MINUTES
MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
ENRON CORP.
OCTOBER 6, 2000

Minutes of a meeting of the Finance Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), noticed to begin at 10:00 a.m., E.D.T, but actually begun at 10:35 a.m., E.D.T., at The Breakers, Ponce de Leon III Ballroom, Palm Beach, Florida.

All of the Committee members were present, either in person or by telephone conference connection, where each member could hear the comments of the other participants and join in the discussion, 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 V. Ferraz Pereira
Mr. Frank Savage
Mr. John A. Urquhart

Directors Duncan, Gramm, Lay, LeMaistre, Mendelsohn, and Skilling, Messrs. Richard B. Buy, Richard A. Causey, Andrew S. Fastow, Ben F. Glisan, Jr., David B. Gorte, Mark E. Koenig, Theodore R. Murphy, and Joseph W. Sutton, and Ms. Rebecca C. Carter, all of the Company or affiliates thereof, and Mr. Richard N. Foster, of McKinsey & Company, Inc., also attended the meeting.

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 the minutes of the meeting of the Committee held on August 7, 2000 had been distributed to the Committee members, and called for any corrections or additions. There being none, upon motion duly made by Mr. Meyer, seconded by Mr. Ferraz, and carried, the minutes of the meeting of the Committee held on August 7, 2000 were approved as distributed.

Mr. Winokur called upon Mr. Fastow to present the Chief Financial Officer's report, a copy of which is filed with the records of the meeting.

Mr. Fastow discussed the Company's current and projected key financial ratios and stated that the ratios were based on the current plan. He reviewed the stock trading portfolio and noted that there were currently no open positions. He presented a chart depicting the Company's interest rate sensitive items and noted the dollar amounts at fixed and at floating interest rates. He stated that the Company had recently recalculated its cost of capital utilizing the current estimate of the equity cost component rather than the previous method, which utilized a historical calculation for the equity component. He noted that the new cost of capital calculation would impact the pricing used by the Risk Assessment and Control ("RAC") group when determining the required rate of return on potential projects. He stated that if a project's expected returns where lower than the Company's weighted average cost of capital of 17.17%, then additional syndication or leverage would be necessary.

Mr. Fastow then discussed the Company's private equity strategy and noted that there would be continued significant capital investments by the Company, some of which would not generate cash flow or earnings for a number of years. He stated that this would necessitate syndication of capital investments if the Company were to continue to grow. He discussed the Company's current total assets and the total assets when unconsolidated affiliates were included. He then noted that management was proposing transacting with a new private equity fund, LJM3, and discussed the Company's rationale for transacting with the fund. He reviewed LJM1 and LJM2, equity funds previously approved by the Board that the Company was already transacting with, and noted the dates of formation, the amount of equity in the funds, and the projects that the funds had invested in. He then discussed how his role in the LJM funds could potentially create a conflict of interest in that he negotiates for the LJM funds when they are making investments in the Company's transactions/business, he receives value from the LJM funds if they perform well, and he must allocate a certain amount of his time to the funds. He then discussed the mechanisms that had been put in place to mitigate any potential conflicts including: 1) his fiduciary responsibilities to the Company, 2) the Office of the Chairman or the Board could ask him to resign from the LJM funds at any time, 3) Messrs. Buy, Causey, and Skilling approve all transactions between the Company and the LJM funds, 4) there is an annual Audit and Compliance Committee review of the Company's transactions with the LJM funds, 5) a review of his economic interest in the Company and the LJM funds is presented to Mr. Skilling, and 6) there is no obligation for the Company to transact with the LJM funds.

Messrs. Causey and Skilling then discussed the benefits to the Company of having the ability to transact with the LJM funds and Mr. Fastow discussed the other investors in the LJM funds. Mr. Blake proposed that the Finance Committee also review transactions between the Company and the LJM funds on a quarterly basis and Mr. Winokur proposed that the Compensation and Management Development Committee review the compensation received by Mr. Fastow from the LJM funds and the Company. The Committee unanimously agreed to the two proposals.

