

Conley, Robert

From: tcrawford@worldbank.org
Sent: Tuesday, September 25, 2001 5:05 PM
To: tcrawford@worldbank.org
Cc: abigail.demopulos@do.treas.gov; Dwooldridge@worldbank.org; gjohnson3@worldbank.org; kzens@worldbank.org; Luyen.Tran@do.treas.gov; mbudington@worldbank.org; robert.conley@do.treas.gov; sara.paulson@do.treas.gov; stephen.altheim@do.treas.gov
Subject: RE: Enron IFC energy project in Dominican Rep

Turns out that the IPC doesn't put its IPC's Monthly Operations Report on line. The paper version shows two items for the DR. One is a \$50 million loan to a container port, Caucedo. This project actually appears on an IFC web site that lists up-coming projects that involve some kind of environmental assessment. I've attached a brief description of that one below. The other one is a \$20 million loan to Banco Popular Dominicano, the purpose of which is not clear. Both of these investments appear to be in fairly late stages of development/IFC credit committee review.

Description of Caucedo project:

The Project consists of construction and operation of a greenfield container terminal in a free trade zone on the Caucedo peninsula about 24 km east of Santo Domingo, the capital of the Dominican Republic (DR). The container terminal will include a breakwater, dredging of the berth area and approach, and 600 m of berth space. Containers will be stored immediately behind the pier. A full suite of container services will be offered. It is expected to be operational in 2003. The commercial free trade zone (not part of the IPC investment) is expected to consist of cargo handling operations, warehousing, and light manufacturing.

Todd W.
Crawford

To:
Luyen.Tran@Do.Treas.Gov,

Robert.Conley@Do.Treas.Gov,
09/25/2001
Stephen.Altheim@Do.Treas.Gov
04:10 PM
@Worldbank.Org, Michele
80112 EDS01
Abigail.Demopulos@Do.Treas.Gov

Sara.Paulson@Do.Treas.Gov,
cc: Dwooldridge@Worldbank.Org, Gjohnson3
Shannon Budington Eds, Karen Zens Eds,
Subject: RE: Enron IFC energy project in

I've attached a description of the one WB project that the September MOS says is in the pipeline. I haven't figured out how to find the IFC's Monthly Operations Report on line. Someone else here can probably tell me. However, I think Abby may know how to find it. Regarding the WB project below, it's been in the works for some time. [(b)(5)]

Dominican Republic

Power

Power Market Development: The project's overall objective is to support power sector reform by establishing a competitive bulk-supply market for electricity. Specifically, the project seeks to lift transmission constraints that hinder open access of power generators and to (a) support installation of an Energy Control Center (ECC) and Financial Settlement Center (FSC); (b) strengthen and expand the Interconnected Transmission System; (c) provide technical assistance to sector policy and regulatory entities and promote rural electrification; and (d) contribute to separation costs for sector staff. Negotiations are tentatively scheduled for November 2001. Environmental Assessment Category B. US \$ 90.0 (IBRD). Consulting services will be required to support power sector reform and regulatory agencies. Implementing agencies: For the transmission/dispatch component: Corp Dominicana de Electricidad (CDE), Ing. Cesar Sanchez, Gen. Administ., Ave. Independencia, esq. Winston Churchill, Centro de los Heroes, La Feria, Sto.Domingo, DR, Tel: (809) 533-3807, Fax: (809) 534-6760, Email: cderd01@codetel.net.do

Luyen.Tran@do .treas.gov To: Gjohnson3@Worldbank.Org, Dwooldridge@Worldbank.Org cc: Tcrawford@Worldbank.Org, Mbudington@Worldbank.Org Subject: RE: Earon IFC energy project in Dominican Rep 09/25/2001 03:47 PM

i'm assuming this is something you could do quickly with your access to the bank's database?

let me know if i need to do anything on my end. thanks.

> -----Original Message-----
> From: Conley, Robert
> Sent: Tuesday, September 25, 2001 3:13 PM
> To: Tran, Luyen; Altheim, Stephen; Demopulos, Abigail


> Cc: Crawford, Todd; Budington, Michele; Paulson, Sara;
> 'cbrookins@worldbank.org'
> Subject: Enron IFC energy project in Dominican Rep
>
> Two senior reps of Enron met with Bill today on a project funded by IFC
> that involves a power purchase agreement [(b)(5)]
>
> The Enron reps plan to meet with State and Carole Brookins
> on the project.
>
> [(b)(5)]
>
> Thanks.

f. Janice



Todd W. Crawford

02/25/2000 05:25 PM

Ext: 80112 EDS01
Subject: Re: nigeria/enron power contract 

Melinda,

I've just seen this. I've forwarded it to Cynthia McCaffrey and Janice Mazur to get their reactions.

Todd

"Kimble, Melinda L" <KimbleML2@state.gov> on 02/25/2000 03:46:24 PM



"Kimble, Melinda L" <KimbleML2@state.gov> on 02/25/2000 03:46:24 PM

To: Todd W. Crawford cc: "Reid, J Paul"
Subject: nigeria/enron power contract

Todd: as you may know, ENRON came in to brief AF and EB today on the problems they are having with their contract to provide power to Lagos State. [(b)(5)]

any thoughts you have in this regard would be welcome. Thanks. Melinda

To: "Kimble, Melinda L" <KimbleML2@State.Gov>
cc: "Reid, J Paul" <Reidjp@State.Gov>
Cynthia McCaffrey
Janice L. Mazur Eds

0050000000879



DEPARTMENT OF THE TREASURY
OASIA/Office of International Investment
1500 Pennsylvania Avenue, N.W.
(Attn: 1440 New York Ave, Room 4201)
Washington, D.C. 20220



TEL: (202) 622-1860
FAX: (202) 622-0391

FACSIMILE

TO: *Gene Clapp 622-2505*
Elizabeth Stewart
Dave Bloomgarden 622-1273

FAX:

FROM:

TEL:

DATE:

PAGES: (including cover)

SUBJECT:



9405 Arrowpoint Blvd
Charlotte, NC 28273-8110
704-525-3800
Fax 704-525-8634



Fax

Pass To CMS
140B office { Gene Clapp (GC)
Elizabeth Stewart
Dave - Blomgarder

To: Ms. Gay Sills From: Steve Doydn
Re: Pages: 2 including cover sheet
CC: Roger Noriega-Senator Helms Office Date: 04/09/99

Urgent For Review Please Comment Please Reply Please Recycle

• Comments:

The information contained in this facsimile transmission is strictly confidential. If you did not receive all of the pages or received this fax in error, please call (704) 525-3800 ext. 639.
Thank you for you cooperation.



Cogentrix Energy, Inc.
9405 Arrowpoint Boulevard
Charlotte, NC 28273-6110
704-525-3800
Fax 704-529-5313

April 8, 1999

Ms. Gay Sills
Director
Office of International Investment
Department of Treasury
1500 Pennsylvania Ave. NW
Washington, DC 20220

Dear Mr. Drucker:

I wanted to take the opportunity to thank you for agreeing to meet with us last week to discuss our project in the Dominican Republic. We continue to make progress in finalizing our remaining contracts, and are moving forward to a financial closing in August or September.

As I mentioned during our discussions, we feel that the Fernandez Administration is continuing to make great strides in reforms, which will provide a safe, equitable climate for foreign investment. The competitive solicitation under which our project was initiated, along with the structure of our power purchase agreement and State Guarantee are evidence of these changes. With our financing structure dependent on support from both the IADB and OPIC, we need the continued support of the U.S. Government with regard to our investment in the Dominican Republic. We hope we can continue to count on that support.

I will continue to keep you updated periodically as to our project. In the meantime, please feel free to contact me anytime if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Doyon".

Steven J. Doyon, P.E.

Vice President
Business Development

cc: Roger Noriega - Senator Helms Office

0050000001341

From: Elizabeth K. Stewart
To: clappg,christopulos,bloomgardend
Subject: DR Country Assistance Strategy - on WB Board for May 11

[(b)(5)]

4/5/99

CC: eichenbergerj,sillsg

0050000001342

From: Elizabeth K. Stewart
To: Dom13.DOP08(eichenbergerj), CLAPPG
Subject: cogentrix -Forwarded -Reply

FYI. For over a year, AES, Coastal and Enron have off-and-on engaged us and/or the EDs office at the World Bank on the woes of the DR energy sector and on disputed payments and non-payment to IPPs. IFC is involved in the Smith-Enron project. The World Bank's planned energy sector loan has been on hold for 2-3 years, due to inadequate forward movement by DR.

>>> Gene Clapp 04/01/99 01:34pm >>>

[OUTSIDE SCOPE , (b)(5)]

CC: Dom13.DOP08 (paulsons) ,

From: Elizabeth K. Stewart
To: Dom13.DOPO8 (CLAPPG), SILLSG
Subject: may i get a readout of your meeting with the world bank on the
dr and the -Reply

[OUTSIDE SCOPE . (b)(5)]

Christopulos

>>> Gay Sills 03/29/99 12:57pm >>>
power sector before our 4pm tomorrow. via lan is fine. do you have a view
on what line do we want to take with these people?

CC: christopulos

Stewart, Elizabeth K.

From: Rao, Geetha
Sent: Monday, February 05, 2001 1:06 PM
To: Sampliner, Gary; Grewe, Maureen; Mills, Marshall; Christopoulos, Greg; Clapp, Gene; Stewart, Elizabeth K.; Wallace, James
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

John Hardy from Enron left a message this morning to inform us that Enron is planning on calling the GOI guarantee for the MSEB's missed payments tomorrow. [(b)(5)]

Kosmides, Ivy

From: Christopulos, Greg
Sent: Wednesday, July 25, 2001 5:06 PM
To: Sampliner, Gary; 'tcrawford@worldbank.org'; 'Recinos, Helen G'; 'speckjg@state.gov'
Cc: Kosmides, Ivy; Sloniewsky, Katerina
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

[(b)(5)]

Gary- Please pass e-mails to me. They are still working on my system.

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

From: Sampliner, Gary
Sent: Wednesday, July 25, 2001 4:51 PM
To: 'tcrawford@worldbank.org'; Recinos, Helen G
Cc: Christopulos, Greg; Kosmides, Ivy; Sloniewsky, Katerina
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

[(b)(5)]

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

From: tcrawford@worldbank.org [mailto:tcrawford@worldbank.org]
Sent: Wednesday, July 25, 2001 4:48 PM
To: Recinos, Helen G
Cc: 'Gary.Sampliner@do.treas.gov'; 'Greg.Christopulos@do.treas.gov'; 'Ivy.Kosmides@do.treas.gov'; 'Katerina.Sloniewsky@do.treas.gov'
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

[(b)(5)]

"Recinos,
Helen G"
<RecinosHG@state.gov>

To: "'Greg.Christopulos@Do.Treas.Gov'"
<Greg.Christopulos@Do.Treas.Gov>,
"'Katerina.Sloniewsky@Do.Treas.Gov'"
<Katerina.Sloniewsky@Do.Treas.Gov>,
<Gary.Sampliner@Do.Treas.Gov>,
<Ivy.Kosmides@Do.Treas.Gov>,
<Tcrawford@Worldbank.Org>
cc:

"'Gary.Sampliner@Do.Treas.Gov'"
07/25/2001
"'Ivy.Kosmides@Do.Treas.Gov'"
03:56 PM
"'Tcrawford@Worldbank.Org'"

Republic, guarantee to

Subject: RE: MIGA/R2001-0047, Dominican
investments in Edenorte and Edesur

I have forwarded your email to our investment office. [(b)(6)]

[(b)(5)]

[(b)(5)]

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

From: Greg.Christopoulos@do.treas.gov
[mailto:Greg.Christopoulos@do.treas.gov]
Sent: Wednesday, July 25, 2001 2:05 PM
To: Recinoshg@State.Gov; Katerina.Sloniewsky@do.treas.gov;
Gary.Sampliner@do.treas.gov; Ivy.Kosmides@do.treas.gov;
TCrawford@WorldBank.org
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to
investments in Edenorte and Edesur

[(b)(5)]

Helen -- please check with the State inv office. I sent Todd e-mail to
Landberg and Tracton. I think Chris is on leave.

Thanks.

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

From: Kosmides, Ivy
Sent: Wednesday, July 25, 2001 1:36 PM
To: Christopoulos, Greg
Cc: Todd Crawford
Subject: FW: MIGA/R2001-0047, Dominican Republic, guarantee to
investments in Edenorte and Edesur

Greg... for you.

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

From: tcrawford@worldbank.org [mailto:tcrawford@worldbank.org]
Sent: Wednesday, July 25, 2001 1:37 PM
To: ivy.kosmides@do.treas.gov
Subject: MIGA/R2001-0047, Dominican Republic, guarantee to investments
in Edenorte and Edesur

Ivy - Would you forward this to Greg, please. For some reason, my machine won't communicate w/ him today. Don't understand why, as I believe I have his correct e-mail address. Thanks. T

----- Forwarded by Todd W. Crawford/Person/World Bank EDS on 07/25/2001 01:36 PM -----

Todd W.

Crawford
Greg.Christopoulos@Do.Treas.Gov,

Stephen.Altheim@Do.Treas.Gov,
07/25/2001
Recinoshg@State.Gov

12:00 PM
Barbara.Holloway@Do.Treas.Gov, Barbara Geiser
80112 EDS01
Dominican Republic, guarantee to

To:

Katerina.Sloniewsky@Do.Treas.Gov,

Dirk.Joldersma@Do.Treas.Gov,

cc:

Subject: MIGA/R2001-0047,

investments in Edenorte and Edesur

[(b)(5)]

[(b)(6)]
questions/instructions.

so please be sure you copy her with

Many thanks.

