DRAFT

MINUTES
MEETING OF THE BOARD OF DIRECTORS
ENRON CORP.
December 10, 1996

Minutes of a meeting of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 8:30 a.m., C.S.T., on December 10, 1996, in the Enron Building in Houston, Texas.

The following Directors were present, constituting a quorum:

Mr. Kenneth L. Lay, Chairman
Mr. Robert A. Belfer
Mr. Norman P. Blake, Jr.
Mr. John H. Duncan
Mr. Joe H. Foy
Dr. Wendy L. Gramm
Dr. Robert K. Jaedicke
Dr. Charles A. LeMaistre
Mr. John A. Urquhart
Dr. Charls E. Walker
Mr. Herbert S. Winokur, Jr.

Directors Ronnie C. Chan, Richard D. Kinder, and Lord John Wakeham were absent from the meeting.

The Chairman, Mr. Lay, presided at the meeting, and, excluding the executive session of the Board, the Secretary, Ms. Peggy B. Menchaca, recorded the proceedings.

Mr. Lay convened the meeting in executive session. During the executive session, Dr. LeMaistre reported on meetings held by the Compensation Committee on October 8, 1996 (jointly with independent members of the Executive Committee), and November 19, 1996 (with independent members of the Executive Committee invited to attend), primarily to consider extending contracts for the Chairman and the President of the Company, but also to review material related to the Company's visions and values, the results of the recent employee opinion survey, and issues related to succession planning. He stated that, in addition, a meeting was held on November 25, 1996, to approve the termination arrangement with Mr. Kinder, who had announced that he would resign from the Company

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effective February 16, 1997, involving termination of his duties as President effective December 31, 1996. Mr. Lay joined Dr. LeMaistre in the discussion and recommended that Mr. Jeffrey K. Skilling be elected President and Chief Operating Officer, in addition to his current duties as Chairman of Enron Capital & Trade Resources Corp. ("ECT"), effective January 1, 1997. The Board agreed with the recommendation, and the following resolution was adopted:

> RESOLVED, that Jeffrey K. Skilling be, and he hereby is, elected President and Chief Operating Officer of the Company, effective January 1, 1997, to serve at the pleasure of the Board of Directors during the ensuing year and until his successor is duly elected and qualified.

Mr. Lay stated that minutes of the meeting of the Board held on October 1, 1996, had been distributed to the Directors and were included in the meeting material. He called for additions, corrections, or comments. There being none, the Board approved the minutes of the meeting held on October 1, 1996, by consensus of those present.

Following the executive session at 9:20 a.m., Messrs. William D. Gathmann, Rodney L. Gray, Forrest E. Hoglund, Stanley C. Horton, Robert C. Kelly, Mark E. Koenig, Lou L. Pai, Edmund P. Segner, III, Jeffrey K. Skilling, Joseph W. Sutton, and Thomas E. White and Mesdames Rosalee Fleming, Rebecca P. Mark, Peggy B. Menchaca, and Elizabeth A. Tilney, all of the Company or affiliates thereof, and Mr. Kenny L. Harrison, of Portland General Corporation, joined the meeting.

Mr. Lay amended the order of the agenda in order to allow Dr. LeMaistre to finish the report of the Compensation Committee. Dr. LeMaistre stated that in addition to the meetings reported in executive session, the Compensation Committee had met on November 7, 1996, and on December 9, 1996. He stated that at the November 7 meeting, the Compensation Committee approved payouts to Enron Development Corp. ("EDC") employees on financial close of the Turkey project. He stated that at the December 9, 1996, meeting, the Compensation Committee heard an extensive report on ECT's compensation philosophy and approved recommendations with regard thereto. He noted that, in addition to general Compensation Committee matters handled at the December meeting, it had approved two items for recommendation to the Board. The first, he stated, was the amendment to the 1994 Deferral Plan to add deferral of stock option exercise proceeds and to address state source tax issues. The second recommendation to the Board related to amendments to the 1991 and 1994 Stock Plans to allow

transferability of stock options, to expand provisions related to use of stock to satisfy tax withholding requirements, and, for the 1994 Stock Plan, to authorize additional shares. He moved approval of each item. Dr. LeMaistre's motion was duly seconded by Mr. Blake, carried, and the following resolutions were adopted:

Amendment to the 1994 Deferral Plan

WHEREAS, the Company has heretofore established the Enron Corp. 1994 Deferral Plan; and

WHEREAS, the Company desires to amend the Deferral Plan to provide that with respect to Participants who are employed in states which impose state income tax on Plan benefits, the Committee may determine the amount, manner, and/or time of payment of benefits under the Plan, and to provide for the establishment of a new Stock Option Deferral Account in which Participants, designated by the Committee, may elect to defer receipt of shares of Enron Corp. common stock from the exercise of a stock option granted under a stock plan sponsored by Enron Corp., when such exercise is made by means of a stock swap using shares owned by the Participant;

NOW, THEREFORE, IT IS RESOLVED, that the proper officers of the Company be, and they are, authorized and directed to prepare and execute such amendment to the Enron Corp. 1994 Deferral Plan on behalf of the Company;

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

RESOLVED FURTHER, that the proper officers of the Company and its counsel 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.

Amendment to the 1991 Stock Plan

WHEREAS, the Company has heretofore established the Enron Corp. 1991 Stock Plan, as amended and restated effective May 3, 1994 (the "Plan");

WHEREAS, the Company desires to amend the Plan;

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

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

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

Amendment to 1994 Stock Plan

WHEREAS, the Company has heretofore established the Enron Corp. 1994 Stock Plan (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, IT IS RESOLVED, that the proper officers of the Company be, and they hereby are, authorized and

directed to prepare and execute an amendment to the Plan on behalf of the Company substantially in the form of the amendment presented at this meeting;

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

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

Dr. LeMaistre concluded his report by directing the attention of the Directors to the summary of Securities Exchange Act of 1934 Section 16 changes which was provided in the Board material, a copy of which is filed with the records of the meeting.

Mr. Duncan reported on meetings held by the Executive Committee since the last meeting of the Board. He stated that the Executive Committee had met three times: October 4, November 12, and November 20, 1996. He stated that at the October 4, 1996, meeting, the Committee approved the submission of a bid to build a power plant at Ilijan in the Philippines by EDC or an affiliate thereof.

Mr. Duncan reported that at the meeting of the Executive Committee on November 12, 1996, it approved (i) the Trust Originated Preferred Securities offering by Enron Capital Trust I, which was expected to result in proceeds of approximately $200 million which would be used for the payment of debt; (ii) the monetization of the Company's ownership of Enron Oil & Gas Company ("EOG") stock in the form of an economic equity swap which would entail the Company's sale of up to 13,000,000 shares of EOG; (iii) an ECT acquisition of a small privately-held energy information service company, OmniComp, Inc., for

approximately $10 million in value, using a combination of the Company's common stock and cash for the stock of OmniComp, Inc.; and (iv) a new Credit Agreement with Chase Manhattan Bank providing for borrowings by the Company of up to $1 billion which would replace and supersede the previous revolving credit agreement with Chase Manhattan Bank.

Mr. Duncan reported that at the November 20, 1996, meeting of the Executive Committee, it approved the submission of a bid by an EDC affiliate, jointly with an affiliate of Shell Oil Company, to acquire an equity position in the Yacimentos Petrolieferos Fiscales Bolivianos ("YPFB") pipeline in Bolivia, within certain parameters, and authorized Mr. Lay to approve the final bid before submission. He noted subsequent to the meeting that the EDC affiliate and its Shell partner had won the bid and had acquired a 50 percent stake in all of the transportation assets of YPFB for $263.5 million.

