MINUTES
MEETING OF THE BOARD OF DIRECTORS
ENRON CORP.
OCTOBER 13, 1993

Minutes of a meeting of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 8:30 a.m., E.D.T., on October 13, 1993, at the Willard InterContinental Hotel in Washington, DC.

All of the Directors were present, constituting a quorum:

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

Messrs. Ronald J. Burns, James V. Derrick, Jr., Rodney L. Gray, Forrest E. Hoglund, Stanley C. Horton, Kurt S. Huneke, Edmund P. Segner, III, Jack I. Tompkins, and Thomas E. White, and Mesdames Rebecca C. Mark, Nancy G. McNeil, and Peggy B. Menchaca also attended the meeting.

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

Mr. Lay called the meeting to order and noted that copies of minutes of meetings of the Board held on August 10, 1993, and September 27, 1993, had been distributed to the members of the Board. He called for additions, corrections, or comments; and there being none, upon motion duly made by Mr. Anders, seconded by Mr. Duncan, and carried, the minutes were approved as distributed.

Mr. Lay called on Mr. Winokur for a report on the meeting of the Finance Committee held the previous day. Mr. Winokur stated that the Committee had

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

heard a report on a Debt Rating Study prepared by Merrill Lynch relative to the Company's efforts in achieving an "A" debt rating. He indicated that the "A" rating was particularly important to the international and gas services operations, and he noted the Committee's approval of the direction taken by management.

Mr. Winokur stated that the Committee had heard an update on the perpetual preferred stock issue. In that regard, he noted that the Committee had approved for recommendation to the Board a restatement of the shelf registration resolutions adopted by the Board at its September meeting to provide for an omnibus type shelf registration which would allow management flexibility with regard to this and future perpetual preferred stock offerings and debt securities offerings. He noted that the maximum aggregate amount of the perpetual preferred stock that could be offered would be $575 million, if the structure of the perpetual preferred offerings were determined to be tax deductible and if the rating agencies would treat the issue as equity for purposes of debt rating, and an additional maximum aggregate amount of $350 million if the structure of the perpetual preferred stock offerings were determined not to be tax deductible. He moved approval of the restatement. Mr. Winokur's motion was seconded by Mr. Blake, carried, and the following resolutions were approved:

> WHEREAS, on August 10, 1993, this Board of Directors authorized (the "Previous Debt Securities Authorization") the issuance and sale of up to $600,000,000 aggregate principal amount of the Company's unsecured debentures, notes, or other debt obligations (the "Debt Securities");
>
> WHEREAS, on September 27, 1993, this Board of Directors authorized (the "Previous Preferred Stock Authorization") the issuance and sale from time to time of up to $250,000,000 of fixed rate perpetual preferred stock (the "Preferred Stock") by the Company or a special purpose company (the "SPC") to be incorporated in the Cayman Islands or the Turks and Caicos Islands, at a price and with such terms and conditions to be agreed upon and established by the Preferred Stock Committee created by this Board at such meeting;
>
> WHEREAS, this Board of Directors desires to authorize the issuance and sale of additional amounts of Preferred Stock by the Company or an SPC, such that: (i) up to $575,000,000 of Preferred Stock may be issued and sold, as hereinafter provided, provided that the issuer is an SPC organized in the Cayman Islands or the Turks and Caicos Islands, or another subsidiary of the Company that is

treated as a partnership for U.S. federal income tax purposes; and (ii) up to an additional $350,000,000 of Preferred Stock may be issued and sold, as hereinafter provided, if the issuer is not an SPC organized in the Cayman Islands or the Turks and Caicos Islands, or another subsidiary of the Company that is treated as a partnership for U.S. federal income tax purposes; and this Board desires to provide for the issuance and sale of the Debt Securities and the Preferred Stock by restating and, to the extent the following resolutions are inconsistent with the Previous Debt Securities Authorization and the Previous Preferred Stock Authorization, amending such previous authorizations.