Todd

Kosmides, Ivy

From: tcrawford@worldbank.org
Sent: Wednesday, July 25, 2001 5:27 PM
To: Gary.Sampliner@do.treas.gov
Cc: Greg.Christopoulos@do.treas.gov; Ivy.Kosmides@do.treas.gov; Katerina.Sloniewsky@do.treas.gov; RecinosHG@state.gov
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

[(b)(5)]

Gary.Sampliner@do
.treas.gov
Recinoshg@State.Gov
Ivy.Kosmides@Do.Treas.Gov,
07/25/2001 04:51
PM
Republic, guarantee to

To: Tcrawford@Worldbank.Org,
cc: Greg.Christopoulos@Do.Treas.Gov,
Katerina.Sloniewsky@Do.Treas.Gov
Subject: RE: MIGA/R2001-0047, Dominican
investments in Edenorte and Edesur

[(b)(5)]

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From: tcrawford@worldbank.org [mailto:tcrawford@worldbank.org]
Sent: Wednesday, July 25, 2001 4:48 PM
To: Recinos, Helen G
Cc: 'Gary.Sampliner@do.treas.gov'; 'Greg.Christopoulos@do.treas.gov'; 'Ivy.Kosmides@do.treas.gov'; 'Katerina.Sloniewsky@do.treas.gov'
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

[(b)(5)]

"Recinos,
Helen G"
"Greg.Christopoulos@Do.Treas.Gov"
<RecinosHG@state.gov>
"Katerina.Sloniewsky@Do.Treas.Gov"
"Gary.Sampliner@Do.Treas.Gov"
07/25/2001
"Ivy.Kosmides@Do.Treas.Gov"
03:56 PM
"Tcrawford@Worldbank.Org"
To:
<Greg.Christopoulos@Do.Treas.Gov>,
<Katerina.Sloniewsky@Do.Treas.Gov>,
<Gary.Sampliner@Do.Treas.Gov>,
<Ivy.Kosmides@Do.Treas.Gov>,
<Tcrawford@Worldbank.Org>
cc:
Subject: RE: MIGA/R2001-0047,
Dominican Republic, guarantee to
investments in Edenorte and Edesur

I have forwarded your email to our investment office. [(b)(6)]
[(b)(5)]

[(b)(5)]

-----Original Message-----
From: Greg.Christopoulos@do.treas.gov
[mailto:Greg.Christopoulos@do.treas.gov]
Sent: Wednesday, July 25, 2001 2:05 PM
To: Recinoshg@State.Gov; Katerina.Sloniewsky@do.treas.gov;
Gary.Sampliner@do.treas.gov; Ivy.Kosmides@do.treas.gov;
TCrawford@WorldBank.org
Subject: RE: MIGA/R2001-0047, Dominican Republic, guarantee to
investments in Edenorte and Edesur

[(b)(5)]

Helen -- please check with the State inv office. I sent Todd e-mail to Landberg and Tracton. [(b)(6)]

Thanks.

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

From: Kosmides, Ivy
Sent: Wednesday, July 25, 2001 1:36 PM
To: Christopoulos, Greg
Cc: Todd Crawford
Subject: FW: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

Greg... for you.

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

From: tcrawford@worldbank.org [mailto:tcrawford@worldbank.org]
Sent: Wednesday, July 25, 2001 1:37 PM
To: ivy.kosmides@do.treas.gov
Subject: MIGA/R2001-0047, Dominican Republic, guarantee to investments in Edenorte and Edesur

Ivy - Would you forward this to Greg, please. For some reason, my machine won't communicate w/ him today. Don't understand why, as I believe I have his correct e-mail address. Thanks. T

----- Forwarded by Todd W. Crawford/Person/World Bank EDs on 07/25/2001 01:36 PM -----

Todd W.

Crawford

Greg.Christopoulos@Do.Treas.Gov,

Stephen.Altheim@Do.Treas.Gov,

07/25/2001

Recinoshg@State.Gov

12:00 PM

Barbara.Holloway@Do.Treas.Gov, Barbara Geiser

80112 EDS01

Dominican Republic, guarantee to

To:

Katerina.Sloniewsky@Do.Treas.Gov,

Dirk.Joldersma@Do.Treas.Gov,

cc:

Subject: MIGA/R2001-0047,

investments in Edenorte and Edesur

[(b)(5)]

[(b)(5)]

[(b)(6)]
questions/instructions.

so please be sure you copy her with

Many thanks.

Todd

Kosmides, Ivy

From: Kosmides, Ivy
Sent: Thursday, September 20, 2001 11:51 AM
To: 'Peacock, Charles E'
Subject: RE: Appointment

Charlie,
Thanks, I would like to attend. If Kris's schedule accomodates, then meeting after the ENRON meeting works for me. Let's do it that way. For building clearance, my DOB is [(b)(6)] [(b)(6)] social is [(b)(6)]
Ivy

-----Original Message-----
From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Thursday, September 20, 2001 11:52 AM
To: 'Ivy.Kosmides@do.treas.gov'
Subject: RE: Appointment

He says ENRON's creditors are due \$31 million in December and unless the GODR pays up, it will be in default. The company is considering taking the GODR to international arbitration as per the contract. [(b)(5)]

If
you want to attend the meeting and then stay on to talk to Kris, that's fine. Just let me know so I can arrange something else for him at 10:00.
Charlie

-----Original Message-----
From: Ivy.Kosmides@do.treas.gov [mailto:Ivy.Kosmides@do.treas.gov]
Sent: Thursday, September 20, 2001 9:57 AM
To: PeacockCE@state.gov
Subject: RE: Appointment

Thanks. Did the VP have an agenda? Why don't I attend that meeting, and then we can stay a little later to discuss anything else on the DR instead of meeting at 10?

-----Original Message-----
From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Thursday, September 20, 2001 8:31 AM
To: 'Ivy.Kosmides@do.treas.gov'
Subject: RE: Appointment

Ivy,
John Hardy, the VP at ENRON for governmental affairs, called me yesterday. He wants to meet with me next week. Since Kris will be in town, I arranged to do it here on Tuesday at 3:30. You're welcome to attend if you want.
Charlie

-----Original Message-----
From: Ivy.Kosmides@do.treas.gov [mailto:Ivy.Kosmides@do.treas.gov]
Sent: Wednesday, September 19, 2001 6:05 PM
To: PeacockCE@state.gov
Subject: RE: Appointment

Thanks, Charlie.

You might ask him to come with information on reserves, and arrears to Independent power producers if possible. I imagine he will have more up to

date info than I do.

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

From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Wednesday, September 19, 2001 5:18 PM
To: 'ivy.kosmides@do.treas.gov'
Subject: Appointment

Ivy,

This is to confirm the meeting with Kris Urs from the embassy in Santo Domingo for next Tuesday, the 25th at 10:00. Kris' DOB is [(b)(6)] and his SSN is [(b)(6)] I might come with him so my details are: DOB: [(b)(6)] SSN [(b)(6)] Thanks. Charlie

Kosmides, Ivy

From: Kosmides, Ivy
Sent: Monday, September 24, 2001 2:05 PM
To: Backes, Steven
Subject: RE:

Precludes us meeting on Jamaica, then. The issue is, I am guessing, to do with the DR arrears to foreign Independent Power Producers (Enron being the largest)--- total is roughly \$120 mn for DR. I'm trying to get more info on it for ICERC review and Bryan Gobin (FBNY).

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

From: Backes, Steven
Sent: Monday, September 24, 2001 2:02 PM
To: Kosmides, Ivy
Subject: RE:

2:30. Has something to do with investment there. Enron called me and I said either I or you would sit in on the meeting.

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

From: Kosmides, Ivy
Sent: Monday, September 24, 2001 1:50 PM
To: Backes, Steven
Subject: RE:

What time and why?

I was going to meet with the DR economist anyway, but since they were meeting with Enron, I decided to sit in and talk to State when the mtg ended.

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

From: Backes, Steven
Sent: Monday, September 24, 2001 1:47 PM
To: Kosmides, Ivy
Subject: RE:

Bill Schuerch.

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

From: Kosmides, Ivy
Sent: Monday, September 24, 2001 1:46 PM
To: Backes, Steven
Subject: RE:

WES?

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

From: Backes, Steven
Sent: Monday, September 24, 2001 1:46 PM
To: Kosmides, Ivy
Subject: RE:

Enron is coming over here tomorrow to meet with WES.

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

From: Kosmides, Ivy
Sent: Monday, September 24, 2001 1:38 PM
To: Backes, Steven
Subject: RE:

2:30 works for me. I have a 3:30 meeting at the State dept on the DR (meeting w/ Post econ officer and Enron (largest power producer) to discuss arrears, etc.

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

From: Backes, Steven
Sent: Monday, September 24, 2001 1:26 PM
To: Kosmides, Ivy
Subject:

Could we meet tomorrow afternoon? I would like you to explain briefly Jamaica's economic situation and review what it is you hope to investigate while you are there. Maybe around 2:30?

Kosmides, Ivy

From: Kosmides, Ivy
Sent: Tuesday, September 25, 2001 12:08 PM
To: Schuerch, William; Paulson, Sara; Demopoulos, Abigail
Cc: Backes, Steven
Subject: Enron mtg today at 1:30 pm

Importance: High

I just spoke to Mr. Hardy of ENRON regarding the meeting agenda for today.

Issue

Hardy would like Treasury assistance to urge IFC to defend project in the DR

- Corporacion Dominicana Electricidad (100% SOE) CDE is running arrears to IPPs including ENRON (total DR arrears close to \$140 mn)
- Bond issue backed by USG guarantee will be called in December if action not taken

Background

[(b)(5)]

Kosmides, Ivy

From: Kosmides, Ivy
Sent: Tuesday, September 25, 2001 6:39 PM
To: Bryan Gobin (E-mail)
Cc: Gunaratne, Nilmini
Subject: IPPs

Importance: High

Brian,
Here is some additional information on the IPP arrears. If you have urgent additional questions, I am sure Bob Conley, the deputy director in our MDB office, would be happy to answer them as I will be out until Oct. 2 (robert.conley@do.treas.gov).

Today, Treasury met with ENRON, one of the large IPPs. I also discussed the arrears issue with Kris Urs, the econ officer at post for State.

ENRON's Issue

They would like Treasury assistance to urge IFC to defend project in the DR

- Corporacion Dominicana Electricidad (100% SOE) CDE is running arrears to IPPs including \$25 mn to ENRON
- Bond issue backed by USG guarantee will be called in December if action not taken
- GODR is unwilling to honor contract and come to a solution with IPPs

Background

[(b)(5)]

Kosmides, Ivy

From: Kosmides, Ivy
Sent: Tuesday, October 02, 2001 5:20 PM
To: 'Peacock, Charles E'; Kosmides, Ivy
Cc: Conley, Robert
Subject: RE: Appointment

Importance: High

Do you have email for him?
Thanks.

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

From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Wednesday, September 26, 2001 8:33 AM
To: 'Ivy.Kosmides@do.treas.gov'
Cc: 'Robert.Conley@do.treas.gov'
Subject: RE: Appointment

USAID has a large program in the DR which I will not even begin to try to describe. Its budget is some \$23 million/year. You should contact Richard Steelman at USAID if you need details. His number is 712-0518. Charlie

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

From: Ivy.Kosmides@do.treas.gov [mailto:Ivy.Kosmides@do.treas.gov]
Sent: Tuesday, September 25, 2001 6:23 PM
To: PeacockCE@state.gov
Cc: Robert.Conley@do.treas.gov
Subject: RE: Appointment

We just met with Enron. Pretty bleak. Could you find out what US AID has going on in the DR? Please copy Bob Conley in your reply.

Thanks,
Ivy

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

From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Tuesday, September 25, 2001 9:29 AM
To: 'Ivy.Kosmides@do.treas.gov'
Subject: RE: Appointment

Ivy,
John Hardy, VP for Global Finance, can be reached at [(b)(6)] He's the guy who is coming here today. Are you still attending that meeting?
Charlie

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

From: Ivy.Kosmides@do.treas.gov [mailto:Ivy.Kosmides@do.treas.gov]
Sent: Monday, September 24, 2001 5:32 PM
To: PeacockCE@state.gov
Subject: RE: Appointment

Charlie,
Do you have contact information for the Enron group? They have also scheduled a meeting here with DAS Schuerch and his office needs it.
Thanks,
Ivy

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

From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Thursday, September 20, 2001 12:54 PM
To: 'Ivy.Kosmides@do.treas.gov'
Subject: RE: Appointment

That's great Ivy. Just plan to arrive a bit before 3:30 at the C St. lobby. You might be able to get in with your ID. If not, give me a call on 647-4728 and I'll come down to get you. Charlie

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

From: Ivy.Kosmides@do.treas.gov [mailto:Ivy.Kosmides@do.treas.gov]
Sent: Thursday, September 20, 2001 12:53 PM
To: PeacockCE@state.gov
Subject: RE: Appointment

Charlie,
Thanks, I would like to attend. If Kris's schedule accomodates, then meeting after the ENRON meeting works for me. Let's do it that way. For building clearance, my DOB is [(b)(6)] social is [(b)(6)]
Ivy

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

From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Thursday, September 20, 2001 11:52 AM
To: 'Ivy.Kosmides@do.treas.gov'
Subject: RE: Appointment

He says ENRON's creditors are due \$31 million in December and unless the GODR pays up, it will be in default. The company is considering taking the GODR to international arbitration as per the contract. [(b)(5)]

If
you want to attend the meeting and then stay on to talk to Kris, that's fine. Just let me know so I can arrange something else for him at 10:00.
Charlie

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

From: Ivy.Kosmides@do.treas.gov [mailto:Ivy.Kosmides@do.treas.gov]
Sent: Thursday, September 20, 2001 9:57 AM
To: PeacockCE@state.gov
Subject: RE: Appointment

Thanks. Did the VP have an agenda? Why don't I attend that meeting, and then we can stay a little later to discuss anything else on the DR instead of meeting at 10?

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

From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Thursday, September 20, 2001 8:31 AM
To: 'Ivy.Kosmides@do.treas.gov'
Subject: RE: Appointment

Ivy,
John Hardy, the VP at ENRON for governmental affairs, called me yesterday. He wants to meet with me next week. Since Kris will be in town, I arranged to do it here on Tuesday at 3:30. You're welcome to attend if you want.
Charlie

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

From: Ivy.Kosmides@do.treas.gov [mailto:Ivy.Kosmides@do.treas.gov]
Sent: Wednesday, September 19, 2001 6:05 PM

To: PeacockCE@state.gov
Subject: RE: Appointment

Thanks, Charlie.

You might ask him to come with information on reserves, and arrears to Independent power producers if possible. I imagine he will have more up to date info than I do.

-----Original Message-----
From: Peacock, Charles E [mailto:PeacockCE@state.gov]
Sent: Wednesday, September 19, 2001 5:18 PM
To: 'ivy.kosmides@do.treas.gov'
Subject: Appointment

Ivy,
This is to confirm the meeting with Kris Urs from the embassy in Santo Domingo for next Tuesday, the 25th at 10:00. Kris' DOB is [(b)(6)] and his SSN is [(b)(6)], I might come with him so my details are: DOB: [(b)(6)] SSN [(b)(6)]. Thanks. Charlie

Kosmides, Ivy

From: DR1 [news@dr1.com]
Sent: Monday, November 26, 2001 12:42 PM
To: Kosmides, Ivy
Subject: DR1 Daily News -- Monday, 26 November 2001

DOMINICAN REPUBLIC ONE

<http://www.dr1.com>

The best internet resource for information on the Dominican Republic

.....
DR1 Daily News -- Monday, 26 November 2001
.....