Mr. Duncan noted that minutes of the November 12 and 20, 1996, meetings of the Executive Committee had not been distributed to the Board because they had not yet been cleared by corporate counsel. He moved that the Board accept his report, approve the October 4, 1996, minutes, and ratify and approve all actions taken by the Committee at the meetings reported, including, but not limited to, the issuance of the Company's common stock for the acquisition by ECT, or its affiliate, of OmniComp, Inc. Mr. Duncan's motion was duly seconded by Mr. Blake and carried.

Mr. Winokur reported on the Finance Committee meeting held just prior to the Board meeting. He stated that the Committee had approved nine items for recommendation to the Board: (i) monetization of Enron Global Power & Pipelines L.L.C. ("EPP") common shares through a sale of up to three million of such shares combined with a total return equity swap; (ii) an amendment and extension to the JEDI bank revolver which would increase availability from $450 million to $750 million and would extend the maturity date from December 20, 1996, to June 15, 2001; (iii) an increase from $50 million to $75 million in the Company's guaranty of ECT's line of credit with Banque Paribas to finance margin calls, necessitated by increased trading volumes; (iv) a Company guaranty associated with the monetization of the Teesside Operating and Maintenance Agreement estimated at $26 million; (v) a bridge loan in the amount of $51 million to Hainan Holdings, the joint venturer with Singapore Power Corp. in the Hainan Island, China, power plant; (vi) new lease agreements for the Enron Building and the Omaha Building to replace current leases; (vii) new lease agreement for financing of the Cessna Citation 560's to replace the current lease which would expire at year-end 1996; (viii) amended hedging resolutions to limit authority of

Company officers to enter into derivative transactions; (xi) an increase in the Company-provided credit facility to EOTT Energy Corp., general partner of EOTT Energy Partners, L.P.; and (x) a recommendation that management of the Company be authorized to sell assets up to a value of $10 million without the necessity of seeking Board approval. Mr. Winokur reviewed each of the items and moved approval of each item recommended by the Finance Committee. His motion was duly seconded by Mr. Urquhart, and the following resolutions were adopted:

Monitization of EPP Shares

RESOLVED, that the sale by the Company of up to an aggregate amount of 3,000,000 Common Shares of Enron Global Power & Pipelines L.L.C., a Delaware limited liability company and an affiliate of the Company (the "Shares"), from time to time from the date hereof through December 31, 1997 (whether one or more sales, the "Secondary Offering"), be, and hereby is, authorized;

RESOLVED FURTHER, that the Chairman of the Board, the Vice Chairman of the Board, the President, and any Vice President (the "Authorized Officers") be, and each hereby is, authorized to (i) select any underwriters, dealers, agents, or other purchasers (the "Purchasers") to which the Shares may be sold by the Company pursuant to any Secondary Offering and (ii) approve, prepare, negotiate, execute, and deliver at any time and from time to time, one or more forms of underwriting agreements, purchase agreements, agency agreements, registration rights agreements, indemnification agreements, or other contracts in connection with the sale of the Shares (any such agreement being referred to herein as a "Shares Agreement") and other agreements such Authorized Officers may deem necessary or appropriate in connection with the arrangements for the sale of Shares to be sold pursuant to any Secondary Offering;

RESOLVED FURTHER, that pursuant to any Agreement, when the same shall be executed and delivered by all parties thereto, the Company shall sell the number of Shares in the amount, on the terms and conditions, and for the consideration provided for therein, and that the Authorized Officers be, and each hereby is, authorized in the name and on behalf of the Company to approve, prepare,

negotiate, execute, and deliver such documents as may be required to evidence and consummate such sale of the Shares to the Purchasers;

RESOLVED FURTHER, that the purchase price to be paid to the Company by the Purchasers and, if appropriate, the initial price to the public for Shares sold pursuant to any Secondary Offering, shall be such price as shall be determined by the Authorized Officers, or any one of them, from time to time;

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

Amendment and Extension of the JEDI Revolver

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, deliver, and perform a parent performance agreement (the "Performance Agreement"), together with all such instruments, certificates, agreements, or other documents as are required in connection with the Performance Agreement, to support certain obligations of Enron Capital Management Limited Partnership and its successors and assigns ("ECM"), including but not limited to those obligations of ECM (1) to Joint Energy Development Investments Limited Partnership ("JEDI") with respect to a $50,000,000 committed revolving credit facility that will be made available to JEDI by ECM in connection with a revolving credit facility (as amended or modified from time to

time) to be obtained by JEDI with the outstanding principal amount thereof not to exceed $750,000,000 at any time (the "JEDI Facility") and (2) under a General Partner Undertaking to be executed by ECM in connection with the JEDI Facility;

RESOLVED FURTHER, that all actions heretofore taken by any officer 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 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.

ECT's Corporate Guaranty with Banque Paribas

WHEREAS, the Company made a guarantee (the "Guarantee") dated March 29, 1996 to Banque Paribas in consideration of Banque Paribas agreeing to advance funds for margin calls related to futures and options contracts (the "Advances") to Enron Capital & Trade Resources Corp. ("ECT"), a direct, wholly owned subsidiary of the Company;

WHEREAS, because of an increase in the volume of ECT's futures and options contracts, ECT needs to have additional Advances available and, as a condition to making such Advances available, Banque Paribas has requested that the Company amend the Guarantee to increase the maximum aggregate amount of ECT's obligations guaranteed from $50,000,000 to $75,000,000 (the "Amendment"); and

WHEREAS, it would be in the best interests of the Company to provide, and the Company would benefit directly or indirectly from providing, the Amendment;

NOW, THEREFORE, IT IS RESOLVED, that the Company be, and hereby is, authorized to provide the Amendment;

RESOLVED FURTHER, that the Chairman of the Board, the Vice Chairman of the Board, the President, any Vice President, the Treasurer, any Deputy Treasurer, or any Assistant Treasurer of the Company be, and each of them hereby is, authorized in the name and on behalf of the Company, under its corporate seal or otherwise, to negotiate, execute, deliver, amend, perform, and consummate the Amendment and such other agreements, instruments, or documents as such officer may deem necessary or desirable to carry out the purposes and intent of the foregoing resolutions, in such forms as shall be approved by the officer executing the same, such approval to be conclusively evidenced by the execution thereof by such officer;

RESOLVED FURTHER, that each such 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 related to these transactions to which the Company is a party;

RESOLVED FURTHER, that all actions heretofore taken by any officer 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 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.

Guaranty Associated with Teesside Operating and Maintenance Agreement

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 a guaranty (the "Guaranty"), together with all such instruments, certificates, agreements, or other documents as are required in connection with the Guaranty, to support the obligations of Enron Power Operations Limited and Enron Power Operations Teesside in connection with the monetization of the operations and maintenance agreement associated with the Teesside power plant;

RESOLVED FURTHER, that all actions heretofore taken by any officer 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 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.

