

Draft Update

FACTS

Reported Price Increases in medium to large insurance accounts, November 1 compared to year earlier			
	Share of brokers reporting price increase by size of increase		
	Up less than 30%	Up 30-50%	Don't Know
Workers' compensation	83%	10%	7%
Property	52	46	2
General liability	88	10	2
Business Interruption	66	25	9
Reinsurance	20	15	65
Aviation	0	25	62

Source: Council of Insurance Agents & Brokers, Survey of Property/Casualty Markets, November 20, 2001.

IN THE NEWS

Third-quarter commercial loan originations signal limited impact of Sept. 11 (*Commercial Mortgage Alert*)... Insurers filing to exclude terrorism loss (*National Underwriter*)... Insurance company ratings could suffer in federal-state squeeze on terrorism risks (*Standard & Poor's*)... Re start-ups face stiff competition: S&P (*Insurance Newsnet*)... Post-Sept. 11 market holds greater opportunity--and risk--for captives (*BestWire*)... Industry Focuses on Concentration of Risk (*BestWire*)...

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The Collapse of Enron: Issues for Financial Markets

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PRODUCTS-ASIA

General Terms and Conditions

All Asia-Pacific/Arab Gulf assessments are assessed up until 1830 Singapore standard time. Transactions and bids/offers after 1830 Singapore time deadline will not be taken into account. All Singapore assessments are FOB except MTBE which is C+F.

Price Units

All product prices are in US dollars. Singapore fuel oil and MTBE are quoted on a dollars per metric ton basis but all other products are quoted on a dollars per barrel basis. For Japan and the Arab Gulf both naphtha and fuel oil are quoted in dollars per metric ton but all other products are quoted on a dollars per barrel basis.

Gasoline Platt's quotes three physical gasoline grades in Singapore and one in Japan:

1 Singapore - 97 research octane number (RON) unleaded grade.

The lead content is 0.01 grams per liter (g/l).

2 Singapore - 95 RON unleaded. The trace lead content is 0.01 g/l.

3 Singapore - 92 RON unleaded. The trace lead content is 0.01 g/l.

4 Japan - 91-92 RON unleaded. The trace lead content is 0.01 g/l.

RVP for all grades is 9-10 psi. Benzene content for all grades is a maximum of 5 pct. All grades are undyed light yellow.

The most frequently traded cargo size in Singapore is 50,000 bbl. Transactions and bids/offers of a minimum of 50,000 bbl are considered for the assessments. Specific gravity for the gasoline grades quoted is around 0.74 grams per milliliter (g/ml). The assessments reflect transactions and bids/offers for barrels loading 15 to 30 days from the date of publication. Market participants should specify loading for a five-day date range. Ten days prior to loading, seller must declare terminal and buyer nominates vessel seven days prior with the loading window narrowed to three days.

The paper gasoline assessment is for 95 RON unleaded grade and reflects transactions for 50,000 bbl. The assessments reflects the value of paper gasoline one and two months ahead from date of publication and are quoted on a full calendar basis. For example, during the month of February, Platt's would quote March and April paper gasoline over the full course of the month. Paper gasoline is a contract settled "strictly" on a cash basis, as it is a non-delivery financial instrument.

Prices for all gasolines are quoted on a US dollars per barrel basis.

MTBE Specs are for "Arco quality" with minimum 95 pct MTBE. Typically, however, the material runs closer to 98 pct MTBE. RVP is 8-10 psi. Octane is 109 R+M/2. Oxygen is 18.2 pct by weight.

Naphtha Platt's quotes physical naphtha in Singapore, Japan and the Arab Gulf. The quotes are based on light and full range naphtha with a minimum paraffinic content of 65 pct and specific gravity of 0.69-0.71 g/ml. A conversion factor of 9 barrels per metric ton is used. The assessment reflects the typical quality for Singapore barrels and includes a maximum RVP of 13 psi, sulfur maximum content of 800 ppm. The initial boiling point is -25 degrees Centigrade and a final boiling point maximum of 204 degrees C. Chlorine content is a maximum 1 ppm; mercury, maximum is 1 ppb; and arsenic, maximum 20 ppb. Naphtha with a high N+A content typically sold from India and Indonesia isn't included.

The Singapore physical assessment reflects barrels loading 15-30 days from publication, with a minimum volume of 100,000 barrels.

From May 2, 1995, the FOB Singapore naphtha assessment has been based solely on a netback calculation from Japan. On May 2, 1995, Platt's introduced a new "experimental" naphtha which reflects spot market activity in Singapore, including any fixed-price business. This will reflect spot market activity in Singapore, including any fixed-price business. When there is none, it takes into account market-related business, the

PLATT'S

GUIDE TO PETROLEUM

SPECIFICATIONS

Naphtha forward paper market, and other indicators. It appears only in Platt's APAGScan and Platt's Global Alert.
(continued) Its name is "Spot Naphtha (Experimental)."

The Singapore paper naphtha assessment reflects a minimum of 50,000 bbl paper transactions. Assessments for paper are for one and two months forward and are quoted on a full calendar basis. As an example, during the month of February, Platt's would quote paper for March and for April. It is a non-delivery contract.

Arab Gulf quotes are assessed on a netback basis from Japan using 55,000mt ship freight rates. Freight rates reported in the Platt's clean tanker reports are used. It may also be assessed independently depending on spot cargo movements from competing areas.

C+F Japan forward naphtha quotes represent trade for 30-45 days, 45-60 days, and 60-75 days ahead of publication. Whichever half-month these quotes fall into becomes the label for the quote. As an example, on February 2, Platt's quoted three cycles: second half March, first half April and second half April. The main quote assesses the market 45 to 75 days from the date of publication. On every 1st and 16th of any given month the quotes will roll-over to the immediately following half-month cycles.

Prices for naphtha in Singapore are quoted on a US dollars per barrel basis. Prices for Japan and the AG are quoted on a US dollars per metric ton basis.

Jet/Kerosene Arab Gulf and Singapore quotes are based on jet DERD 2494 specifications. Specific gravity is typically 0.8 g/m. Singapore smoke point is typically 19-21, but premiums may be paid for higher smoke point and discounts for lower smoke point. Color reflects typical qualities for Singapore.

AG quotes are assessed on a netback basis from Singapore using 55,000mt ship freight rates. Freight rates reported in the Platt's clean tanker reports are used. It may also be assessed independently depending on spot cargo movement and competing barrels from other areas.

The Japan quote is based on DERD 2494. Color typically sold into Japan is around 20-21.

The Singapore physical assessment reflects transactions, bids/offers of a minimum of 100,000 bbl. Market participants should specify loading for a five-day date range. Seven days prior to loading, seller must declare terminal and buyer nominates vessel with loading window narrowed to three days.

The Singapore jet paper assessment reflects a minimum of 50,000 bbl paper transactions. Assessments for paper are for one and two months forward and are quoted on a full calendar basis. As an example, during the month of February, Platt's would quote paper for March and for April. Paper jet kerosene is a non-delivery contract.

Prices for all jet/kerosene are quoted on a US dollars per barrel basis.

Gasoil The Singapore regular 0.5 pct quote represents 0.5 pct sulfur barrels, typical specific gravity of 0.845 g/m and a pour point of 6-15 deg C. The color represented is maximum 2 and the flash point is minimum 66 degrees Centigrade.

The Singapore 0.5 pct L/P quote is based on gasoil with a pour point below 6 deg C and 0.5 pct sulfur content.

The Singapore 1.0 pct quote has a sulfur content up to 1.0 pct.

The Singapore physical gasoil assessments reflect a minimum of 150,000 bbl, loading 15-30 days from the date of publication. Market participants should specify loading for a five-day date range. Seven days prior to loading, seller must declare terminal and buyer nominates vessel with loading window narrowed to three days.

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GUIDE TO PETROLEUM SPECIFICATIONS

The Singapore paper assessment reflects a minimum of 50,000 bbl paper transactions. Assessments for paper are for one and two months forward and are quoted on a full calendar basis. As an example, during the month of February, Platt's would quote paper for March and for April. It is a non-delivery contract.

The Arab Gulf gasoil quote is assessed as a netback to Singapore using \$5,000/mt freight rates. Freight rates reported in the Platt's clean tanker reports are used. It may also be assessed independently depending on spot cargo movements and competing barrels from other areas. Sulfur is typically 1.0% max.

The Japan cracked gasoil assessment typically reflects 2.5-2.7 color and 45 minimum cetane index. Japan "pure" gasoil quote represents straight-run barrels, typically less than 0.5 color and 50 minimum cetane index. Both quotes assess 0.5 pct sulfur, -5 deg pour (summer), -10 deg pour (winter) material meeting Japan customs specifications.

Prices for all gasoil assessments are quoted on a US dollars per barrel basis.

Fuel Oil High sulfur fuel oil (HSFO) quotes are based on cracked fuel with 3.5 pct sulfur content on a FOB Singapore basis. Platt's assesses 180 and 380 centistoke. The typical specifications are as follows: specific gravity at 15 C kg/l is 0.991 maximum; flash point is 66 degrees C minimum; pour point is 24 degrees C maximum; ash on a weight basis is 0.15% maximum; Conradson carbon residue (CCR) on a weight basis is 16%; vanadium is 200 parts per million (ppm) maximum; sodium is 100 ppm maximum; water by distillation volume is 0.50% maximum; sediment by extraction is 0.15% max; and Shell hot filtration test is 0.15% max. In Singapore, the assessment reflects transactions or bids/offers for parcels of a minimum of 20,000mt, loading 15-30 days from the date of publication. Market participants should specify loading for a five-day date range. Seven days prior to loading, seller must declare terminal and buyer nominates vessel with loading window narrowed to three days.

180 CST 2.0 pct sulfur reflects a minimum volume of 20,000mt loading 15-30 days from date of publication. The density is 0.98 maximum and the vanadium 95 ppm and sodium 65 ppm.

The Arab Gulf fuel oil 180 CST quote is assessed as a netback to Singapore using 80,000mt freight rates. Freight rates reported in the Platt's dirty tanker reports are used. It may also be assessed independently depending on spot cargo movements and competing barrels from other areas. Density in the AG varies and assessments include 0.96-0.975. C+F Japan may be assessed independently since cargoes flow from various sources.

Prices for all fuel oil assessments are quoted on a US dollars per metric ton basis.

Low Sulfur Waxy Residue—Mixed/Cracked Quote reflects mixed/cracked LSWR with maximum sulfur content of 0.3 pct on a FOB Indonesia/Singapore basis, loading 15-30 days from date of publication. The Indonesian grade typically has a sulfur content of 0.2 pct. A minimum volume of 100,000 bbl will be considered for the assessment. Prices are quoted on a US dollars per barrel basis.

Please note: The LSWR straight-run 0.3%S assessment was discontinued effective April 1, 1996.

PRODUCTS—CHINA

Gasoline

1. 90 RON. The lead content is 0.4 g/l. Specific gravity is 0.72-0.73.
2. 83 RON. The lead content is 0.4 g/l. Specific gravity is 0.72-0.73.
3. 70 RON. The lead content is 0.4 g/l. Specific gravity is 0.7.