Mr. Fastow noted that in order to allow him to participate as the General Partner of the LJM funds it would be appropriate for the Committee to recommend to the Board the ratification of a decision by the Office of the Chairman that Mr. Fastow's participation in the LJM funds, with the noted conflict mitigation mechanisms in place, would not adversely affect the best interests of the Company. Following a discussion, upon motion duly made by Mr. Blake, seconded by Mr. Meyer, and carried the proposal was approved for recommendation to the Board.

Mr. Fastow then called upon Mr. Glisan for the Treasurer's report, a copy of which is filed with the records of the meeting.

Mr. Glisan reviewed the liquidity report as of September 20, 2000, noted that the Company's total liquidity was currently over $7 billion, and stated that a transaction recently completed would bring the total to approximately $8 billion. He reviewed year-to-date investments and proceeds on sales of assets and noted that during the year there had been fewer assets sales and more capital invested than originally planned. He commented on the financing activity that had occurred since June of 2000 and the financings still to be completed before year end. He noted that certain turbine purchases, previously approved by the Board, were requiring a significant amount of capital investment during the year. He then reviewed the Company's outstanding letters of credit and noted that there was no significant change since the last Committee meeting. He discussed the Company's guarantee portfolio and stated that the significant increase in the volumes transacted by the Company had led to related increases in required guarantees. He then stated that there had not been any change in the Company's ratings by the rating agencies.

Mr. Lay left the meeting following Mr. Glisan's presentation and 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 Company's Top 25 credit exposures and commented on the exposure to Owens Corning, which had recently declared Chapter 11 bankruptcy. He also discussed a transaction that was underway to reduce the Company's credit exposure to TXU Europe Energy Trading Ltd. He reviewed the current credit reserve and compared it to the required reserve. He then gave the

Committee a brief update on the RAC group's foreign exchange project currently underway and noted that it was scheduled to be completed in December.

Mr. Buy then gave a status report on the RAC group's review of Enron Energy Services, LLC ("EES"). He discussed EES's business and the different ways it earned money and he presented a summary of EES's net open commodity positions, the associated Value-at-Risk ("VAR"), and the mark-to-market credit exposure. He then reviewed EES's outsourcing transactions and noted that there were two components, demand side management and commodity price risk, associated with the transactions. He presented a chart depicting the capital expenditures made or projected to be made by EES and stated that improvements have been made in developing projects but that actual project implementation was lagging behind the original projections. Mr. Skilling joined him in answering questions from the Committee regarding EES's capital expenditures and the potential implication of the slowdown in project implementation on future earnings.

Mr. Buy then presented the Market Risk Update and discussed the returns each commodity group had earned compared to the VAR it had taken. He then presented the same information by business unit and specific commodity. He gave an overview of the VAR backtesting and stress testing of the Company's exposure under "worst case" scenarios of 5% and 25% shifts in commodity prices. He reviewed limit violations during July and August of 2000, noted that the RAC group was working with the business units to reduce the number of violations, and discussed the reasons for the violations. He discussed the loss notifications during July and August of 2000 and noted that there was a daily loss in the portfolio that had required that Mr. Winokur be notified. Mr. Skilling joined him in a discussion of the reason for the loss and commented that the loss was preceded by a number of days of significant earnings.

Ms. Carter then distributed a supplement to the Chief Risk Officer's report, a copy of which is filed with the records of the meeting. Mr. Buy presented a summary of the Transaction Approval Process ("TAP") including the number of transactions that had been approved by the various levels of management and the Board. He then reviewed the Company's annualized VAR versus trading profits over the last six years and discussed the annualized VAR as a percent of trading profits. He commented on the average daily VAR and the VAR limit as a percent of market capitalization over the last six years and noted that during 2000 the average daily VAR had more than doubled. He stated that management was proposing an increase in the overall VAR and also recommending that a certain amount of the overall VAR limit be deemed discretionary, to be allocated by himself and Mr. Skilling to the business units/commodity groups.

Mr. Savage left the meeting and Mr. Lay returned to the meeting following the presentation.

Mr. Buy then discussed proposed changes to the Enron Corp. Risk Management Policy to incorporate the increased VAR. Following a discussion, upon motion duly made by Mr. Ferraz, seconded by Mr. Chan, and carried, the proposed changes to the Enron Corp. Risk Management Policy presented at the meeting were approved for recommendation to the Board.