RESOLVED, that the guaranty required of the Company to secure a loan requested by Hainan Holdings Ltd. of US$51,000,000 from Credit Suisse for a term of three (3) months, be, and hereby is, approved;

RESOLVED FURTHER, that the Chairman of the Board, the Vice Chairman of the Board, the President, and any Vice President of the Company be, and each of them hereby is, authorized in the name and on behalf of the Company, under its corporate seal or otherwise, to negotiate, execute, deliver, amend, perform, and consummate such agreements, instruments, certificates, resolutions, or documents as such officer may deem necessary or desirable to carry out the purpose and intent of the resolutions herein, including subject guaranty, in such forms as shall be approved by the officer executing the same, such approval be conclusively evidenced by the execution thereof by such officer;

RESOLVED FURTHER, that all actions heretofore taken by any such officer 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 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 are hereby 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, appropriate, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Enron Building Lease

RESOLVED, that it being in the best interest of Company, the Company is hereby authorized to:

(1) terminate its lease and purchase rights relating to the Enron Building, 1400 Smith Street, Houston, Texas (including the parcel(s) of land on which it is situated and any improvements thereon as well as certain related personal property (the "Houston Property"), pursuant to the Lease and Participation Agreement (and related agreements) dated as of March 15, 1994 between State Street Bank & Trust Company of Connecticut, National Association, as Trustee and Lessor, and the Company; and

(2) terminate its lease and purchase rights relating to Two Pacific Place, 1111 S. 103rd, Omaha, Nebraska (including the parcel(s) of land on which it is situated and any improvements thereon as well as certain related personal property (the "Omaha Property"), pursuant to the Lease and Participation Agreement (and related agreements) dated December 13, 1991 between State Street Bank & Trust Company of Connecticut, National Association, as Trustee and Lessor, and the Company (the Houston Property and the Omaha Property to be hereafter collectively referred to as the "Properties");

RESOLVED FURTHER, that in connection with the termination of its existing leases on the Properties, the Company and its subsidiaries are authorized to enter into a lease or leases and related financing agreements with such entity or trust, or other third party lessors, financial institutions, or other entities, as the Company and its subsidiaries may deem appropriate;

RESOLVED FURTHER, that the Chairman of the Board, the Vice Chairman of the Board, the President, any Vice President, the Treasurer, or any Assistant Treasurer of the Company be, and each of them hereby is, authorized and empowered for and on behalf of the Company (and any of the Company's subsidiaries) to negotiate such terms and conditions for the above-described financing transactions as any of said officers may deem best, and to execute, deliver, and perform or otherwise acknowledge and consent to for and on behalf of the Company a participation agreements, credit agreements, lease agreements, guaranties, mortgages, security

agreements, assignments of leases and rents, agreements to pay fees and facility fees, and such other instruments or written obligations of the Company as may be desired or required by lessors, financial institutions, or other entities in connection with the above-described lease financing transactions and containing such terms and conditions as may be acceptable or agreeable to any of said officers, such acceptance and agreement to be conclusively evidenced by any of said officers' execution and delivery thereof;

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 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.

Approval of Aircraft Lease

WHEREAS, the Company has previously entered into (1) an Aircraft Leasing Agreement dated as of January 12, 1992 with the Bank of Tokyo Trust Company, as amended by an amendment dated as of January 18, 1996 and as assigned in part to Enron Oil & Gas Company by an Assignment and Assumption Agreement dated as of January 18, 1996, relating to a Cessna Citation 560 aircraft with FAA Reg. No. N 5734 (the "First Cessna Citation") and (2) an Aircraft Lease Agreement dated as of March 2, 1992 with The Bank of Tokyo Trust Company relating to a Cessna Citation 560 aircraft with FAA Reg. No. N 5735 (the "Second Cessna Citation"); and

WHEREAS, it would be in the best interests of the Company to enter into new lease agreements with respect to the First Cessna Citation and the Second Cessna Citation;

NOW, THEREFORE, IT IS RESOLVED, that the Company be, and hereby is, authorized to enter into new lease agreements (the "Lease Agreements") with respect to the First Cessna Citation and the Second Cessna Citation;

RESOLVED FURTHER, that the Chairman of the Board, the Vice Chairman of the Board, the President, any Vice President, the Treasurer, any Deputy Treasurer, or any Assistant Treasurer of the Company be, and each of them hereby is, authorized in the name and on behalf of the Company, under its corporate seal or otherwise, to negotiate, execute, deliver, amend, perform, and consummate the Lease Agreements and such other agreements, instruments, or documents as such officer may deem necessary or desirable to carry out the purposes and intent of the foregoing resolutions, in such forms as shall be approved by the officer executing the same, such approval to be conclusively evidenced by the execution thereof by such officer;

RESOLVED FURTHER, that each such 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 related to these transactions to which the Company is a party;

RESOLVED FURTHER, that all actions heretofore taken by any officer 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 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.

Amendment to Interest Rate Hedging Resolutions

WHEREAS, at a meeting held on October 1, 1996, the Board of Directors of the Company adopted four resolutions with respect to Hedging Instruments (the "Prior Resolutions);

WHEREAS, such resolutions authorized the Chairman of the Board, the President, or any Vice President designated by the Chairman of the Board or the President to take certain actions with respect to Hedging Instruments; and

WHEREAS, it is in the best interests of the Company to supersede and replace the Prior Resolutions for the sole purpose of limiting the officers who may take actions with respect to Hedging Instruments to the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, the Executive Vice President and Chief of Staff, the Senior Vice President, Finance, and the Vice President, Finance and Treasurer;

NOW, THEREFORE, IT IS RESOLVED, that the Prior Resolutions be, and they hereby are, superseded and replaced by the following resolutions:

RESOLVED, that the Company is hereby authorized to convert fixed rate obligations to floating rate obligations or to convert floating rate obligations to fixed rate obligations in an aggregate notional amount not to exceed $1,000,000,000.00 for a period not to exceed 12 years by entering into any of the following transactions with financial institutions approved by the Finance Committee of the Board or rated at least A- or A3 (the "Hedging Instruments"): (i) interest rate swap transactions, cap transactions, floor transactions, collar transactions, and forward rate transactions, which transactions described in this clause (i) may include embedded options such as reset, put, knock-out, or knock-in provisions; (ii) options on the transactions described in clause (i); (iii) basis swap

transactions; (iv) currency swap transactions; (v) treasury futures; (vi) eurodollar futures; (vii) options on futures; and (viii) other similar transactions; *provided, however*, that the Company may not enter into any transaction described in clauses (i) through (viii) that: (x) requires an exchange of principal (except for any transaction entered into to convert an obligation from one currency to another); (y) is a leveraged transaction (the unbundled components of which have a notional principal that exceeds the notional principal of the transaction); or (z) that can not be priced internally or for which quotes from three approved counterparties cannot be obtained;

RESOLVED FURTHER, that the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, the Executive Vice President and Chief of Staff, the Senior Vice President, Finance, or the Vice President, Finance and Treasurer be, and each of them hereby is, authorized and empowered to negotiate, enter into, execute, and deliver on behalf of the Company any and all agreements and documentation required in connection with the Hedging Instruments with such counterparties on such additional terms as the officers executing such agreements shall approve, such approval to be conclusively evidenced by such execution;

RESOLVED FURTHER, that all actions heretofore taken by the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, the Executive Vice President and Chief of Staff, the Senior Vice President, Finance, or the Vice President, Finance and Treasurer, 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 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 execute and deliver all such further instruments and documents, for and in the name of and on behalf of the Company, under its corporate seal or otherwise, to pay all such expenses, and to do or cause to be done any and all such further things as may in their discretion appear to be necessary, proper, or

advisable in order to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Asset Sales Procedures

RESOLVED, that management of the Company be, and hereby is, authorized to make asset sales of up to $10 million, and that all asset sales in excess of $10 million will be submitted to the Board of Directors for approval.

Mr. Segner began the presentation of the 1997-2001 Operating Plan (the "Plan"). He presented an overview, which included the current financial and earnings report. He discussed total return to shareholders for the periods from 1992 through third quarter 1996, 1989 to date, and 1996 year-to-date, compared to the S&P 500 and the Company's peer group. He reviewed net income by business unit, adjusted income from operations, earnings per share, and net income estimated for 1996 and projected for each year of the Plan.

Mr. Segner discussed Plan assumptions for oil and gas prices and for the merger with PGC. He reviewed other key operating assumptions and presented net income projections both on a consolidated and individual business unit basis. He reviewed capital expenditures and equity investments projected during each year of the Plan, compared to 1992-1996, and he discussed funds flow and debt-to-total capitalization ratios.

Mr. Segner next discussed the status of 1996 corporate objectives and explained variances from the 1996 Operating Plan ("1996 Plan"). He called upon Mr. Horton to begin the business unit presentation of the Plan on behalf of Enron Operations Corp. ("EOC").