All gasoline quotes are on a C+F South China basis, from around the Shenzhen area. Parcel size is 5,000 to 25,000mt. Assessment window is 15-30 days from date of publication. The assessment is based on a low pour point with a maximum 0 deg C and a sulfur content of 0.5 pct.

Exhibit 3

Crude Oil, Refined Petroleum Products and
Petrochemical Transactions (FOB)
Stand-alone confirmation for
Singapore Platts' trading only



**ENRON CAPITAL & TRADE RESOURCES
SINGAPORE PTE. LTD.**

Confirmation

DATE: [Today's Date]

TO:

ATTN:

FAX NO.:

TELEX NO.:

FROM: Enron Capital & Trade Resources Singapore Pte. Ltd.

RE: Special Terms and Conditions for Sale and Purchase of Products

This confirmation evidences the terms of the binding verbal agreement reached between [Buyer's Rep] and [Seller's Rep]'s telephone conversation on [date], 199 regarding Enron Capital & Trade Resources Singapore Pte. Ltd.'s ("Enron") sale to [Buyer] of the Product described below. The following constitute all of the terms of the binding agreement between the parties regarding this transaction (this "Agreement"). Any other terms and conditions are objected to and shall not be binding upon Enron. This confirmation supersedes and replaces any broker confirmation(s) regarding this transaction.

ENRON CONTRACT NO.: [Reference number]

BUYER: [Name]
[Street address]
Telex No: []
Facsimile No: []

SELLER: Enron Capital & Trade Resources Singapore Pte. Ltd.
3913 Orchard Road #10-03
Ngcc Ann City Tower B
Singapore 238874
Telex No.: RS 37130 EGLSIN
Facsimile No.: (65) 734-2868

PRODUCT: [Singapore Gasoil 0.5% Sulphur/Type of Product]

QUANTITY: [Volume] +/-5%

[Volume] plus/minus 5% operational tolerance. Volume to be based upon the bill of lading figure.

QUALITY:

The specifications of the Product shall be as follows:

[ASTM reference or other specifications/If Singapore Gasoil, to use table set out below]

Property	Unit	Min	Max	Test
Specific Gravity @ 15 Deg C	KG/L	0.82	0.87	D1298
Color			2	D1500
Flash Point Deg C		66		D93
Pour Point Deg C			9	D97
KIN Viscosity @ 40 Deg C	CST	1.5	3.6	D445
C.C. Residue	WT PCT		0.10%	D189/4530
Ash	WT PCT		0.01%	D482
Cl Corrosion 3 hrs			1	D138
Sulphur	WT PCT		0.5%	D129/4294
Cetane Index		48		D976
Water & Sediment	VOL PCT		0.05%	D1796
Distillation 90% Recovered	Deg C		370	D86
Neutralisation value				
Strong Acid No.	MGKOH/g		NIL	D974
Total Acid No	MGKOH/g		0.5	D974

DELIVERY AND NOMINATION:

In one cargo lot by vessel procured by Buyer Free on Board ("FOB") [Singapore/loadport] (the "loading port" and the "loading terminal" respectively) during the period [date range], 199___. By written notice to Seller, Buyer to narrow nominated loading date range to a three-day range (the "loading date range") no later than seven (7) days prior to the first day of the loading date range. Nominated vessel and the loading date range are subject to loading terminal acceptance, such acceptance not to be unreasonably withheld. Any delays and/or costs incurred by Seller or Seller's suppliers as a result of vessel not meeting loading terminal's general requirements shall be for account of Buyer and Buyer shall indemnify Seller for all costs, losses or damages incurred by Seller or Seller's suppliers as a result thereof.

PRICE:

USD [price] per [net metric tonne/barrel], FOB [Singapore/loadport], fixed and flat.

PAYMENT:

Due thirty (30) days after the bill of lading date (the "B/L date") (B/L date to count as day zero) without offset, discount, withholding, counterclaim or deduction, in USD via wire transfer in same day funds into Seller's account at its designated bank as follows:

Citibank New York

For the account of Citibank Singapore

Account No. 10991581

For further credit to Enron Capital & Trade Resources Singapore Pte. Ltd.

Account No. 0810798/041

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Payment will be effected against presentation of the following documents:

1. Seller's commercial invoice triplicate (teletype or telex acceptable).
2. Original shipping document(s) as normally issued at loading terminal.
3. Full set 1/3 original bill of lading ("B/L") issued or endorsed to Buyer or 2/3 original B/L and owner/master/agent receipt of 1/3 original B/L.

In the absence of documents 2 and/or 3, Buyer agrees to remit payment against Seller's letter of indemnity (teletype acceptable), in the form specified by the Seller. If the payment due date falls on a Saturday or bank holiday in the place where Seller's designated bank is located which is not a Monday, payment shall be due on the preceding banking day. If the payment due date falls on a Sunday or Monday bank holiday in that place, payment shall be due on the banking day next succeeding the original due date. If Buyer does not pay any amount when due, such unpaid amount shall bear interest at 2% per annum over SIBOR.

CREDIT:

[Payment is to be secured by an irrevocable (documentary/standby) letter of credit opened and/or confirmed by an international bank acceptable to Seller with letter of credit terms and conditions to be or in such form as Seller may reasonably require. The letter of credit shall be opened and received by Seller [prior to (date), 199[]][no later than [five (5)][seven(7)][ten (10)] days prior to the first day of the loading date range (or on demand if requested by Seller less than [five (5)] [seven (7)][ten (10)] days before the first day of the loading date range)]. [Buyer to pay all costs associated with the letter of credit.]

-and/or-

[Buyer shall deliver or cause to be delivered to Seller [prior to (date), 199[]][no later than [five (5)][seven(7)][ten (10)] days prior to the first day of the loading date range (or on demand if requested by Seller less than [five (5)][seven(7)][ten (10)] days before the first day of the loading date range)], an original duly executed guarantee from (name of Buyer's parent or other guarantor) in such form as Seller shall reasonably require.]

PROPERTY AND RISK:

The property and risk in the Product delivered under this Agreement shall pass to Buyer as the Product passes the flange connection between the delivery hose and the vessel's permanent hose connection at the loading terminal. The Product shall be at Buyer's risk as from that time.

INSPECTION:

Quantity and quality of Product to be determined conclusively by an independent inspector. Inspector to be appointed by Seller and approved by Buyer (such approval not to be unreasonably withheld or delayed) using the standard measuring and testing methods in effect at the loading terminal at the time of delivery with the cost split equally between Buyer and Seller. The independent inspector's determinations shall be binding absent fraud or manifest error.

DEMURRAGE/LAYTIME:

Total allowed laytime for loading is thirty-six (36) hours (Sundays, holidays and nights included except in the event that loading then is prohibited by the rules and regulations applicable at the loading terminal) and pro rata for part cargo. Laytime shall commence at six (6) running hours after receipt of NOR, or upon the vessel's arrival in berth, whichever occurs first. Laytime shall cease upon disconnection of the loading hoses from the vessel once loading is complete. The amount of demurrage paid shall be at the charterparty rate of vessel used subject to a maximum of USD[11,100/demurrage limit] per day pro rata. Demurrage claims must be submitted in writing with full supporting documentation within ninety (90) days from R/I date, failing which they will be deemed waived and extinguished. Buyer is only entitled to demurrage to the extent Seller is able to recover from its supplier(s). Seller shall not be liable for demurrage in excess of the amount actually paid to vessel.

OIL POLLUTION:

Buyer warrants that the vessel nominated shall be owned or demise chartered by a member of the International Tanker Owners Pollution Federation Limited and shall at all relevant times be entered in a Protection and Indemnity Club ("P&I Club") which is a member of the International Group of P&I Clubs and have protection and indemnity or other insurance covering pollution on terms no less comprehensive in scope and quantum than those offered by such associations in such group. The Buyer shall exercise reasonable efforts to ensure that the vessel carries on board a Certificate of Insurance as described in the 1992 Civil Liability Convention for Oil Pollution Damage.

LIMITATION OF REMEDIES:

Neither Seller nor Buyer shall be liable for lost profits or other business interruption damages, or special, consequential, incidental, punitive, exemplary or indirect damages, in tort (including negligence), contract or otherwise, of any kind, arising out of or in any way connected with the performance, the suspension of performance, the failure to perform, or the termination of this Agreement.

LIMITED WARRANTIES AND EXCLUSIONS:

The quality of the Product supplied hereunder shall be the production quality of the Product being supplied at the loading terminal at the time of loading. All other conditions, warranties and other terms implied by statute, common law or custom or usage of the trade are excluded.

DEFAULT, TERMINATION AND LIQUIDATION:

If an Event of Default (as defined below) occurs with respect to either party hereto, the other party (the "Notifying Party") may do any one or more of the following: (i) upon three (3) days' written notice to the first party establish a date on which any or all Unperformed Contracts (as defined below) will terminate ("Early Termination Date"); (ii) suspend the Notifying Party's performance under the relevant agreements, including withholding any payments due to the first party; and/or (iii) exercise any and all other remedies available under applicable law; provided in respect of an Event of Default described in (2) below, all Unperformed Contracts shall automatically terminate immediately prior to such event, without any notice required. The Notifying Party shall calculate its damages, including its associated costs and attorneys' fees, resulting from the termination of the Unperformed Contracts selected by it, or in the case of an Event of Default described in (2) below, all Unperformed Contracts (the "Termination Payment"). The Termination Payment will be determined by (i) comparing the value of (a) the contract price in each Unperformed Contract to (b) the equivalent quantities and relevant market prices either quoted by a bona fide third party offer or which are reasonably expected to be available in the market under a replacement contract; and (ii) ascertaining the associated costs and attorneys' fees. All terminated Unperformed Contracts shall be netted against each other and upon netting, if the calculation of the Termination Payment does not result in damages to the Notifying Party, the Termination Payment shall be zero. The Notifying Party shall provide the other party a written statement of the amount of the Termination Payment. The Termination Payment shall be paid immediately upon receipt of said notice.

For purposes of this Agreement, an "Event of Default" means: (1) the failure by a party to make, when due, any payment required or to perform any other material covenant set forth herein in each case within three days after receipt of notice thereof; or (2) a party shall (a) make an assignment or arrangement for the benefit of creditors, (b) file a petition or commence, authorize or acquiesce in the commencement of a proceeding under any bankruptcy or similar law, or have such petition filed against it and such proceeding remains undischarged for 30 days, (c) otherwise become bankrupt or insolvent or (d) be unable to pay its debts as they fall due; or (3) a party's unexcused failure to take receipt or accept delivery or discharge of the Product in breach of this Agreement. In this definition of "Event of Default", each reference to a "party" shall include that party's guarantor or other credit support provider.

"Unperformed Contract" means this Agreement or any Other Agreement if the property in the Product agreed to be sold thereunder has not already passed to Buyer. The term "Other Agreement" shall mean any transaction between the parties hereto other than the transaction covered by this Agreement.