1. NYC mayor-to-be expected today
2. International Socialists' annual meeting
3. XII Iberoamerican Summit 2002 in Bavaro
4. Monetary and Finance Code draft published
5. Power companies pictured as modern day pirates
6. Edesur/Edenorte department heads arrested
7. Businessmen lash out against power companies
8. Miss Latin America a Dominican
9. Licey has a good weekend

.....
There are many different ways to see the Dominican Republic.
Then there's the BEST WAY, renting a car and driving around.
Click on the link for some great special offers!
<http://dr1.com/cstrack/out.php?http://dr1.com/specials.html>
.....

1. NYC mayor-to-be expected today

Mayor-elect of New York, media tycoon Michael Bloomberg, is expected today in Santo Domingo. He will be the guest of the Dominican government and will meet with President Hipolito Mejia and relatives of victims of American Airlines flight AA587 at the National Palace at 1:30 pm. He will also receive the keys to the city of Santo Domingo at a 3 pm event at the Palacio Consistorial in the Colonial City. Travelling with Bloomberg are New York assemblyman Adriano Espaillat, New York congressman Charles Rangel and counsellors Miguel Martinez and Guillermo Linares.

2. International Socialists' annual meeting

The Annual Council of the International Socialist Organization meets in Santo Domingo this week at the Santo Domingo Country Club. President Hipolito Mejia and the Prime Minister of Portugal, Antonio Guterres (who is also world president of the ISO) will be present for the opening. The ruling party, the PRD, is a member of the ISO. The working sessions will take place today and tomorrow. One hundred forty one delegates from five continents will focus on terrorism, the struggle against poverty, strengthening democracy and social justice.

3. XII Iberoamerican Summit 2002 in Bavaro

The Dominican Republic will host the XII Iberoamerican Summit in November 2002 in Bavaro. Minister of Foreign Relations Hugo Tolentino Dipp said the summit will be austere but elegant. The Bavaro Convention Center will be the center of the meetings and statesmen will be lodged in Punta Cana-Bavaro area hotels. The hosting of the convention in Bavaro will also spare Santo Domingo from traffic bottlenecks that have accompanied past summits. The only major investment to be made is at the Punta Cana International Airport where additional parking space needs to be

built for the jets of the visiting heads of state.

4. Monetary and Finance Code draft published

The Listin Diario has published the draft proposal for a new monetary and financial code prepared by the Central Bank. The proposed code would replace the one currently stagnating in the National Congress. The new version grants the Monetary Board the flexibility to decide aspects that were written into law in the past.

5. Power companies pictured as modern day pirates

To dramatize the plight of power consumers in the Dominican Republic, the government's High Level Advisory Commission to Reform the Energy Sector has published a communiqué with a picture of a pirate landing in the DR. In the communiqué, the commission criticizes that Kevin Manning, general manager of the Itabo generating company, has retracted his offer to lower prices to 5.5 cents per kilowatt/hour. The retraction came because government negotiators awarded the company a 27% increase over the 5.5 cents per kilowatt/hour the company had been willing to accept. The commission criticizes that Manning, in his previous post as general manager for Smith-Enron power generation plant in Puerto Plata had wanted to bill the state US\$65 million to later recognize that the debt was less than US\$26 million.

"Itabo and Mr. Manning, with their attitude, clearly reveal that they are on the side of those who believe the era of pirates and looting corsairs is not over. They believe that our country should continue to be sacked by those now disguised as energy businessmen." The commission urges Dominican businessmen and consumers not to accept the blackmail and sabotage that is manifested in unjustified blackouts. It urges Dominicans to stop taking a passive role and confront a problem that belongs to everyone.

Commission members have criticized Dominican government officers Cesar Sanchez and Jose Ovalles for their complicity with the distributors against the welfare of consumers.

Ever since the arrival of the first private power generators during the Balaguer administration, power companies have taken advantage of the weaknesses of Dominican government negotiators. In the past, consumer interests have not been given priority in the negotiations of privatization contracts by the Commission for the Reform of State Enterprises (CREP) or in the passing of the Electricity Law by Congress. The Chamber of Deputies then blamed the increase in advantages gained by the companies to instructions from the Presidency.

6. Edesur/Edenorte department heads arrested

The head of personnel and the manager of power for Edesur/Edenorte (Union Fenosa) were arrested on Friday, blamed for causing intentional blackouts. The arrests were in response to major criticism by the CDE after the country endured four total blackouts this month.

Cesar Sanchez, manager of the Dominican Electricity Corporation (CDE), also publicized his visit to the Haina power generating station suspected of causing intentional blackouts, as reported on Friday by Ultima Hora.

On Friday, the Superintendency declared a state of emergency in the energy sector and obligated power companies to stabilize the service. Power Superintendent Jose Ovalles said afterwards that there was an improvement in the service.

Meanwhile, President Mejia was interviewed on the matter in Peru where he had travelled to participate in the Iberoamerican Summit. He said that declaring the electricity system in a state of emergency was a "disparate." (foolish remark)

In his opinion, the electricity crisis will be resolved in the short term when a 300-megawatt barge in San Pedro de Macoris goes into service.

7. Businessmen lash out against power companies

Businessmen Ignacio Mendez and Campos de Moya of the National Council of Businesses criticized the Energy Superintendency for abandoning its role as arbiter and for benefiting only the distributors of energy. They criticized the complacency of the institution.

Juan Barcelo, president of the Dominican Association of Exporters (Adoexpo), said it is difficult these days to distinguish between generators and distributors "because the distributors have used part of the capital they were suppose to invest in infrastructure to install power generators." Barcelo, Mendez and De Moya all criticized Resolution 15-01 that penalizes companies for purchasing power directly from the generators.

Upon the passing of the Electricity Law, the distributors had already secured from the Chamber of Deputies the increase from one megawatt to two megawatts of the minimum for companies to disconnect from the distributors that had been approved by the Senate.

Businessman Luis Arthur said the General Electricity Law establishes that power companies have to give consumers two hours of free power for every hour of unjustified blackout but this is not being applied.

Mendez and Arthur also criticized the fact that when there is a problem or breakdown, the electricity companies do not show up to fix it. Furthermore, Arthur, who owns an electromechanical engineering firm, said that in the past he could get a new building connected to power in 15-20 days. Today he says it can take two to three months because of the inefficiency of the private companies, especially Edesur and Edenorte. He said that EdeEste (which has the concession to the East of the country) is working efficiently in regards to electricity connections.

The businessmen urged the Superintendency to copy the example of the Dominican Institute of Telecommunications (Indotel) which has a similar role in the telecommunications sector. They said Indotel is acting as an arbiter of the system and at the same time defending consumer rights.

8. Miss Latin America a Dominican

Dominican Claudia Cruz won the 18th Miss Latin America pageant held at the Bavaro Convention Center over the weekend. She competed against 20 representatives from Latin America, the United States, Canada and Spain. Karla Vargas from California won the title Miss USA Latina and Karla Leclair of Nicaragua was voted as having the best traditional costume.

9. Licey has a good weekend

The Licey Tigers defeated the Aguilas del Cibao on Sunday, shortening the latter's lead to only one game. The Licey won the game 6-1 in front of 10,000 fans despite the constant threat of rain. The Estrellas bested the Lions, 8-1, and the Pollos continued their winning streak defeating the Azucareros 6-3. For the league standings up to 25 November, see

<http://www.dr1.com/daily/news112501.shtml>

For a listing of the next scheduled games, see

<http://www.dr1.com/baseball/2001-2002.html>

.....

DR1 Business Forum with Frederic Emam Zade (Ask Frederic) is at

<http://www.dr1.com/business/board/index.cgi>

DR1 Calendar of Events: <http://www.dr1.com/daily/calendar.shtml>

.....

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Kosmides, Ivy

From: Sampliner, Gary
Sent: Wednesday, November 28, 2001 9:15 AM
To: Christopulos, Greg; Demopulos, Abigail; Kosmides, Ivy; Crawford, Todd
Cc: Holloway, Barbara; Jarpe, Rachel; 'StrubleJW@state.gov'
Subject: RE: MIGA #63 Dominican Republic- Banco Santander

[OUTSIDE SCOPE , (b)(5)]

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

From: Christopulos, Greg
Sent: Tuesday, November 27, 2001 11:11 AM
To: Demopulos, Abigail; Kosmides, Ivy; Crawford, Todd; Sampliner, Gary
Cc: Holloway, Barbara; Jarpe, Rachel; 'StrubleJW@state.gov'
Subject: RE: MIGA #63 Dominican Republic- Banco Santander

[OUTSIDE SCOPE , (b)(5)]

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

From: Demopulos, Abigail
Sent: Tuesday, November 27, 2001 10:17 AM
To: Kosmides, Ivy; Crawford, Todd
Cc: Holloway, Barbara; Christopulos, Greg; Jarpe, Rachel; 'StrubleJW@state.gov'
Subject: RE: MIGA #63 Dominican Republic- Banco Santander

[OUTSIDE SCOPE , (b)(5)]

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

From: Kosmides, Ivy
Sent: Tuesday, November 27, 2001 10:13 AM
To: Crawford, Todd
Cc: Demopulos, Abigail; Holloway, Barbara; Christopulos, Greg; Jarpe, Rachel; StrubleJW@state.gov
Subject: RE: MIGA #63 Dominican Republic- Banco Santander

[(b)(5)]

[OUTSIDE SCOPE , (b)(5)]

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

From: tcrawford@worldbank.org [mailto:tcrawford@worldbank.org]
Sent: Tuesday, November 27, 2001 9:48 AM
To: Ivy.Kosmides@do.treas.gov
Cc: Abigail.Demopulos@do.treas.gov; Barbara.Holloway@do.treas.gov; Greg.Christopulos@do.treas.gov; Rachel.Jarpe@do.treas.gov; StrubleJW@state.gov
Subject: RE: MIGA #63 Dominican Republic- Banco Santander

Clapp, Gene

From: Rao, Geetha
Sent: Monday, January 22, 2001 3:14 PM
To: Christopulos, Greg; Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Clapp, Gene
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

We will go ahead and have the meeting on Wednesday January 24 at 3 pm. This time works for Greg as well. Thanks, geetha

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

From: Christopulos, Greg
Sent: Monday, January 22, 2001 3:04 PM
To: Rao, Geetha; Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Clapp, Gene
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

Is there a chance this meeting can be moved up an hour or so?

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

From: Rao, Geetha
Sent: Monday, January 22, 2001 3:01 PM
To: Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Christopulos, Greg; Clapp, Gene
Cc: Radelet, Steve
Subject: FW: India/Dabhol Meeting

Attached is background material for the Enron meeting on Wednesday. Pls. note Mr. John Hardy will also be attending.

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

From: Tom.Briggs@enron.com [mailto:Tom.Briggs@enron.com]
Sent: Monday, January 22, 2001 1:54 PM
To: geetha.rao@do.treas.gov
Subject: India/Dabhol Meeting

Geetha,

My apologies for the delay in sending this material. I have lost both my regular assistant and my temp so I am a bit overwhelmed.

John Hardy will be attending the meeting tomorrow at 3. His SS# is [(b)(6)] and birthdate is [(b)(6)]. If you could remind me of the address of the meeting I would appreciate it. I managed to lose that as well.

John and I have a brief agenda: 1) we want to update you on Dabhol and 2) we want to discuss way in which the USG may become involved in encouraging market reform necessary to extract value out of our generating asset. Specifically, we want to focus on reformat at the Indian federal level that will be necessary to deliver power to customers other than MSEB.

We look forward to meeting you tomorrow.

(See attached file: Dabhol PPA - DC Talking Points.doc)

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To: Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clapp, Gene
Cc: Radelet, Steve
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Dabhol PPA - DC

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(See attached file: Dabhol PPA - DC Talking Points.doc)

Dabhol Power Company
January 10, 2001

[(b)(4)]

[(b)(4)]

[(b)(4)]

Clapp, Gene

From: Rao, Geetha
Sent: Tuesday, January 23, 2001 9:37 AM
To: Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clapp, Gene
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

[(b)(5)]

Cable # 029799 Dec 08
Cable #032693 Dec 13
Cable #034319 Dec 15
Cable #044561 Jan 09

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

From: Grewe, Maureen
Sent: Tuesday, January 23, 2001 8:55 AM
To: Rao, Geetha; Mills, Marshall; Sampliner, Gary; Christopoulos, Greg; Clapp, Gene
Cc: Radelet, Steve
Subject: RE: India/Dabhol Meeting

Please note the following article from this morning's press summary:

US Envoy: India's Enron Project Key To Foreign Investment

BOMBAY (AP)—U.S. Ambassador to India Richard Celeste warned Monday that foreign investment in India would falter because of political pressures that threatened to derail the \$3 billion Enron Corp. (ENE) power project.

"It regrettably feeds the concern among American and other foreign investors that India remains a less-than-reliable destination for their investment dollars," Celeste told an audience of business leaders, politicians and nongovernment agencies in Bombay, India's financial hub.

India's largest-ever foreign investment has been in trouble since December after the government of Maharashtra state, in which Bombay is situated, said it would review a power-purchase agreement with U.S. energy giant Enron Corp. Maharashtra considers the power rates being charged are exorbitant.

The agreement signed in 1995 details the rate at which Enron's Indian subsidiary, the Dabhol Power Co., will sell electricity to the state.

The project's first phase, a power plant of 740 megawatts, already has been commissioned, while the second phase of 1,444 megawatts is scheduled for completion by end 2001.

Depreciation of the Indian rupee and high cost of naphtha used to generate electricity caused the power generated by the Enron project to touch 7 rupees a unit as against INR1.80 agreed on when the deal was signed six years ago (\$1=INR46.375).

Enron has said it saw no current need to renegotiate the tariff and maintained that a transition from naphtha to liquefied natural gas would reduce the tariff.

Celeste, an appointee of former U.S. President Bill Clinton, said he hoped both sides would find a solution in ongoing discussions, but cautioned that "perceptions among American and other foreign investors will be affected by the challenge to Dabhol and how it is resolved."

He said despite partnerships in software and information technology, U.S. investors were wary of India because of political pressures at the federal and state level that had slowed the economic-reform agenda.

Stressing the need to strengthen business ties with India, Celeste focused on the Enron project and asked that "The Dabhol power plant remain a symbol of successful American investment in India and not a symbol of the impediments that still hinder even greater foreign direct investment."

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Received by NewsEDGE/LAN: 1/22/01 7:23 PM

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From: Tom.Briggs@enron.com [mailto:Tom.Briggs@enron.com]



Enron Corp.