Mr. Buy then discussed the proposed changes to the TAP, including the addition of a category of approval for the Office of the Chairman of the Wholesale Energy Operations business unit, the ability of Messrs. Lay and Skilling to give Mr. Buy verbal authority to sign on their behalf on transactions up to $25 million, and an updated region/business unit head listing to reflect recent reorganizations or promotions. Following a discussion, upon motion duly made by Mr. Urquhart, seconded by Mr. Belfer, and carried, the proposed changes to the TAP, as filed with the records of the meeting, were approved for recommendation to the Board.

Mr. Winokur then called upon Mr. Glisan to discuss a proposed equity derivatives authorization. Mr. Glisan noted that the Company periodically enters into equity derivative transactions, including swap transactions, forward sales and purchases, and options. He stated that to clarify the equity derivative resolution currently in place management was proposing some minor modifications. He reviewed the modifications and, following a discussion, upon motion duly made by Mr. Meyer, seconded by Mr. Belfer, and carried, the proposed equity derivatives authorization was approved for recommendation to the Board.

There being no further business to come before the Committee, the meeting was adjourned at 12:20 p.m., E.D.T.

Rebecca C. Carter

Secretary

APPROVED:

Chairman

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ATTACHMENT 1

Conflicts of Interest

- **LJM creates a conflict of interest for EVP/CFO of Enron**
  - Negotiates investments in Enron transactions/business for LJM.
  - Receives value from LJM if fund performs well.
  - Allocates time to LJM matters.
- **Conflict largely mitigated**
  - Board resolution does not relieve A. Fastow of fiduciary responsibility to Enron.
  - OOC or Board can ask A. Fastow to resign from LJM at any time.
  - R. Causey/R. Buy/J. Skilling approve all Enron-LJM transactions.
  - Annual audit committee review of LJM (February).
  - Legal department responsible for maintaining audit trails/files on all transactions.
  - Review of A. Fastow economic interest in Enron and LJM presented to J. Skilling.
  - No obligation for Enron to transact with LJM.

ATTACHMENT 2

ENRON

2000 Audit Update
Status and Required Communications

Internal Control

• Opinion regarding internal control	• Will be unqualified.
• Actual results vs. plan	• 100% of plan completed.
• Material weaknesses identified	• None
• Improvement Opportunities	• See certain "Areas of Emphasis" discussed in December meeting and at pages X-6 and X-7.

Independence

• Annual Determination	• In our professional judgement, we remain independent.

2000 Audit Update

Selected Observations - Financial Reporting

AA comments on the company's accounting practices

Category	Examples	Comment
Highly structured transactions	• Securitizations • Syndication and off-balance sheet vehicles • Other complex sales structures • Complex contract structures	• High dependency on transactions to meet objectives • Application of GAAP often requires significant judgement • Continued interpretive guidance likely • Extent of necessary disclosures can be judgemental

Use of mark-to-market and fair value model	• Trading contracts
	• Derivative contracts
	• Investment company holdings of public and non-public securities
		• Significant inherent judgemental issues regarding:
		  • Applicability of model to specific products or transactions;
		  • Valuation (curves, reserves)
		  • Multi-element arrangements
		• Consistency of application among business units continues to be refined
		• Incorporating new products continues to present challenges
		• Continued interpretive guidance likely
		• Extent of necessary disclosures can be judgemental

There are a number of areas where accounting rules have not kept up w/ the company's practices - some interp. that is necessary

2000 Audit Update

Selected Observations - Financial Reporting

Category	Examples	Comment

Related party transactions	• LJM related activity
	• Syndication vehicles where company has an ownership interest
		• Relationship issues add scrutiny risk to:
		  • Judgemental structuring and valuation issues
		  • Understanding of transaction completeness
		• Required disclosures reviewed for adequacy

Other Material Judgemental Areas	• Azurix impairment • Impact of high volatility on mark-to-market valuations • Credit (California) • India Contingencies	• Company positions reviewed for reasonableness • Certain disclosures made as warranted
Classification issues	• Financial statements classification • Other public disclosures	• Categorization of activities between certain segments, operating vs. non-operating or recurring vs. non-recurring can be highly judgemental • Certain intersegment allocation practices need refinement

RELATED PARTY TRANSACTIONS – LJM 2000
INTERNAL POLICIES AND PROCEDURES
(February, 2001)

- <u>Background</u>: Board established guidelines for transacting with LJM.