FORCE MAJEURE:

If either party hereto is rendered unable by an event of Force Majeure (as defined below) to perform or comply fully or in part with any obligation or condition of this Agreement (other than the obligation to make full and punctual

payment of all amounts due under this Agreement), that party (the "Non-Performing Party") shall promptly give written notice to the other party of such event of Force Majeure (and in any event no later than forty-eight (48) hours of receiving notice of such occurrence of such event of Force Majeure), and upon giving such written notice, such performance or compliance shall be suspended for so long as such event of Force Majeure exists, provided always that the Non-Performing Party shall use its reasonable efforts to avoid or remove the event of Force Majeure if possible, and that Buyer and Seller shall resume performance hereunder with the utmost dispatch whenever the event of Force Majeure is removed. In the event that the Non-Performing Party's performance is suspended for more than thirty (30) calendar days from the date such notice is given, the other party, in its sole discretion, may terminate this Agreement by written notice to the Non-Performing Party, and neither Buyer nor Seller shall have any further liability to the other, except for rights and remedies previously accrued under this Agreement and obligations to pay sums then due and owing.

As used herein, the term "Force Majeure" shall include: (i) fires, earthquakes, lightning, floods and other acts of natural calamity or acts of God; adverse weather; navigational accidents; vessel damage or loss; strikes, grievances or actions by or among workers, lock-outs, or other labour disturbances (whether or not such labour difficulty could be settled by acceding to any demands of any such labour group of individuals); accidents at, closing of, or restrictions upon the use of mooring facilities, docks, harbours, ports, pipelines, or other navigational or transportation mechanisms; explosions or accidents to wells, pipelines, storage plants, refineries, terminals, machinery, and other facilities; acts of war, hostilities (whether declared or undeclared), civil commotion or acts of the public enemy; any act or omission of any domestic or foreign national, state, regional, local, or municipal governmental body, agency, instrumentality, authority or entity established or controlled by governments, or subdivision thereof, including, but not limited to, any legislative, administrative or judicial body, or any person purporting to act therefor ("Governmental Authority"); good faith compliance with any order, request or directive of any Governmental Authority; or (ii) any other cause or causes reasonably beyond the control of a party, whether similar or dissimilar to those above and whether foreseeable or unforeseeable, which, by the exercise of due diligence, such party could not have been able to avoid or overcome. Seller's ability to sell the Product to a market at a more advantageous price, shall not constitute an event of Force Majeure.

TAXES:

Seller will pay all taxes or other charges imposed upon the Product delivered under this Agreement which are incurred by Seller prior to transfer to Buyer of title to the Product. Buyer will pay all taxes or other charges imposed upon the Product delivered under this Agreement which are incurred by Buyer after transfer to Buyer of title to the Product. If either party hereto is required by applicable law to pay any of the taxes, fees or assessments which are the responsibility of the other party under this Section, the responsible party shall promptly reimburse the paying party for all such payments.

ASSIGNMENTS:

This Agreement shall be binding on the respective successors and permitted assigns of the parties hereto and shall not be construed as creating rights or benefits in any other person or entity; provided, neither party shall have the power to assign its rights or obligations under this Agreement, in whole or in part, without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment not made in accordance with this Section shall be void.

COMPLIANCE WITH LAWS:

Each party hereto shall, in the performance of this Agreement, comply with all applicable Laws and Regulations (as defined below) in effect on the date this Agreement was entered into, and as they may be amended from time to time. For the purpose of this Agreement, the term "Laws and Regulations" shall mean the applicable treaties, statutes, rules, regulations, decrees, ordinances, licenses, permits, compliance requirements, decisions, orders, directives, and agreements of, and/or concessions and arrangements with, any Governmental Authority.

GOVERNING LAW AND ARBITRATION:

This Agreement shall be governed by and construed, enforced and performed in accordance with Singapore law and to the exclusion of the laws of any other legal system. The parties hereto agree that this Agreement shall be deemed to have been made in Singapore. The parties agree that the United Nations Convention on Contracts for the International Sales of Goods (1980) shall not apply to, or govern, this Agreement. The parties hereto agree that any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration, under the Rules of the

Singapore International Arbitration Centre, which rules are deemed to be incorporated by reference into this Agreement. The number of arbitrators shall be three, each party having the right to nominate one arbitrator. The third arbitrator shall be a person who has had five years or more experience in the relevant industry. The place of arbitration shall be Singapore where all hearings and meetings shall be held. Unless the parties agree otherwise, the language to be used in the arbitral proceedings shall be English.

NOTICES:

Any notices and communications to be given under this Agreement shall be in writing and deemed duly given if sent by facsimile or telex, sent by courier or delivered by hand to the address/number of the receiving party provided in this Agreement unless that address/number is changed by such party by way of prior notice to the other party made in accordance with this Agreement. Unless Enron informs Counterparty otherwise, any notices required by this Agreement must be sent to the appropriate department as listed below.

Department	Contact	Telephone No.	Fax No.	Telex No.
Logistics/Operations:	Eric Tan	65 838 9026	65 734 2868	RS 37130
Credit Risk Management	David Hardy	44 171 316 6669	44 171 970 7251	RS 922465
Invoices and Contract Settlements:	Amita Gosalia	44 171 316 5466	44 171 873 0147	KN 922465
Deal Clearing and Documentation:	Amita Gosalia	44 171 316 5466	44 171 873 0147	KN 922465

OTHER PROVISIONS:

Any situations not specifically addressed by this Agreement will be governed by Incoterms 1990 (to the extent applicable) as in effect at the time of this Agreement is entered into. This Agreement shall serve as the operative document. No other agreement will be sent. If Buyer objects to any differences that it perceives to exist between the oral agreement of the parties' employees or representatives and the contents of this Agreement, it must notify Enron of its objections in writing via telefax or telex within five (5) days from receipt of this Agreement. Failure to do so will constitute a waiver of Counterparty's right to object to any such differences. Additional or different terms from those set out herein shall be construed as proposals for additions to this Agreement and shall not become part of this Agreement unless expressly agreed to in writing in a supplemental confirmation by Seller.

Regards,

Enron Capital & Trade Resources Singapore Pte. Ltd.

By: _____

Name:

Title: Attorney-in-fact

Address for Notices and Communications to Enron:

Four Millbank,
London SW1P 3ET
United Kingdom

Attn: Amita Gosalia
Facsimile No.: 44 171 873 0147
Telephone No.: 44 171 316 5466
Telex No.: RS 922465

cc:

Enron Capital Trade & Resources Singapore Pte. Ltd.
Telex No.: RS 37130
Answerback: EGLSIN

Counterparty: Please promptly provide to Enron's deal clearing and documentation department any corrections to your address, telephone, facsimile or telex, and the names of all appropriate contact persons.

CONFIDENTIAL

**HISTORY OF AZURIX BUENOS AIRES DISPUTE WITH THE PROVINCE OF
BUENOS AIRES
NOVEMBER 20, 2001**

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[(b)(4)]

CONFIDENTIAL

**CURRENT STATUS AND BACKGROUND OF THE AZURIX CORP
INVESTMENT DISPUTE WITH THE PROVINCE OF BUENOS AIRES
December 14, 2001**

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INTER-AMERICAN DEVELOPMENT BANK
Washington, D.C. 20577

Executive Director
United States

phone number: 202 623-1631
fax number: 202 623-3612

TO: Stephen Altheim, U.S. Treasury
FROM: Bruce Juba
DATE: September 25, 2001

00500000000432



Proyectos en Preparación (Pipeline) Rep. Dominicana

Número de Proyecto	Nombre del Proyecto	Cat. Prog.	Costo Proy.	Financiam. BID	Fecha de Aprobación
<u>DR0147</u>	PLANTA ENERGIA ANDRES	2001A	400.0	75.0	5Dic01
<u>DR0136</u>	PRIVATIZACION AEROPUERTOS INTERNACIONALE	2001B	280.0	63.0	N/A
<u>QR0141</u>	PROGRAMA DE VIVIENDA	2002A	N/A	30.0	6Feb02
<u>DR0145</u>	PROGRAMA GESTION RIESGOS DE DESASTRES	2002A	N/A	5.0	6Feb02
<u>DR0138</u>	TRANSICION COMPETITIVA AGROALIMENTARIA	2002A	N/A	50.0	27Feb02
<u>DR0146</u>	APOYO AL PROGRAMA DE PENSIONES	2002B	N/A	30.0	29May02
<u>DR0142</u>	PROGRAMA GLOBAL MICROCREDITO	2002B	N/A	30.0	17Jul02
<u>DR0076</u>	PROGRAMA DE DESARROLLO LOCAL	2002B	40.0	40.0	28Ago02
<u>DR0125</u>	MEJORAMIENTO EDUCACION BASICA III	2002B	N/A	50.0	9Oct02
<u>DR0148</u>	FACILIDAD SECTORIAL COMERCIO EXTERIOR	2002B	N/A	5.0	N/A
<u>DR0149</u>	DESARROLLO INSTITUCIONAL SOC.INFORMACION	2002B	N/A	8.0	N/A
<u>DR0143</u>	PROG. REHAB URBANA EN STO DOMINGO	2003A	N/A	50.0	26Jun02
<u>DR0139</u>	PROGRAMA DE RENOVACION TECNOLOGICA	2003A	N/A	15.0	N/A
<u>DR0127</u>	DESARROLLO DE LOS AYUNTAMIENTOS	2003A	37.0	30.0	N/A
<u>DR0144</u>	PROGRAMA MULTIFASE DE VIVIENDA	2005A	N/A	60.0	N/A
TOTAL:		15		541.0	

ROS/ITC, 1998

Information as of Tuesday, September 25, 2001 1:13:06 PM

LMS20 - Active Portfolio



Inter-American Development Bank
LMS20 - Active Portfolio
Country Office of Dominican Republic - Loan Operations
 As of September 24, 2001

