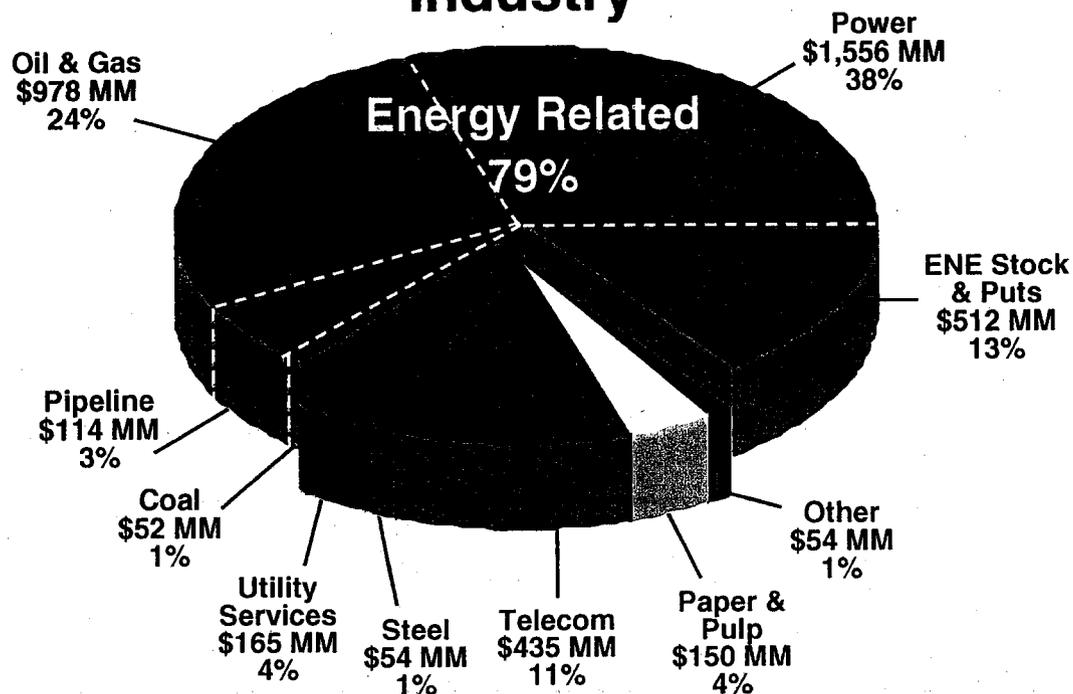


Equity Investment Portfolio

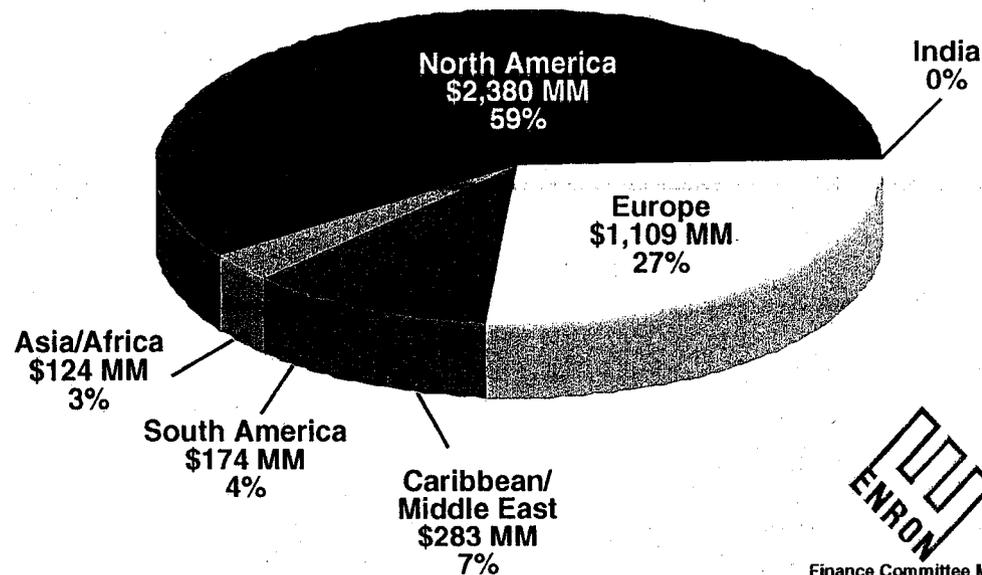
as of December 31, 1999

Equity Portfolio \$4.07 Bn

Industry



Geographic Region

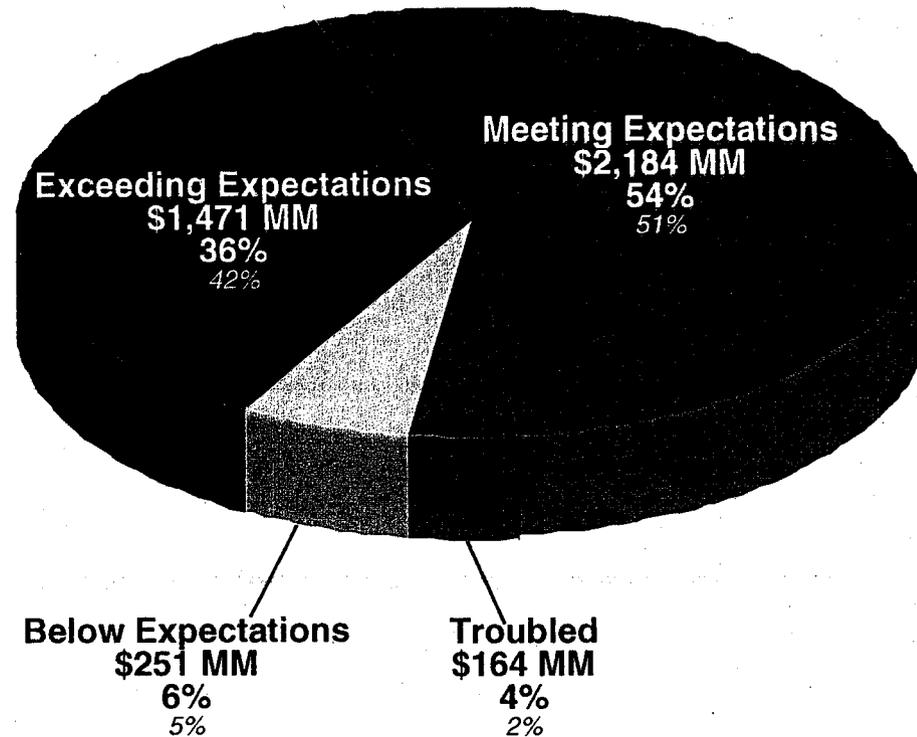


EC004401888



Equity Investment Performance as of December 31, 1999

Equity Portfolio \$4.07 Bn



EC004401889

Numbers in italics represent amounts at September 30, 1999



Equity Investment Performance

Troubled Asset Detail

Region	Country	Transaction	Asset Book	Industry Sector	Net Carry Dec-31-99 (\$MM's)	Net Carry Mar-31-00 * (\$MM's)
North America	United States	Kafus/CanFibre	Private	Paper/Pulp	110.90	76.07
North America	United States	CGas	Private	Oil & Gas: Exploitation	25.89	27.98
North America	United States	EnSerCo Offshore	Private	Oil Field Services	5.88	5.88
North America	United States	Inland Resources, Inc.	Public	Oil & Gas: A&D	4.18	5.10
North America	United States	Queen Sands Resources, Inc.	Public	Oil & Gas: A&D	5.06	4.82
North America	United States	Sierra Well Service	Private	Oil Field Services	4.02	4.11
North America	United States	Crown Energy	Public	Other	3.02	3.02
North America	United States	Eugene Offshore Holdings LLC	Private	Oil & Gas: Exploitation	3.93	2.55
North America	United States	Brigham Exploration Company	Public	Oil & Gas: E&P	1.36	2.12
North America	United States	Costilla Energy, Inc.	Public	Oil & Gas: Exploitation	0.00	0.00
North America	United States	Hughes Rawls	Private	Oil & Gas: E&P	0.00	0.00
North America	United States	Lyco	Private	Oil & Gas: E&P	0.00	0.00
North America	United States	Hogan	Private	Oil & Gas: A&D	0.00	0.00
Total Troubled Equity					164.24	131.65

Total Equity Exposure:	4,070.00
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Troubled Percentage:	4%
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New to "Equity Investment Performance" list from Sept. '99 data

No new additions to "Equity Investment Performance" list since Dec. '99 data

* Mar-31-00 data estimated

EC004401890



Bottom 10 Investments

	Dec-31-99 Carrying Value	Mar-31-00 Carrying Value *	Remarks
Investments With Issues			
Kafus/CanFibre (Equity & Debt - ENA)	196.20	166.02	Riverside plant producing less than optimal volumes and under performance standards; Kafus Industries, LTD needs working capital of approximately \$20 MM to remain economically viable.
Cypress Exploration (Working Interest Operator - ENA)	54.72	57.24	Efforts to restructure deal with an investment banking firm through the creation an LLC have fallen through.
Ecogas (Private Equity & Debt - ENA)	46.05	48.57	Debt in default; ENA has assumed interim accounting control, financial planning and construction oversight.
CGas (Private Equity - ENA)	25.89	27.98	ENA has elected to exit the asset through a sale of the Company. Offers received to date have not been satisfactory.
Brigham Exploration Company (Common Equity & Debt - ENA)	28.74	27.42	Shell Capital infused \$15 MM for 2000 cap-ex requirements and ENE warrants were re-priced from \$3.50/share to \$2.313/share.
Bonne Terre Exploration (Limited Liability Company - ENA)	16.42	16.20	Results to date disappointing. Return on asset heavily dependent on the results from the Cameron Parrish project in south Louisiana.
Hughes Rawls (Membership Interest & Sr Loan - ENA)	9.41	8.06	ENA is reviewing options to exit investment.
Industrial Holdings (Term Loan - ENA)	7.12	7.12	PriceWaterhouseCoopers has been retained to to assist Company in recapitalizing its balance sheet.
EnSerCo Offshore (Rig collateral from Sr Term Loan-ENA)	5.88	5.88	ENA is aggressively attempting to market the rig and is pursuing personal guarantees.
Queen Sand Resources, Inc. (Public Equity - ENA)	5.06	4.82	ENA continues to seek investors willing to purchase the remaining equity position.
Total	395.49	369.31	