RESOLVED, that the Board of Directors hereby deems it advisable and in the best interests of the Company for the Company (or one or more special purpose companies (the "SPC") to be incorporated in the Cayman Islands or the Turks and Caicos Islands, to be 100% directly or indirectly owned by the Company) to issue and sell from time to time (i) up to $575 million of fixed rate perpetual preferred stock if the issuer is an SPC organized in the Cayman Islands or the Turks and Caicos Islands, or another subsidiary of the Company that is treated as a partnership for U.S. federal income tax purposes, and (ii) up to an additional $350 million of fixed rate perpetual preferred stock if the issuer is the Company and not an SPC organized in the Cayman Islands or the Turks and Caicos Islands, or another subsidiary of the Company that is treated as a partnership for U.S. federal income tax purposes (the preferred stock referred to in (i) and (ii) above to be referred to herein as the "Preferred Stock"), at prices and with such terms and conditions to be agreed upon and established by the Preferred Stock Committee referred to below, and to be sold from time to time in public offerings;

RESOLVED, that the Company and/or the SPC enter into one or more underwriting agreements, or other agreements, however designated, together with all necessary agreement wires, confirmation letters, or terms agreements (collectively the "Agreements"), with such underwriting firm or firms or with such institutions or dealers as may, in the judgment of the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive or Senior Vice President, or the Vice President and Treasurer of the Company, be necessary to effect the sale of the Preferred Stock; that the Chairman of the Board, any Vice Chairman

of the Board, the President, any Executive or Senior Vice President, or the Vice President and Treasurer of the Company be, and each of them hereby is, authorized and directed to execute and deliver the Agreements, for and in the name and on behalf of the Company or the SPC, in such forms as the officer executing such Agreements shall approve, such approval to be conclusively evidenced by such execution; and that the Company be, and it hereby is, authorized and directed to perform in full all of its obligations under the Agreements;

RESOLVED, in connection with the issuance and sale of the Preferred Stock by the Company or the SPC, that the officers of the Company be, and they hereby are, authorized, empowered, and directed to cause to be prepared, executed, and filed with the Securities and Exchange Commission (the "Commission") (i) a registration statement on Form S-3 or other appropriate form (as so filed, including any exhibits thereto, the "Registration Statement") and (ii) such amendments and post-effective amendments to the Registration Statement or supplements to the Prospectus constituting a part thereof, and to take all such further action, including the filing of final forms of the Prospectus, as may, in the judgment of such officers, be necessary, desirable, or appropriate to secure and thereafter to maintain the effectiveness of the Registration Statement;

RESOLVED, that the Registration Statement may, in the judgment of the officers of the Company, be an "omnibus" registration statement, which may include registration of the sale of (i) the Preferred Stock (and registration of any required Company guarantee of certain SPC Preferred Stock payment obligations, or Company debt obligations to the SPC in connection with the Preferred Stock), and (ii) Depository Shares (defined below) representing fractional interests in the Preferred Stock, and (iii) registration of the sale of Debt Securities previously authorized for issuance and sale by this Board of Directors on August 10, 1993;

RESOLVED, that the Board of Directors of the Company, in accordance with Section 141 of the General Corporation Law of the State of Delaware and Article IV of the Bylaws of the Company, as amended, does hereby create a special preferred stock committee (the "Preferred Stock Committee") and designate Kenneth L. Lay and Richard D. Kinder as the members of the Preferred Stock Committee, and that the Preferred Stock Committee is hereby

authorized and empowered to determine, for and in the name and on behalf of the Company and the SPC, the following terms:

(i) the maximum number of shares to constitute the series of Preferred Stock and the distinctive designation thereof;

(ii) the annual dividend rate, if any, on shares of the series, whether such rate is fixed or variable or both, the date or dates from which dividends will begin to accrue or accumulate, and whether dividends will be cumulative;

(iii) whether the shares of the series will be redeemable and, if so, the price at and the terms and conditions on which the shares of the series may be redeemed, including, without limitation, the time during which shares of the series may be redeemed and any accumulated dividends thereon that the holders of shares of the series shall be entitled to receive upon the redemption thereof;