Project ID	Description	Currency	Modality	Original Amount	Disbursed	Outstanding	% Disbursed	Balance	Days
804/SE-DR	DR0013 CAMINOS VECINALES II SEC. ESTADO OBRAS PUBLICAS Y COMUNIC	USD	DI	34,400,000.00	.00	34,288,887.83	99.68%	111,112.17	8
903/SE-DR	DR0018 DES. AGRICOLA AREA RIO SAN JUAN INSTITUTO NAL. RECURSOS HIDRAULICOS	USD	DI	48,000,000.00	635,532.03	45,610,965.22	95.02%	1,753,502.75	2,3
920/SE-DR	DR0029 PROG. PROM. INICIATIVAS COMUNITARIAS PROCOMUNIDAD	USD	DI	13,500,000.00	.00	13,310,991.19	98.60%	189,008.81	
Subtotal fund F90 and currency USD				95,900,000.00	635,532.03	93,210,844.24	97.20%	2,053,623.73	2,8
773/QC-DR	DR0016 REFORMA SECTOR FINANCIERO. BANCO CENTRAL DE LA REPUB. DOMINICANA	USD	DI	102,000,000.00	.00	72,603,500.00	71.18%	28,980,000.00	
825/QC-DR	DR0029 PROG. PROM. INICIATIVAS COMUNITARIAS PROCOMUNIDAD	USD	FD	16,500,000.00	.00	16,500,000.00	100.00%	.00	3
897/QC-DR	DR0101 MEJORAMIENTO DE LA EDUCACION BASICA SECR. ESTADO EDUCACION, BELLAS ARTES	USD	DI	52,000,000.00	62,000.00	41,714,996.98	80.22%	10,157,403.02	7,0
905/QC-DR	DR0035 ADMON. DE SISTEMAS DE RIEGO POR USU INSTITUTO NAC. RECURSOS HIDRAULICOS	USD	DI	52,000,000.00	4,400,371.83	13,914,080.59	26.76%	33,619,947.58	1,0
1047/QC-DR	DR0028 APOYO A LA REFORMA DEL SECTOR SALUD SECRETARIA TECNICA DE LA PRESIDENCIA	USD	DI	61,200,000.00	4,713,233.07	16,862,796.60	27.55%	39,587,968.33	5,7
1079/QC-DR	DR0118 PROGRAMA DE TITULACION SUPREMA CORTE DE JUSTICIA	USD	DI	32,000,000.00	3,419,557.85	2,159,787.28	6.75%	26,420,654.87	1,3
1079/QC-DR-1	DR0118 PROGRAMA DE TITULACION SUPREMA CORTE DE JUSTICIA	USD	DI	20,300,000.00	2,212,688.61	104,705.27	.52%	17,982,828.12	
1079/QC-DR-2	DR0118 PROGRAMA DE TITULACION SUPREMA CORTE DE JUSTICIA	USD	DI	11,700,000.00	1,206,891.24	2,055,082.01	17.56%	6,438,026.75	1,2
1093/QC-DR	DR0094 PROG. ADMINISTRACION FINANCIERA INTG COMISION TECNICA INTERINSTITUCIONAL	USD	DI	10,300,000.00	460,000.00	523,000.00	5.08%	9,317,000.00	5
1114/QC-DR	DR0133 PROGRAMA CAMINOS VECINALES	USD	DI	48,000,000.00	5,629,495.17	1,804,001.43	3.76%	40,586,503.40	8

<http://iiwppfaa.iadb.org/dsbprj/lms20.asp?OperationType=LON&BalanceDate=CUR&Modc...> 9/25/2001

LMS20 - Active Portfolio

1124/QC- DR	DR0022	ESTADO DE USINAS PUBLIC FORTA. PROV. DE LA REGION NORDESTE	USD	DI	8,980,000.00	1,001,030.01	4,211,437.20	47.00%	3,747,532.79	2.7
1152/QC- DR	QR0135	SECRETARIA TECNICA DE LA PRESIDENCIA PROG. EMERGENCIA HURACAN GEORGES	USD	DI	105,000,000.00	6,652,336.14	62,788,757.17	59.80%	35,548,906.69	13.4
1152/QC- DR-1	QR0135	SECRETARIA TECNICA DE LA PRESIDENCIA PROG. EMERGENCIA HURACAN GEORGES	USD	DI	81,100,000.00	5,859,968.31	41,491,125.00	51.16%	33,748,906.69	12.8
1152/QC- QR-2	QR0135	SECRETARIA TECNICA DE LA PRESIDENCIA PROG. EMERGENCIA HURACAN GEORGES	USD	DI	23,900,000.00	802,367.63	21,297,632.17	89.11%	1,800,000.00	5
1175/QC- DR	DR0023	SECRETARIA TECNICA DE LA PRESIDENCIA MODERNIZACION DEL PODER EJECUTIVO	USD	EF	21,500,000.00	215,000.00	.00	.00%	21,285,000.00	
1175/QC- DR-1	DR0023	SECRETARIADO TECNICO DE LA PRESIDENC MODERNIZACION DEL PODER EJECUTIVO	USD	EF	9,000,000.00	90,000.00	.00	.00%	8,910,000.00	
1175/QC- DR-2	DR0023	SECRETARIADO TECNICO DE LA PRESIDENC MODERNIZACION DEL PODER EJECUTIVO	USD	EF	12,500,000.00	125,000.00	.00	.00%	12,375,000.00	
1183/QC- DR	DR0124	SECRETARIADO TECNICO DE LA PRESIDENC PROGRAMA DE REFORMA Y CAPACIT. LABO	USD	DI	16,900,000.00	1,500,000.00	617,000.00	3.65%	14,783,000.00	6
1198/QC- DR	DR0123	SECRETARIA DE ESTADO DE TRABAJO REFORMA Y MODERN. AGUA POT. Y SANEA	USD	EF	71,000,000.00	10,500,000.00	.00	.00%	60,500,000.00	
1198/QC- QR-1	DR0123	SECRETARIA TECNICA DE LA PRESIDENCIA REFORMA Y MODERN. AGUA POT. Y SANEA	USD	EF	59,200,000.00	9,382,000.00	.00	.00%	49,818,000.00	
1198/QC- DR-2	QR0123	SECRETARIA TECNICA DE LA PRESIDENCIA REFORMA Y MODERN. AGUA POT. Y SANEA	USD	EF	11,800,000.00	1,118,000.00	.00	.00%	10,682,000.00	
1258/QC- DR	QR0125	SECRETARIA TECNICA DE LA PRESIDENCIA MODERNIZACION DEL CONGRESO NACIONAL COMISION RICAMFRAI DPI	USD	DI	22,300,000.00	2,502,000.00	629,400.00	2.82%	19,168,600.00	8

<http://iwpfaa.iadb.org/dsbprj/lms20.asp?OperationType=LON&BalanceDate=CUR&Modt...> 9/25/2001

LMS20 - Active Portfolio

1289 OC- DB	DR0112	EDUCACION MEDIA	USD	SI	52,000,000.00	4,800,000.00	.00	.00%	47,200,000.00
		SECRETARIA DE ESTADO DE EDUCACION							
1289 OC- DB-1	DR0112	EDUCACION MEDIA	USD	SI	43,600,000.00	4,124,640.00	.00	.00%	39,475,360.00
		SECRETARIA DE ESTADO DE EDUCACION							
1289 OC- DB-2	DR0112	EDUCACION MEDIA	USD	SI	8,400,000.00	675,360.00	.00	.00%	7,724,640.00
		SECRETARIA DE ESTADO DE EDUCACION							
1333 OC- DB	OR0140	PROTECCION GASTO SOCIAL	USD	SI	200,000,000.00	2,000,000.00	.00	.00%	198,000,000.00
		SECRETARIADO TECNICO DE LA PRESID							
Subtotal fund ORC and currency USD					871,680,000.00	47,885,024.07	234,328,759.25	26.88%	588,882,516.68
Total currency USD					967,560,000.00	48,500,556.10	327,539,603.49	33.85%	590,936,140.41

Operation Number	Project	Project name/Executer	Currency Appri/Exp	Loan Sts	Approved Current	Committed Amount	Disbursed Life	% Disb	Available Amount	Disburse year to d
3451E-DB	DR0018	DES. AGRICOLA AREA RIO SAN JUAN	XDR	DI	4,250,000.00	.00	3,421,617.60	80.51%	828,382.40	765.05
		INSTITUTO NAL. RECURSOS HIDRAULICOS					.00	3,421,617.60	80.51%	828,382.40
Subtotal fund IFA and currency XDR					4,250,000.00	.00	3,421,617.60	80.51%	828,382.40	765.05
Total currency XDR					4,250,000.00	.00	3,421,617.60	80.51%	828,382.40	765.05



Disbursement

Last data update as of Sep-24-2001 19:40 48 US EST
 Printed on: Sep-25-2001 17:15:0 US EST

Projects in Execution - Rep. Dominicana



PROJECTS IN EXECUTION

Project	Name	Approval
<u>DR0013</u>	CAMINOS VECINALES II	28Oct92
<u>DR0019</u>	DES. AGRICOLA AREA RIO SAN JUAN	30Jun93
<u>DR0016</u>	REFORMA SECTOR FINANCIERO.	29Sep93
<u>DR0079</u>	PROG.PROM. INICIATIVAS COMUNITARIAS	9Nov94
<u>DR0101</u>	MEJORAMIENTO DE LA EDUCACION BASICA, II	25Oct95
<u>DR0035</u>	ADMN. DE SISTEMAS DE RIEGO POR USUARIOS	6Dec95
<u>DR0078</u>	MODER. Y REESTRUC. SECTOR SALUD	8Oct97
<u>DR0118</u>	MODERNIZACION JURISDICCION DE TIERRAS	17Dec97
<u>DR0094</u>	PTMO CT ADMINISTRACION FINANCIERA	9Mar98
<u>DR0131</u>	PROGRAMA CAMINOS VECINALES	29Jul98
<u>DR0072</u>	DES. COMUNITARIO REGION NORESTE I	23Sep98
<u>DR0135</u>	PROG.EMERGENCIA HURACAN GEORGES	2Dec98
<u>DR0073</u>	MODERNIZACION DEL PODER EJECUTIVO	8Mar99
<u>DR0134</u>	PROGRAMA DE REFORMA Y CAPACIT. LABORAL	30Jun99
<u>DR0123</u>	REFORMA Y MODER. AGUA POT. Y SANEAMEN	15Sep99
<u>DR0108</u>	MODERNIZACION DEL CONGRESO NACIONAL	18Jul00
<u>DR0112</u>	EDUCACION MEDIA	6Dec00
<u>DR0140</u>	PROG REFORMA INSTITUCIONAL SEC SOCIAL	1Aug01

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Information as of September 25, 2001 16:24:09

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APPROVED PRIVATE SECTOR INVESTMENT FACILITIES
(As of 31 December 2000)

(In US\$ Million)