Mr. Horton described major accomplishments in the pipelines and liquids operations in 1996. He was joined by Mr. White who discussed the accomplishments of the engineering and construction activities of EOC. Mr. White then listed the 1997 major objectives for the engineering and construction group, and Mr. Horton listed the 1997 objectives for the pipelines and liquids operations (which included the completion of the divestiture of all liquids assets).

Mr. Horton listed the 1997 major objectives of Enron Americas and described asset sales that were underway or planned and the expected results from such sales. He reported on the explosion which had occurred in Puerto Rico in the Huberto Vidal Building. He explained the extent of the tragedy and reported the

results of the ongoing investigation, noting that litigation had been filed as a result of the explosion. Mr. Lay stated that the Directors and management should treat the report with strict confidentiality in light of litigation which had been filed in the case. Mr. Foy joined in the discussion in support of Mr. Lay's statement.

Mr. Skilling began the presentation of the Plan on behalf of ECT. He reviewed performance on 1996 goals and other accomplishments. He presented ECT's strategies for the Plan years and challenges thereto by each of its business segments. He reviewed other business strategies and called upon Mr. Pai for a discussion of ECT's retail business ("Enron Energy Services") projected for the years 1997-2006.

Mr. Pai discussed assumptions used for a business plan overview for the years stated. He discussed the building of a retail organization and achieving a percentage of market share in the industry. He discussed required employees, regional locations, and estimated customers served. He noted total gas and electricity markets and estimated the value which could be realized by achieving a percentage of the market share. Mr. Pai discussed the potential for an initial public offering of the shares of Enron Energy Services and explained the rationale for that strategy. An extended discussion ensued, and Messrs. Skilling and Pai answered questions from the Directors. Mr. Pai stated that the Board would hear more about the retail business in ECT's extended report to be a part of the February Board meeting.

Mr. Hoglund next presented the Plan on behalf of Enron Oil & Gas Company ("EOG"). He reviewed the 1996 Plan strategic goals and discussed variances from said goals based on crude and natural gas price volatility and the current status of the industry. He discussed oil and gas prices, indicating that North American gas supplies could be tight through 1998. He described EOG's increasing production on a worldwide basis at lower operating and interest costs. He described the outlook for the industry during the Plan years and projected net income for each year of the Plan for the North American market and the international market.

Mr. Hoglund reviewed the status of the project in India in each of the fields where EOG has or is developing operations, and he noted that EOG had obtained partner support for a proposed $1 billion development plan in India. He discussed net margins projected per thousand cubic foot equivalent in India and Trinidad, international reserve growth, projected net income and natural gas, crude, and condensate volumes, and exploration expenditures and available cash for each year of the Plan. He reported EOG's debt-to-total capital ratio for each year of the Plan

and discussed the stock price potential based on such results. He reviewed major 1997 challenges to the Plan and answered questions from the Directors.

Ms. Mark presented the Plan on behalf of EDC. She discussed 1996 goals and accomplishments. She updated the Board on the India project, noting that construction had restarted on Phase I and that financing was complete. She directed the attention of the Board to resolutions relating to a proposed increased equity loan to Dabhol Power Company ("DPC") of up to $500 million, which would require a corporate guaranty of the repayment of the Company's pro rata share of the increased equity loan. Following discussion, upon motion duly made by Mr. Blake, seconded by Mr. Winokur, and carried, the following resolutions were adopted:

> WHEREAS, this Board has previously approved resolutions on May 3, 1994, October 11, 1994, and May 7,1996 (the "Prior Resolutions"), related to the financing, development, construction, start-up, ownership, operation, and maintenance (collectively, the "Project Financing") by Dabhol Power Company, a private company with unlimited liability incorporated in India under the Companies Act, 1956 ("DPC") and an indirect, partially owned subsidiary of the Company, of an approximately 695-megawatt power plant together with certain ancillary facilities, including a fuel unloading and storage facility, near Dabhol in the State of Maharashtra, India, 170 km south of Bombay (the "Project") in order to implement Phase I (as defined in the Power Purchase Agreement, as hereinafter defined) pursuant to that certain Power Purchase Agreement, dated December 8, 1993 between DPC and the Maharashtra State Electricity Board (the "Power Purchase Agreement");
>
> WHEREAS, as the terms of the Project Financing have been modified since the Prior Resolutions were adopted, the Prior Resolutions need to be expanded to authorize the Company to perform its obligations in connection with the Project Financing, and it is appropriate to amend the Prior Resolutions;
>
> WHEREAS, DPC sought to obtain debt financing (the "Debt Financing") to fund approximately $650 million in project costs from certain lenders, which included the Export-Import Bank of the United States, the Overseas Private Investment Corporation, the Industrial Development Bank of India, and associated Indian financial institutions, and a group of commercial banks led by BA

Asia Limited, as Agent and as Lead Arranger, and ABN AMRO Bank N.V., as Lead Arranger, and the institutions providing or arranging for such debt financing (the "Senior Lenders") required DPC (or its affiliates) to obtain (a) approximately $280 million in equity financing (the "Equity Financing"), (b) approximately $120 million in project completion support from creditworthy affiliates of DPC stockholders ("Project Sponsors"), and (c) additional credit enhancement from Project Sponsors;

WHEREAS, to facilitate the Equity Financing, the Company and the other shareholders of DPC, which other shareholders are affiliates of Bechtel Enterprises, Inc. (10%) and General Electric Capital Corporation (10%) ("GECC"), formed DPC Holdings C.V., a limited partnership (commanditaire vennootschap) formed under the laws of The Netherlands, which is indirectly owned 80% by the Company and which indirectly owns a non-voting 98.9% interest in DPC ("DPC Holdings");

WHEREAS, affiliates of the Company and GECC decided to fund their aggregate 90% equity by having DPC Holdings enter into a Credit Agreement dated as of January 25, 1995, with NationsBank of Texas, N.A., as Administrative Agent, Citibank, N.A., as Funding Agent, and the Banks named therein, to provide up to $252 million (90% of $280 million equity requirement) for the Equity Financing plus $63 million for interest, fees, and expenses related to the financing of the Project for a total of $315 million (the "Equity Loan");

WHEREAS, the Credit Agreement now needs to be amended to increase the amount of the Equity Loan to $500 million (the "Increased Equity Loan"); and

WHEREAS, it is a condition precedent to the making of the Increased Equity Loan that the Company provide a guarantee (the "Increased Equity Loan Guarantee") of the repayment of the Company's pro rata share (8/9) of the Increased Equity Loan;

NOW, THEREFORE, IT IS RESOLVED, that the Company be, and it hereby is, authorized to provide the Increased Equity Loan Guarantee to guarantee to the banks providing the Increased Equity

Loan the repayment of up to the Company's pro rata share (approximately $445,000,000 million) of the Equity Loan;

RESOLVED FURTHER, that the Chairman of the Board, the Vice Chairman of the Board, the President, and any Vice President of the Company be, and each of them hereby is, authorized in the name and on behalf of the Company, under its corporate seal or otherwise, to negotiate, execute, deliver, amend, perform, and consummate such agreements, instruments, certificates, resolutions, or documents as such officer may deem necessary or desirable to carry out the purpose and intent of the resolutions herein, including without limitation the increased Equity Loan Guarantee, in such forms as shall be approved by the officer executing the same, such approval to be conclusively evidenced by the execution thereof by such officer;

RESOLVED FURTHER, that all actions heretofore taken by any officer of the Company, 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 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 are hereby 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, appropriate, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Ms. Mark continued with her report on 1996 Plan goals and accomplishments. She also reviewed other accomplishments achieved during 1996. She reviewed business strategies for the Plan years and specific goals for 1997. She presented a project timetable indicating the financial close and commercial start-up date for each of EDC's current projects.