(iv) the liquidation preference, if any, applicable to shares of the series;

(v) whether the shares of the series will be subject to operation of a retirement or sinking fund and, if so, the extent and manner in which any such fund shall be applied to the purchase or redemption of the shares of the series for retirement or for other corporate purposes, and the terms and provisions relating to the operation of such fund;

(vi) the voting rights, if any, on the shares of the series;

(vii) whether fractional interests in shares of the series will be offered in the form of Depository Shares; and

(viii) any other preferences, participating, optional, or other special rights or qualifications, limitations, or restrictions thereof, and any other term of any Agreement and all such other matters as may be determined by such Preferred Stock Committee consistent with Delaware law, the SPC's Charter and by-laws, the Company's Restated Certificate of Incorporation, the terms of any outstanding series of preferred stock, and these resolutions, such Preferred Stock Committee's approval of such terms and conditions to be

conclusively determined by their inclusion in the executed copies of any Agreements;

and that the Preferred Stock Committee is hereby authorized to take any and all action and to do or cause to be done any or all things which may appear to the Preferred Stock Committee to be necessary or advisable in order for the Company, or to cause the SPC, to offer, issue, and sell the Preferred Stock, to the full extent and with the same effect as the Board of Directors of the Company could take such action or do or cause such things to be done; and that a majority of the members of the Preferred Stock Committee shall constitute a quorum for the transaction of business; and that the Preferred Stock Committee shall keep a written record of its meetings, shall present such record to the meetings of the Preferred Stock Committee, and shall file a copy of such record in the corporate minutes of the Company;

RESOLVED, that in the event Preferred Stock is issued by the SPC, it may be in the best interests of the Company, and the Company is hereby authorized, to guarantee, on such terms as the Preferred Stock Committee deems appropriate, the liquidation value of the Preferred Stock to be issued by the SPC, as well as dividends on the Preferred Stock, if and when declared, and to enter into any loan agreement or other agreements as may be determined by the Preferred Stock Committee to be necessary or advisable in order to cause the SPC to offer, issue, and sell the Preferred Stock;

RESOLVED, that the Company is hereby authorized to elect to offer fractional interests in shares of the Preferred Stock, rather than full shares, in the form of Depository Shares evidenced by Depository Receipts; and that the Preferred Stock Committee is hereby authorized to determine the fractional interest of a share of Preferred Stock represented by each Depository Share and any other terms of the Depository Shares;

RESOLVED, that the Company is hereby authorized to deposit the Preferred Stock represented by the Depository Shares under a deposit agreement ("Deposit Agreement") to be entered into between the Company and a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least $50,000,000 (the "Depository"); that the Chairman of the Board, any Vice Chairman of the Board, the

President or any Vice President of the Company be, and each of them hereby is, authorized and directed to execute, acknowledge, and deliver the Deposit Agreement for and in the name and on behalf of the Company, in such form as the officer executing such Deposit Agreement shall approve, such approval to be conclusively evidenced by such execution;

RESOLVED, that the Chairman of the Board, the President, or any Vice President and the Corporate Secretary, any Deputy Corporate Secretary, or any Assistant Secretary of the Company be, and each of them hereby is, authorized, empowered, and directed, for and in the name and on behalf of the Company, to take any and all action which they may deem necessary or advisable in order for the Company or the SPC to obtain a permit, to register, or to qualify part or all of the Preferred Stock or Depository Shares for issuance and sale or to request an exemption from registration of part or all of the Preferred Stock or Depository Shares or to register or obtain a license for the Company or the SPC as a dealer or broker under the securities laws of such of the states of the United States of America and of such foreign jurisdictions as such officers may deem advisable, and in connection with such registrations, permits, licenses, qualifications, and exemptions, to execute, acknowledge, verify, deliver, file, and publish all such applications, reports, resolutions, irrevocable consents to service of process, powers of attorney, and other papers and instruments as may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain such registration in effect as long as they may deem it to be in the best interests of the Company;