New to "Bottom Ten" list from Sept. '99 data

No new additions to "Bottom Ten" list since Dec. '99 data

* Mar-31-00 data estimated

EC004401891

Top 10 Investments

	Dec-31-99 Carrying Value (\$MM's)	Mar-31-00 Carrying Value ** (\$MM's)	Remarks
Investments Exceeding Expectations			
Mariner Energy* (Private Equity/ Convertible & Revolving Debt - ENA)	339.97	377.13	IPO or other monetization strategies being explored.
East Coast Power LLC* (Equity - ENA)	275.61	279.27	ECP recently exchanged Series A Senior Notes for substantially identical Series B Senior Notes, which are freely tradable and increase liquidity.
Rhythms NetConnections* (Common Stock - EBS)	255.00	213.10	Return on investment through 3/31/00 was 644%.
Hanover Compressor (Common Stock - ENA)	100.22	150.99	Hanover was up 40.9% for 1999 and has increased 47% YTD through 3/31/2000.
Quanta Services* (Convertible Debt - ENA)	62.05	126.96	Quanta was up 28% in 1999 and has increased 140% YTD through 3/31/2000. Quanta was sold to a third party in April 2000.
First World Communications, Inc.* (Common Stock & Warrants-ENA)	149.15	52.13	Monetized common stock to a qualified institutional buyer prior to IPO in Q1 2000. Remaining carrying value represents warrant value.
Papier Masson Ltee (Common Stock - ENA)	23.85	23.36	For 1999, production was above plan and costs were below budget.
Black Mountain Power (Term Loan - ENA)	14.20	18.41	Debt which has equity call for a 15% partnership interest in Saguaro Power Company.
UtiliQuest, LLC (Private Equity - ENA)	18.97	16.41	UtiliQuest has identified several additional acquisition prospects and is at various stages of negotiations with these companies.
Sycamore Networks, Inc. (Common Stock - EBS)	11.55	14.51	Sycamore was up 328% in 1999 since its IPO date of 10/21/99 and has increased 26% YTD through 3/31/2000.
Total	1,250.57	1,272.27	

New to "Top Ten" list from Sept. '99 data

No new additions to "Top Ten" since Dec. '99 data

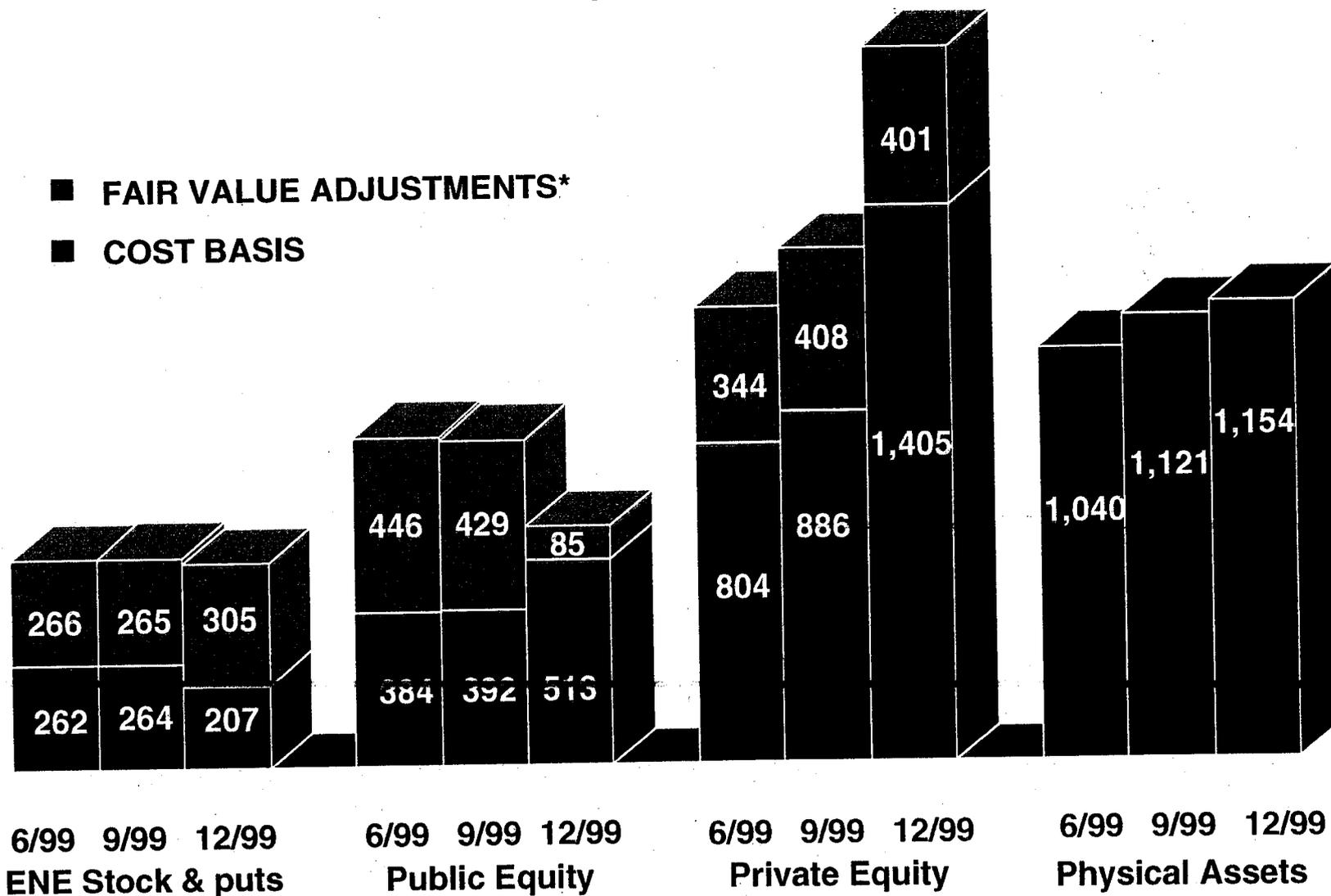
* Represents investments which were monetized through FAS 125 transactions since Dec. '99 Board Meeting

** Mar-31-00 data estimated

EC004401892

Merchant Equity Investments - Fair Market Value

as of December 31, 1999
(\$MM)



* Includes write-ups and write-downs

EC004401893



Finance Committee Meet
04/00

EES Review

EC004401894



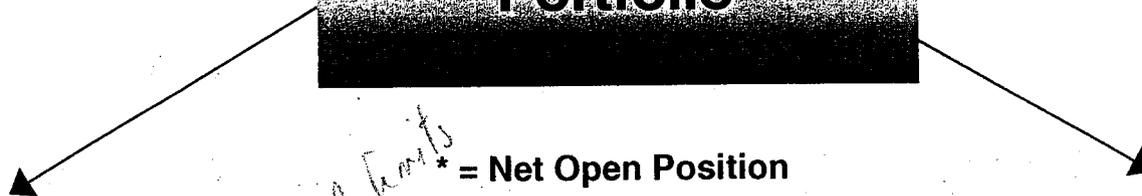
Modeling Approach

- ✓ **RAC models the EES Base Case**
- ✓ **RAC has not modeled upside potential:**
 - Upsell (Owens Corning, General Cable, etc.)
 - O&M
 - Commodity Price
- ✓ **Methodologies will be incorporated to quantify:**
 - Base level economics
 - Consistent appraisal of upside potential
 - Upsell estimate *to other facilities*
 - O&M potential
 - Commodity price volatility