1775 Eye Street, N.W.
Suite 800
Washington, DC 20006
202-466-9156

John Hardy, Jr.
Vice President, Global Finance

Fax 202-331-4717
john.hardy@enron.com

Dabhol Power Company

Presentation

DABHOLPOWER

Power to the people

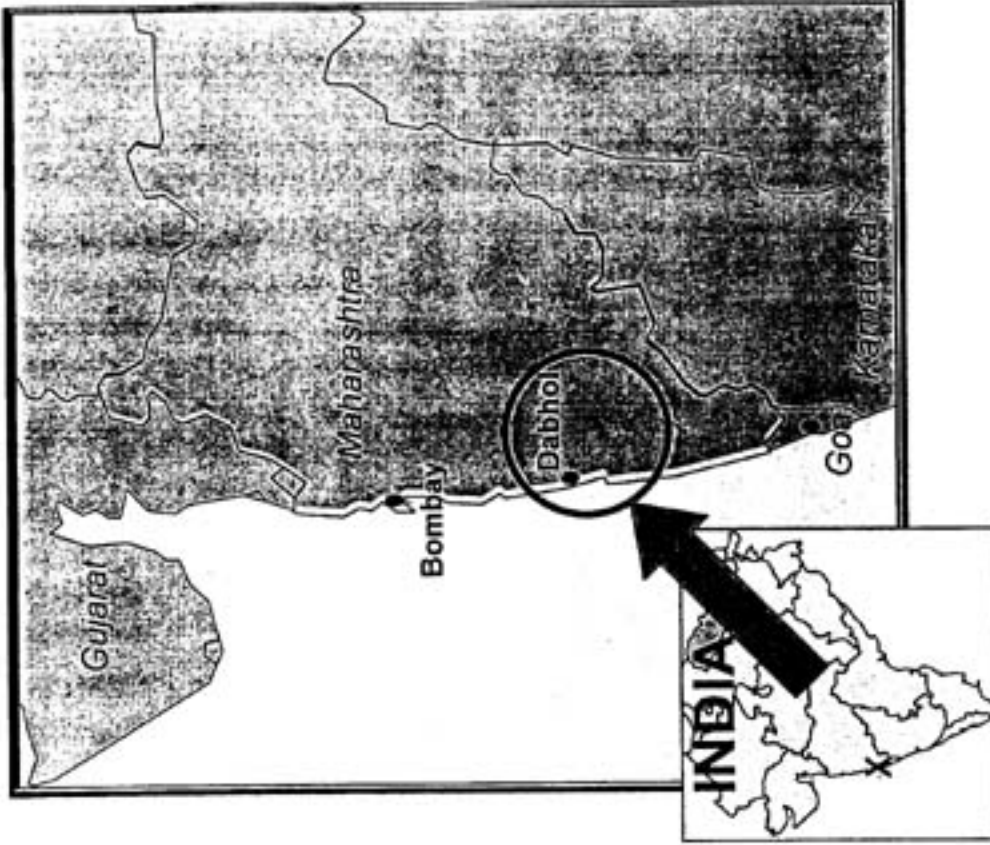
January 9, 2001

Presentation Agenda

- ◆ Status of the Project - Phase I Operations
- ◆ Status of the Project - Phase II Construction

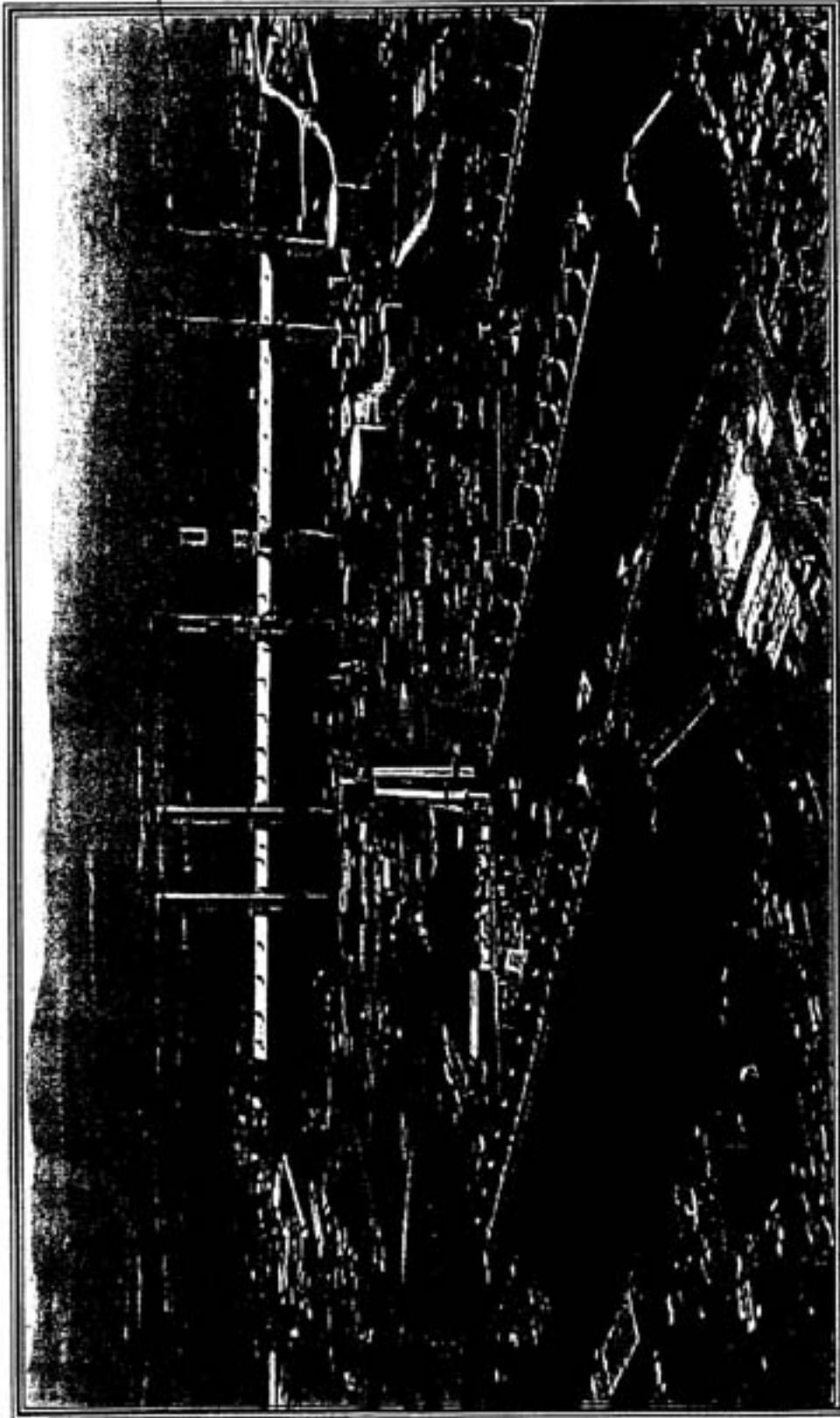
DPC Project Profile

- **Location** Maharashtra, India
- **Power Station Capacity** 2,184 MW
- **Regasification Facility** 3 LNG tanks, Vaporizers, Dredging, 2.3 km Breakwater, 1.7 km Fuel Jetty
- **Primary Fuel** Natural Gas (from LNG)
- **Back-up Fuel** Naphtha or Distillate
- **Power Purchaser** Maharashtra State Electricity Board
- **Shareholders** Enron Corp., MSEB, General Electric Capital Corporation and Bechtel Enterprises Holdings Inc.
- **Fuel Suppliers**
 - Phase I* Glencore (International Tender)
 - Phase II* Oman LNG and Abu Dhabi Gas Liquefaction Company
- **Shipper** Greenfield Shipping Co. Ltd.



Aerial Views of Dabhol

Phase II Power Project - November 00



Phase I

DABHOLPOWER
Power to the people

Aerial Views of Dabhol

LNG Regas Facility - November 00



DABHOLPOWER
Power to the people

*Euron/Mitsumi
joint v*

DPC's LNG Tanker

Launch of DPC's LNG Tanker "Lakshmi" - December 00



DABHOLPOWER
Power to the people

Presentation Agenda

Status of the Project

Phase I Operations

Phase I: Operations Update

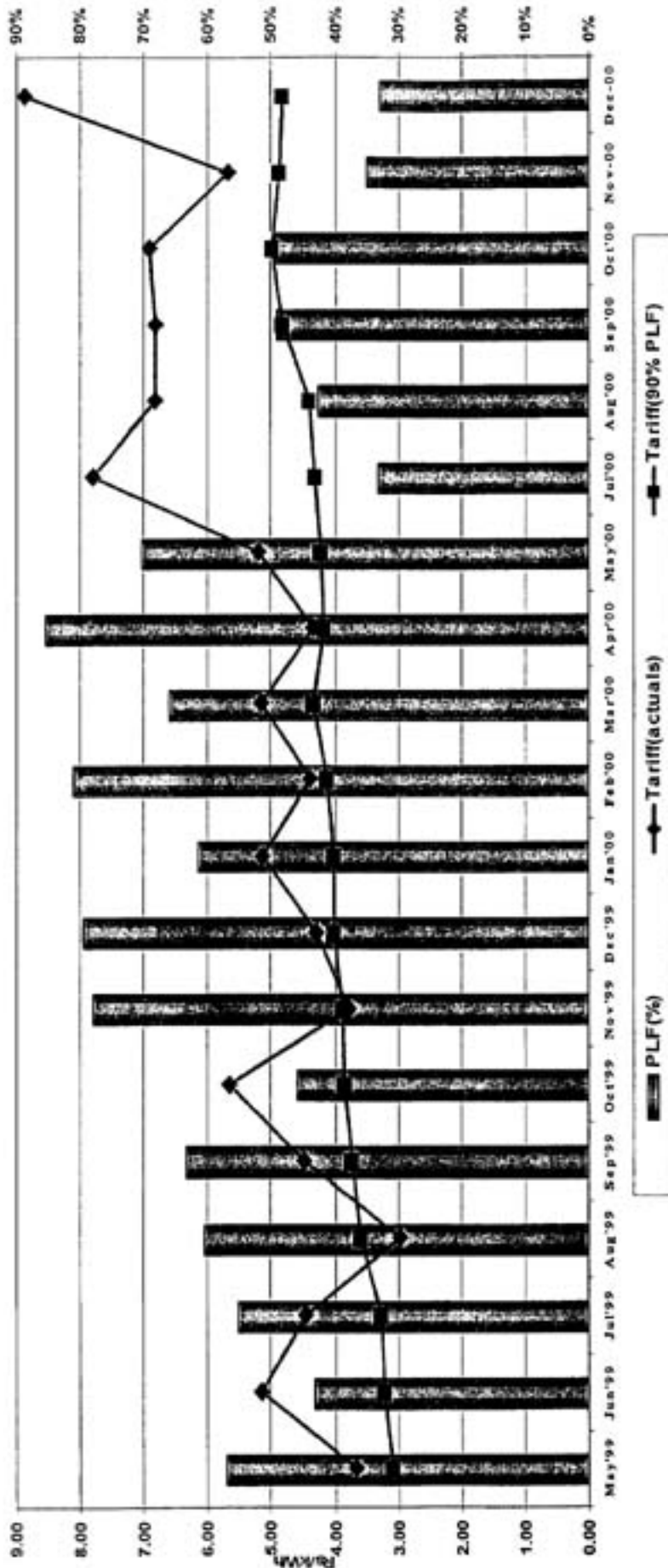
Handwritten notes: 6 Feb, 13/5/00, in. Ubt, 22/05/00

Operational Performance

- ◆ ECS achieved on May 13, 1999
- ◆ Average Availability*: 85%
- ◆ Average Baseload PLF*: 57%

*For the period from May'99 to Dec'00

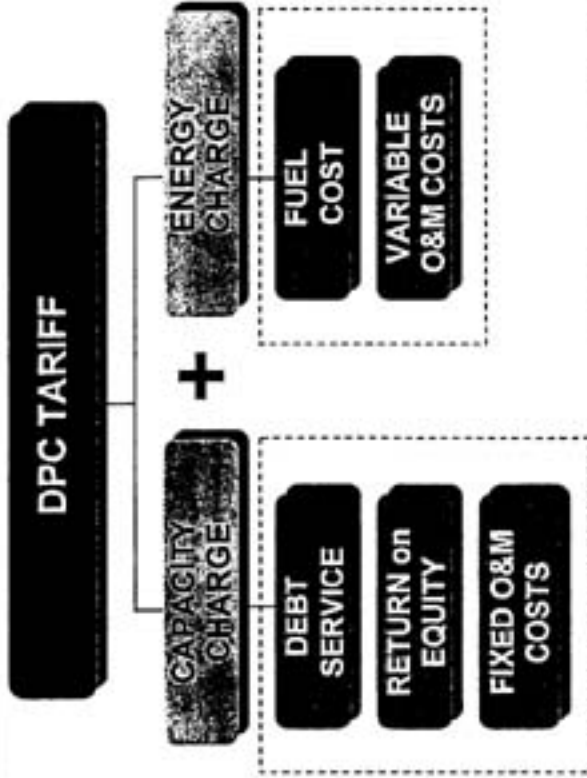
DPC Monthly Tariff & MSEB Dispatch



**DPC Average Tariff for Period May'99 to Dec'00
@ 90% Dispatch = Rs.4.08/kWh
@ Actual Dispatch = Rs. 5.08/kWh**

June'00 not considered as plant was down due to scheduled & other maintenance

DPC Tariff



Capacity Charge

- DPC guarantees a 90% Target Availability
- Penalty for shortfall in Target Availability
- Charges influenced by Rupee Dollar Rates / Inflation

Energy Charge

- Paid on the basis of "dispatch" from MSEB
- Influenced by Fuel Prices / Import Duty on Fuel

The Tariff responds to changes in Macro-economic factors & MSEB Dispatch

DPC- Phase I Macro-economic Parameters

Over the period May 1999 to Dec 2000 some macro-economic parameters affecting the tariff are stated below:

	<u>May-99</u>	<u>Dec-00</u>	<u>Avg.</u>
Rs.-\$ Exchange Rate (Rs./\$)	43.02	46.70	44.45
Landed Naphtha Price (\$/MT) ~	182	356	291
Import Duties (\$/MT) ~ (incl. in Naphtha Price)	32	63	52

There has been an increase from May-99 to Dec-00 of :