Country/ Investment No.	Company	Equity Facilities			Bank Loan		Total Bank Funds	Compl. Loan	Combined Total	Date of Approval
		Line of Equity	Invest- ment	Under- writing	Bank Loan					
					OCR	ADP				
Pakistan (continued)										
7017/856	Pakistan Industrial Leasing Corp. Ltd.	-	0.575	-	2.000	-	2.575	-	2.575	10-Nov-87
		-	0.227	-	-	-	0.227	-	0.227	27-Aug-90
		-	0.208	-	-	-	0.208	-	0.208	28-Jun-91
7027/913	Nar'l Dev. Leasing Corp. Ltd. II	-	-	-	15.000	-	15.000	-	15.000	27-Oct-88
		-	-	-	-	-	-	5.000	5.000	08-Mar-90
7034/958	Pakistan Synthetics Ltd.	-	1.200	-	4.300	-	5.500	-	5.500	25-Apr-89
7042/989	Pioneer Cement Limited	-	3.500	-	11.500	-	15.000	21.100	36.100	21-Nov-89
7047/1003	Fauji Fertilizer Co. Ltd.	-	-	-	30.000	-	30.000	20.000	50.000	19-Dec-89
7049/1007	Orix Leasing Pakistan Ltd. ²⁹	-	-	-	5.000	-	5.000	-	5.000	21-Dec-89
		-	-	-	-	-	-	5.000	5.000	26-Apr-90
7050/1008	Asian Leasing Corp. Ltd.	-	-	-	3.000	-	3.000	-	3.000	21-Dec-89
		-	-	-	-	-	-	2.000	2.000	25-Apr-90
7066	Pakistan Investment Fund Inc. ³⁰	-	(1.080) ³¹	4.320	-	-	4.320	-	4,320	13-Sep-90
7067	International Asset Management Co. ³²	-	0.030	-	-	-	0.030	-	0.030	13-Sep-90
7062	Pakistan Venture Capital Ltd.	-	1.160	-	-	-	1.160	-	1,160	04-Dec-90
7066	Atlas Investment Bank Ltd. ³³	-	0.920	-	-	-	0.920	-	0,920	13-Dec-90
7074/1129	Asian Leasing Corp. Ltd. II	-	-	-	7.000	-	7.000	-	7,000	26-Nov-91
7075/1130	Atlas Lease Ltd. ³⁴	-	-	-	5.000	-	5.000	-	5,000	26-Nov-91
7076/1131	Crescent Investment Bank	-	-	-	10.000	-	10.000	-	10,000	26-Nov-91
7077/1132	Nar'l Dev. Leasing Corp. Ltd. III	-	-	-	10.000	-	10.000	-	10,000	26-Nov-91
7078/1133	Orix Leasing Pakistan Ltd. II	-	-	-	10.000	-	10.000	-	10,000	26-Nov-91
7078/1134	Pakistan Ind'l. & Commercial Leasing	-	-	-	5.000	-	5.000	-	5,000	26-Nov-91
7078/1135	Pakistan Industrial Leasing Corp. Ltd. II	-	-	-	8.000	-	8.000	-	8,000	26-Nov-91
7086	PAK Asian Fund ³⁵	-	2.600	-	-	-	2.600	-	2,600	13-Aug-92
7093/1255	Fauji Oil Terminal and Distribution Co. Ltd.	-	1.000	-	19.000	-	20.000	11.800	31,800	30-Sep-93
7111/1392	Atlas Lease Ltd. II ³⁶	-	-	-	10.000	-	10.000	-	10,000	10-Oct-95
7112/1393	Nar'l Dev. Leasing Corp. Ltd. IV	-	-	-	15.000	-	15.000	-	15,000	10-Oct-95
7113/1394	Orix Leasing Pakistan Ltd. III	-	-	-	20.000	-	20.000	-	20,000	10-Oct-95
7114/1395	Pakistan Industrial Leasing Corp. Ltd. III	-	-	-	15.000	-	15.000	-	15,000	10-Oct-95
7126/1434	Fauji Kabirwala Power Co. Ltd.	-	5.300	-	32.000	-	37.300	68.000	102,300	23-Apr-96
7166	Pakistan Export Finance Guarantee	-	2.000	-	-	-	2.000	-	2,000	07-Dec-00
		7.000	19.305	4.320	241.800	-	272.425	129.900	402,325	
Philippines										
7008	Planners Development Bank	-	0.495	-	-	-	0.495	-	0,495	25-Nov-86
		-	0.351	-	-	-	0.351	-	0,351	09-Dec-91
7020/885	Phil. Long Distance Telephone Co.	-	-	-	24.000	-	24.000	-	24,000	29-Aug-88
7025	H & Q Philippine Ventures	-	2.500	-	-	-	2.500	-	2,500	15-Sep-89
7036	PDB Leasing Corp.	-	0.370	-	-	-	0.370	-	0,370	03-Aug-89
7043/991	Hopewell Energy (Philippines) Corp.	-	1.100	-	10.000	-	11.100	10.000	21,100	23-Nov-89
7059	BPI/PCIOC	4.000	-	-	-	-	4.000	-	4,000	11-Oct-90
7064	Asatrast Development Bank	-	0.536	-	-	-	0.536	-	0,536	06-Dec-90
7065/1065	Avenax Mill Corp.	-	-	-	8.000	-	8.000	5.000	13,000	11-Dec-90
7069/1085	Shernberg Biotech Corporation	-	0.689	-	4.800	-	5.489	-	5,489	06-Jun-91
7071/1093	Marcopper Mining Corporation	-	-	-	15.000	-	15.000	-	15,000	08-Aug-91
		-	-	-	-	-	-	25.000	25,000	15-Oct-92
7095/1230	Southern Energy Quezon, Inc. ³⁷	-	10.000	-	40.000	-	50.000	-	50,000	14-May-93
7095/1231	Batangas Power Corp.	-	3.000	-	26.500	-	29.500	-	29,500	14-May-93
7095/1252	Bukidnon Resources Co., Inc.	-	0.900	-	4.600	-	5.500	-	5,500	21-Sep-93
		-	0.300	-	-	-	0.300	-	0,300	20-Dec-94
7095/1263	Primo Oleochemicals, Inc. ³⁸	-	3.000	-	15.000	-	18.000	7.500	25,500	09-Nov-93
7106	Walden AB Aysla Ventures Co., Inc.	-	2.892	-	-	-	2.892	-	2,892	27-Oct-94

APPROVED PRIVATE SECTOR INVESTMENT FACILITIES
(As of 31 December 2000)

(In US\$ Million)

Country/ Investment No	Company	Equity Facilities			Bank Loan		Total Bank Funds	Compl. Loan	Combined Total	Date of Approval
		Line of Equity	Invest- ment	Under- writing	Bank Loan					
					OCR	ADF				
Pakistan (continued)										
7017/856	Pakistan Industrial Leasing Corp. Ltd.	-	0.575	-	2.000	-	2.575	-	2.575	10-Nov-87
		-	0.227	-	-	-	0.227	-	0.227	27-Aug-90
		-	0.208	-	-	-	0.208	-	0.208	28-Jun-91
7027/913	Nar'l Dev. Leasing Corp. Ltd. II	-	-	-	15.000	-	15.000	-	15.000	27-Oct-88
		-	-	-	-	-	-	5.000	5.000	08-Mar-90
7034/958	Pakistan Synthetics Ltd.	-	1.200	-	4.300	-	5.500	-	5.500	25-Apr-89
7042/989	Pioneer Cement Limited	-	3.500	-	11.500	-	15.000	21.100	36.100	21-Nov-89
7047/1003	Fuaji Fertilizer Co. Ltd.	-	-	-	30.000	-	30.000	20.000	50.000	19-Dec-89
7049/1007	Orix Leasing Pakistan Ltd. ¹⁹	-	-	-	5.000	-	5.000	-	5.000	21-Dec-89
		-	-	-	-	-	-	5.000	5.000	26-Apr-90
7050/1008	Asian Leasing Corp. Ltd.	-	-	-	3.000	-	3.000	-	3.000	21-Dec-89
		-	-	-	-	-	-	2.000	2.000	26-Apr-90
7056	Pakistan Investment Fund Inc. ²⁰	-	(1.080) ²¹	4.320	-	-	4.320	-	4.320	13-Sep-90
7057	International Asset Management Co. ²¹	-	0.030	-	-	-	0.030	-	0.030	13-Sep-90
7062	Pakistan Venture Capital Ltd.	-	1.160	-	-	-	1.160	-	1.160	04-Dec-90
7066	Atlas Investment Bank Ltd. ²²	-	0.920	-	-	-	0.920	-	0.920	13-Dec-90
7074/1129	Asian Leasing Corp. Ltd. II	-	-	-	7.000	-	7.000	-	7.000	26-Nov-91
7075/1130	Atlas Lease Ltd. ²³	-	-	-	-	-	5.000	-	5.000	26-Nov-91
7076/1131	Crescent Investment Bank	-	-	-	-	-	10.000	-	10.000	26-Nov-91
7077/1132	Nar'l Dev. Leasing Corp. Ltd. III	-	-	-	-	-	10.000	-	10.000	26-Nov-91
7078/1133	Orix Leasing Pakistan Ltd. II	-	-	-	-	-	10.000	-	10.000	26-Nov-91
7081/1134	Pakistan Ind'l. & Commercial Leasing	-	-	-	-	-	5.000	-	5.000	26-Nov-91
7085/1135	Pakistan Industrial Leasing Corp. Ltd. II	-	-	-	-	-	8.000	-	8.000	26-Nov-91
7086	PAK Asian Fund ²⁴	-	-	-	-	-	2.600	-	2.600	13-Aug-92
7093/1255	Fuaji Oil Terminal and Distribution Co. Ltd.	-	-	-	-	-	20.000	11.800	31.800	30-Sep-93
7111/1392	Atlas Lease Ltd. II ²⁵	-	-	-	-	-	10.000	-	10.000	10-Oct-95
7112/1393	Nar'l Dev. Leasing Corp. Ltd. IV	-	-	-	-	-	15.000	-	15.000	10-Oct-95
7113/1394	Orix Leasing Pakistan Ltd. III	-	-	-	-	-	20.000	-	20.000	10-Oct-95
7114/1395	Pakistan Industrial Leasing Corp. Ltd. III	-	-	-	-	-	15.000	-	15.000	10-Oct-95
7126/1434	Fuaji Kalbarwala Power Co. Ltd.	-	-	-	-	-	37.300	65.000	102.300	23-Apr-96
7166	Pakistan Export Finance Guarantee	-	-	-	-	-	2.000	-	2.000	07-Dec-00
							272.425	129.900	402.325	
Philippines										
7008	Planners Development Bank	-	-	-	-	-	0.495	-	0.495	25-Nov-86
		-	-	-	-	-	0.361	-	0.361	09-Dec-91
7020/885	Phil. Long Distance Telephone Co.	-	-	-	-	-	24.000	-	24.000	29-Aug-88
7025	H & Q Philippine Ventures	-	2.500	-	-	-	2.500	-	2.500	15-Sep-89
7036	PDB Leasing Corp.	-	0.370	-	-	-	0.370	-	0.370	03-Aug-89
7043/991	Hopewell Energy (Philippines) Corp.	-	1.100	-	10.000	-	11.100	10.000	21.100	23-Nov-89
7069	BPI/PCICC	4.000	-	-	-	-	4.000	-	4.000	11-Oct-90
7064	Akatrust Development Bank	-	0.536	-	-	-	0.536	-	0.536	06-Dec-90
7065/1065	Avantex Mill Corp.	-	-	-	8.000	-	8.000	5.000	13.000	11-Dec-90
7069/1085	Shernberg Biotech Corporation	-	0.659	-	4.800	-	5.459	-	5.459	06-Jun-91
7071/1093	Marcopper Mining Corporation	-	-	-	15.000	-	15.000	-	15.000	08-Aug-91
		-	-	-	-	-	-	25.000	25.000	15-Oct-92
71230	Southern Energy Quezon, Inc. ²⁶	-	10.000	-	40.000	-	50.000	-	50.000	18-May-93
71231	Barangas Power Corp.	-	3.000	-	26.500	-	29.500	-	29.500	18-May-93
71252	Bukidnon Resources Co., Inc.	-	0.900	-	4.600	-	5.500	-	5.500	21-Sep-93
		-	0.300	-	-	-	0.300	-	0.300	20-Dec-94
7095/1263	Primo Oleochemicals, Inc. ²⁸	-	3.000	-	15.000	-	18.000	7.500	25.500	09-Nov-93
7106	Walden All Aysia Ventures Co., Inc.	-	2.892	-	-	-	2.892	-	2.892	27-Oct-94