EC004401895

Commodity Position Summary

**Total
Commodity
Portfolio**



part of NA limits * = Net Open Position

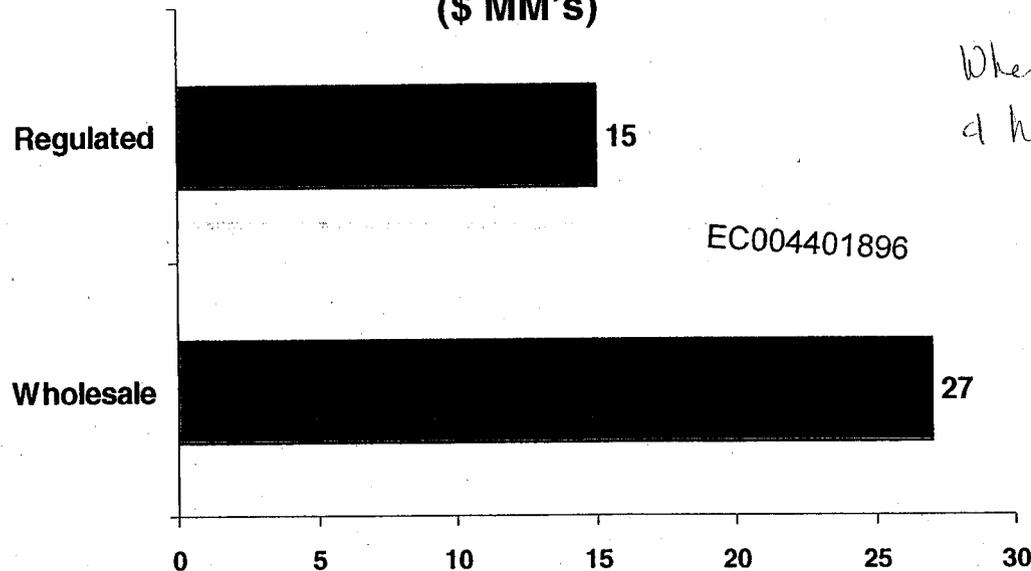
WHOLESALE

NOP* = Short 7.65 TWh
VAR (overnight) = \$3MM

REGULATED

NOP* = Short 39.6 TWh

**Stress Testing
Exposure - 5% Parallel Shift
(\$ MM's)**



*When tariffs are deregulated
d how much prices decline*

EC004401896



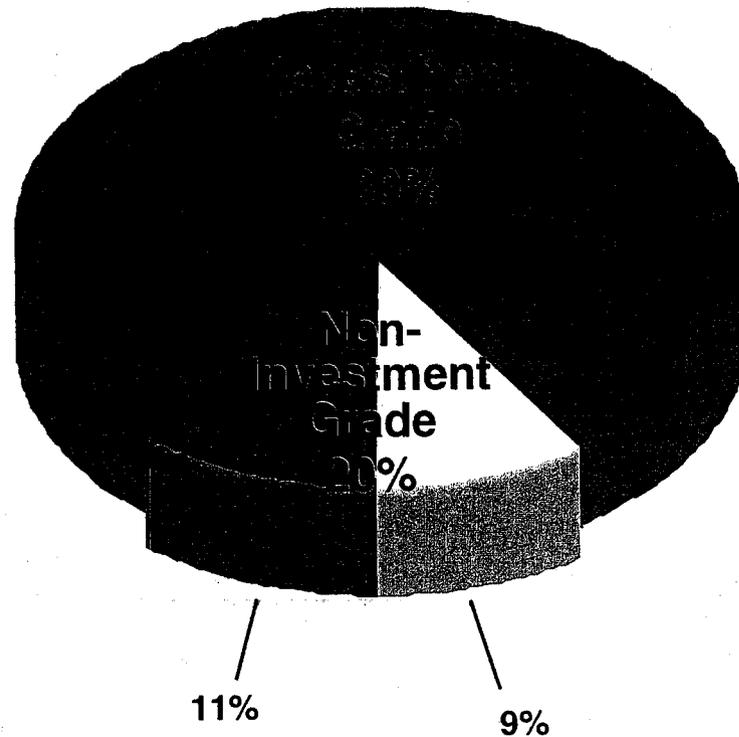
Credit Quality of Counterparties

Total Credit MTM Exposure: \$196 MM**

Total Credit Reserve: \$13 MM

as of March 31, 2000

Very strong credit quality



E - Ratings *

- 1-5 Investment Grade
- 6-8 BB+/BB/BB-
- 9-10 B+/B/B-
- 11-12 All C & D Ratings

* "E-Ratings" represent Enron's Internal Credit Rating System. 1 = AAA.

** Excludes Capital and Accounts Receivable risk.

EC004401897



Finance Committee Meeting
04/00

Foreign Exchange Project

EC004401898



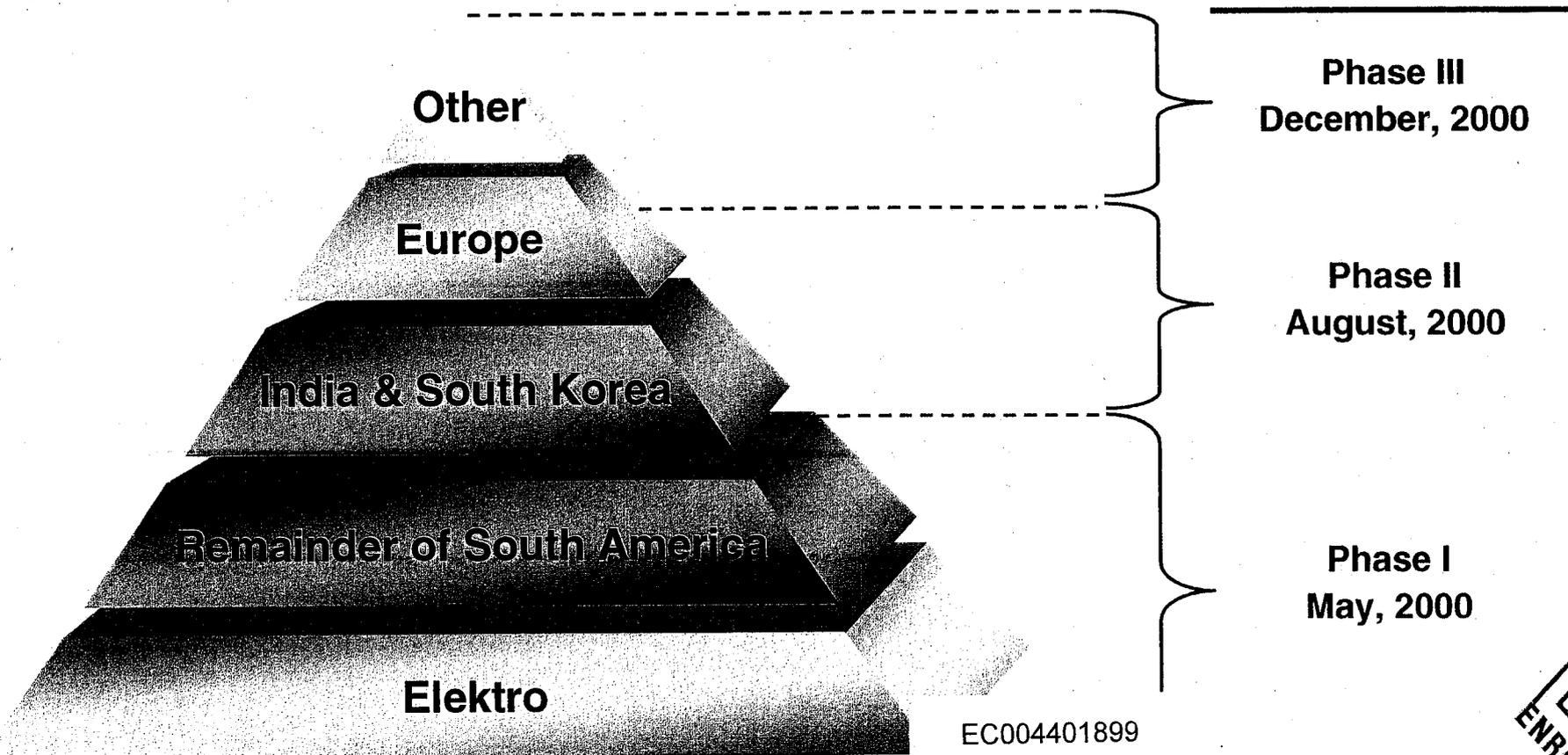
Foreign Exchange Project

Objective

Identification, measurement and reporting of foreign currency economic exposure for Enron's worldwide merchant and strategic asset activity.

Project Timeline

Target Completion Date



EC004401899



Finance Committee Meet
04/00

FX Exposure Methodology

Identify Exposure

**Interview Regional Personnel
Review**

- Financial Statements
- Debt Instruments
- Contracts
- Hedges
- Other



Data Collection Tool (RAC Developed)

**Template that provides for consistent
collection of Project and Market Data**

Reported quarterly by Region



Foreign Exchange Reporting Model (RAC Developed)

Collects and consolidates exposures

Data is classified by risk type

- Inflation
- Transaction and Translation
- Investment
- Net Income



Reporting

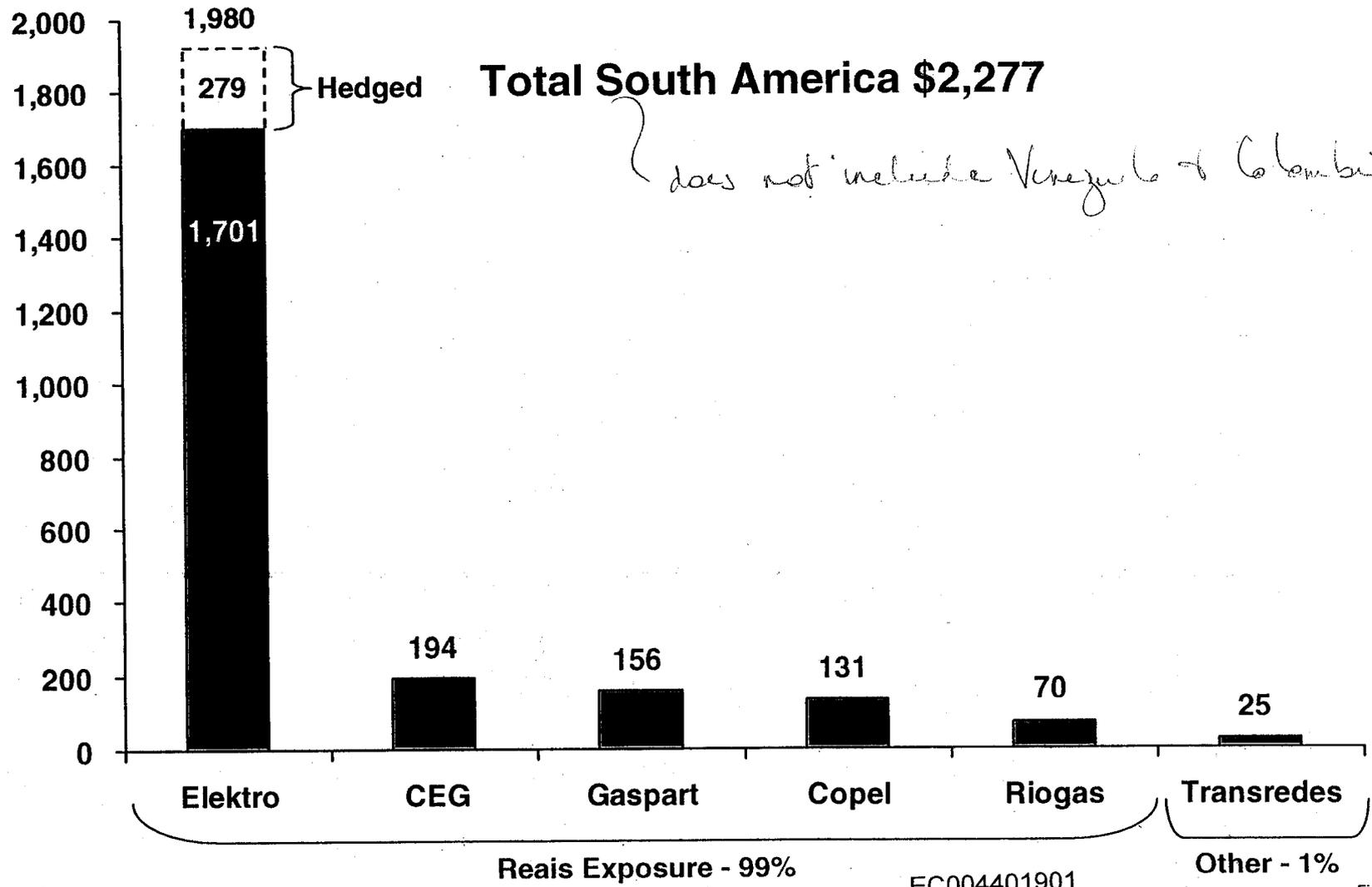
**Aggregate exposures by Project, Region or
Currency**