Mr. Gray presented the Plan on behalf of EPP. He discussed 1996 goals and accomplishments, and he presented projects he expected to be acquired by EPP during each year of the Plan and the resulting income.

Following Mr. Gray's presentation, Mr. Lay called for approval of the Plan. Upon motion duly made by Mr. Duncan, seconded by Dr. Walker, and carried, the 1997 Plan, a copy of which is filed with the records of the meeting, was approved as presented to and discussed at the meeting.

Mr. Horton recommended that a corporate guaranty of the indemnity obligations of the Company's affiliates, Enron Gas Processing Company and Enron Gas Liquids, Inc., under a purchase and sale agreement with TransCanada Pipelines, be approved. Following discussion, upon motion duly made by Mr. Blake, seconded by Mr. Foy, and carried, the following resolutions were adopted:

> WHEREAS, the Company owns indirectly all of the capital stock of Enron Gas Processing Company ("EGP") and Enron Gas Liquids, Inc. ("EGLI");
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> WHEREAS, EGP owns all of the capital stock of Enron Louisiana Energy Company ("ELEC") and EGLI owns a wholesale propane marketing business;
>
> WHEREAS, EGP, EGLI, and the Company desire to enter into an agreement (the "Purchase and Sale Agreement") with TransCanada Energy USA, Inc. ("Buyer"), a wholly owned subsidiary of TransCanada PipeLines Limited ("TransCanada"), pursuant to which EGP will sell all of the outstanding capital stock of ELEC, and EGLI will sell its wholesale propane marketing assets, to TransCanada Energy Management Inc.;
>
> WHEREAS, TransCanada will enter into the a Guaranty and Indemnity Agreement in order to guaranty the indemnity obligations of TransCanada Energy Management Inc. thereunder;
>
> WHEREAS, in order to induce Buyer and TransCanada to enter into the Purchase and Sale Agreement and the Guaranty and Indemnity it is necessary for the Company to execute the Purchase and Sale Agreement for the limited purpose of performing certain tax covenants in Article 7 thereof and to execute a Guaranty and Indemnity Agreement in order to guaranty EGP's and EGLI's

indemnity obligations, which are contained in Article 12 of the Purchase and Sale Agreement and to indemnify Buyer and TransCanada against certain liabilities that could arise out of a leveraged lease financing pertaining to ELEC's gas processing plant (the "Obligations"); and

WHEREAS, the Company is reasonably expected to benefit, directly or indirectly, from the consummation of the transactions contemplated by the Purchase and Sale Agreement and it is therefore in the best interests of the Company to enter into the Purchase and Sale Agreement and to guaranty and indemnify Buyer and TransCanada from and against the Obligations;

NOW, THEREFORE, IT IS RESOLVED, the Chairman and Chief Executive Officer, the President and Chief Operating Officer, or any Vice President of the Company be, and they hereby are, authorized to negotiate, execute, and deliver the Purchase and Sale Agreement and the Guaranty and Indemnity Agreement and the officers of the Company are hereby authorized to take any and all such further action necessary to consummate the transactions contemplated by the Purchase and Sale Agreement and the Guaranty and Indemnity Agreement; 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 the foregoing resolution.

Mr. Kelly presented the business strategy and operating budget for Enron Renewable Energy Corp. ("EREC") during the Plan years and beyond. He presented an overview of EREC and described the world renewable energy market from 1990 through 2015. He discussed global energy demand, concern about carbon emissions and energy independence, improvements in technology, and expansion of EREC (through the acquisition of Zond Corporation) into wind energy. He stated that EREC would be an excellent candidate for a future initial public offering, and he estimated results of such an offering in 1998. He also

updated the Board on the status of the solar energy partnership with Amoco, including development activities, market share, and return on solar investment.

Mr. Kelly reviewed in detail the proposed acquisition of Zond Corporation ("Zond"). He discussed Zond's financial highlights, business strategy, and operating projects. He reviewed the purchase price, which consisted of cash, common stock of the Company, an EREC note, and 21 percent of EREC stock. He also discussed transaction costs, working capital requirements, and a potential sale of certain Zond assets. He projected net income based on wind energy, coupled with a possible public offering. In requesting approval of the transaction, Mr. Kelly noted that the Company had the right and could elect to make loans or equity contributions to EREC for the purpose of permitting EREC to either (i) deliver cash at closing in lieu of the Notes (as defined in the transaction documents), or (ii) prepay such Notes following closing. Following discussion, upon motion duly made by Mr. Foy, seconded by Mr. Urquhart, and carried, the following resolutions were adopted:

> RESOLVED, that, it being in the best interests of the Company, the undertakings by the Company set forth in (i) that certain Purchase Agreement by and among the Company, Enron Renewable Energy Corp. ("EREC"), and certain stockholders of Zond Corporation, a California corporation ("Zond"), and (ii) that certain Credit Agreement by and between the Company and Zond, each of which is dated December 9, 1996, a copy of each of which was presented to and discussed at the meeting (respectively, the "Purchase Agreement" and the "Credit Agreement"), be, and hereby are, approved;
>
> RESOLVED FURTHER, that the execution and delivery of said Purchase Agreement by an officer of the Company, and the performance by the Company of its obligations thereunder, is hereby approved, adopted, ratified, and confirmed in all respects; which approval, adoption, ratification, and confirmation shall include all of the obligations of the Company contemplated by the Purchase Agreement, including, without limitation, (i) the acquisition by the Company of a portion of the issued and outstanding preferred and common stock of Zond (the "Zond Stock") in exchange for common stock of the Company, (ii) the filing by the Company with the Securities and Exchange Commission of a registration statement covering the resale of such common stock by the holders thereof (the "Resale Registration Statement"), (iii) the contribution of the Zond

Stock to EREC in exchange for common stock of EREC, (iv) the guaranty by the Company of $40,000,000 of promissory notes to be issued by EREC (the "EREC Notes") to certain of the stockholders of Zond as partial consideration for the common and preferred stock of Zond owned by such stockholders, which guarantees shall be made pursuant to the forms of guarantees attached to the Purchase Agreement as exhibits, (v) the acquisition by the Company, pursuant to separate Option Exchange Agreements and Option Purchase Agreements in the forms attached to the Purchase Agreement as exhibits, of all of the issued and outstanding options to purchase common stock of Zond (the "Zond Options") in exchange for issuance by the Company of options to purchase common stock of the Company, (vi) the filing by the Company with the Securities and Exchange Commission of a registration statement on Form S-8 registering the offering and sale of Company common stock issued in connection with a stock option plan and stock options to purchase Company common stock delivered in exchange for the Zond Options (the "Employee Plan Registration Statement"), and (vii) the contribution of the Zond Options to EREC in exchange for common stock of EREC, in each case as more fully set forth in the Purchase Agreement;

RESOLVED FURTHER, that the execution and delivery of said Credit Agreement by an officer of the Company, which provides for the Company to make loans to Zond in an aggregate principal amount not to exceed $10,000,000, and the performance by the Company of its obligation thereunder, be, and hereby are, adopted, ratified, confirmed, and approved in all respects;

RESOLVED FURTHER, that the officers of the Company be, and each of them hereby is, authorized to prepare or cause to be prepared and/or filed such documents and instruments as may be necessary to (i) effect the filing of the Resale Registration Statement and the Employee Plan Registration Statement; (ii) cause the Resale Registration Statement and the Employee Plan Registration Statement to be declared effective by the Securities and Exchange Commission; (iii) effect any required listing applications to the New York Stock Exchange, Inc.; (iv) effect any state "Blue Sky" filings or applications; and (v) effect any other required regulatory filings;

RESOLVED FURTHER, that the Chairman of the Board, the President, and any Vice President of the Company be, and each hereby is, authorized, empowered, and directed to take such further actions as such officer deems necessary and appropriate to carry into effect the transactions contemplated by the Purchase Agreement and the Credit Agreement;

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

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

Mr. Lay stated that it would be in order to approve the date, place, and time of the 1997 Annual Meeting of Stockholders and the record date to determine stockholders entitled to vote at such meeting. Upon motion duly made by Mr. Blake, seconded by Dr. Gramm, and carried, the following resolutions were adopted:

RESOLVED, that the meeting date, location, and time of the 1997 Annual Meeting of Stockholders be, and it hereby is, set for May 6, 1997, at the Doubletree Hotel at Allen Center, 400 Dallas Street, Houston, Texas, at 10:00 a.m., C.D.T.; and

RESOLVED FURTHER, that the close of business on March 10, 1997, be, and it hereby is, approved and fixed as the record date for determining stockholders entitled to vote at the 1997 Annual Meeting of Stockholders.