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Table 14
PROJECTS INVOLVING CO-FINANCING IN 1993
(amounts in \$ million)

Project	Country	Bank Loan		Amount of Co-Financing	Sources of Co-Financing
		OCR	ADF		
Third Natural Gas Development	Bangladesh	-	107.00	10.10	OECD
Special Rehabilitation Assistance ^a	Cambodia	-	67.70	3.20	SIDA
Gas Flaring Reduction	India	300.00	-	450.00	World Bank
				181.80	Eximbank of Japan
				711.80	Export and Suppliers' credit
Gas Rehabilitation and Expansion	India	260.00	-	170.00	Eximbank of Japan
				174.00	Export and Suppliers' credit
P.T. Wiraswasta Gemilang Indonesia ^b	Indonesia	17.00	-	20.00	CDC
				9.00	FMO
				7.00	AFIC
Second Telecommunications	Indonesia	195.00	-	75.00	KfW
				38.00	Eximbank of Japan
Power XXIII	Indonesia	275.00	-	49.00	Export Credit
P.T. Sunnymas Prima Agung ^b	Indonesia	9.00	-	4.00	AFIC
Airports Improvement	Lao PDR	-	15.00	2.00	France
				4.10	Japan (JICA)
				1.00	NORAD
				2.00	Thailand
				6.80	NDF
				8.00	OPEC Fund
Microcredit Project for Women	Nepal	-	5.00	2.00	Norway
Fauji Oil Terminal & Distribution Co. Ltd. ^b	Pakistan	19.00	-	18.00	CDC
				3.00	KDB Intl. (Singapore) ^f
				3.80	KEB (Asia) Finance Ltd. ^c
				5.00	AFIC ^c
Population and Family Planning	Papua New Guinea	-	7.11	6.90	World Bank
				10.00	AIDAB
Forestry Sector ^a	Philippines	50.00	50.00	85.00	OECD
Hopewell Power (Philippines) Corp. ^b	Philippines	40.00	-	172.40	Eximbank of US
				367.30	Eximbank of Japan
				83.30	IFC
				35.00	CDC
Batangas Power Corporation ^b	Philippines	26.50	-	50.00	OPIC
Bukidnon Resources Co. Inc. ^b	Philippines	4.60	-	6.80	CDC
				2.20	AFIC
Nonformal Education	Philippines	-	25.20	1.60	Norway
Primofina Oleochemicals, Inc. ^b	Philippines	15.00	-	7.50	AFIC ^c
				10.00	CDC
				6.00	FMO
Thai Petroleum Pipeline Co. Ltd. ^b	Thailand	50.00	-	170.00	Commercial banks
Second Rural Telecommunications	Thailand	84.10	-	41.60	OECD
Eighth Power Distribution (Sector)	Thailand	134.60	-	110.80	World Bank/Bilaterals
Second Erawan Gas Transmission	Thailand	100.00	-	100.00	Eximbank of Japan
				46.00	EIB
				155.00	World Bank
				29.00	Export Credit
Road Improvement	Viet Nam, Soc. Rep. of	-	120.00	36.00	OECD
Afullo Hydroelectric (Suppl.)	Western Samoa	-	2.00	1.00	IDA
				1.60	EC
TOTAL (24)		1,579.80	399.01	3,493.60	

a Bank loan approved in 1992.

b Private sector loan.

c Complementary Financing Scheme.

Table 15
PRIVATE SECTOR INVESTMENTS APPROVED IN 1993^a
(amounts in \$ million)

Country	Equity Investments	Underwriting	Loans	Total Bank Funds	Complementary Loans	Total
India						
Twentieth Century Capital Corp. ^b	1.10	-	-	1.10	-	1.10
Twentieth Century Finance Corp. Ltd.	-	-	20.00	20.00	-	20.00
ICDS Limited	-	-	10.00	10.00	-	10.00
Infrastructure Leasing and Financial Services Ltd.	-	-	15.00	15.00	-	15.00
Kotak Mahindra Finance Ltd.	-	-	15.00	15.00	-	15.00
Indonesia						
P.T. Wiraswasta Gemilang	1.50	-	17.00	18.50	-	18.50
P.T. Sunnymas Prima Agung	2.00	-	9.00	11.00	-	11.00
Pakistan						
Fauji Oil Terminal and Distribution Co. Ltd.	1.00	-	19.00	20.00	11.80	31.80
Philippines						
Hopewell Power (Philippines) Corp.	10.00	-	40.00	50.00	-	50.00
Batangas Power Corp.	3.00	-	26.50	29.50	-	29.50
Baldwin Resources Co., Inc.	0.90	-	4.60	5.50	-	5.50
Primofina Oleochemicals, Inc.	3.00	-	15.00	18.00	7.50	25.50
Thailand						
Thai Petroleum Pipeline Co. Ltd.	-	-	50.00	50.00	-	50.00
Thai Rating and Information Services Co. Ltd.	0.20	-	-	0.20	-	0.20
TOTAL	22.70	0.00	241.10	263.80	19.30	283.10

a. Approved by the Board of Directors; excludes investments under lines of equity approved by Management.
b. Supplementary approval.

Table 16
ANNUAL PRIVATE SECTOR OPERATIONS, 1986-1993
(amounts in \$ million)

Year	Public Sector Loans ^a (1)		Direct Private Sector Loans & Investments (2)			Total of (1) and (2)		Private Sector's Share in Bank's Total Annual Lending %	
	No.	Total Amount	Equity Amount	Loan Amount	No.	Total Amount	No.		Amount
1986	2	101.0	6.0	6.4	4	12.4	6	113.4	5.6
1987	6	625.0	27.6	20.5	7	48.1	13	673.1	27.8
1988	5	392.5	35.6	58.0	11	93.6	16	486.1	15.4
1989	5	705.0	67.5	95.7	19	163.2	24	868.2	23.6
1990	5	256.0	35.9	78.8	17	114.7	22	370.7	9.3
1991	5	285.0	20.5	156.8	16	177.3	21	462.3	9.6
1992	4	671.5	15.9	50.0	5	65.9	9	737.4	14.4
1993	2	250.0	22.7	241.1	14	263.8	16	513.8	9.7

a. Channeled to the private sector through financial intermediaries.

Country/Project	Amounts in \$ Million			Date of Approval
	OCR	ADF	Total Project Cost ^a	
PAPUA NEW GUINEA				
Higher Education	-	19.90	28.03	1 Apr. 93
Population and Family Planning	-	7.11	33.02	1 Apr. 93
Sub-total	-	27.01	61.05	
PHILIPPINES				
Hopewell Power (Philippines) Corporation ^b	40.00	-	973.00	18 May 93
Batangas Power Corporation ^b	26.50	-	122.68	18 May 93
Bukidnon Resources Co., Inc. ^b	4.60	-	23.00	21 Sep. 93
Nonformal Education	-	25.20	31.50	30 Sep. 93
Primoftina Oleochemicals, Inc. ^b	15.00	-	72.18	9 Nov. 93
Municipal Water Supply	43.20	-	72.00	25 Nov. 93
Power Transmission	164.00	-	259.30	14 Dec. 93
Sub-total	293.30	25.20	1,553.66	
SOLOMON ISLANDS				
Emergency Infrastructure Rehabilitation	-	0.50	6.50	18 Feb. 93
Sub-total	-	0.50	6.50	
SRI LANKA				
Second Water Supply and Sanitation	-	40.00	51.20	17 June 93
Secondary Education Development	-	31.00	40.70	24 Aug. 93
Financial Management Training	-	13.00	16.20	29 Nov. 93
Sub-total	-	84.00	108.10	
THAILAND				
Thai Petroleum Pipeline Company Ltd. ^b	50.00	-	421.10	17 June 93
Second Rural Telecommunications	84.10	-	373.30	29 June 93
Fourth Power Transmission (Sector)	115.60	-	405.80	19 Aug. 93
Eighth Power Distribution (Sector)	134.60	-	534.00	19 Aug. 93
Second Erawan Gas Transmission	100.00	-	671.00	2 Dec. 93
Sub-total	484.30	-	2,405.20	
VIET NAM, SOC. REP. OF				
Irrigation and Flood Protection Rehabilitation	-	76.50	95.60	26 Oct. 93
Road Improvement	-	120.00	141.00	29 Nov. 93
Ho Chi Minh City Water Supply and Sanitation Rehabilitation	-	65.00	81.00	29 Nov. 93
Sub-total	-	261.50	317.60	
WESTERN SAMOA				
Afulilo Hydroelectric Power (Supplementary)	-	2.00	6.60	22 Apr. 93
Sub-total	-	2.00	6.60	
TOTAL	3,983.80	1,297.53	15,249.75	

a Total project cost includes Bank, government and co-financiers' contributions. Since project cost for credit lines and program loans are not known at approval stage, these are estimates.

b Private sector loan without government guarantee.

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Emergency Power in Nigeria

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THE WORLD BANK
OFFICE OF THE U.S. EXECUTIVE DIRECTOR
1818 H Street, NW Room D-13-004
Washington, DC 20433

DATE: 6/24/99

NUMBER OF PAGES INCLUDING COVER SHEET: 29

TO: Elizabeth Stewart

FAX NUMBER: 622-2505

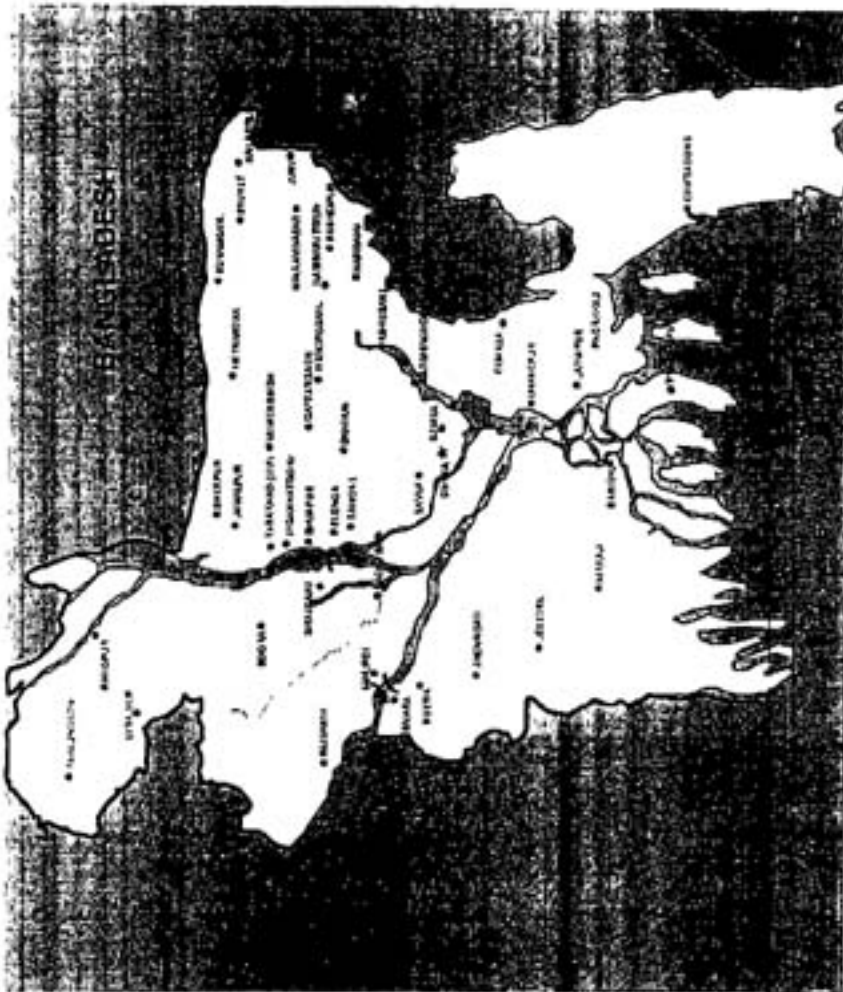
FROM: Janice Mazur, Procurement Liaison

TEL: (202) 458-0118

FAX: (202) 477-2967

COMMENTS: - Bangladesh emergency power

Bangladesh Emergency Electric Power Programme



Enron International
June 1999



The Need for Additional Electric Power Generation Capacity (1 of 3)