Exposures are measured by

- Notional
- Budgeted/Financial Impact (ENE calendar year)
- Sensitivity Analysis

EC004401900

Enron South America Net Notional Position by Project as of December 31, 1999 (\$MM)



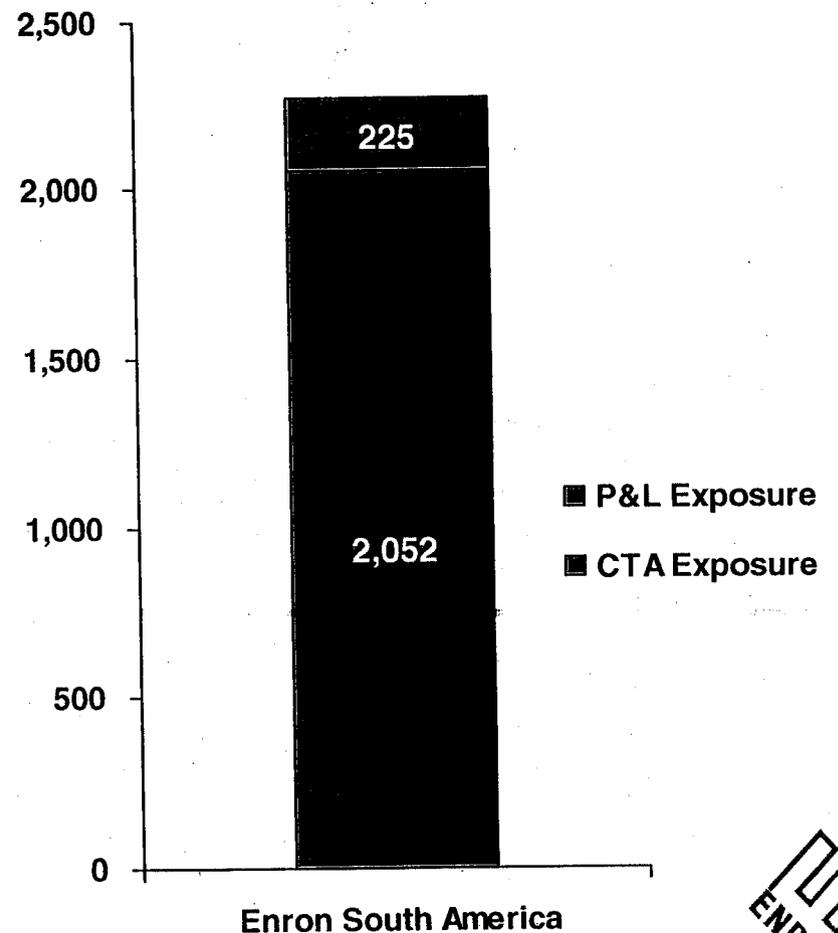
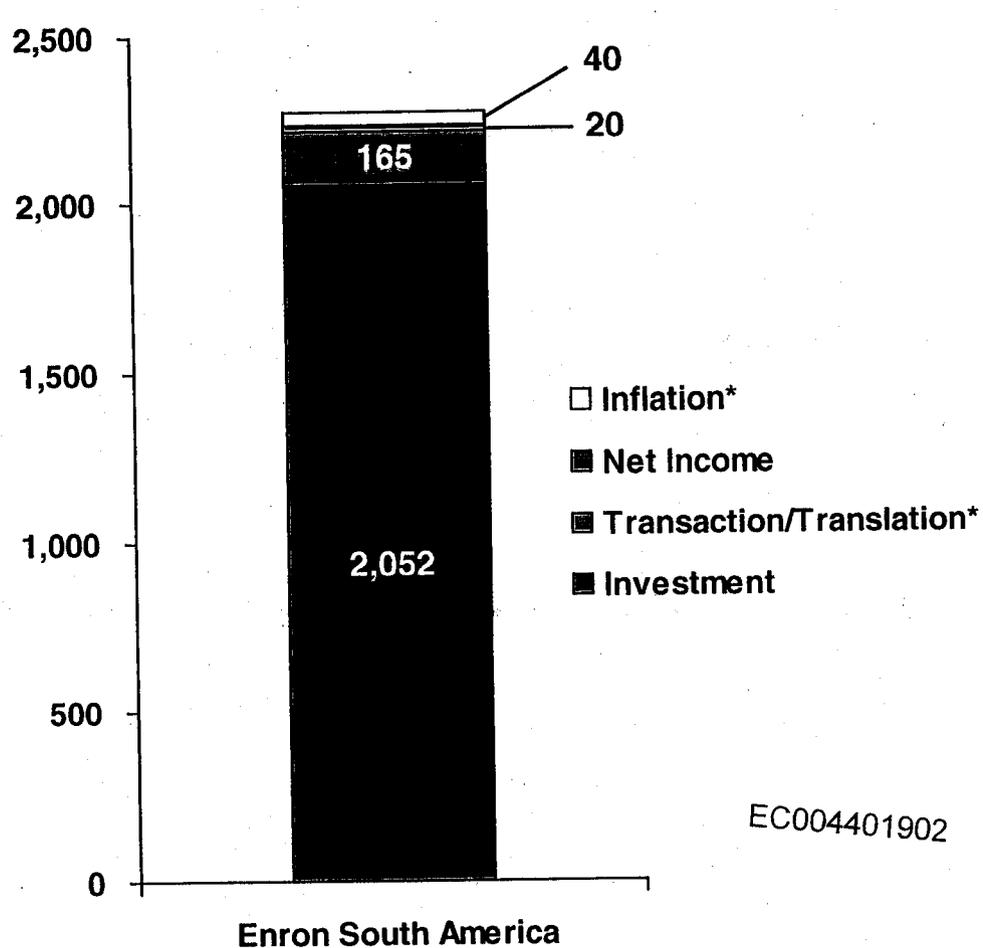
EC004401901

Enron South America

Net Notional Position by Type

as of December 31, 1999

Total South America \$2,277

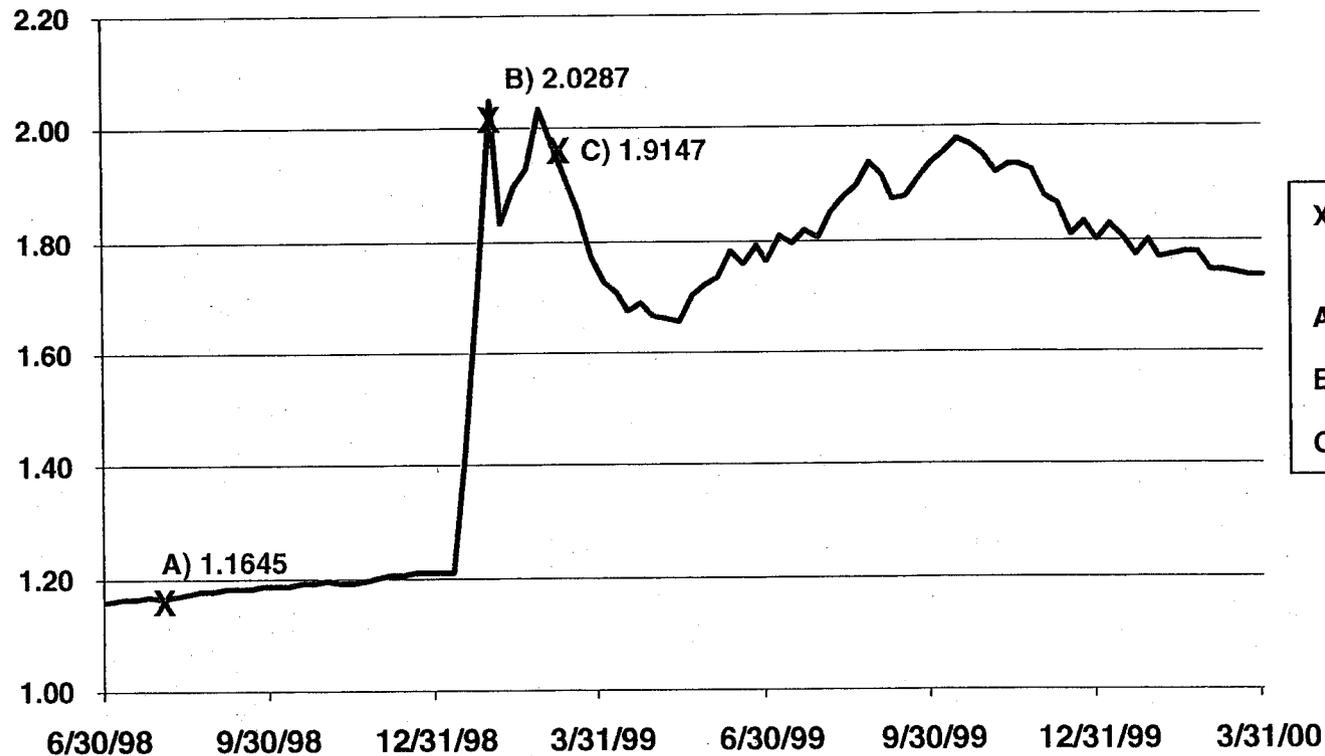


*Exposure may be mitigated in part by a Tariff Adjustment.