- ~ 9% in the Rupee Dollar Rate
- ~ 95% in the Naphtha Prices

DPC- Conclusions on Tariff

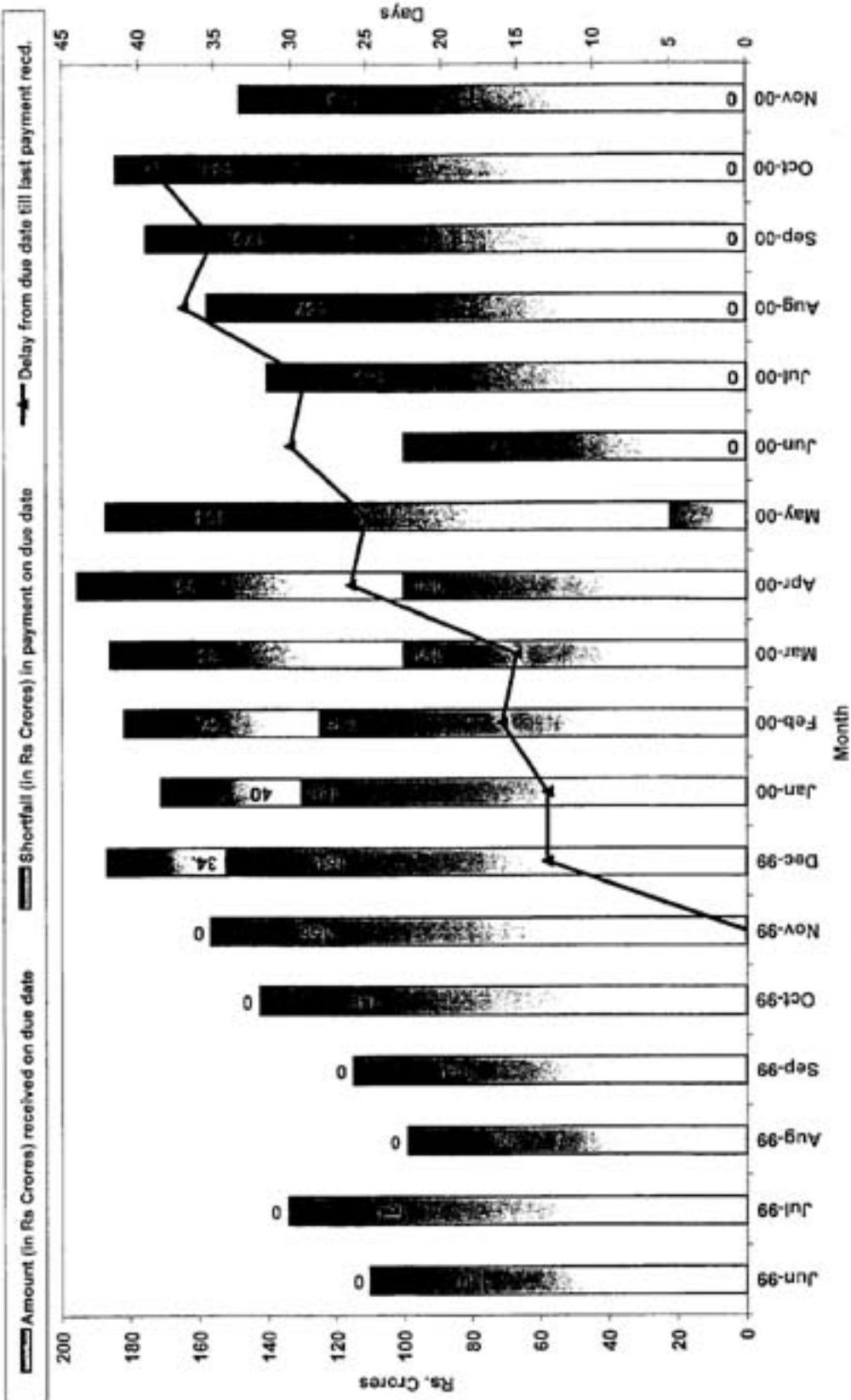
- Dec-00 Tariff (corrected to 90% dispatch) 4.83 Rs./kWh
- May-99 Tariff (corrected to 90% dispatch) 3.09 Rs./kWh
- There is a difference of 1.74 Rs./kWh
 - » 0.34 Rs./kWh (~ 19 %) increase as a result of Rupee Dollar Rate
 - » 1.40 Rs./kWh (~ 81 %) increase as a result of Naphtha prices

Tariff after Phase II completion (in 2002 at current Rupee Dollar Rates with LNG as fuel) ranges from ~ 3.34 to 3.67 Rs/kWh*

** Depending on the Crude Oil Prices (\$22-28/Bbl)*

MSEB Payment Details

Monthly Payment Details



Presentation Agenda

Status of the Project

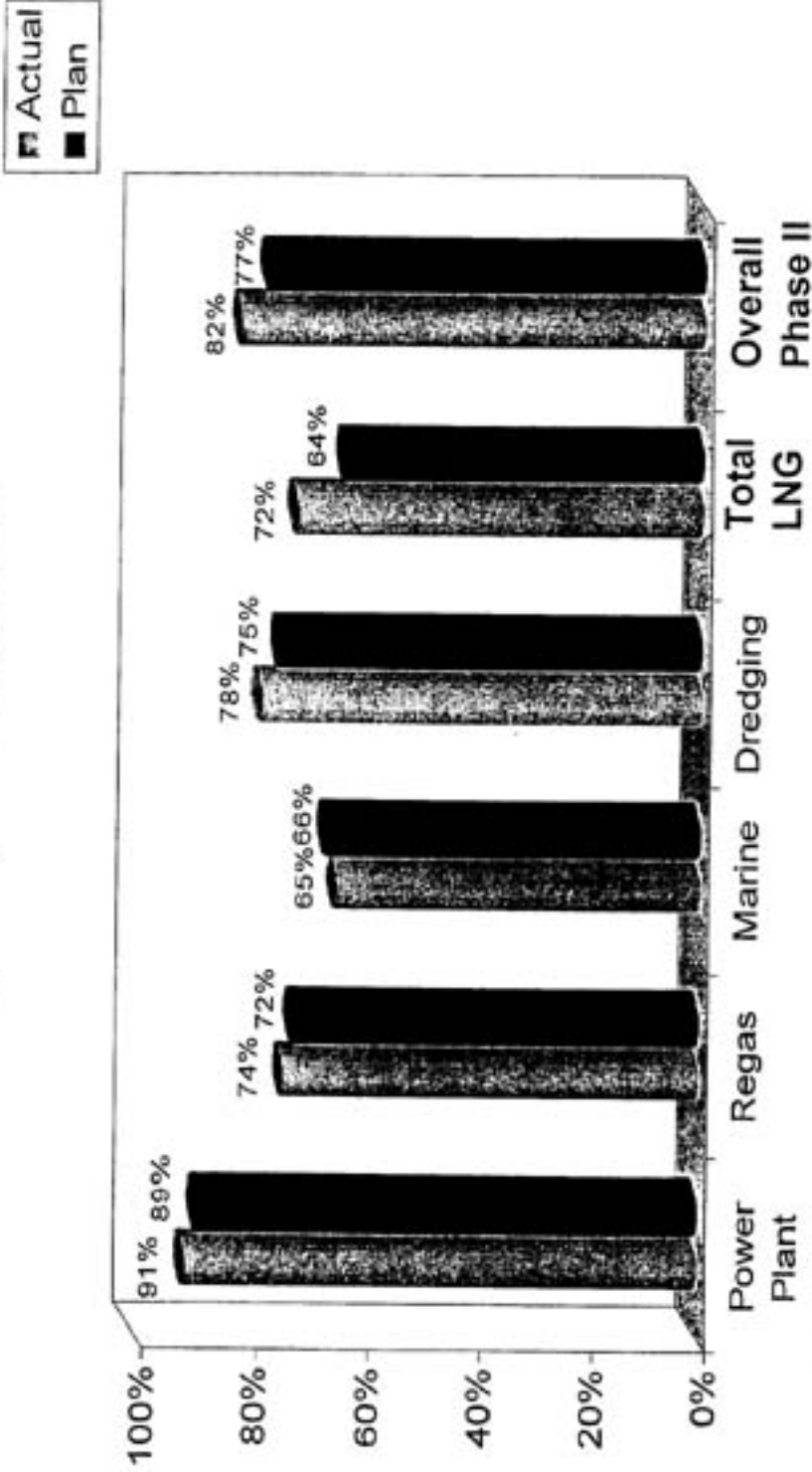
Phase II Construction

Phase II Construction - Key Milestones

	Guaranteed Completion Date (per EPC)	Anticipated Completion Date (per DPC PDO's estimate)
Power Plant	Block B	Jun-01
	Block C	Aug-01
LNG Facility	Phase A	15-Dec-01
	Phase B	30-Jan-02
	Phase C	15-Mar-02
	Phase D	1-Jun-02

Phase II Construction - Progress Update

Construction Progress (as of Dec. 2000)



Power Plant: 91% complete
LNG Facility: 72% complete

LNG Vessel - Construction Update

- ◆ Ship construction on Schedule
- ◆ Ship launched on Dec 28, 2000
- ◆ Sea Trials scheduled in September 2001
- ◆ Start Date Window - October 15, 2001 to November 15, 2001

Clapp, Gene

From: Clapp, Gene
Sent: Monday, October 15, 2001 10:57 AM
To: Stewart, Elizabeth K.

BRIEFLY NOTED...Sources say India's finance ministry will also take up with international lending agencies, including the World Bank and the ADB to delink the concessional loans from stringent conditionalities like procurement of goods, services and equipment from the developed countries dominating these agencies, reports the Hindustan Times.

In a bid to restrict the controversies like Dhabol Power Corporation and CESCO, the Indian government on Friday announced it would restructure all the 450 power circles and invest in strengthening the power distribution system during this fiscal year, reports the Hindustan Times, noting that the World Bank has said the Indian government needs to play a pivotal role in creating a conducive environment for power sector reforms.

October 13, 1998

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY SCHUERCH

FROM: Joseph B. Eichenberger
Director
Office of Multilateral Development Banks

SUBJECT: Argentina: IDB financing for Transportadora de Gas del Sur S.A.

ACTION FORCING EVENT:

On Wednesday, October 14, 1998, the IDB Board will consider a proposal for a \$75 million "A" loan and a \$300 million "B" loan to Transportadora de Gas del Sur S.A. (TGS), an Argentine gas pipeline company.

RECOMMENDATION:

[(b)(5)]

BACKGROUND:

[(b)(5)]

DISCUSSION:

[(b)(5)]

[(b)(5)]

[(b)(5)]

Draft Board Statement
Proposed IDB loan to Transportadora de Gas del Sur S.A.

October 14, 1998

[(b)(5)]

[(b)(5)]



DEPARTMENT OF THE TREASURY
Washington

President of Enron
✓ ~~PF~~ called PF → initiated by Enron?
6-8 times in early Nov.
inform others

job to: monitor capital markets

asked PF to call banks

PF in force he was being asked to call
banks to encourage

Stayed in regular contact w/ market (people)
Never a concern raised

↑
1/11/02

M E M O

To: Gerry Gerardi
c/o Donna Harrell (622-1783)


From: Jaime Steve, Legislative Director JS
American Wind Energy Association (202-383-2506)

Re: Attendee list for Wind Energy Tax Credit meeting with Ms. Gerri Gerardi / Chris Rizek /
Hudson Milner
Friday, February 26 at 11:00 a.m.
(Rm. 1312, Main Treasury Bldg.)

Date: February 24, 1999

ATTENDEES

<u>Name</u>	<u>DOB</u>	<u>Organization</u>
1) Jaime Steve	[(b)(6)]	American Wind Energy Association
2) Robert "Hap" Boyd	[(b)(6)]	Enron Wind Corp.
3) Michael Pate	[(b)(6)]	Bracewell & Patterson (for Enron Corp.)
4) Brian Fitzgerald	<u>will provide</u>	Swidler & Berlin (for FPL Energy, Inc.)



#

WIND CREDIT EXTENSION SHOULD BE AMENDED TO PROTECT CALIFORNIA ELECTRICITY CONSUMERS

Support for Wind Energy Tax Credit with Amendment

Congress is considering an extension of the federal production tax credit (PTC) of 1.5 cents per kilowatt-hour (kWh). The following companies and associations support an extension of the credit with an amendment that would help ensure that California electricity consumers are not adversely impacted:

Pacific Gas & Electric
Southern California Edison
Independent Energy Producers
American Wind Energy Association
Enron Wind Corporation
Cannon Energy Corporation
Seawest Energy Corporation
FPL Energy
California Public Utilities Commission

Impact on Electric Energy Costs

Pacific Gas & Electric and Southern California Edison have a large number of projects with electric generation capacity under fixed-price contracts with wind developers. A significant amount of the megawatts under contract have not yet been developed. The California utilities were required to sign these contracts as part of California's implementation of the Public Utility Regulatory Policies Act (PURPA). All of these contracts were executed prior to 1987, contain fixed-price terms that are significantly above current market prices, and are a major component of the utilities' stranded costs.

Extending the PTC would provide an incentive for wind developers to either "repower"¹ the existing megawatts of developed capacity or "build-out" the remaining megawatts of undeveloped capacity. The electricity produced from these new wind facilities would be purchased by the utilities at the above-market prices set forth in the pre-1987 fixed-price contracts. Moreover, these new wind facilities would generate substantial quantities of additional electricity that the utilities would be obligated to purchase, significantly increasing the cost of electricity to customers. These cost increases would add to the already heavy burden that Californians are carrying with respect to power purchases through these pre-1987 fixed-price contracts. Increasing the utilities' stranded costs is inappropriate and directly conflicts with the creation of a competitive generation market in California.

Proposed Amendment will Avoid Unnecessary Cost Increases to Californians while Protecting the Viability of the Wind Industry

In June 1998, California's major electric utilities, major wind generation producers, and associations representing independent power producers and the wind industry agreed to language extending the credit. This amendment (attached) would effectively limit the amount of electricity that could be sold at above-market prices by wind generators pursuant to power purchase contracts entered into prior to 1987. Because California was the only state to have mandated these types of power purchase contracts before 1987, this amendment would affect only California wind generators. As a result, California electricity consumers would be protected from unnecessary costs increases while ensuring the economic viability of the wind industry.

09-23-98

¹ The term "repower" refers to the removal of an old wind turbine and replacing it with a new, more technologically advanced machine. Although the capacity rating of the wind turbine is unchanged, the repowering dramatically increases the amount of electricity generated.

DRAFT

November 27, 2001

TO: Norman Carleton
Office Director
Office of Federal Finance Policy Analysis

FROM: Heidilynne Schultheiss
Financial Analyst
Office of Federal Finance Policy Analysis

SUBJECT: Chronology of Enron Events and Recent Financial Turmoil

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[(b)(5)]



November 27, 2001

TO: Norman Carleton
Office Director
Office of Federal Finance Policy Analysis

FROM: Heidilynne Schultheiss
Financial Economist
Office of Federal Finance Policy Analysis

SUBJECT: Chronology of Enron Events and Recent Financial Turmoil

Background

The stock and debt prices and credit ratings on Enron Corp. fell precipitously following the disclosure of a third quarter loss, possible accounting irregularities, questionable related party arrangements with company officers, and an SEC formal investigation in October 2001. The following chronology of events preceding and through the recent financial turmoil at Enron summarizes publicly available imperfect information for a company renowned for its opacity and reluctance to disclose information. It was compiled from an assortment of public sources whose accuracy and completeness cannot be independently verified, and thus must be evaluated cautiously in that context.

