

MINUTES
MEETING OF THE EXECUTIVE COMMITTEE
OF THE BOARD OF DIRECTORS
ENRON CORP.
November 5, 1997

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Minutes of a meeting of the Executive Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 5:00 p.m., C.S.T., on November 5, 1997, at the Enron Building in Houston, Texas.

All of the Committee members were present by telephone conference connection where each could hear the comments of the other meeting participants and join in the discussions, as follows:

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

Director Lay joined the meeting in progress, as noted below. Messrs. Michael Copper, James V. Derrick, Jr., Andrew S. Fastow, William D. Gathmann, Steven J. Kean, Mark E. Koenig, Richard S. Shapiro, and Thomas E. White and Ms. Peggy B. Menchaca also attended the meeting.

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

Mr. Duncan called the meeting to order, and Committee member Winokur noted that he was traveling and that his flight was boarding, but he was familiar with the topics to be covered at the meeting. He informed the Committee of his position on the three items listed on the agenda, indicating his support of management's recommendations, and noted that he would meet further with Messrs. Fastow and/or Gathmann the following morning. He indicated that he had not received the supplemental material sent late in the morning on the date of the meeting. Mr. Winokur then excused himself from the meeting.

Mr. Duncan amended the order of the agenda to consider an item related to its affiliate EOTT Energy Partners, L.P. ("EOTT"). Mr. White reminded the Committee that

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the Company had been providing EOTT common unit cash distribution support, up to \$29 million, which support was to expire March 31, 1998. Mr. White stated that of that amount, \$16.2 million remained, after payment of the third quarter distribution. He recommended that the Company grant an extension of the expiration date for common unit cash distribution support for EOTT to March 31, 1999. He explained the rationale for the request. Upon motion duly made by Mr. Belfer, seconded by Dr. LeMaistre, and carried, the extension of the EOTT common unit cash distribution support to March 31, 1999, was approved.

Mr. Duncan returned to the order of the agenda, and Mr. Skilling explained the background of the joint venture by an affiliate of the Company and the California Public Employees' Retirement System ("CalPERS") in Joint Energy Development Investments Limited Partnership ("JEDI"). He called upon Mr. Fastow to discuss the recommended action. Mr. Fastow referred the Committee members to the material for the meeting, a copy of which is filed with the records of the meeting. He explained that Chewco Investments, L.L.C. ("Chewco"), a special purpose vehicle not affiliated with the Company or CalPERS, would acquire the 50% interest owned by CalPERS in JEDI for \$383 million. He stated that a corporate guaranty of a \$383 million bridge loan and a corporate guaranty of a \$250 million loan to Chewco would be required. He reviewed the economics of the project, the financing arrangements, and the corporate structure of the acquiring company. He recommended that the Committee approve the corporate guaranties associated with the transaction. A discussion ensued, following which, upon motion duly made by Dr. LeMaistre, seconded by Mr. Foy, and carried, the following resolutions were approved:

RESOLVED, that the Chairman of the Board, the Vice Chairman of the Board, the President, and any Vice President be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone), for and in the name and on behalf of the Company, to negotiate, execute, and deliver one or more guaranty agreements (collectively, the "Guaranty"), to authorize the undertaking of such indemnities by the Company as are required, together with all such instruments, certificates, agreements, or other documents as are required, all in connection with the transactions related to the redemption of CalPERS' fifty percent (50%) limited partnership interest in JEDI, an affiliate of the Company, and the simultaneous issuance by JEDI of a fifty percent (50%) limited partnership interest to Chewco Investments, L.L.C. ("CHEWCO") and the financing of the purchase of such interest by CHEWCO and any subsequent refinancings thereof;

RESOLVED FURTHER, that all actions heretofore taken by an officer of the Company, related to or in connection with the transaction contemplated by 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; and

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

Mr. Fastow stated that, as an information item, another "JEDI-like" joint venture was currently under negotiation with CalPERS.

Mr. Lay joined the meeting during Mr. Fastow's presentation.

Mr. Kean updated the Committee on the changes to be made in Enron Energy Services Power, Inc.'s ("EESPI") "Choice Plan" currently before the Pennsylvania Public Utility Commission. He outlined proposed changes which would address three concerns: (i) legal challenges to securitization; (ii) the manner of collecting stranded costs; and (iii) some ambiguity in the Choice Plan as to its effect on contracts already in existence. He stated that such changes reflected EESPI's efforts to put a more attractive proposal before the Commission than what had been submitted by PECO. Mr. Lay joined in the discussion and reported that he had been involved in positive meetings with the chief executive officer of Pennsylvania Power & Light regarding potential future business dealings between the two companies.

Mr. Skilling referred the Committee to the meeting material distributed to them earlier in the day regarding valuations of the stocks of Enron Oil & Gas Company ("EOG") and the Company, a copy of which is filed with the records of the Company. He stated that the valuations had been requested as a guideline for the Company's stock repurchases and any Company purchases of EOG Common Stock. He discussed EOG's primary valuation factors, cash flow, and net asset value. He reviewed Enron Capital Management's ("ECM") recommended valuation parameters for EOG Common Stock. He next discussed the primary valuation factors for the Company's Common Stock and

reviewed ECM's recommended valuation parameters. In response to a question from Mr. Belfer, Mr. Skilling noted that the Company had suspended its share repurchases until after the merger of Enron Global Power & Pipelines, L.L.C. had been completed. Messrs. Lay and Koenig joined in the discussion and updated the Board on the status of the stock repurchases. Mr. Lay noted that at the appropriate time, the Company proposed to begin purchasing EOG Common Stock if its stock price fell within the valuation parameters which would support a purchase, such purchases to be consistent and in compliance with Federal Securities laws and other applicable state and federal rules and regulations. Following discussion, upon motion duly made by Mr. Belfer, seconded by Dr. LeMaistre, and carried, the proposed purchases of EOG Common Stock at prices within the valuation parameters presented to and discussed at the meeting were approved; provided, however, that an aggregate expenditure cap of \$300 million was adopted for purchases of the common stock of EOG and repurchases of the Company's Common Stock.

There being no further business to come before the Committee, the meeting was adjourned at 1:45 p.m., C.S.T.

Secretary

APPROVED:

Chairman

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