Mr. Segner recommended that the Bylaws be revised to provide for a "Deputy Corporate Treasurer," and that Ms. Susan Hodge be elected to such

position. Upon motion duly made by Mr. Winokur, seconded by Mr. Duncan, and carried, the following resolutions were adopted:

RESOLVED, that Article V, Section 11 of the Bylaws is hereby amended by deleting same in its entirety and substituting the following therefor:

> Section 11. Deputy Treasurer and Assistant Treasurers. Each Deputy Treasurer and each Assistant Treasurer shall have the usual powers and duties pertaining to such offices, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to a Deputy Treasurer or an Assistant Treasurer by the Board of Directors, the Chairman of the Board, the President, the Vice Chairman of the Board, or the Treasurer. Any Deputy Treasurer may exercise the powers of the Treasurer during that officer's absence or inability or refusal to act. During the absence or inability or refusal to act of the Treasurer and each Deputy Treasurer, any Assistant Treasurer may exercise the powers of the Treasurer. Each Deputy Treasurer shall have the power and authority on behalf of the Corporation to sign as an Assistant Treasurer any instrument that an Assistant Treasurer has authority to sign, and for such purposes each Deputy Treasurer shall be deemed to be an Assistant Treasurer of the Corporation; and

RESOLVED FURTHER, that Susan Hodge be, and she hereby is, elected the Deputy Treasurer, Corporate Finance of the Company, to serve in such capacity at the pleasure of the Board during the ensuing year and until her successor is duly elected and qualified, effective immediately.

Mr. Lay updated the Board on the *J-Block* litigation. He noted that the February Board meeting would be held in New York and would include a reception for bankers the evening before.

There being no further business to come before the Board, the meeting was adjourned at 12:40 p.m., C.S.T.

_____
Secretary

APPROVED:

_____
Chairman

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MINUTES
MEETING OF THE EXECUTIVE COMMITTEE
OF THE BOARD OF DIRECTORS
ENRON CORP.
DECEMBER 18, 1996

Minutes of a meeting of the Executive Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 2:00 p.m., C.S.T., on December 18, 1996, at the Enron Building in Houston, Texas.

The following Committee members were present by telephone conference connection where each could hear the comments of the other meeting participants and join in the discussions:

Robert A. Belfer
Joe H. Foy
Kenneth L. Lay
Charles A. LeMaistre

Committee members John H. Duncan, Richard D. Kinder, and Herbert S. Winokur, Jr. were absent from the meeting. Messrs. James M. Bannentine, Joseph G. Kishkill, Edmund P. Segner, III, Jeffrey K. Skilling, Joseph W. Sutton, and Robert H. Walls and Mesdames Rebecca P. Mark and Peggy B. Menchaca, all of the Company or an affiliate thereof, also attended the meeting.

In the absence of Committee Chairman Duncan, Dr. LeMaistre presided at the meeting, with concurrence from the Committee, and the Secretary, Ms. Menchaca, recorded the proceedings.

Dr. LeMaistre called the meeting to order and called upon Mr. Lay to present the business of the meeting. Mr. Lay inquired and received confirmation that each Committee member had received the material for the meeting, a copy of which is filed with the records of the meeting. He stated that the meeting was called to consider bid proposals by Enron Development Corp. ("EDC"), or an affiliate thereof, for the hydroelectric power stations in Colombia known as the Betania and Chivor plants. He called upon Ms. Mark to present the details of the proposed bids.

Ms. Mark referred the Committee members to the meeting material for a description of each plant and presented an overview of the transactions. She stated that the bid on the Chivor plant was due December 20, and that the bid on the Betania plant was due on December 19, hence the urgency of the meeting. She described the size and location of each plant and discussed the minimum bids required. She called on Mr. Sutton to present the details and strategy of the proposed transaction.

Mr. Sutton stated that Chilgener had asked EDC to join them as a partner in the acquisition and other projects in Latin America, and he provided background information on Chilgener. He described the immediate earnings and value to be created on purchase of the two plants. He discussed in detail the hydroelectric generation business in Colombia, energy trading potential, credit rating, and other background information. He stated that the plants would be jointly owned by Chilgener (60%) and EDC or its affiliate (40%), but noted that major decisions would be made on a 50-50 basis. He stated that Chilgener would provide the general manager for the plants and that EDC, or its affiliate, would provide the chief financial officer. He indicated that EDC had received firm financing authority from Bank of America for approximately 60% leverage of Chivor and Betania.

Mr. Sutton presented transaction assumptions, a summary of the economics (using the Betania plant as the example), and sensitivities. He discussed in detail the risks inherent in the proposed transactions. He led a discussion related to political risk insurance and stated that EDC would bring a recommendation to Messrs. Lay and Skilling related to whether or not to acquire such insurance for the plants, if the bids were successful. He indicated that the Chivor and Betania plants would cost an estimated $650 million and $430 million, respectively. He discussed the financing of the proposed transactions, which he stated would be accomplished through nonrecourse financing, with 80% of the principal financed in a 5-year balloon note with Bank of America.

Mr. Sutton requested that EDC or an affiliate thereof be authorized to participate 40% in bid bonds with Chilgener of $18 million for Betania and $65 million for Chivor. In response to a question, he explained that the bid bonds were based on 10% of the value of each plant, hence the difference in amounts. A thorough discussion ensued. Messrs. Skilling and Ms. Mark joined in the discussion. Mr. Skilling indicated that he thought the project was worthwhile particularly if immediate efforts were initiated to monetize the plants. In response to a query by Mr. Belfer, Mr. Sutton indicated that EDC would know the results of the bidding immediately. Mr. Lay pointed out and discussed Mr. Belfer's

concerns about disproportionate asset allocations in certain regions. Following discussion, Mr. Belfer moved approval of the bid submission by EDC or its affiliate, subject to approval of the final bid formulation by Messrs. Lay and Skilling prior to submission, and provided that, if EDC's bids were accepted, management begin immediate efforts to monetize the acquisitions after financial close. Mr. Belfer's motion was duly seconded by Mr. Foy, the motion carried, and the following resolutions were approved:

> RESOLVED, that authority to submit bids for the hydroelectric power stations in Colombia known as the Betania and Chivor plants be, and it hereby is, granted to management of EDC, or an affiliate thereof, subject to final approval of the bids by Kenneth L. Lay and Jeffrey K. Skilling prior to submission; PROVIDED, HOWEVER, that management of EDC, or its affiliate, will make good faith efforts to monetize said acquisitions immediately after financial close;
>
> RESOLVED FURTHER, that the submission of a bid or bids by the Company's subsidiary, Enron Servicios de Electricidad Colombia Ltd., a Cayman Islands company, for the stock of Chivor S.A. E.S.P. and/or Central Hidroelectrica de Betania S.A. E.S.P. (the "Bids"), pursuant to that certain Information Memorandum dated October, 1996, prepared by CS First Boston, Inverlin, and Schroders and as amended or supplemented as of the date hereof (the "Tender Documents"), be, and hereby is, approved, subject to the restrictions set out in the above paragraph;
>
> RESOLVED FURTHER, that the Company be, and hereby is, authorized to provide security for Enron Servicios de Electricidad Colombia Ltd.'s obligations relating to its pro rata portion of the bid bonds required for the Bids, and the same be, and hereby is, authorized and approved; and
>
> RESOLVED FURTHER, that the directors and officers of Enron Servicios de Electricidad Colombia Ltd. be 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 Enron Servicios de Electricidad Colombia Ltd. (including, without limitation, all instruments and documents necessary, proper, or advisable to effectuate a joint bid with Energy Trade and Finance

Company or an affiliate thereof), 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, and that all actions heretofore taken by the Directors and officers of Enron Servicios de Electricidad Colombia Ltd. with respect to the transactions contemplated above be, and hereby are, in all respects, approved, confirmed, and ratified.