Pre-Turmoil Enron Chronology

Enron was formed in July 1985 as a result of the merger of two troubled gas pipeline firms, Houston Natural Gas and InterNorth of Omaha, Nebraska, creating an interstate natural gas pipeline company. Enron first became involved in derivatives transactions in 1989, when GasBank, the precursor to the North American and European wholesale trading business, was launched and Enron began trading natural gas commodities. Following the deregulation of the U.S. natural gas industry, the market revised its methods of contracting for gas in the wholesale market. GasBank allowed producers and wholesale buyers to purchase firm gas supplies and hedge the price risk of the new spot market simultaneously. Enron subsequently transformed itself from a natural gas pipeline company into a more diversified energy company, specializing in electricity, water, and bandwidth telecommunication markets, as well as risk transference/derivatives markets. In 1999, Enron launched EnronOnline, the first global web-based commodity trading site, and Enron subsequently became the world's largest e-commerce company. In 2001 it was estimated that 25 percent of OTC energy contracts were transacted by or through Enron.

In 1990, Andrew Fastow, who would later become its controversial CFO, joined Enron. At least as early as 1993, Enron was creating arrangements that allowed it to bring in outside equity and borrow large sums for asset purchases without revelation on its balance sheet. It is thought that Enron was attempting to restrain its debt load in order to maintain its credit rating and sustain its tremendous growth. One such arrangement involved CALPERS.

In 1997, Andrew Fastow became Enron's CFO. At least as early as 1997, Enron was establishing "related party arrangements" or "employee-related entities." One such arrangement was the "Chewco" entity run by Michael Kopper, former Managing Director of Enron North America.

In December 1999, Andrew Fastow, with the approval of the Enron board, created and managed two limited partnerships related to Enron, LJM Cayman LP and the larger LJM2 Co-Investment LP, possibly with Kopper. Their purpose ostensibly was to "hedge certain merchant assets and transactions and the fluctuating values of its growing portfolio of assets" (of more than \$100 million), and to enter into "share-settled costless collar arrangements" and "derivative instruments, including swaps, puts, and collars, which eliminated the contingent nature of existing restricted forward contracts." LJM raised only \$16 million, but LJM2 raised at least \$200 million. Investors included CSFB, Wachovia, GE Capital, and The Arkansas Teachers Fund.

Enron reportedly had been strapped for cash and sought to entice outside investors to strengthen its balance sheet. The related party arrangements reportedly involved Enron assets, millions of shares of Enron stock contributed to the structured finance vehicle, and notes receivable issued by partnership-related entities to Enron. The LJM2 offering document stated that Mr. Fastow would receive an annual management fee as much as 2 percent, and would be eligible for profit participation over its ten-year life. The undisclosed general partner was obligated to invest at least 1 percent of the aggregate capital commitments. Subsequent reports speculated that the arrangements may have been created to retain Mr. Fastow after the exodus of executives who cashed out large profits on stock options.

In 1999, Enron filed a statement with the SEC that disclosed the Fastow partnership arrangements, although it was largely overlooked by analysts as they remained exuberantly optimistic about Enron and its phenomenal growth and earnings prospects. Around this time, Enron Treasurer Jeffrey McMahon complained to Enron President Jeffrey Skilling regarding what he perceived to be Mr. Fastow's conflict of interest. Mr. McMahon was reassigned as head of the industrial markets group.

In January 2000, Enron remained a favorite company of market analysts. It was named "The Most Innovative Company in America" for the fifth consecutive year and was ranked number 24 among the "100 Best Companies to Work for in America" in *Fortune* surveys. However, in June 2000, *The Economist* challenged Enron to refute allegations of arrogance, aggressiveness, opacity, and borderline legality. Enron's reply was viewed by the publication and markets as nonresponsive.

In September 2000, LJM2 invested \$30 million in the "Raptor III" investment, which involved LJM2 writing put options that committed LJM2 to buy Enron stock at a set price for six months. However, in January 2001, LJM2 requested that Enron settle the Raptor III transaction early. LJM2 received back its \$30 million in capital invested plus \$10.5 million in profit. This renegotiation occurred before the large decline in Enron's stock price, which would have forced LJM2 to purchase Enron stock at a loss of \$8 per share.

Enron's 2000 year-end financial statements cryptically described transactions with the Fastow partnerships, including the transfer from Enron of assets valued at \$1.2 billion, including \$150 million in notes payable to Enron, 3.7 million restricted Enron shares, and a call option to buy as many as 18 million Enron common shares in March 2003. Enron also transferred to the partnerships other assets valued at \$309 million, including a \$50 million note and "an investment that indirectly held warrants convertible into common stock of an Enron equity method investee." In return, Enron received economic interests in the entities, \$309 million in notes receivable from the entities, and \$1.2 billion in notes receivable as a "special distribution." The statements also mentioned a series of purchases by Enron of "share-settled options from the entities" on shares of Enron's common stock.

In April 2001, LJM2 reported that Mr. Fastow, and possibly others, had realized more than \$7 million in management fees and \$4 million in gains on an investment of nearly \$3 million. Profits had been improved by the early termination or renegotiation of transactions. The partnership had raised \$394 million and invested in power plants and Enron assets and stock, seeking a 29 percent IRR (reduced from its previous 48 percent target) after the decline in the New Power Co. retailer, a provider of electricity and natural gas to households and small businesses. Large cash distributions had been made to investors. In late July 2001, Mr. Fastow severed his relationship with the LJM2 partnership. Enron dissolved the Fastow financing vehicles, reacquired the Enron shares, and nullified the note receivable from the partnership after the value of Enron's stock and its broadband investments dropped sharply.

In July 2001, Enron officials were reported to have sold 1.8 million Enron shares valued at about \$106 million, as the stock declined from \$83 to \$45 per share. CEO Kenneth Lay sold 429,614 shares worth \$25.7 million as a result of stock options, leaving him with 2.8 million shares. In 2000 he had sold \$30.7 million; in 1999 he sold \$26 million. Kenneth Rice, former chairman and CEO of the broadband unit, sold \$23.7 million, reducing his 1.5 million shares by 456,966. President Skilling sold 160,000 of his 1.9 million shares for \$9.8 million. Aggregate sales by Enron executives totaled 5.8 million shares for \$449 million. In 1999, they had sold 3.4 million shares for \$123.1 million. The only corporate insider who purchased stock was Fastow, who bought 10,000 shares at \$36.98 each.

In August 2001, Enron President and CEO Skilling left after only six months in that position, citing personal reasons and the decline in Enron's stock price. Kenneth Lay, chairman and former CEO, again became Enron's CEO. Thomson Financial reported that Mr. Fastow's proceeds from stock options were \$4.6 million for the previous 12 months.

Current Enron Turmoil

On October 16, 2001, Enron reported a third quarter loss of \$618 million (compared with year-ago earnings of \$292 million), but did not release its balance sheet. The loss occurred despite a 59 percent increase in revenue to \$47.61 billion, after accounting for a \$1.01 billion charge to write off impaired assets at its Azurix Corp. water services unit and several investment losses. The charge consisted of \$287 million in asset impairments recorded by Azurix, \$180 million from restructuring broadband services, and \$544 million related to certain investments. About half of the \$544 million charge was attributed to The New Power Co. unit; the other half

to bankrupt Northpoint Communications and other technology investments, and the *early termination of a structured finance arrangement*. Excluding the charge, Enron would have met market expectations. Investors questioned Enron's ability to expand from its successful core wholesale energy business and its level of transparency. Moody's reviewed Enron for downgrade. Its debt-to-capital ratio increased to 50 from 46 percent, and it hoped to sell some assets to reduce it. Enron did not disclose its large reduction in equity in its earnings release, but instead waited.

On October 17, conflict-of-interest questions were raised regarding limited partnerships run by Mr. Fastow. The charge related to the early termination of certain structured finance arrangements was quantified as \$35 million. Enron held a conference call with securities analysts and investors in which it disclosed that its shareholder equity contracted by \$1.2 billion to \$9.5 billion as a result of Enron's repurchase of 55 million shares from Fastow (Enron had an average 913 million shares outstanding in the third quarter) at a lower price and the cancellation of the partnership note. Enron characterized the reduction as a "result of Enron's termination of previously recorded contractual obligations to deliver Enron shares in future periods." An analyst explained that Enron had promised that a certain amount of Enron's shares would be worth \$1 billion, and when they plummeted and fell below that value, Enron bought them back. One analyst conjectured that Enron had treated the shares as a buyback, but had never issued them. The SEC sent a letter to Enron notifying it that it was beginning an informal inquiry.

On October 22, Enron confirmed that it had received a request for information from the Texas regional office of the SEC regarding its controversial partnerships with Fastow. Analysts speculated that its Enforcement division was investigating possible violations of securities laws. The SEC reportedly was reviewing whether the transaction terminations should have been treated as a balance sheet item or a loss that affected reported earnings (accounting rules specify that a company's transaction in its own shares cannot produce profits or losses, whatever the effect on cash flow); and whether the related-party transactions were properly disclosed under Rule S-K, where a company must report transactions that exceed \$60,000 with "any director or executive officer."¹ There was speculation that Enron had used the off-balance sheet transactions to shift losses off its books to avoid an effect on its income statement. Enron's stock price fell 20 percent and it was the most actively traded NYSE stock with 36 million shares traded. Concerns about Enron's credit rating emerged. Enron stated that it had properly disclosed transactions, was cooperating with the SEC, and was confident it would not default. A class-action suit was filed in U.S. District Court in Houston alleging misrepresentation and failure to disclose and write down investments. It alleged that Enron insiders sold \$73 million of their holdings during parts of 2000 and 2001.

On October 23, worries arose that Enron might have to issue large amounts of stock in the next 20 months to noteholders to repay about \$3.3 billion in notes ultimately guaranteed by Enron for certain entities like the Marlin Water, Atlantic Water, and Osprey ventures if certain trigger events occurred (such as credit downgrades). Marlin owes almost \$1 billion in debt and

¹ However, FAS Statement 57 issued a broader disclosure directive regarding related party arrangements involving a "material" piece of business between the company and a member of its management.

has no assets other than a one-third stake in Azurix, a subsidiary that owns British water utility Wessex. Enron Treasurer Ben Glisan stated that assets could be sold to pay off the noteholders, raising at least \$2.2 billion, including \$1.55 billion in proceeds from the sale of the Portland General Electric utility. In a worst-case scenario, it could issue as much as \$1 billion in stock (there are currently 850 million shares outstanding), although Enron's share price had declined 75 percent from its high. An analyst estimated that Enron could have close to \$9 billion in off-balance sheet debt, and had been trying unsuccessfully to sell \$6 billion in illiquid foreign assets for years.

On October 24, Enron reported it had \$3.35 billion in bank lines of credit, of which \$1.75 billion would expire in May 2002 if not renewed. However, analysts still seemed to be mesmerized by Enron. Goldman Sachs downgraded Enron from its "U.S. Select List" of a few dozen stocks to its "Recommended List" of 200 stocks. Only Prudential downgraded Enron to a "sell" rating. Of 17 analysts, 10 still maintained a "strong buy" rating. Critics charged that analysts had compromised their objectivity, especially since Enron has retained many Wall Street firms for its offerings and paid a substantial amount of investment banking fees.

On October 25, Mr. Fastow took a "leave of absence" from Enron, and Mr. McMahon was named CFO. Concerns arose regarding a potential destabilizing effect on the energy trading market, since Enron trades approximately 25 percent of U.S. OTC electricity and natural gas contracts, particularly through its popular EnronOnline Internet trading platform. The notional value of its derivatives portfolio was estimated at \$21 billion, and there were fears that utilities and commercial and investments banks could be affected as well. J.P. Morgan Chase was mentioned, as it advises Enron on asset sales, provides credit to Enron, has the largest derivative operation of any bank, is a counterparty to Enron in some transactions, and has a large commodity trading business. Enron's creditworthiness was questioned. Enron's stock price declined again and it was the most actively traded NYSE stock at nearly 76 million shares, included some large blocks of 800,000 shares or more reportedly sold by institutional investors. Share prices for other energy trading companies declined as well. Additional analysts issued sell recommendations for Enron.

On October 26, Enron drew down \$3 billion of its \$3.35 billion bank credit lines to redeem \$1.85 billion of outstanding commercial paper that it was unable to roll over, and to provide it with a cash cushion. Citigroup and J.P. Morgan Chase reportedly each extended at least \$400 million. Enron reportedly was negotiating an additional \$1 to \$2 billion credit line, although the banks were insisting on stricter covenants and terms. Fitch placed Enron on review for a possible downgrade, and S&P changed its credit outlook to negative from stable. Enron's bonds, although still investment grade, traded at a 770 bp spread to Treasuries, in the same range as junk bonds, with yields rising above 10 percent, and liquidity was described as poor. The cost of a default swap rose to 10 from 8 percent of the size of the credit insured. Enron sued Microsoft over its failed broadband services arrangement. Critics noted that Enron would receive \$254 million in tax benefits in the current House stimulus package.

On October 29, European energy firms reportedly were reluctant to trade with Enron, one of Europe's biggest power and gas traders. Some counterparties avoided Enron, and liquidity was reduced. Its stock hit a five-year low. Moody's downgraded Enron's senior unsecured

long-term debt by one notch to Baa2 from Baa1, still two levels above junk bond status, citing the write-downs, equity charges, and partnership investments. It stated that it might downgrade Enron's commercial paper P-2 rating as well, making it more difficult/expensive for Enron to borrow short-term cash. Royal Dutch/Shell reportedly was interested in purchasing Enron, and had approached it earlier in August. The SEC transferred its inquiry to its Washington D.C. headquarters.

On October 30, there were rumors that GE Capital, Berkshire Hathaway or Royal Dutch Petroleum might buy Enron. Its stock increased 25 percent, rebounding from a nine-year low.

On October 31, the SEC began formally investigating the Fastow partnerships. Large energy traders were reported as willing to do business with Enron, but at shorter maturities and using less complex structures. Trading on EnronOnline was reportedly strong. However, few firms would accept Enron as a guarantor of credit derivatives, some counterparties in its core energy markets refused to transact, and two members of the Intercontinental Exchange, owner of the International Petroleum Exchange that trades energy derivatives, refused Enron's credit.

On November 1, Enron received a \$1 billion loan from J.P. Morgan Chase and Salomon Smith Barney, using natural gas pipelines (Northern Natural Gas and Transwestern Pipeline) as collateral. Proceeds from this secured loan were to be used for debt payments and to supplement cash reserves, and it could borrow an additional \$200 million from other banks. This was perceived as a desperate attempt to preserve its creditworthiness. It reportedly was unable to issue commercial paper (at least at lower rates), and two energy companies (Exelon and Northeast Utilities) restricted business with Enron. Its stock declined 16 percent, and its notes had declined substantially as well.