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June 1999

The Need for Additional Electric Power Generation Capacity (2 of 3)



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June 1999

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The Need for Additional Electric Power Generation Capacity (3 of 3)



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June 1999



Next Steps

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Enron International
June 1999

Scott Reblitz

Enron
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MULTILATERAL INVESTMENT GUARANTEE AGENCY

9/24/01

John Hardy 466-9156

[(b)(5)]

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Enron Issue
9-25-01

[(b)(5)]

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THE WORLD BANK
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY

[(b)(5)]





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DOMINICAN REPUBLIC THE SITUATION OF THE POWER SECTOR

1. SUMMARY

For the last 30 years the power sector of the Dominican Republic has gone through a chaotic situation. Although the present government has expressed the intention to resolve the problem, there are few signs of improvement to date. The main problems of the sector are (a) the lack of effective generation capacity to cover demand and to provide reserves for the system; (b) the weakness of the national transmission system; and (c) the high distribution and commercial losses. As a result, the country has been subject to constant power shortages and blackouts and the central government has subsidized the sector heavily.

Under these circumstances, it has been extremely difficult for the power sector participants, including Corporation Dominicana de Electricidad (CDE) and the Independent Power Producers (IPPs), to operate efficiently.

2. THE POWER SECTOR

CDE was created in the late 50's to replace the small private power companies that provided service to the cities in the country. During the 60's CDE operated efficiently, but quality of service started to decline steadily during the 70's. The reason? The government, owner of CDE, established a policy of providing electricity to all Dominicans, regardless of their needs and capacity to pay. In most instances service was provided free of charge.

In the 1990's, several private companies have entered into the sector by constructing and owning generation facilities. Presently there are seven projects operated by different investor groups. The total capacity of the IPPs is 600 MW.

3. MAIN PROBLEMS OF THE SECTOR

A. Management of CDE. Traditionally, the management of CDE has been considered a political prize and the General Administrator has been nominated directly by the President of the country. Because of the nature of the process, political appointees achieve their position without regard to training and experience. Even when a capable Administrator was appointed, he found no political support and had to work with an institution traditionally incapable, where private and often corrupt interest prevailed.

In the absence of experienced leadership, small nuclei of power developed within CDE. A typical example is the Office for Control of IPP's, which often in an authoritarian and unilateral way decides on how to interpret Power Purchase Agreements (PPAs), or what amount of the monthly invoices presented by IPPs should be paid, or when to pay the IPPs, etc.

Natural gas. Electricity. Endless possibilities.

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B. Financial Situation of the Sector. Due to very high-energy losses and poor commercial practices (discussed below), CDE has been for the last three decades in a precarious financial situation. This circumstance continues at present. To keep the utility in operation the central government has contributed millions of dollars every year to cover partially or totally CDE's financial costs (including debt service for IDB's and World Bank's loans). It is estimated that in 1997 the central government transferred to CDE about US\$200 million; in addition, the government decided to purchase with public funds new generation.

4. DEMAND AND GENERATION CAPACITY

Demand for electric energy by CDE's customers (representing about 70% of total country demand) has grown steadily. In the last few years demand has grown at an annual rate of 8 to 10%. In 1997 maximum (peak) demand on CDE's system was 1,200 MW, which CDE could not cover due to a lack of operable generating capacity. CDE's available or effective capacity (including IPPs generation) in 1997 ranged from 70% to 90% of demand and only on a few days could full demand be met. The causes of the shortage were (a) the poor maintenance of CDE's thermal plants (on average, only 45% of CDE's 1200 MW installed capacity has been operable); (b) two consecutive dry years that limited the output of CDE's hydro electric plants from 400 MW to as low as 160 MW; and (c) mechanical problems at the power plants of several IPPs.

A well designed power system should have operable generation reserves of 15% to 25% over the maximum expected demand. When planning available capacity, the hydro plants should be rated based on the output during a hydrologically dry year. Considering a 20% reserve margin, in 1997 CDE should have had 1,440 MW of available (or effective) capacity. The purpose of a generation reserve margin is to provide back-up for sudden outages of any power plant (including IPP's) and for scheduled outages for preventive maintenance. Inclusion of the IPPs in the generation segment of the power sector has reduced the capacity constraints faced by the systems' customers. However, these enterprises and CDE's generating units are subjected to problems in transmission and distribution, which they do not control.

5. SITUATION OF THE TRANSMISSION SYSTEM

CDE's high voltage transmission system is weak. It does not (a) permit steady transfer of energy under emergency conditions (for example, due to the outage of power plants) and (b) provide back-up for the outage of a main line due to mechanical problems (such as lightning and mechanical failure). Very often, the failure of a line results in a chain reaction that isolates all main power plants. Restoration of service may take several hours.

With the financial assistance of the World Bank and the technical assistance of the German consultant DECON, CDE completed in 1996 a Ten Year Master Plan for the Expansion of the Transmission System. An investment of over US\$140 million is required. So far, CDE has not begun implementation of the Plan.

6. HIGH DISTRIBUTION LOSSES

CDE's energy losses are the highest of any system in Latin America and perhaps in the entire world; 48% of the power input to the system is lost and is not billed to any customer. An estimated 40% of the total losses are due to technical reasons, and the other 60% are due to illegal connections, service without meters (70% of CDE's 800,000 customers have no meters) and CDE's billing errors (some of which are "arranged" by CDE's employees). Of the remaining 52% of energy billed by CDE, only 70% are actually collected. Therefore, about 64% of CDE's generation (own plants, plus IPPs) is lost and only 36% produces revenue for CDE. In summary, out of every three kWh that CDE sends to the system, only one

kWh generates revenue. The other two kWh are lost or not collected. The situation is similar to a storeowner ("colmado") who must buy three sacks of rice to sell only one sack (the other two being lost or stolen). No one, not even CDE, can survive such commercial operation.

A word regarding electricity rates: in 1997 the average price of electricity sold by CDE was 12.0 US cents/kWh. Average price paid by CDE to the IPPs was about US cents 7.0 per kWh and the average price of generation from CDE's own plant was 6.0 US cents/kWh. If losses were "normal" (even as high as 20%) and all bills were collected, the margin between cost of generation and selling price should be ample to permit a profitable operation.

7. RELATIONS OF CDE WITH THE IPPs

CDE depends heavily on the generation from IPPs. In 1997 the IPPs provided about 43% of 7,000 gWh input to the system. This contribution was made despite the fact that these same IPPs have less than 30% of the nominal generating capacity on the system. However, due to its poor financial situation, CDE cannot meet its financial obligations with the IPPs. At the end of 1997, the amount due by CDE to the IPPs was about US\$80 million (including amounts disputed by CDE). In the case of SECLP at the end of 1997 total amount due by CDE reached US\$38 million of which \$32 million are amounts disputed by CDE.

8. THE FUTURE OF THE POWER SECTOR

President Leonel Fernandez is committed to resolve the power sector problems of his country. Toward this end his administration has submitted to Congress the Electricity Law; hopefully it will be passed in 1998. This should allow the privatization of CDE, which has been initiated, to conclude successfully. There is a general consensus among most political parties that the only realistic solution to the power crisis is to let the private sector participate in all aspects of the business. This involvement will bring to the power sector contributions of new capital as well as efficient operating and administrative processes. Out of the restructuring CDE will come fiscally sound power companies and much more reliable electric service for the people of the Dominican Republic.

2/19/98

For background only

His Excellency Bulent Ecevit
June 13, 2000
Page 1

June 13, 2000

VIA COURIER AND FACSIMILE

His Excellency Bulent Ecevit
Prime Minister
The Republic of Turkey
Ankara, Turkey

Dear Prime Minister Ecevit:

This letter is submitted on behalf of the American companies listed below, many of which have invested millions of dollars in the development of projects essential to meet Turkey's energy requirements. The purpose of this letter is to request that a reasonable transition be implemented by which the Turkish Undersecretariat of the Treasury makes financial guarantees available for eligible energy-related projects. Recent communications from the Turkish Government and World Bank indicate that such guarantees now may be withheld even though several energy projects, after years of preparation and negotiations, are in advanced stages of development.

In a March 10, 2000 letter to the World Bank, Minister of State for the Economy, Mr. Recep Onal, observed that reforms and the consequent introduction of competition in the Turkish energy sector "takes time and the transition period must be properly managed." Of course, in any shift from state controls to market driven policies, transition is an important topic, worthy of close attention. Unfortunately, it seems that proper management of the transition in the energy sector may have fallen prey to a formalistic effort by the Bank to eradicate immediately Treasury's contingent liabilities. The Government appears to have accepted this precipitous approach. As a result of a Bank-sponsored "Public Expenditure and Institutional Review," several reforms are expected to be incorporated in the 2001 Government budget. Minister Onal reported in his letter that, among other things, "limits on the issuance of new guarantees" would be part of the immediate budgetary reform package. After several consultations by representatives of our companies with officials at Treasury, the Ministry of Energy and Natural Resources and the Bank, it appears that for energy projects being developed under the Build-Operate-Transfer (BOT) or Transfer of Operating Rights (TOR) models, the Government may decide to withhold Treasury guarantees for such projects unless a project-specific agreement is in place that provides for such guarantee.

His Excellency Bulent Ecevit

June 13, 2000

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The ramifications of such a policy, if it becomes effective immediately, would be disastrous for Turkey. Out of over 20 BOT and TOR energy projects currently under development, no more than one or two have signed a guarantee agreement. However, the vast majority of the companies developing these projects, our own included, were led to believe that the BOT and TOR projects would be eligible for such guarantees. The lack of a guarantee would require a substantial recalculation of financial models upon which responsible and established companies rely when determining the financeability and economic viability of a given project. In the context of BOT and TOR energy projects, which must be financed on the basis of the value of the project revenue and its assets ("project" financing), the lack of a government guarantee for one or more of the transactions that make up the project will render the project ineligible for financing from most western financial sources. This condition is not unique to Turkey. It is a traditional consideration in the qualification and quantification of risk that all established western financial institutions assess before agreeing to support a project in an emerging market. Thus, in the absence of full implementation of energy sector reforms, commercial financing will not be available without a Treasury guarantee.