Mr. Segner stated that management requested authority to offer and sell up to $200 million of additional Trust Originated Preferred Securities, similar to an offering recently approved by the Board and undertaken by management. Ms. Menchaca noted that powers of attorney would be sent to each member of the Board authorizing certain officers to sign the required registration documentation. Following discussion, upon motion duly made by Mr. Foy, seconded by Dr. LeMaistre, and carried, the following resolutions were approved:

WHEREAS, the Executive Committee of the Board of Directors of Enron Corp. (the "Company") deems it advisable and in the best interests of the Company to take such actions as shall be required of it in order to enable a Delaware business trust to be created by the Company (the "Trust") to effect the offer and sale of up to $200 million Trust Originated Preferred Securities ("Trust Preferred Securities"), to be offered and sold pursuant to a Registration Statement on Form S-3 to be filed with the Securities and Exchange Commission (the "Commission") by the Company, such Trust, and a Delaware limited partnership to be formed (the "Partnership"), under the Securities Act of 1933, as amended (the "Securities Act");

NOW, THEREFORE, IT IS RESOLVED, that the actions of the officers of the Company in connection with the preparation, execution, and filing with the Commission of a Registration Statement are hereby ratified and approved, and the officers of the Company be, and each of them hereby is, authorized and directed to file such Registration Statement and amendments or supplements to the Registration Statement and to do or cause to be done any or all other things as may appear to them to be necessary or advisable in order to cause such Registration Statement, as amended, to become effective and otherwise to effect the registration under the Securities

Act of the securities covered by the Registration Statement, as amended; and

RESOLVED FURTHER, that the designation of Rex R. Rogers as the agent for service of process in connection with the Registration Statement is hereby approved; and

RESOLVED FURTHER, that the actions of the officers of the Company in connection with the formation of the Trust and the Partnership are hereby ratified and approved, and that each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, and the Chief Financial Officer or the Vice President, Finance and Treasurer of the Company is hereby authorized to execute and deliver on behalf of the Company an Amended and Restated Declaration of Trust and an Amended and Restated Agreement of Limited Partnership of the Partnership conforming substantially to the description thereof in the Registration Statement with such changes as the officer executing the same shall approve; and

RESOLVED FURTHER, that, in connection with the offering of the Trust Preferred Securities, each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, the Chief Financial Officer, or the Vice President, Finance and Treasurer of the Company is hereby authorized to execute and deliver on behalf of the Company the Trust Guarantee, the Partnership Guarantee, and the Investment Guarantees (each as defined in the Registration Statement), on terms conforming substantially to the description thereof in the Registration Statement, with such changes as the officer executing the same shall approve; and

RESOLVED FURTHER, that, in connection with the offering of the Trust Preferred Securities, each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, the Chief Financial Officer or the Vice President, Finance and Treasurer of the Company is hereby authorized to execute and deliver on behalf of the Company an indenture to provide for the issuance of the Company Debenture (as defined in the Registration Statement), on terms conforming substantially to the description thereof in the Registration Statement,

with such changes as the officer executing the same shall approve; and that any such officer is hereby authorized to execute and deliver the Company Debenture in an aggregate principal amount not to exceed $200 million; and

RESOLVED FURTHER, that, in connection with the offering of the Trust Preferred Securities, each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, the Chief Financial Officer, or the Vice President, Finance and Treasurer of the Company is hereby authorized to execute and deliver on behalf of the Company, as guarantor, indentures of two or more subsidiaries of the Company (the "Affiliate Indentures") on terms conforming substantially to the description thereof in the Registration Statement, with such changes as the officer executing the same shall approve, provided that the total amount guaranteed under all such Affiliate Indentures shall be limited to an aggregate principal amount not to exceed $200 million; and

RESOLVED, that each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, the Chief Financial Officer, or the Vice President, Finance and Treasurer of the Company is hereby authorized to execute and deliver on behalf of the Company (in its individual capacity, as the General Partner of the Partnership, and as the Sponsor of the Trust) a Purchase Agreement among the Company, the Trust, the Partnership, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and other underwriters (the "Purchase Agreement"), in connection with the proposed offering of the Trust Preferred Securities, on such terms as the officer executing such Purchase Agreement shall deem necessary or appropriate (including any pricing terms therein);

RESOLVED FURTHER, that the actions of the officers of the Company in applying to the New York Stock Exchange, Inc. (the "NYSE") for the listing thereon of the Trust Preferred Securities are hereby ratified and approved, and the officers of the Company be, and each of them hereby is, authorized, empowered, and directed to execute and deliver to the NYSE such agreements, applications, and documents in such form as may be necessary to effect the aforesaid listing and to take any and all such actions and to do and cause to be

done any or all such things as may appear to them to be necessary or desirable in order to effect such listing, including, without limitation, the filing of a Registration Statement on Form 8-A to effect the registration of the Trust Preferred Securities under the Securities Exchange Act of 1934, as amended;

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 (in its individual capacity, as General Partner of the Partnership, and as the Sponsor of the Trust), 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; and

RESOLVED FURTHER, that any and all actions heretofore or hereafter taken by any officer of the Company consistent with the terms of the foregoing resolutions are hereby ratified and confirmed as the act and deed of the Company.

There being no further business to come before the Committee, the meeting was adjourned at 2:40 p.m., C.S.T.

Subsequent to adjournment, Messrs. Lay and Skilling reviewed and approved the bids to be submitted for the hydroelectric power stations in Colombia.

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Secretary

APPROVED:

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Chairman

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

Minutes of a meeting of the Executive Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 10:00 a.m., C.D.T., on June 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.

Messrs. Andrew S. Fastow, William D. Gathmann, and Rex R. Rogers and Ms. Peggy B. Menchaca, all of the Company, also attended the meeting either in person or by telephone conference connection. Messrs. Guy Eastaugh, Jay L. Fitzgerald, Mark A. Frevert, Dan J. McCarty, John R. Sherriff, and Phil Stokes joined the meeting in progress as noted below.

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

Mr. Duncan called the meeting to order and asked Mr. Lay to present the business of the meeting. Mr. Lay stated that the meeting had been called to consider (i) an ECT Europe project, (ii) the offering and sale of up to $200 million in Adjustable-Rate Capital Trust Securities ("ACTS"), and (iii) an amendment of the stock repurchase authorization. Mr. Lay noted that the meeting participants from London had not yet joined the meeting and requested that the order of the agenda be amended to allow consideration of the other items.