On November 5, Fitch downgraded Enron's senior unsecured debt rating from BBB+ to BBB-, one notch above junk status, citing its liquidity difficulties, erosion of investor confidence, and substantial diminution of its global investments financed with aggressive off-balance sheet vehicles. Fitch also lowered Enron's subordinated debt from BBB to BB, its preferred stock from BBB- to B, and its commercial paper from F3 to F2. It also lowered the senior unsecured debt ratings of Enron's pipeline subsidiaries, Northern Natural Gas and Transwestern Pipeline, from A- to BBB-, whose assets were pledged the previous week to help Enron secure an additional \$1 billion bank facility. All of the Fitch ratings remained at "Rating Watch Negative" status.

On November 6, Fitch warned that it might downgrade Enron's credit rating to junk status. Also, former Enron president Skilling reportedly testified before the SEC in Washington, D.C. pursuant to a subpoena.

On November 7, Enron stock sank to a new low of \$7 per share before rebounding on reports that it was having discussions with Dynegy Inc. regarding at least a \$1.5 to 2 billion cash infusion, and possibly a full merger. A merger would involve the sale of Enron to Dynegy for about \$8 billion in a stock swap (about \$10 per share), with a cash infusion of \$1.5 billion initially and \$1 billion later provided by ChevronTexaco, which owns 27 percent of Dynegy. Dynegy would assume Enron's \$12.8 billion on-balance sheet debt; the disposition of its

controversial off-balance sheet debt was unknown. Enron reportedly was unable to sell off certain assets that it had hoped would raise cash. Its debt continued to trade at prices comparable to non-investment grade debt, and it became more dependent on secured bank lending as other sources of liquidity dried up.

On November 8, Enron restated its earnings and retroactively consolidated its past financial performance with several previously off-balance sheet subsidiaries for 1997 through 2001, reducing net income by a total of \$591 million. This reduced its 1997 earnings by about \$96 million, 1998 earnings by about \$113 million, 1999 earnings by about \$250 million and 2000 earnings by about \$132 million. For 2001, it increased first-quarter earnings by \$17 million and second-quarter earnings by \$5 million, but reduced third-quarter earnings by \$17 million. It was estimated that the consolidation also would increase its debt by about \$2.59 billion. Enron also made public its responses to SEC questions involving the partnerships. Enron fired its Treasurer, Ben Glisan, and the General Counsel and managing director of one of its divisions, Kristina Mordaunt, who may have been involved in a partnership.

On November 9, Enron cancelled a meeting with its creditors to apprise them of its merger and liquidity situation. A possible merger was delayed because of concerns that a combined Dynegy-Enron entity would receive a lower or junk credit rating. Dynegy and Enron provided pro forma financial statements to the rating agencies and requested an expedited review of the transaction. Enron disclosed that the controversial transactions with Mr. Fastow had earned him \$30 million.

Conclusion

Although the preceding chronology is subject to revision and embellishment as more facts emerge, Enron definitely has suffered a decline in investor and analyst confidence, as well as declines in its stock and debt prices and credit ratings, availability, and terms (see attached graphs). The SEC is investigating possible violations of U.S. securities laws. It reportedly is reviewing whether the transaction terminations should have been treated as a balance sheet item or a loss that affected reported earnings and whether the related-party transactions were properly disclosed. The current speculation is that Enron intentionally used the off-balance sheet transactions to shift losses off its books to avoid an effect on its income statement. The current concern is that Enron might have to issue large amounts of stock to noteholders to repay about \$3.3 billion in notes ultimately guaranteed by Enron for certain of its related entities if certain trigger events, such as credit downgrades, occur, and that the situation could have a destabilizing effect on the energy and derivative markets that Enron dominates.

Attachments (graphs)

CHRONOLOGY OF ENRON EVENTS

July 1985 Enron was formed as a result of the merger of two troubled gas pipeline firms, Houston Natural Gas and InterNorth of Omaha, Nebraska, creating an interstate natural gas pipeline company with 37,000 miles of pipe.

1989 GasBank, the precursor to the North American and European wholesale trading business, was launched and Enron began trading natural gas commodities. Following the deregulation of the U.S. natural gas industry, the market had to revise its methods of contracting for gas in the wholesale market. GasBank allowed producers and wholesale buyers to purchase firm gas supplies and hedge the price risk of the new spot market simultaneously.

1990 Controversial CFO Andrew Fastow joined Enron.

1993 Enron and CALPERS created the Joint Energy Development Investments LP ("JEDI") to make energy investments. An Enron affiliate served as its operator, and Enron and CALPERS each contributed \$250 million. This arrangement allowed Enron to bring in outside equity and borrow large sums for asset purchases without a revelation on its balance sheet, since restraining its debt load was critical to maintaining its credit rating and sustaining its tremendous growth.

1997 Fastow became Enron's CFO.

1997 Enron established its Chewco employee-related entity, run by Michael Kopper, former Managing Director of Enron North America, with \$400 million in capital commitments. Its purpose was to "purchase from Enron an interest in a defined pool of Enron assets." Enron and Chewco reportedly did hundreds of millions of dollars in business. Chewco's capital commitments later were quantified as \$400 million.

1997 CALPERS sold its interest in JEDI back to Enron for about \$375 million, and simultaneously invested \$500 million in JEDI II, a new Enron partnership. Chewco bought the JEDI interest formerly held by CALPERS from Enron, possibly with funds borrowed from JEDI as ascertained from debtor filings with the Texas Secretary of State.

December 1999 Fastow, with the approval of the Enron board, created and managed two limited partnerships ("related party arrangements"), LJM Cayman LP and the larger LJM2 Co-Investment LP, possibly with Kopper. Their purpose ostensibly was to "hedge certain merchant assets and transactions and the fluctuating values of its growing portfolio of assets" (of more than \$100 million), and to enter into "share-settled costless collar arrangements" and "derivative instruments, including swaps, puts, and collars, which eliminated the contingent nature of existing restricted forward contracts." LJM raised only \$16 million, but LJM2 raised at least \$200 million. Investors included CSFB, Wachovia, GE Capital, and The Arkansas Teachers Fund. Enron reportedly had been strapped for cash and sought to entice outside investors to strengthen its balance sheet. The arrangements involved Enron assets, millions of shares of

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Enron stock contributed to the structured finance vehicle, and notes receivable issued by partnership-related entities to Enron. The offering document stated that Fastow would receive an annual management fee as much as 2 percent, and would be eligible for profit participation over its ten-year life. The general partner was obligated to invest at least 1 percent of the aggregate capital commitments. Private partnership documents apparently revealed the potential for huge financial rewards for Fastow. Subsequent reports speculated that the arrangements may have been created to retain Fastow after the exodus of executives who cashed out large profits on stock options.

1999 Enron filed a statement with the SEC that disclosed the Fastow partnership arrangements, although it was largely overlooked by analysts as they remained exuberantly optimistic about Enron and its phenomenal growth and earnings prospects.

1999 JEDI stated that it had invested \$2.1 billion in 63 transactions, indicating that it had borrowed as much as \$1.6 billion.

1999? Enron Treasurer Jeffrey McMahon complained to Enron President Jeffrey Skilling regarding Fastow's conflict of interest. McMahon was reassigned as head of the industrial markets group.

November 1999 Enron launched EnronOnline, the first global web-based commodity trading site. Enron subsequently became the largest e-commerce company.

January 2000 Enron was named "The Most Innovative Company in America" for the fifth consecutive year and was ranked number 24 among the "100 Best Companies to Work for in America" in *Fortune* surveys.

March 2000 Enron made a brief reference to its new JEDI partner, presumably Chewco, in an SEC filing.

June 2000 *The Economist* challenged Enron to refute allegations of arrogance, aggressiveness, opacity, and borderline legality. Its reply was viewed as nonresponsive.

September 2000 LJM2 invested \$30 million in the "Raptor III" investment, which involved LJM2 writing put options that committed LJM2 to buy Enron stock at a set price for six months.

12/21/00 Enron successfully lobbied Congress for exemption from regulation for its Internet trading platform by the CFTC under the CFMA.

January 2001 LJM2 requested that Enron settle the Raptor III transaction early. LJM2 received its \$30 million in capital invested plus \$10.5 million in profit. This renegotiation occurred before the large decline in Enron's stock price, which would have forced LJM2 to purchase Enron stock at a loss of \$8 per share.

2001 Kopper left Enron to help run the Fastow-related partnerships.

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2001 Enron's 2000 year-end financial statements cryptically described transactions with the Fastow partnerships, including the transfer from Enron of assets valued at \$1.2 billion, including \$150 million in notes payable, 3.7 million restricted Enron shares, and a call option to buy as many as 18 million Enron common shares in March 2003. Enron also transferred to the partnerships other assets valued at \$309 million, including a \$50 million note and "an investment that indirectly held warrants convertible into common stock of an Enron equity method investee." In return, Enron received economic interests in the entities, \$309 million in notes receivable, and \$1.2 billion in notes receivable as a "special distribution." It also mentioned a series of purchases by Enron of "share-settled options from the entities" on shares of Enron's common stock.

March 2001 Enron made a \$35 million purchase from the Chewco partnership run by Kopper. The form and effect of the payment are unclear. It is thought that Enron purchased the balance of the JEDI entity from Chewco. Enron then consolidated JEDI's assets and liabilities into Enron. Its SEC filing indicated that its holdings included 12 million shares of Enron stock, and that it had paid off about \$620 million of JEDI "third-party debt."

4/30/01 LJM2 reported that Fastow, and possibly others, realized more than \$7 million in management fees and \$4 million in capital increases on an investment of nearly \$3 million. Profits were improved by the early termination or renegotiation of transactions. The partnership had raised \$394 million and invested in power plants and Enron assets and stock, seeking a 29 percent IRR (reduced from 48 percent) after the decline in the New Power Co. retailer. Large cash distributions had been made to investors

6/30/01 Enron reported \$33.6 billion in current liabilities and long-term debt, and attempted to sell off assets to pay down debt.

July 2001 Enron created Marlin Water Trust II, selling \$915 million in notes due July 15, 2003. Provisions would require Enron to issue stock to noteholders if it was deemed in default if its stock price fell below \$34.13 for three days and its senior debt was downgraded to below investment grade.

Late July 2001 Fastow severed his relationship with the LJM2 partnership.

2001? Enron dissolved the Fastow financing vehicles, reacquired the Enron shares, and canceled the note receivable from the partnership after the value of Enron's stock and its broadband investments dropped sharply.

7/31/01 Enron officials were reported to have sold 1.8 million Enron shares valued at about \$106 million, as the stock declined from \$83 to \$45 per share. CEO Kenneth Lay sold 429,614 shares worth \$25.7 million as a result of stock options, leaving him with 2.8 million shares. In 2000 he had sold \$30.7 million; in 1999 he sold \$26 million. Kenneth Rice, former chairman and CEO of the broadband unit, sold \$23.7 million, reducing his 1.5 million shares by 456,966. President Skilling sold 160,000 of his 1.9 million shares for \$9.8 million. Aggregate sales by Enron executives totaled 5.8 million shares for \$449 million. In 1999, they had sold 3.4

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million shares for \$123.1 million. The only corporate purchaser was Fastow, who bought 10,000 shares at \$36.98 each.

August 2001 Enron President and CEO Skilling left after only six months in that position, citing personal reasons and the decline in Enron's stock price. Kenneth Lay, chairman and former CEO, again became Enron's CEO.

8/31/01 Thomson Financial reported that Fastow's proceeds from stock options were \$4.6 million for the previous 12 months.

10/16/01 Enron reported a Q3 loss of \$618 million (compared with year-ago earnings of \$292 million), but did not release its Q3 balance sheet. The loss occurred despite a 59 percent increase in revenue to \$47.61 billion, after accounting for a \$1.01 billion charge to write off impaired assets at its Azurix Corp. water services unit and several investment losses. The charge consisted of \$287 million in asset impairments recorded by Azurix, \$180 million from restructuring broadband services, and \$544 million related to certain investments. About half of the \$544 million charge was attributed to The New Power Co. unit, a provider of electricity and natural gas to households and small businesses; the other half to bankrupt Northpoint Communications and other technology investments, and the *early termination of a structured finance arrangement*. Excluding the charge, Enron would have met market expectations. Investors questioned Enron's ability to expand from its successful core wholesale energy business and its level of transparency. Moody's reviewed Enron for downgrade. Its debt-to-capital ratio increased to 50 from 46 percent, and it hoped to sell some assets to reduce it. Enron did not disclose its large reduction in equity in its earnings release, but instead waited.

10/17/01 Conflict-of-interest questions were raised regarding limited partnerships run by CFO Fastow. The charge related to the early termination of certain structured finance arrangements was quantified as \$35 million. Enron held a conference call with securities analysts and investors in which it disclosed that its shareholder equity contracted by \$1.2 billion to \$9.5 billion as a result of Enron's repurchase of 55 million shares from Fastow (Enron had an average 913 million shares outstanding in Q3) at a lower price and the cancellation of the partnership note. Enron characterized the reduction as a "result of Enron's termination of previously recorded contractual obligations to deliver Enron shares in future periods." An analyst explained that Enron had promised that a certain amount of Enron's shares would be worth \$1 billion, and when they plummeted and fell below that value, Enron bought them back. One analyst conjectured that Enron had treated the shares as a buyback, but had never issued them. The SEC sent a letter to Enron beginning an "informal inquiry."

10/22/01 Enron confirmed that it had received a request for information from the Texas regional office of the SEC regarding its controversial partnerships with Fastow. Analysts speculated that its Enforcement division was investigating possible violations of securities laws. The SEC reportedly was reviewing whether the transaction terminations should have been treated as a balance sheet item or a loss that affected reported earnings (accounting rules specify that a company's transaction in its own shares cannot produce profits or losses, whatever the effect on cash flow); and whether the related-party transactions were properly disclosed under Rule S-K, where a company must report transactions that exceed \$60,000 with "any director or

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executive officer" (although FAS Statement 57 issued a broader definition involving a "material" piece of business between the company and a member of its management). There was speculation that Enron had used the off-balance sheet transactions to shift losses off its books to avoid an effect on its income statement. Enron's stock price fell 20 percent and it was the most actively traded NYSE stock with 36 million shares traded. Concerns about Enron's credit rating emerged. Enron stated that it had properly disclosed transactions, was cooperating with the SEC, and was confident it would not default. A class-action suit was filed in U.S. District Court in Houston alleging misrepresentation and failure to disclose and write down investments. It alleged that Enron insiders sold \$73 million of their holdings during parts of 2000 and 2001.