  - No obligations vis-à-vis one another;
  - Chief Accounting and Risk Officers review and, where appropriate, approval;
  - Annual review by Board's Audit and Compliance Committee of completed transactions, recommendations, as appropriate; and
  - Annual Board review as to application of Company's Code of Ethics, <u>i.e.</u> such transactions "do not adversely affect the best interests of the Company".

- <u>Compliance</u>: The Company has adopted the following procedures and controls in response to the Board's direction

  - LJM Deal Approval Sheet ("DASH") prepared for every Enron/LJM transaction generally describing the nature of the Commercial transaction and relevant economics; approval required by a variety of senior level Commercial, Technical, and Commercial Support professionals.
  - DASH is supplemented by an "LJM Approval Process Checklist" testing for compliance with Board's directive for transacting with LJM, including questions addressing the following:
    -- Alternative sales options and counterparties;
    -- Determination that transaction was conducted at arm's-length; any evidence that it was not,
    -- Disclosure obligations; and
    -- Review of transaction by Enron's OTC, Chief Accounting and Risk Officers.

- <u>Supplemental Efforts</u>: Checklist review complemented by the adoption of additional controls

  - LJM senior professionals do not ever negotiate on behalf of Enron;
  - Enron professionals negotiating with LJM report to senior Enron professionals apart from Andrew Fastow,
  - Global Finance Commercial, Legal, and Accounting monitor compliance with procedures and controls, regularly update Chief Accounting and Risk Officers; and
  - Internal and outside counsel regularly consulted regarding disclosure obligations and review any such disclosures

LJM INVESTMENT 2000 ACTIVITY WITH ENRON

Investment	Description	Notional Amount ($Millions)
A. Balance Sheet		
Resco The New Power Company	Purchase of equity investment in EES' residential energy services.	67 (private) 38 (public)
Yosemite	Purchase of an interest in certain Trust Investments supported by Enron credit; such interest subsequently sold to Whitewing, an Enron nonconsolidated affiliate.	33 75
EE&CC Turbines	Acquired rights from Enron to purchase two turbines from GE with option to sell such turbines to EE&CC.	38
Margaux	Purchase of equity certificates in a monetization structure for three European power plants.	10
Rawhide	Purchase of equity certificates in a monetization structure for certain domestic and international assets.	12 5
Avici	Purchase of equity certificates in a monetization structure for Enron's interest in Avici shares.	1
Catalytica	Purchase of equity certificates in a monetization structure for Enron's interest in Catalytica shares.	6
Pulp and Paper	Serves as general partner in a limited partnership interest that purchased an interest in Enron's Pulp and Paper trading business.	8

Investment	Description	Notional Amount ($Millions)
B. Hedges		
RhythmsNet Stock options	Termination of hedge of RhythmsNet investment.	26.8
Raptors I, II, III, IV	Purchase of equity interests in four structured-finance hedging vehicles. Derivatives to hedge merchant portfolio risk	127.1
C. Income Statement		
Dark Fiber	Purchase of Dark Fiber.	30
D. Other		
Osprey Add-On	Purchase of additional Trust Certificates in Osprey - an unaffiliated equity and debtholder of Whitewing, an Enron nonconsolidated affiliate, which invests in both domestic and foreign merchant and other assets.	32.5

ATTACHMENT 3

MINUTES
MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
ENRON CORP.
October 11, 1999

Minutes of a meeting of the Finance Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 4:30 p.m. C.D.T. on October 11, 1999 at the Enron Building in Houston, Texas.

The following Committee members were present constituting a quorum:

Mr. Herbert S. Winokur, Jr., Chairman
Mr. Robert A. Belfer
Mr. Norman P. Blake, Jr.
Mr. Jerome J. Meyer
Mr. John A. Urquhart

Committee member Ronnie C. Chan was absent from the meeting. Directors Ken L. Harrison, Kenneth L. Lay, Charles A. LeMaistre, and Jeffrey K. Skilling, Messrs. Richard B. Buy, Richard A. Causey, 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.