Mr. Duncan amended the order of the agenda and called upon Mr. Gathmann to present the next item. Mr. Gathmann referred the Committee to the

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term sheet included in the meeting materials (a copy of which is filed with the records of the meeting), and he reviewed the terms of the proposed ACTS offering. He noted that it was similar to other trust security offerings previously issued by the Company. Upon motion duly made by Mr. Belfer, seconded by Mr. Winokur, and carried, the following resolutions were adopted:

> WHEREAS, the Executive Committee of the Board of Directors of Enron Corp. (the "Company") deems it advisable and in the best interests of the Company to take such actions as shall be required of it in order to enable a Delaware business trust to be created by the Company (the "Trust") to effect the offer and sale of up to $200 million Adjustable-Rate Capital Trust Securities ("Capital Securities"), to be offered and sold to "Qualified Institutional Buyers" pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act");
>
> NOW, THEREFORE, IT IS RESOLVED that the actions of the officers of the Company in connection with the preparation of the offering memorandum dated June 4, 1997 (the "Offering Memorandum") relating to the offering and sale of the Capital Securities are hereby ratified and approved;
>
> RESOLVED FURTHER, that the actions of the officers of the Company in connection with the formation of the Trust are hereby ratified and approved, and that each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, the Senior Vice President, Finance, the Vice President, Finance and Treasurer, and the Deputy Treasurer, Corporate Finance of the Company is hereby authorized to execute and deliver on behalf of the Company an Amended and Restated Declaration of Trust conforming substantially to the description thereof in the Offering Memorandum with such changes as the officer executing the same shall approve;
>
> RESOLVED FURTHER, that, in connection with the offering of the Capital Securities, each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, and the Senior Vice President, Finance or the Vice President, Finance and Treasurer of the Company is hereby authorized to execute and deliver on behalf of the Company the Guarantees (as defined in the Offering Memorandum), on terms conforming substantially to the descriptions thereof in the Offering

Memorandum, with such changes as the officer executing the same shall approve;

RESOLVED FURTHER, that, in connection with the offering of the Capital Securities, each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, and the Senior Vice President, Finance or the Vice President, Finance and Treasurer of the Company is hereby authorized to execute and deliver on behalf of the Company an Indenture to provide for the issuance of the Debentures (as defined in the Offering Memorandum), on terms conforming substantially to the description thereof in the Offering Memorandum, with such changes as the officer executing the same shall approve, such approval to be conclusively evidenced by such execution; and that any such officer is hereby authorized to execute and deliver the Debentures pursuant to such Indenture in an aggregate principal amount not to exceed $207 million;

RESOLVED FURTHER, that each of the Chairman of the Board, the Vice Chairman of the Board, the President, the Executive Vice President and Chief of Staff, the Senior Vice President, Finance and the Vice President, Finance and Treasurer of the Company is hereby authorized to execute and deliver on behalf of the Company (in its individual capacity and as the Sponsor of the Trust) a Purchase Agreement among the Company, the Trust, Deutsche Morgan Grenfell, and other banks (the "Purchase Agreement"), in connection with the proposed offering of the Capital Securities, on such terms as the officer executing such Purchase Agreement shall deem necessary or appropriate (including any pricing terms therein);

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 (in its individual capacity and as Sponsor of the Trust), 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; and

RESOLVED FURTHER, that any and all actions heretofore or hereafter taken by any officer of the Company within the terms of the foregoing resolutions are hereby ratified and confirmed as the act and deed of the Company.

Mr. Gathmann next reviewed the current status of the share repurchase authorization previously granted by the Board and requested authority to increase the existing available capacity under the current authorization from 2.8 million shares to 10 million shares in order to give management the flexibility needed to manage the Company's capital structure. Following discussion, upon motion duly made by Mr. Foy, seconded by Dr. LeMaistre, and carried, the following resolutions were adopted:

WHEREAS, the appropriate officers of the Company as of this date are authorized to make purchases of the Company's Common Stock in the open market ("Open Market Purchases"), and it would be in the best interests of the Company to provide such officers with authority to make additional Open Market Purchases;

NOW, THEREFORE, IT IS RESOLVED, that all authority previously granted by the Board of Directors or the Executive Committee of the Board of Directors with respect to Open Market Purchases be, and it hereby is, superseded and replaced by the authority granted by the following resolutions;

RESOLVED FURTHER, that the appropriate officers of the Company be, and they hereby are, authorized to make Open Market Purchases in accordance with the issuer repurchase "safe-harbor" Rule 10b-18 under the Securities Exchange Act of 1934 of up to an amount of 10,000,000 shares of the Company's Common Stock; *provided that*, such authorized amount shall be:

(a) reduced by (i) the number of shares of the Company's Common Stock from time to time repurchased by the Company and (ii) the number of shares of the Company's Common Stock from time to time subject to outstanding put option agreements to which the Company and any person or entity other than Joint Energy Development Investments Limited Partnership are parties (the "Put Option Agreements"); and

(b) increased to an amount no greater than 5,000,000 at any one time by the number of treasury shares or newly issued Common

Stock issued or sold by the Company and the number of shares of Common Stock sold by the Enron Corp. Flexible Equity Trust from time to time;

RESOLVED FURTHER, that the appropriate officers of the Company are authorized to take all actions that such officers deem necessary, appropriate, or desirable to effectuate the Open Market Purchases, including, without limitation, the following: (i) subject to the limitations described in the immediately preceding resolution, determining the number of shares of the Company's Common Stock to be purchased, (ii) determining the purchase prices at which such Common Stock shall be purchased, and (iii) engaging such investment banking, brokerage, or other firms as such officers shall deem appropriate to effect such Open Market Purchases; 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 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, to pay all such expenses, and to do or cause to be done any and all such further things as may in their discretion appear to be necessary, proper, or advisable in order to carry into effect the purposes and intentions of this and the foregoing resolutions.

Mr. Gathmann excused himself from the meeting following his presentation and Messrs. Eastaugh, Fitzgerald, Frevert, McCarty, Sheriff, and Stokes joined the meeting during Mr. Gathmann's presentation by telephone conference connection.

Mr. Duncan called upon Mr. Frevert to present the proposed ECT Europe project, known internally as "Project Cobra." Mr. Frevert referred the Committee to the material related to the project (a copy of which is filed with the records of the meeting), and he described the transaction. He stated that Project Cobra consisted of a 350-megawatt combined cycle gas turbine plant based in central England and owned by Corby Power Limited, a partnership jointly held by Dominion Resources, Inc. ("Dominion") (40%), Electricity Supply Board of Ireland ("ESBI") (20%), and BTR (a registered United Kingdom industrial conglomerate) (40%). He described the plant, which had become fully operational in February, 1994. He noted that Dominion and ESBI had preemption rights but stated that he did not expect that they would exercise them. He described the project economics and noted that East Midlands purchases substantially all of the

power from the plant under a 20-year contract. He stated that the Board of Corby Power Limited consisted of five directors, one for each 20% of ownership. He projected $4.4 million of annual earnings and cash flow through the year 2013 and noted that Project Cobra would be a logical addition to ECT Europe's asset and earnings base. He stated that the approval requested by ECT Europe was to submit a bid of up to $56.3 million for the acquisition of BTR's 40% interest in Corby Power Limited, subject to Dominion and ESBI waiving their respective preemption rights. A discussion ensued and Mr. Frevert answered questions from the Committee related to the project. Following discussion, upon motion duly made by Mr. Lay, seconded by Mr. Foy, and carried, management of ECT Europe was authorized to proceed with the submission of a bid of up to $56.3 million for the acquisition of BTR's 40% interest in Corby Power Limited.

Messrs. Eastaugh, Fitzgerald, Frevert, McCarty, Sherriff, and Stokes excused themselves from the meeting following the vote on Project Cobra.

Mr. Lay led a discussion of the week's activities and updated the Committee on (i) the J-Block settlement; (ii) the CATS ruling; (iii) the announcement relative to the project in Italy with ENEL; (iv) the action by the Oregon Public Utility Commission approving the merger with Portland General Corporation; and (v) Project Beta.

There being no further business to come before the Committee, the meeting was adjourned at 10:37 a.m., C.D.T.

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Secretary

APPROVED:

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Chairman

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