10/23/01 Worries arose that Enron might have to issue large amounts of stock in the next 20 months to noteholders to repay about \$3.3 billion in notes ultimately guaranteed by Enron for certain entities like the Marlin Water, Atlantic Water, and Osprey ventures if certain trigger events occurred (such as credit downgrades). Marlin owes almost \$1 billion in debt and has no assets other than a one-third stake in Azurix, a subsidiary that owns British water utility Wessex. Enron Treasurer Ben Glisan stated that assets could be sold to pay off the noteholders, raising at least \$2.2 billion, including \$1.55 billion in proceeds from the sale of the Portland General Electric utility. In a worst-case scenario, it could issue as much as \$1 billion in stock (there are currently 850 million shares outstanding), although Enron's share price had declined 75 percent from its high. An analyst estimated that Enron could have close to \$9 billion in off-balance sheet debt, and had been trying unsuccessfully to sell \$6 billion in illiquid foreign assets for years.

10/24/01 Enron reported it had \$3.35 billion in bank lines of credit, of which \$1.75 billion would expire in May 2002 if not renewed. However, analysts still seemed to be mesmerized by Enron. Goldman Sachs downgraded Enron from its "U.S. Select List" of a few dozen stocks to its "Recommended List" of 200 stocks. Only Prudential downgraded Enron to a "sell" rating. Of 17 analysts, 10 still maintained a "strong buy" rating. Critics charged that analysts had compromised their objectivity, especially since Enron has retained many Wall Street firms for its offerings and paid a substantial amount of investment banking fees.

10/25/01 Fastow took a "leave of absence" from Enron, and McMahon was named CFO. Concerns arose regarding a destabilizing effect on the energy trading market, since Enron trades approximately 25 percent of U.S. OTC electricity and natural gas contracts, particularly through its popular EnronOnline Internet trading platform. The notional value of its derivatives portfolio was estimated at \$21 billion, and there were fears that utilities and commercial and investments banks could be affected as well. J.P. Morgan Chase was mentioned, as it advises Enron on asset sales, provides credit to Enron, has the largest derivative operation of any bank, is a counterparty to Enron in some transactions, and has a large commodity trading business. Enron's creditworthiness was questioned. Enron's stock price declined again and it was the most actively trade NYSE stock at nearly 76 million shares, included some large blocks of 800,000 shares or more reportedly sold by institutional investors. Share prices for other energy trading companies declined as well. Additional analysts issued sell recommendations for Enron.

10/26/01 Enron drew down \$3 billion of its \$3.35 billion bank credit lines to redeem \$1.85 billion of outstanding commercial paper that it had problems rolling over, and to provide it with a cash cushion. Citigroup and J.P. Morgan Chase reportedly each extended at least \$400 million.

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Enron reportedly was negotiating an additional \$1 to \$2 billion credit line, although the banks were insisting on stricter covenants and terms. Fitch placed Enron on review for a possible downgrade, and S&P changed its credit outlook to negative from stable. Enron's bonds, although still investment grade, traded at a 770 bp spread to Treasuries, in the same range as junk bonds, with yields rising above 10 percent, and liquidity was described as poor. The cost of a default swap rose to 10 from 8 percent of the size of the credit insured. Enron sued Microsoft over its failed broadband services arrangement. Critics noted that Enron would receive \$254 million in tax benefits in the current House stimulus package.

10/28/01 Enron held a special Sunday board meeting to consider investor confidence and liquidity.

10/29/01 European energy firms reportedly were reluctant to trade with Enron, one of Europe's biggest power and gas traders. Some counterparties avoided Enron, and liquidity was reduced. Its stock hit a five-year low. Moody's downgraded Enron's senior unsecured long-term debt by one notch to Baa2 from Baa1, still two levels above junk bond status, citing the write-downs, equity charges, and partnership investments. It stated that it may downgrade Enron's commercial paper P-2 rating as well, making it more difficult/expensive for Enron to borrow short-term cash. Royal Dutch/Shell reportedly was interested in purchasing Enron, and had approached it earlier in August. The SEC transferred its inquiry to its Washington D.C. headquarters.

10/30/01 There were rumors that GE Capital, Berkshire Hathaway or Royal Dutch Petroleum might buy Enron. Its stock increased 25 percent, rebounding from a nine-year low.

10/31/01 The SEC began formally investigating the Fastow partnerships. Large energy traders were reported as willing to do business with Enron, but at shorter maturities and using less complex structures. Trading on EnronOnline was reportedly strong. However, few firms would accept Enron as a guarantor of credit derivatives, some counterparties in its core energy markets refused to transact, and two members of the InterContinental Exchange refused Enron's credit.

11/1/01 Enron received a \$1 billion loan from J.P. Morgan Chase and Salomon Smith Barney, using natural gas pipelines (Northern Natural Gas and Transwestern Pipeline) as collateral. Proceeds from this secured loan were to be used for debt payments and to supplement cash reserves, and it could borrow an additional \$200 million from other banks. This was perceived as a desperate attempt to preserve its creditworthiness. It reportedly was unable to issue commercial paper (at least at lower rates), and two energy companies (Exelon and Northeast Utilities) restricted business with Enron. Its stock declined 16 percent, and its notes had declined substantially as well.

11/5/01 Fitch downgraded Enron's senior unsecured debt rating from BBB+ to BBB-, one notch above junk status, citing its liquidity difficulties, erosion of investor confidence, and substantial diminution of its global investments financed with aggressive off-balance sheet vehicles. Fitch also lowered Enron's subordinated debt from BBB to BB, its preferred stock from BBB- to B, and its commercial paper from F3 to F2. It also lowered the senior unsecured

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debt ratings of Enron's pipeline subsidiaries, Northern Natural Gas and Transwestern Pipeline, from A- to BBB-, whose assets were pledged the previous week to help Enron secure an additional \$1 billion bank facility. All of the Fitch ratings remained at "Rating Watch Negative" status.

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Energy Products and the Commodity Futures Modernization Act of 2000

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DRAFT

November 27, 2001

TO: Norman Carleton
Office Director
Office of Federal Finance Policy Analysis

FROM: Heidilynne Schultheiss
Financial Analyst
Office of Federal Finance Policy Analysis

SUBJECT: Chronology of Enron Events and Recent Financial Turmoil

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Bitsberger, Timothy

From: Wiedman, Mark
Sent: Friday, December 21, 2001 11:35 AM
To: Bitsberger, Timothy
Subject: RE: Enron Talking Points

Peter sat me down yesterday and told me exactly how he likes to do speeches. I'll re-work it with Norman to get it into that form and then forward it to you.

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

From: Bitsberger, Timothy
Sent: Friday, December 21, 2001 11:31 AM
To: Wiedman, Mark
Subject: RE: Enron Talking Points

can you please review and make comments to me first

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

From: Carleton, Norman
Sent: Friday, December 21, 2001 9:47 AM
To: Bitsberger, Timothy; Wiedman, Mark
Cc: Schultheiss, Heidlynn; Nickoloff, Peter
Subject: Enron Talking Points

<< File: Enron talking points.doc >>

Attached are draft Enron talking points for Peter Fisher.

Enron Talking Points

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Bitsberger, Timothy

From: Bitsberger, Timothy
Sent: Wednesday, December 19, 2001 11:18 AM
To: Carleton, Norman; Wiedman, Mark
Subject: enron

we need something by the time people leave on friday. organize it how you want. but i do want a couple of things.

1. the message
2. facts/examples showing these things happen

personally, i think an issue rehash, though helpful, is not needed. [(b)(5)]

[(b)(5)]



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

[(b)(5)]

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Fisher, Peter

From: Schlesinger, Jacob [Jacob.Schlesinger@wsj.com]
Sent: Tuesday, November 27, 2001 1:35 PM
To: 'Peter.Fisher@do.treas.gov'

Peter:

I hope you had a good Thanksgiving. If you've got three minutes, I'd love to talk on whatever basis is appropriate about Enron. Our folks are very eager to know what the government sees/thinks, and all our sources point us to you as the point-person on this.

Also, I'd love to try again to set up that lunch. But in the meantime, this is more pressing.

I'll try to call in a bit, but my number is below if you want to call.

Jake

Jake Schlesinger

Office: [(b)(6)]

Cell: [(b)(6)]

Gross, Jared

From: Fisher, Peter
Sent: Tuesday, December 11, 2001 4:53 PM
To: Holahan, Betsy
Cc: Gross, Jared
Subject: RE: quotes

I talked to Greg.
I think I worked it out.
lets hope.

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

From: Holahan, Betsy
Sent: Tuesday, December 11, 2001 2:39 PM
To: Fisher, Peter
Cc: Gross, Jared
Subject: RE: quotes

[(b)(5)]

That's my two cents. I'm open to any disagreement on the above thoughts...

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

From: Fisher, Peter
Sent: Tuesday, December 11, 2001 2:25 PM
To: Holahan, Betsy
Cc: Gross, Jared
Subject: FW: quotes

any reactions?
(I haven't read yet).

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

From: Ip, Gregory [mailto:Gregory.Ip@wsj.com]
Sent: Tuesday, December 11, 2001 12:19 PM
To: 'peter.fisher@do.treas.gov'
Subject: quotes

Peter - I have some quotes from you we'd like to use in our article. One group comes from our conversatoin at the bureau in August, which was on the record, but I show them to you now in case you have any concerns that they're out of context, outdated or otherwise problematic. The other quotes come from our more recent conversation which I agreed to clear in advance.

From August:

(regarding how well regulators are equipped to deal with today's financial products, derivatives, and risk, partly in the context of whether giving them additional regulations to enforce would be useful))
"We haven't recognized the systemic problem of keeping supervisors skills sets up to and with skill sets of private sector ":

(in the context of whether financial institutions are adequately monitoring their risks, especially in the context of the many voluntary measures they've undertaken in this regard:)

"Some firms are investing in risk management and are on the cutting edge. They have competitors who think they're on the cutting edge and they're not. That gap has widened as much the past 10 years as much as the gap between (the industry) and supervisors.

From December

When Fisher mentioned the FSP's recommendation of high-low-median intraperiod reporting of significant positions at an American Bankers Association meeting recently ((when exactly?)), "a hundred people looked at me and shrugged. Progress is slow. Accounting customs change glacially."

"I'm still unpersuaded that there was a profound public purpose to be served ... regulating the derivative markets."

"It's a fair question" whether we should be concerned that nobody regulated Enron's trading operation. "I don't have enough data on whether or not we should have been more worried about enrononline."

Greg Ip
Economics Reporter
The Wall Street Journal
202-862-9238 (office)

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Gross, Jared

From: Gross, Jared
Sent: Tuesday, December 11, 2001 11:44 AM
To: LaKritz, Robb
Subject: RE:

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

From: LaKritz, Robb
Sent: Tuesday, December 11, 2001 11:33 AM
To: Gross, Jared
Subject: FW:

Who would be the best person to sit in with me on this?

Thanks.

Robb LaKritz

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

From: Langdon, Jim [mailto:jlangdon@AKINGUMP.COM]
Sent: Tuesday, December 11, 2001 9:33 AM
To: 'Robb.Lakritz@DO.Treas.gov'
Subject:

Robb....I hope you have found your way back home by now and have readjusted to this time zone...no longer is this easy for me! I would like to visit with you at your convenience on this credit crunch issue in the energy sector....Moodys and to a lesser extent S&P have "Enron concerns" with the sector where "Enron issues" simply do not exist. We are obviously working with the rating agencies in a direct way...however, I would like you to be aware of these events and to seek any thoughts which you may have,,,best regards,,jcl

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Gross, Jared

From: Davis, Michele
Sent: Wednesday, December 05, 2001 10:57 AM
To: Fisher, Peter; Holahan, Betsy
Cc: Gross, Jared
Subject: RE: WSJ Interview Request

that sounds good to me

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

From: Fisher, Peter
Sent: Wednesday, December 05, 2001 10:34 AM
To: Davis, Michele; Holahan, Betsy
Cc: Gross, Jared
Subject: RE: WSJ Interview Request

did i send or delete a message already?

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

From: Davis, Michele
Sent: Wednesday, December 05, 2001 9:45 AM
To: Holahan, Betsy; Fisher, Peter
Cc: Gross, Jared
Subject: RE: WSJ Interview Request

Does Peter think there's something useful to say on this topic? What would be the reaction to whatever he would say?

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

From: Holahan, Betsy
Sent: Wednesday, December 05, 2001 9:26 AM
To: Davis, Michele; Fisher, Peter
Cc: Gross, Jared
Subject: WSJ Interview Request

I asked Greg Ip for more information regarding an interview request he put in for Peter earlier this week...please advise if this is something worth doing. Thanks.

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

From: Ip, Gregory [mailto:Gregory.Ip@wsj.com]
Sent: Tuesday, December 04, 2001 3:50 PM
To: 'Betsy.Holahan@do.treas.gov'
Subject: RE: Interview Request

Betsy -

We're asking the question (in the light of Enron), how much has changed with respect to the disclosure and regulation of derivatives and other sources of

systemic risk since LTCM, why, or why not. Peter was talking to us (on the record) in August about this issue. We'd like to follow up on that discussion, and on things like the report of the Financial Stability Forum on enhanced disclosure that he chaired, to see where he thinks we've made progress and where more work needs to be done. As I mentioned, we are on a short deadline but if he can't do it by tomorrow, Thursday would probably also work.

Thanks.

Greg Ip
Economics Reporter
The Wall Street Journal
202-862-9238 (office)

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

From: Betsy.Holahan@do.treas.gov [mailto:Betsy.Holahan@do.treas.gov]
Sent: Tuesday, December 04, 2001 11:56 AM
To: Ip, Gregory
Subject: Interview Request

Greg,

Can you e-mail me more specifics about the derivatives story you are working on? What types of things you would like to discuss with Peter, etc. Thanks!

Betsy

Hart, Anna

From: Schlesinger, Jacob [Jacob.Schlesinger@wsj.com]
Sent: Friday, October 26, 2001 4:38 PM
To: 'Peter.Fisher@do.treas.gov'
Subject: quick off the record question on new systemic risks...

So now we hear that officials are worried about energy companies and what their exposure would be (and what repercussions would be) if Enron suffered another serious blow. I'd love to talk with you about this. Please call me at the office at 202-862-6658, or at home at [(b)(6)] or cell at [(b)(6)]

Thanks,
Jake Schlesinger

Cave, Pat

From: Matthew_Gardner@[b](6)]
Sent: Thursday, January 17, 2002 11:47 AM
To: Pat.Cave@do.treas.gov
Subject: Re: New Information [Virus Checked]



Internet HTML (1
KB)

Congrats. See what you can do about this Enron thing, will you!

Matt

Pat.Cave@do.treas.gov on 01/17/2002 11:43:39 AM

To: w26-all@wharton.upenn.edu
cc: (bcc: Matthew Gardner/PA/ARS/US/AON)
Subject: New Information [Virus Checked]

Dear Class:

I have started a new job. Please change your contact information.

Pat

J. Patrick Cave
Deputy Assistant Secretary
Financial Institutions and GSE Policy
Department of Treasury
Room 2420 Main Treasury Building
202-622-0430; 202-622-2027 fax
pat.cave@do.treas.gov