RESOLVED, that the Company or the SPC make application to the New York Stock Exchange, Inc. and one or more other securities exchanges as the officer acting shall deem necessary or appropriate for the listing thereon of the Preferred Stock or Depository Shares; that the Chairman of the Board, the President, or any Vice President of the Company be, and each of them hereby is, authorized, empowered, and directed to execute and deliver, for and in the name and on behalf of the Company or the SPC, to the New York Stock Exchange, Inc. and all other securities exchanges on which the Preferred Stock or Depository Shares of the Company or the SPC are to be listed, such agreements in such form as may be necessary to effect the aforesaid listing; and that the officers of the

Company be, and they hereby are, authorized, empowered, and directed to execute and deliver any applications, documents, or agreements, to appear, if requested, before officials of any such exchanges, and to take any and all such actions, to appoint any banking institution as an agent of the Company or the SPC for any purpose, and to do or cause to be done any or all such things as may appear to them to be necessary or desirable in order to effect such listing, specifically including registration of the Preferred Stock or Depository Shares under Section 12 of the Securities Exchange Act of 1934, as amended;

RESOLVED, that the Preferred Stock Committee is hereby authorized to determine the form of stock certificate representing the Preferred Stock, and the form of certificate representing a Depository Share, with such changes thereto, consistent with these resolutions and any applicable resolutions of the Preferred Stock Committee, as the officers executing the same shall approve, such execution to be conclusive evidence of the approval of such officers and this Board of Directors or such Preferred Stock Committee;

RESOLVED, that the signature of the Chairman of the Board, any Vice Chairman of the Board, the President, or any Vice President of the Company or the SPC, as appropriate, the corporate seal of the Company or the SPC, and the signature of the Corporate Secretary, any Deputy Corporate Secretary, or any Assistant Secretary of the Company or the SPC, as appropriate, on any or all of the certificates of Preferred Stock or Depository Shares may be facsimile, and that the Company hereby adopts and approves any such facsimile signatures and seal;

RESOLVED, that the facsimile signatures which appear upon any of the certificates of Preferred Stock or Depository Shares shall be valid regardless of whether such officer ceases to hold such office prior to the issuance of the Preferred Stock or Depository Shares; and

RESOLVED, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company or the SPC, under the Company's or the SPC's corporate seal or

otherwise, as appropriate, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

Mr. Winokur stated that the Committee had heard a presentation on the proposed creation of a "Flexitrust" Program and approved it for recommendation to the Board. He explained that "Flexitrust" referred to a flexible employee benefit trust which would be created for the purpose of funding certain employee benefits. Upon motion duly made by Mr. Winokur, seconded by Mr. Blake, and carried, the following resolutions were adopted:

RESOLVED, that the Board of Directors hereby approves the creation of a flexible employee benefit trust (the "Flexitrust") for the purpose of funding certain employee benefits;

RESOLVED FURTHER, that the Chairman of the Board, any Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, or the Treasurer of the Company be, and each of them hereby is, authorized and empowered for and on behalf of the Company to negotiate such terms and conditions for the Flexitrust as any of said officers may deem best, and to execute, deliver, and perform for and on behalf of the Company such trust agreements, agreements to pay trustee fees, and such other instruments or written obligations (collectively, the "Agreements") of the Company as may be desired or required in connection with the Flexitrust and containing such terms and conditions as may be acceptable or agreeable to any of said officers, such acceptance and agreement to be conclusively evidenced by any of said officers' execution and delivery thereof; and that the Company be, and it hereby is, authorized and directed to perform in full all of its obligations under the Agreements;

RESOLVED FURTHER, that the Company is hereby authorized to sell to the Flexitrust, for good and valid consideration, up to 7.5 million shares of Common Stock, par value $.10 per share (such shares may be newly issued shares or treasury shares, or any combination thereof), at such prices and with such terms and conditions to be agreed upon and established by the Special Committee referred to below;