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

Mr. Winokur called the meeting to order and noted that a draft of minutes of the meeting of the Committee held on August 9, 1999 had been distributed to the Committee members. He called for any corrections or additions. There being none, upon motion duly made by Mr. Meyer, seconded by Mr. Urquhart, and carried, the minutes of the meeting of the Committee held on August 9, 1999 were approved as distributed.

Mr. Winokur called upon Mr. Fastow to present the Chief Financial Officer's report. Mr. Fastow reviewed the Company's key financial ratios and long-term liability analysis, noting the mix between fixed and floating rate liabilities and on-balance and off-balance sheet debt. He discussed the Company's stock trading portfolio and noted changes since the beginning of the year. He reviewed the investments made year-to-date by each business unit and compared them to the plan amount. He discussed the status of capital commitments year-to-date and commented on the transactions the Company had taken or would be taking to fund the cash outflows and noted the importance of funds flow to the Credit Rating Agencies. He distributed a handout on funds flow, a copy of which is filed with the records of the meeting. He discussed issues impacting funds flow and how the Company was managing funds flow, including vehicles currently in place and the strategy for the future. A copy of Mr. Fastow's report is filed with the records of the meeting.

Mr. Fastow then updated the Committee on a financing structure approved earlier in the year. LJM 1, and discussed the benefits that the Company had incurred since the transaction closed on June 30, 1999. He recommended that the Company continue to syndicate capital investments to address the funds flow issue. He presented information concerning an unaffiliated investment partnership, LJM 2, and discussed the rationale and benefits of the proposed partnership. He stated that the partnership could possibly provide the Company with an alternative, optional source of private equity to manage its investment portfolio risk, funds flow, and financial flexibility. He noted that he would be acting as managing partner of LJM 2 and discussed his role in the LJM 2 partnership and how it would benefit the Company. He commented on the differences between LJM 1 and LJM 2, the controls that would be put in place to manage any transactions between the Company and LJM 2, the fund fees and promote, and any required disclosure. He noted that the controls include review and approval of all transactions by the Chief Accounting Officer and the Chief Risk Officer of the Company. He stated that the Audit and Compliance Committee would, on an annual basis, review all transactions completed within the past year and make any recommendations they deemed appropriate. He noted that the Company's Conduct of Business Affairs Policies (relating to investments and outside business interests of officers and employees) would prohibit him from participating in LJM 2 as managing partner due to his position as Executive Vice President and Chief Financial Officer of the Company, absent appropriate reviews and waivers from the Board and a finding that such participation does not adversely affect the best interests of the Company. He asked that the Committee recommend to the Board that such review and findings be made in this instance to allow his participation. Messrs. Causey, Fastow, and Skilling answered questions from the Committee concerning the role of other partners, the review by Arthur Andersen LLP, and the benefits to the Company, which included having another potential buyer of assets and provider of capital, of having Mr. Fastow act as managing partner. Following a discussion, upon motion duly made by Mr. Meyer, seconded by Mr. Blake, and carried, the proposed waiver of the aforementioned policy, including findings of no adverse effects to the best interests of the Company related to Mr. Fastow's involvement in LJM 2, was approved for recommendation to the Board. A copy of Mr. Fastow's report 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 discussed financings that had occurred since the August Committee meeting. He commented on the current market liquidity and the potential for disruption related to year-end. He reviewed the active letters of credit and noted that the Company had significantly increased its available capacity and lowered its cost by utilizing surety bonds, issued by insurance companies, in lieu of letters of credit. He discussed the guaranty portfolio and commented that Enron Energy Service, LLC was currently the largest user of trade guarantees issued by the Company. He noted that there was no change in the Company's debt ratings, as determined by the Credit Rating

Agencies. and added that he and Messrs. Fastow and Skilling had met with Moody's Investor Services recently and formally requested an upgrade. He updated the Committee on the level and type of financial support that the Company had provided to Azurix Corp. A copy of Mr. McMahon's report is filed with the records of the meeting.