Enron South America

Reais Market Data



X Denotes Purchase of Elektro's Interest

A) Initial Equity Purchase of 46%

B) Employee Share Purchase of 5%

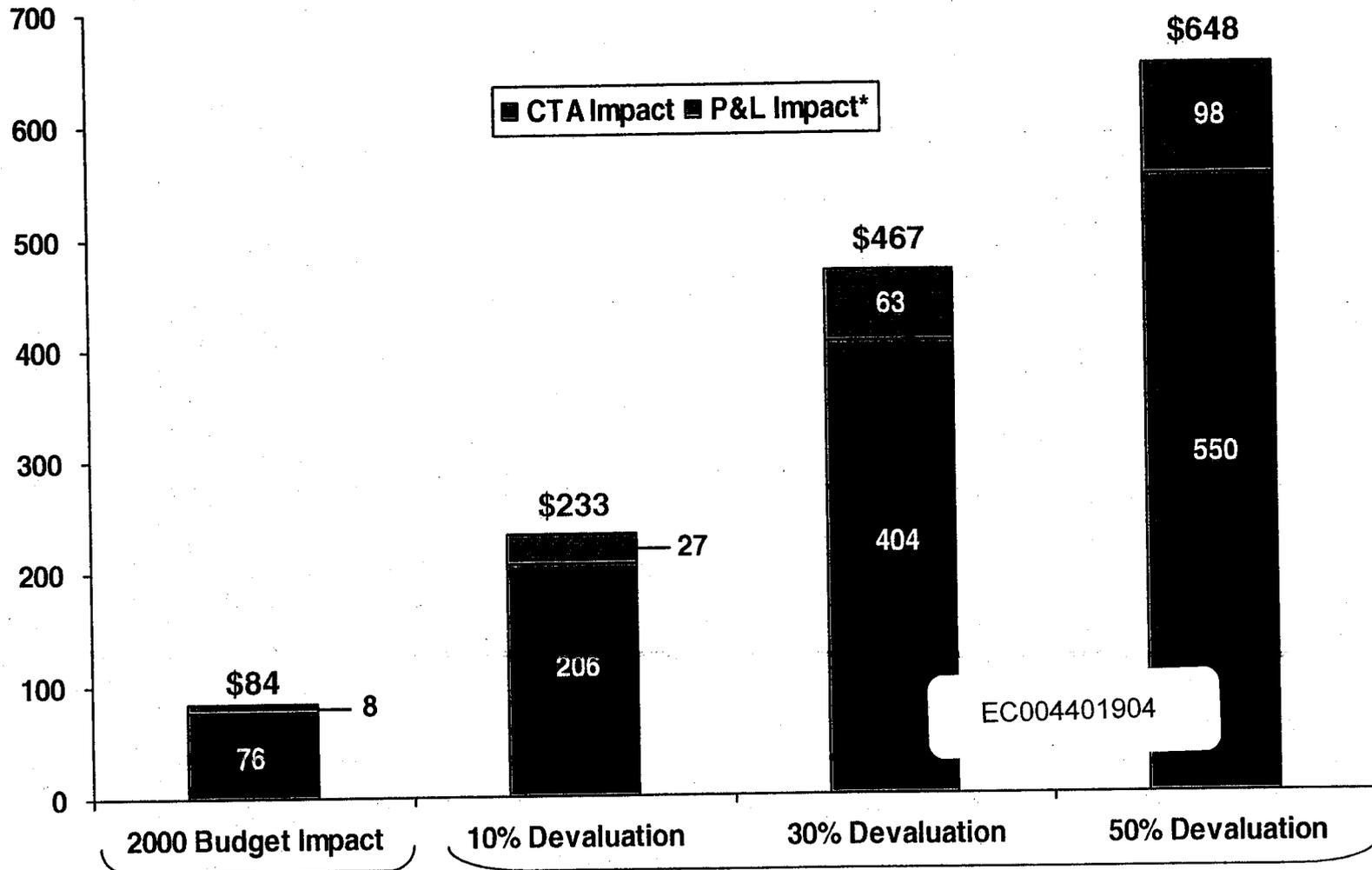
C) CESP Share Purchase of 48%

EC004401903

- Reais closed on 3/31/00 at 1.736. Enron's South America 2000 plan was based on a beginning of year and end of year rate of 1.91 to 2.05 respectively. In January 2000, the rates were revised to reflect a more current view of the market of 1.79 to 1.88.
- On March 28, the Central Bank cut overnight lending rate from 19% to 18.5%.
- Analysts predicting 6.0% - 7.5% inflation for 2000 compared to 9% for 1999.

Enron South America Reais Sensitivity Analysis

for the twelve months ending December 31, 2000
(\$MM)



Assumes 5% Devaluation Assumes Devaluation in addition to Budget Impact

Budget Assumes devaluation

*Estimated incremental P&L losses to be recognized during 2000 - no immediate P&L impact.



Market Risk Update

EC004401905



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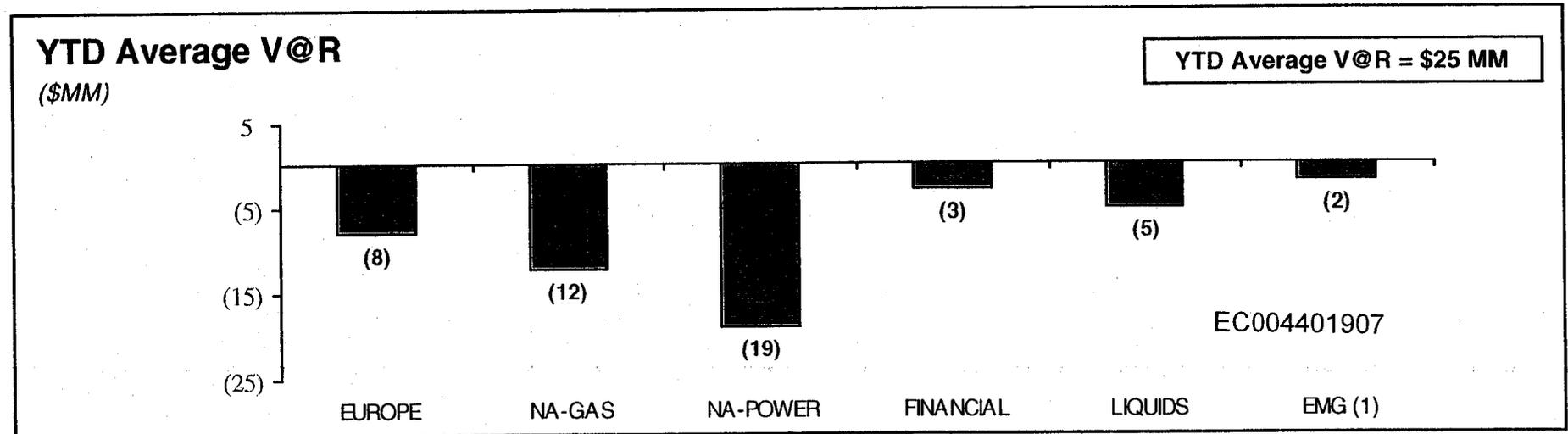
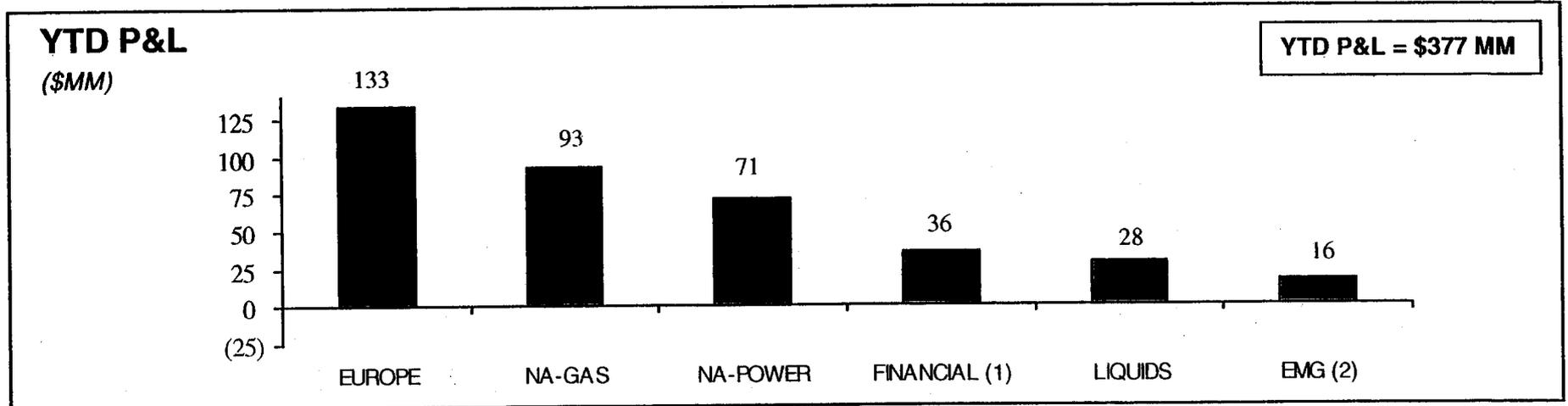
- Risk Profile
- Value-At-Risk Backtesting
- Parallel Shift Stress Testing
- Limit Violations
- Loss Notifications
- Trading Value-At-Risk Comparison
- Policy Changes