The problem created by the proposed restraints on guarantees is the same fundamental problem we had hoped would be put to rest by the adoption of international arbitration for concession and privatization contracts in Turkey. There, we worked together to remove legal impediments to the availability of financing for Turkish energy projects. The irony is that only after the ink dried on the enactment of the constitutional amendments and Law Number 4501 did this new initiative to withhold Treasury guarantees surface under the mandate of the World Bank Economic Reform Loan. Now, the restricted guarantee policy, if implemented without a rational transition process, will make the international arbitration achievement a Pyrrhic victory. The international investors will be forced to withdraw for lack of financing and the critical promotion of investment and private sector participation in the Turkish energy sector will be stillborn. Energy shortages will be more than predicted. Millions of dollars of project development costs will be jeopardized and litigation by companies led to believe that guarantees would be available could embroil the Government and possibly the Bank in an embarrassing round of confrontations in the courts.

All of our companies endorse and support Turkish Government efforts to achieve budgetary reforms. We agree with the need for the Government to stabilize the public debt as a share of GNP. And our companies agree that guarantees should be phased out once the reform and demonopolization program for the energy sector is fully implemented. We do take issue, however, with the lack of a reasonable transition during the reform period. That transition should take into account the realities of financing the projects that must bridge the gap between

His Excellency Bulent Ecevit
June 13, 2000
Page 3

current conditions and the demonopolized market that the architects of Turkey's energy future foresee.

History is a good teacher, and it is particularly relevant to our point. In virtually every country in which deregulation of the energy sector has been legislated (including the United States), it has taken far longer than expected for the process to move beyond the legislative act. Turkey is not likely to perform differently. A hiatus on privately developed power production, fuel supply or energy distribution projects until the new regulatory regime is operational would be fatal for Turkey's economy. And the lack of guarantees would cause such a hiatus because financing from private institutions would be sparse if not completely unavailable.

For the foregoing reasons, our companies believe that a transition formula for assessing the availability of Treasury guarantees for projects currently under development best serves existing realities and future objectives in the Turkish energy sector. It also minimizes the possibility of a real crisis in power production and delivery if the new regime falters or is delayed for any reason. The formula proposed below is based on four fundamental factors:

- (1) Treasury guarantees should continue to be offered for energy projects but with certain transitional qualifications;
- (2) financing for privately developed and operated energy projects in Turkey at this time needs Treasury guarantees;
- (3) the nature and extent of the guarantees can be negotiated to meet Turkish Treasury and commercial lenders' requirements;
- (4) Turkey's need for energy and private foreign investment and financing require that the Turkish Government demonstrates good faith and predictability in the implementation of its fiscal and privatization policies.

The formula that we propose for determining eligibility of a project for a Treasury guarantee would have Treasury consider the following as indicators of a well-developed and viable project (subject to whether the project is for power production or local distribution):

- A. a signed Implementation Contract or Concession Agreement;
- B. an Energy Sales Agreement under negotiation or signed;
- C. a Fuel Supply Agreement under negotiation or signed;
- D. a completed Environmental Impact Assessment Report;

His Excellency Bulent Ecevit
June 13, 2000
Page 4

- E. a Public Benefit Interest Resolution from the Ministry of Energy and Natural Resources;
- F. a posted and current performance bond;
- G. a formal letter of interest from an internationally recognized financial institution.

If a project can substantially fulfill these criteria, we believe it is in the best position to help Turkey bridge the energy gap between today's problems and the promise of a new, market-oriented system for the future. The private sector is doing its best, and has devoted substantial resources, to participate in the privatization of the energy sector in Turkey. It is not only fair, but good policy for the Turkish Government to continue support of that transition if it hopes to avoid major energy shortages.

We have submitted the observations and proposals contained in this letter because our companies are friends of Turkey. When a bilateral issue arises in Washington, we are among the first to commit resources that will resolve the issue in a manner that promotes our bilateral relationship. We are also investors in energy sectors around the world. We hope that you and your government may find our experience and point of view useful as you finalize and implement the transition to a deregulated energy market.

We would welcome the opportunity to meet with you in person to discuss this matter more fully. If you or any official from your government would like to discuss the content of this letter with a representative of any of our companies, please advise our Ambassador, Mark Parris, and we will respond in a timely and forthright manner.

Respectfully submitted,

Charles R. Johnston, Jr. On behalf of
Forester Wheeler Corp.
GE Power Systems
Howard Energy Company
North American Coal Company
PSEG Global Inc.

cc: The Honorable Mark Parris
Ambassador
U.S. Embassy-Ankara

WCRJ 123241 v1
786528-001 01/29/0001

Smith, Amy

From: Carleton, Norman
Sent: Friday, January 04, 2002 5:30 PM
To: Roseboro, Brian; Bair, Sheila; Gross, Jared; Wiedman, Mark; Bitsberger, Timothy; Smith, Amy
Cc: Schultheiss, Heidi Lynne; Nickoloff, Peter; Ellett, Martha; Gabilondo, Jose; Sutton, Gary
Subject: FW: Draft Memo on Enron/CFMA Articles

Attached is a memo that details our first attempt to clarify what the press has been saying in regards to Enron and the Commodity Futures Modernization Act.

I talked to the Ken Raisler, a New York lawyer, about this. He told me that Enron did not directly lobby the administration about the CFMA but was part of an energy coalition, which Mr. Raisler represented, that did lobby on this issue. The exempt commodity/electronic trading facility provision in the CFMA did not directly benefit Enron since EnronOnline was not structured as a trading facility as defined in the CFMA. Therefore, the major beneficiaries of these provisions are Enron's competitors, such as the InterContinental Exchange and TradeSpark, which are structured as electronic trading facilities. Enron did get the legal certainty it wanted that the CFTC cannot regulate EnronOnline. However, as a practical matter, EnronOnline operated unregulated prior to the enactment of the CFMA.

Ken also told me that he had talked to then Assistant Secretary Lee Sachs about the exempt commodity issue. According to Ken, Lee told him that the Treasury would not oppose the CFMA because of the exempt commodity issue but encouraged the industry to reach a compromise with the CFTC. In the end, Wall Street firms, energy firms, and the futures industry, as well as the PWG (including the CFTC) all supported passage of the CFMA.

-----Original Message-----

From: Schultheiss, Heidi Lynne
Sent: Friday, January 04, 2002 5:10 PM
To: Carleton, Norman
Subject: Draft Memo on Enron/CFMA Articles

Attached is the draft memo on the Enron articles that asserted that the CFTC and PWG objected to the energy exclusion provisions of the CFMA. The three news articles are downloaded as the latter pages.



enroncfma.doc

Smith, Amy

From: Carleton, Norman
Sent: Tuesday, January 08, 2002 5:14 PM
To: Bair, Sheila
Cc: Smith, Amy; Bair, Sheila; Berardi, Steve; Bitsberger, Timothy; Eichner, Matthew; Gabilondo, Jose; Gross, Jared; Hammer, Viva; Lori Sanatamorenna (E-mail); Nickoloff, Peter; Novey, Michael; Pietrangeli, Fred; Roseboro, Brian; Schultheiss, Heidilynne; Whaley, Jean; Wiedman, Mark
Subject: CFTC's Exemption for Certain Contracts Involving Energy Products (April 20, 1993)

Sheila,

The CFTC proposed an exemptive order for certain energy contracts on January 27, 1993. It was finalized on April 20, 1993. (As you know, you dissented because the exemption extended to the antifraud provisions of the CEA.)

I talked to Ken Raisler about this. He indicated that the energy coalition was concerned about forward contracts being characterized as futures contracts in light of a federal district court decision that Brent oil contracts were futures contracts (Transnor). The CFTC issued a statutory interpretation in 1990 that said that Brent contracts were not futures contracts; however, the energy coalition which Mr. Raisler represented was not sure that statutory interpretation would hold up in court, especially since Commissioner's Fowler West had issued a coherent dissent.

The legislative history of the Futures Trading Practices Act of 1992 directed the CFTC to use its new exemptive authority for three classes of instruments: swaps, hybrids, and energy contracts.

Mr. Raisler said that the definition of swap contained in the swap exemption did not clearly cover forward contracts that might be considered futures. The energy coalition was concerned about contracts, such as Brent contracts, that called for physical delivery of the commodity but that, as a matter of practice, were often offset by other contracts. By their terms though the contract called for delivery, and it was not clear that these were "swaps" as then defined (or not).

BP Amoco, which was on the losing side of Transnor, and some Wall Street firms were the major members of the coalition. At the time, Enron was not that big a player but undoubtedly utilized forward contracts. EnronOnline would not start operations until 1999.

Norman

From: ex.mail."WB-tcrawfor@iadb.org"
To: ex.mail("BRUCEJ@iadb.org"),Dom13.DOPO8(BLOOMGARDEN...
Date: 11/19/99 10:51am
Subject: Re: DR Power Project

Kristin Madison, Senate Foreign Relations Committee staff, called me
a few days back to ask

[(b)(5)]

0100000000972

[(b)(5)]

Hope this helps. I understand that Freeman will be meeting Treasury folks at 2 pm on Monday. I think I've been invited, but am not sure I can attend as I have an Audit Committee meeting here on the Bank's internal controls at the same time.

Todd

From: Bruce Juba/IDB-HQ/IDB@IADB on 11/17/99 01:29 PM

To: William Schuerch@William.Schuerch@Do.Treas.Gov@Smt@Iadb,
David Bloomgarden@David.Bloomgarden@Do.Treas.Gov@Smt@Iadb, Greg
Christopoulos@Greg.Christopoulos@Do.Treas.Gov@Smt@Iadb
cc: Lawrence Harrington/Idb-Hq/Idb@Iadb, Todd W. Crawford Eds

Subject: DR Power Project

[(b)(5)]

0100000000973

[(b)(5)]

CC: ex.mail("william.schuerch","david.bloomgarden","gr...

0100000000974

Points on disclosure – asset side of insurers' balance sheet

[(b)(5)]

00753

01200000000098

Bair, Sheila

From: Bair, Sheila
Sent: Wednesday, January 09, 2002 6:13 PM
To: Kristen Silverberg (E-mail)
Subject: Enron Paper

Here is the paper you requested. Tell Josh that I need to have a five minute conversation about this as well.

Hope this helps.

Sheila



Boston - Enron.doc

**MEMORANDUM FOR JOSHUA BOLTON
DEPUTY CHIEF OF STAFF
WHITE HOUSE**

FROM: Sheila C. Bair
Assistant Secretary for Financial Institutions

SUBJECT: Policy Issues Presented by the Enron Bankruptcy

[(b)(5)]

[(b)(5)]

[(b)(5)]

[(b)(5)]

cc: Secretary O'Neill
Peter Fisher
Dave Aufhauser
Mark Weinberger
John Duncan