Mr. McMahon then discussed the proposed "shelf" registration statement to be filed with the Securities and Exchange Commission ("SEC"). He noted that, per the SEC regulations, the number of shares of common stock registered for sale from time to time pursuant to the current effective shelf registration statement did not automatically double when the Company's two-for-one stock split was effected during the third quarter. He stated that the proposed resolution was necessary to increase the number of shares that could be offered and sold from time to time pursuant to the registration statements. Following a discussion, upon motion duly made by Mr. Belfer, seconded by Mr. Urquhart, and carried, the resolution was approved for recommendation to the Board.

Mr. McMahon then discussed a proposed resolution to allow a Special Committee of the Board, consisting of Messrs. Lay and Skilling, to approve the issuance and sale of up to 500,000 shares of the Company's common stock in connection with acquisitions. He noted that Oregon law allows the full Board of Directors to authorize a committee to approve the issuance or sale of shares if the full Board (1) approves a specific maximum number of shares to be issued and (2) designates the specific purpose for which such shares would be issued. He stated that this would enable the Company to use small amounts of stock to make relatively small acquisitions without having to bring the matter before the full Board. Following a discussion, upon motion duly made by Mr. Belfer, seconded by Mr. Urquhart, and carried, the resolution was approved for recommendation to the Board.

Mr. Sutton left the meeting following Mr. McMahon's report.

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 Company's top 25 credit exposures, with specific emphasis on companies that did not appear on the list at the August 9, 1999 Committee meeting. He reviewed the Company's current credit reserve and compared it to the historical and required reserve, as calculated. He gave an overview of the Company's Restructuring Group and discussed the deals currently in the group's portfolio, the criteria for transferring assets into the group, and completed restructurings. He reviewed the top and bottom ten performing investments and discussed investments new to the lists since the last Committee meeting. He ended his presentation with an overview of the initiatives currently being undertaken by the Company's Risk Assessment & Control Group ("RAC Group"). He called upon Mr. Murphy to give a market risk update.

Mr. Murphy presented the Committee with an update on market risk, a copy of which is filed with the records of the meeting. He reviewed the third quarter and year-to-date profit and loss and value-at-risk ("VAR") of the Company by commodity group. He discussed the returns each commodity group had earned compared to the VAR it had taken. He gave an overview of the VAR backtesting performed by the RAC Group to test the accuracy of the VAR calculation. He discussed exposures under a "worst case" scenario of 5%-25% shifts in commodity prices. He reviewed limit violations during the third quarter of 1999 and noted that violations had significantly decreased from earlier in the year. Mr. Winokur called upon Mr. Koenig to discuss the common stock dividend.

Mr. Koenig gave the Board an overview of the Company's current dividend yield and level and the historical annual increase. He commented on the impact an increase in the dividend had on cash flow and discussed the Company's increasing capital needs and investment opportunities. He compared the dividend yield to the Company's energy peer group and investment peer group. Following a discussion, the Committee agreed by consensus that it would recommend to the Board that the dividend level be held constant.

There being no further business to come before the Committee, the meeting was adjourned at 6:00 p.m., C.D.T.

Rebecca C. Carter

Secretary

APPROVED:

Chairman

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LJM 2 Summary

LP will be traditional pension funds

- Follow-on private equity fund to LJM1 Bring quick flexible equity

- Purpose: Alternative, optional source of private equity for Enron to manage its investment portfolio risk, funds flow, and financial flexibility

- Major differences from LJM1:
  - No forward contracts / value from Enron contributed
  - No business relationships between Enron and LJM2 at close
  - Size: target $200+ million institutional private equity
  - GP investment: 1% of committed capital

- Controls
  - R. Causey to approve all transactions between Enron and LJM1/LJM2

- Compensation / Disclosure
  - No compensation from Enron to A. Fastow
  - LJM2 has typical private equity fund fees and promote
  - No related party disclosure expected at close. Related party disclosures specific to asset sales probably required.

- Finance Committee / Board of Directors action requested
  - Ratify decision of Office of the Chairman to waive Code of Conduct in order to allow A. Fastow participation in LJM2 as General Partner

Blake: Has AA reviewed. Causey yes, they're fine w/ it
Blake - Still concerned about conflict of interest. Causey: Give LP enough authority to keep Andy from having too much power. LP can remove GP w/out cause