EC004401906



Risk Profile

as of March 31, 2000



Return on V@R YTD	223%	95%	48%	137%	65%	86%
Limit Utilization YTD	32%	31%	47%	37%	68%	17%

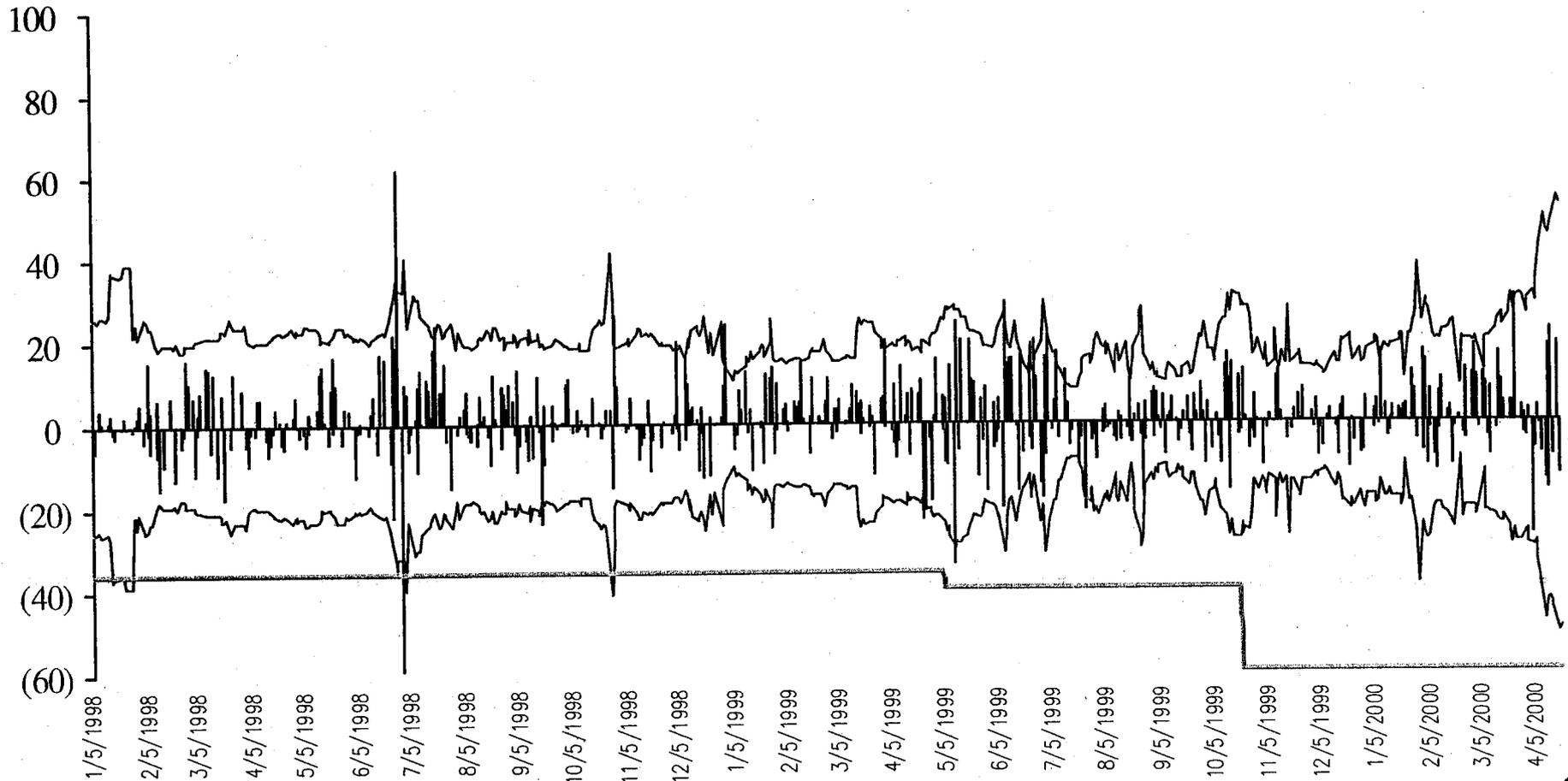
(1) Financial includes Equity, Debt, and IR/FX. Does not include U.S. and U.K. Drift.

(2) Emerging Businesses (EMG) include Southern Cone, Australia, Emission Credits, Coal, Paper, Lumber, Bandwidth, and Weather.

Value-At-Risk Backtesting

Backtesting Aggregate ENRON V@R - 1/5/98 - 4/18/00
(\$MM)

█ Curve Shift P&L — Value at Risk — V@R Limit



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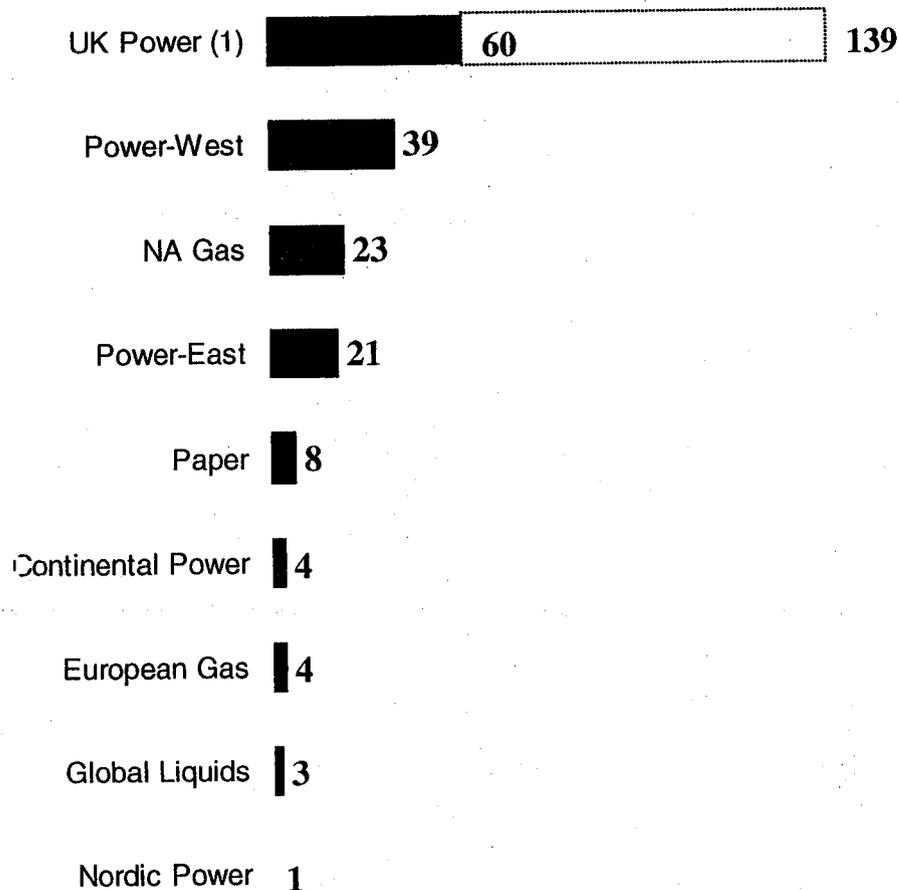
Finance Committee Meeting
04/00

Stress Testing

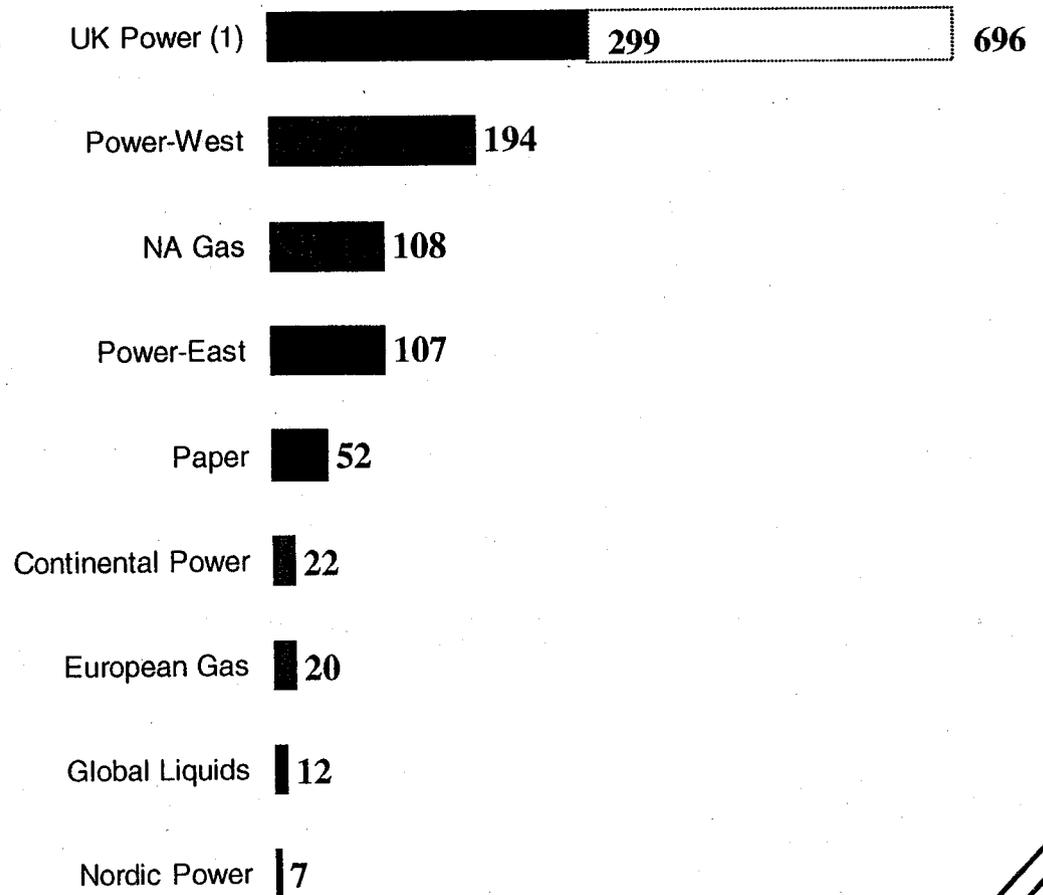
5% & 25% Parallel Price Shift
as of March 31, 2000



Worst Case Exposure - 5% Parallel Shift (\$MM)



Worst Case Exposure - 25% Parallel Shift (\$MM)



(1) Larger figure includes Project Repeat (the sale of Sutton Bridge) which closed on April 5, 2000

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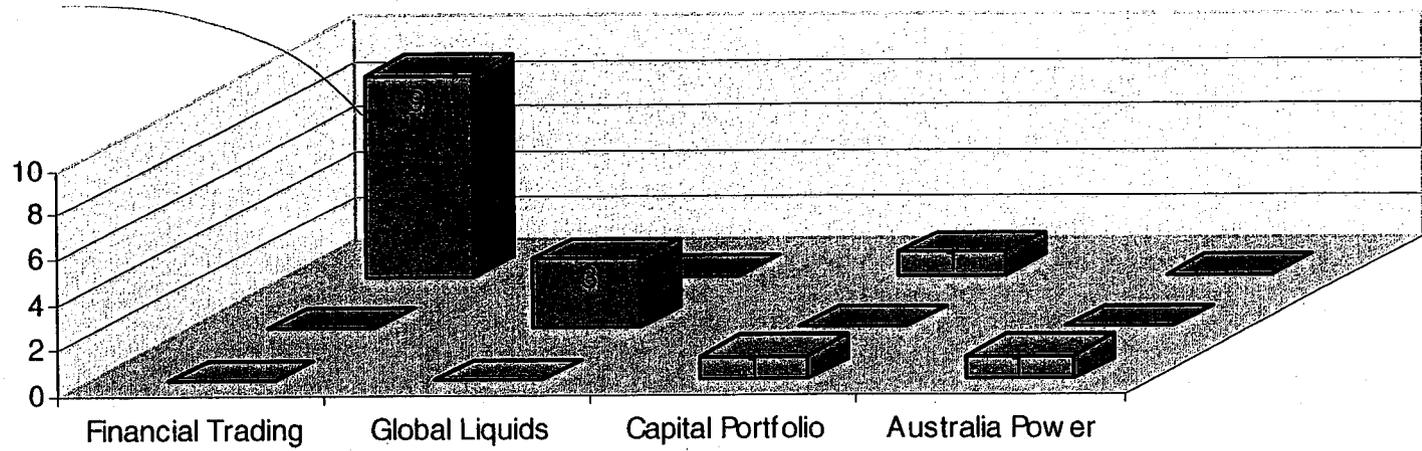
Limit Violations

Quarter Ended March 31, 2000

Discussion of equity portfolio violations

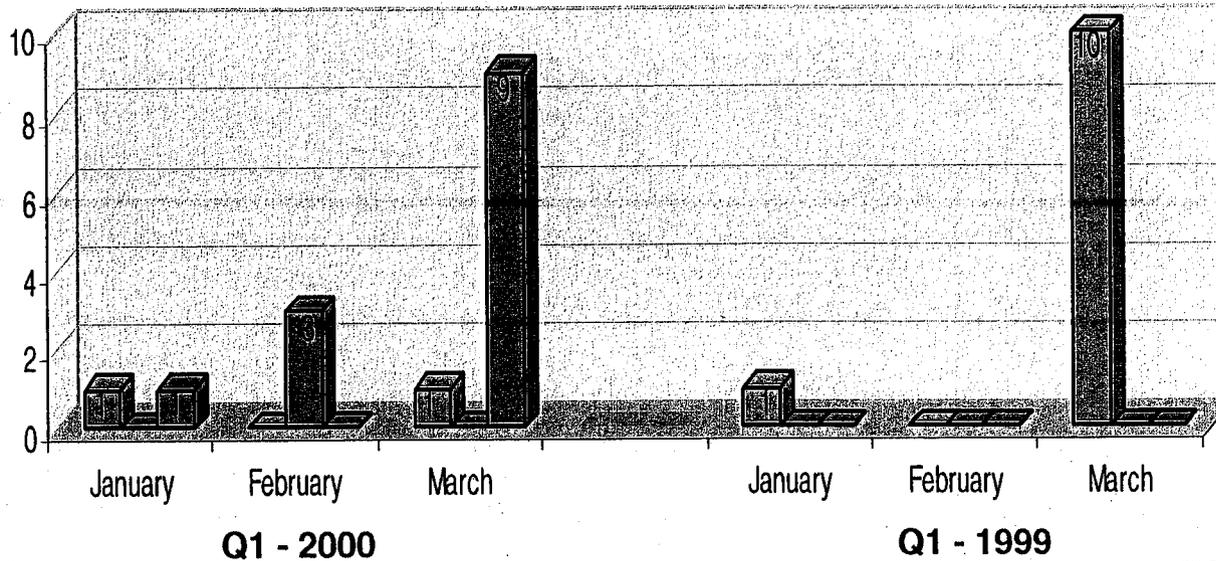
Violations by Portfolio

- Position
- Maturity/Gap
- V@R



Q1 Comparison 2000 and 1999

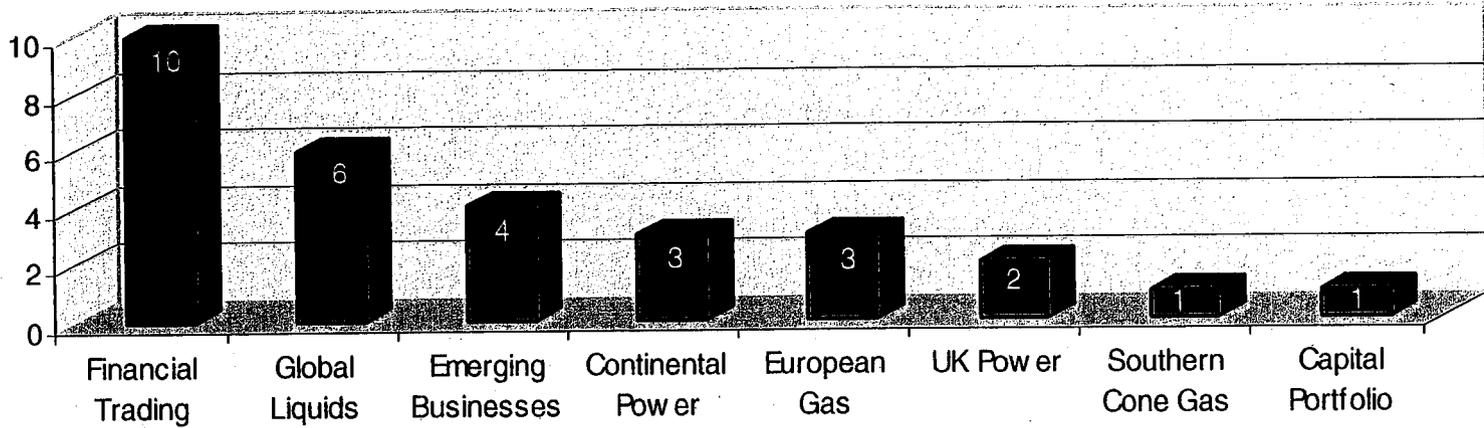
- Position
- Maturity/Gap
- V@R



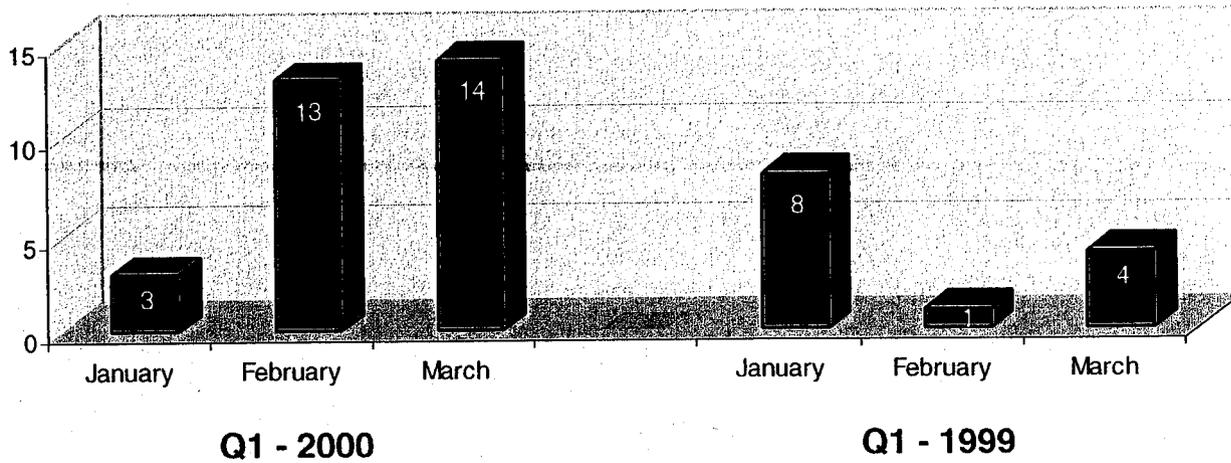
Loss Notifications

Quarter Ended March 31, 2000

Notifications
by Portfolio

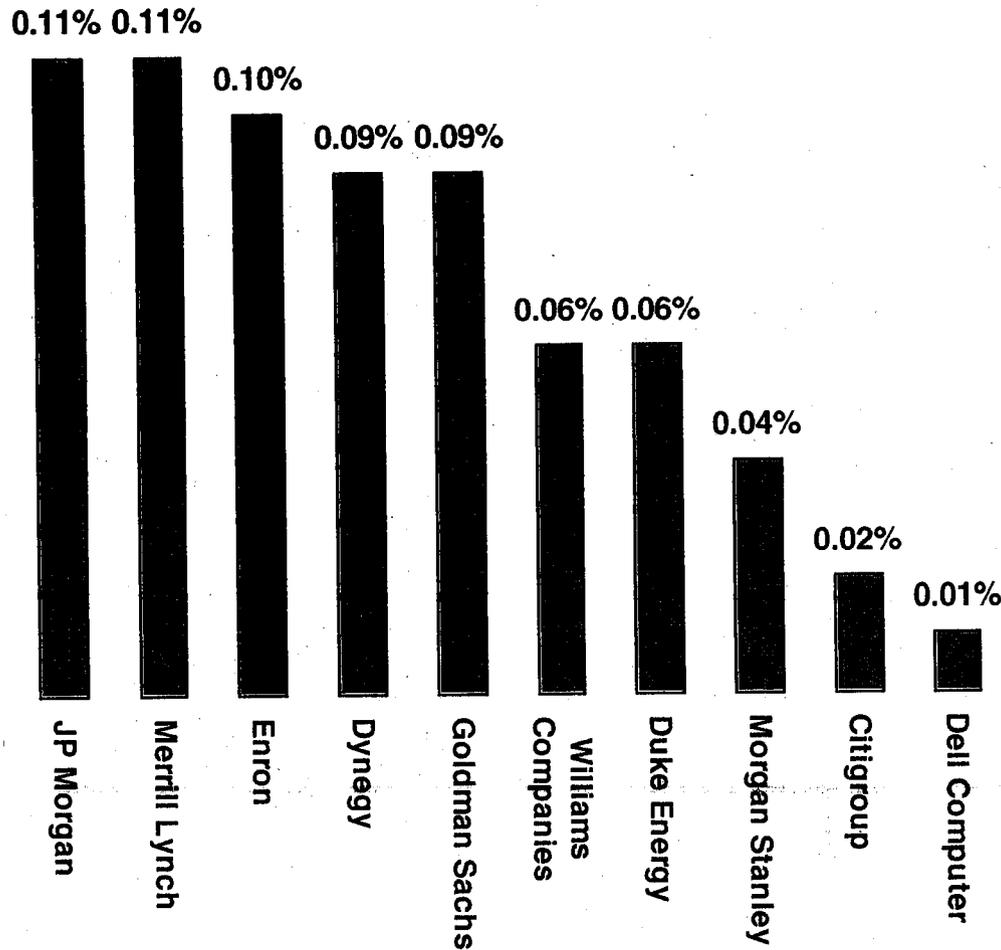


Q1 Comparison
2000 and 1999

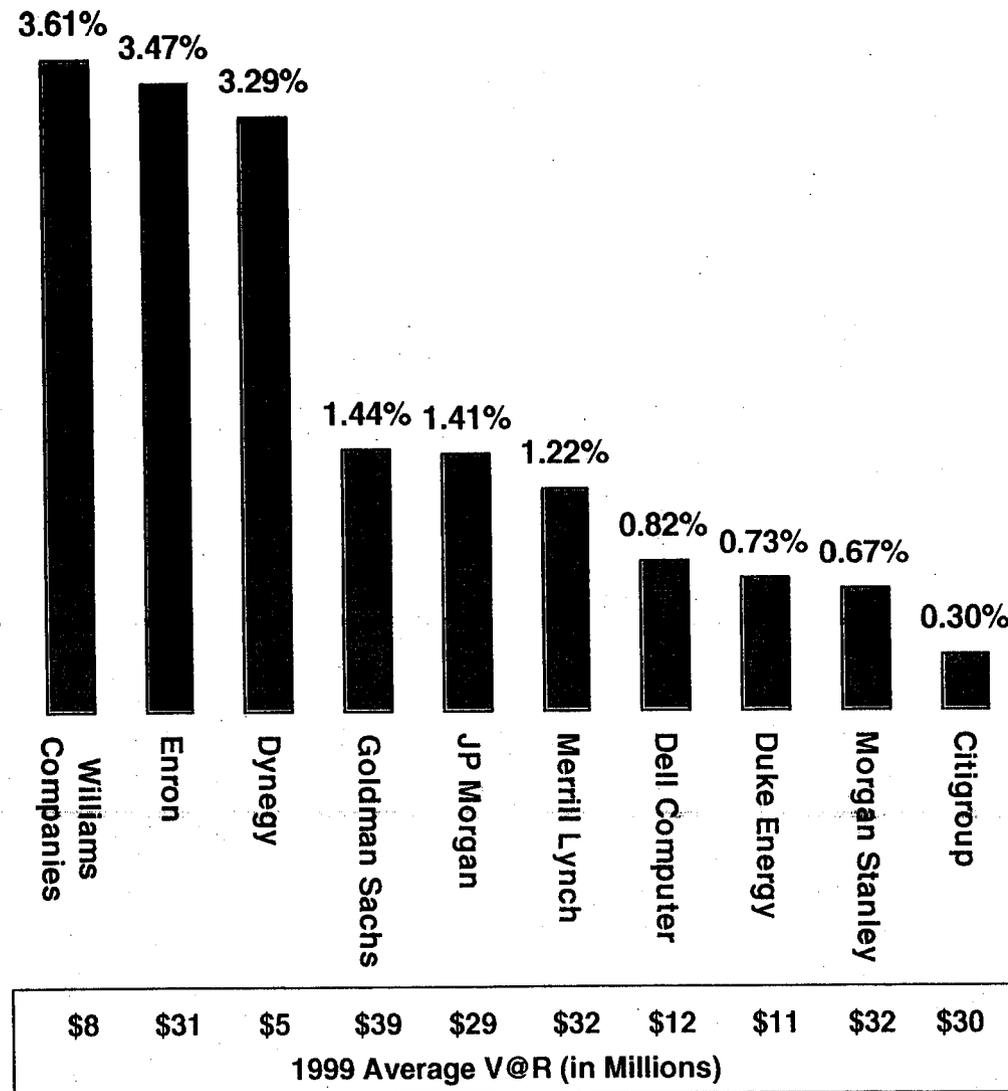


Trading Value-At-Risk Comparison (1999)

V@R as a Percentage of Market Capitalization (1)



V@R as a Percentage of Net Income (1)



(1) V@R is normalized to a 95% confidence interval and one-day holding period

Policy Changes

Requested Changes to Current Policy:

	<u>Current</u>	<u>Proposed</u>
○ <u>Equity Trading</u>		
Net Open Position	\$50 MM	\$100 MM
VAR Limit	\$ 4 MM	\$ 6 MM
○ <u>Australian Electricity</u>		
Net Open Position	1 TWh	3 TWh
Rolling 12-Month Open Position Limit	2 TWh	6 TWh
VAR Limit	\$2 MM	\$3 MM
○ <u>Pulp & Paper</u>		
Net Open Position	150,000 MT	300,000 MT
Rolling 12-Month Open Position Limit	150,000 MT	300,000 MT
VAR Limit	\$1.5 MM	\$3 MM

Requested Changes from Interim Policy to Permanent Policy:

	<u>Current</u>	<u>Proposed</u>
○ <u>Southern Cone Electricity</u>		
Net Open Position	1 TWh	3 TWh
Rolling 12-Month Open Position Limit	1.5 TWh	2 TWh
VAR Limit	\$ 1 MM	\$2 MM
○ <u>Southern Cone Gas</u>		
Net Open Position	10 Bcf	35 Bcf
Rolling 12-Month Open Position Limit	20 Bcf	20 Bcf
VAR Limit	\$0.75 MM	\$2 MM

EC004401913

Policy Changes

New Commodity Group:

	<u>Current</u>	<u>Proposed</u>
○ <u>Japanese Electricity</u>		
Net Open Position	None	4 TWh
Rolling 12 - Month Open Position Limit	None	4 TWh
VAR Limit	None	\$4 MM

Actions Taken Since February 7, 2000 Board Meeting:

	<u>Previous</u>	<u>New</u>
○ <u>UK Electricity</u>		
Net Open Position	35 TWh	85 TWh
Rolling 12 - Month Open Position Limit	15 TWh	No Change
VAR Limit	\$10 MM	\$18 MM
○ <u>Credit Trading - (Interim Policy)</u>		
Net Open Position (Maximum Exposure)	None	\$100 MM
VAR Limit	None	\$ 1 MM

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Agenda Item 5

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Other Business

EC004401916



Agenda Item 6

EC004401917

Adjourn

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