Cochise

. Lay, Chairman
. Belfer
. Blake, Jr.
. Chan
Duncan
Foy
.. Gramm
. Harrison

R. K. Jaedicke
C. A. LeMaistre
J. J. Meyer
J. K. Skilling
J. A. Urquhart
J. Wakeham
C. E. Walker
H. S. Winokur, Jr.

AGENDA
MEETING OF THE BOARD OF DIRECTORS
ENRON CORP.

8:00 A.M., February 8, 1999
The Four Seasons Hotel, Ballroom B
London, United Kingdom

ECUTIVE SESSION:

Approve minutes of meetings of the Board of Directors held on December 8, 1998 – Mr. Lay.

Report on Executive Committee meeting held on December 18, 1998 -- Mr. Duncan.

Report on Compensation and Management Development Committee meetings held on January 25, 1999, and February 7, 1999 -- Dr. LeMaistre.

(a) Approve Amendment to 1991 Enron Corp. Stock Plan to delete members of the Board of Directors from grants of restricted stock or stock options for inclusion in the proxy for the 1999 Annual Shareholders Meeting.

(b) Approve 1999 Annual Incentive Plan for inclusion in the proxy for 1999 Annual Shareholders Meeting.

NOTE: 1998 Performance Review is included for information only.

Report on Finance Committee Meeting held on February 7, 1999 – Mr. Winokur.

(a) Approve amendment to existing debt authority.

(b) Approve amendment to Guaranty Policy.

(c) Approve Dabhol Power Corp. Phase II Equity.

(d) Approve Dabhol Power Corp. Phase II LNG Ship Financing.

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Minutes

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MINUTES
MEETING OF THE BOARD OF DIRECTORS
ENRON CORP.
February 8, 1999

Minutes of a meeting of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice beginning at 8:00 a.m., G.M.T., on February 8, 1999, at the Four Seasons Hotel in London, England.

The following Directors were present, constituting a quorum:

Mr. Kenneth L. Lay, Chairman
Mr. Robert A. Belfer
Mr. Norman P. Blake, Jr.
Mr. Ronnie C. Chan
Mr. John H. Duncan
Mr. Joe H. Foy
Dr. Wendy L. Gramm
Mr. Ken L. Harrison
Dr. Robert K. Jaedicke
Dr. Charles A. LeMaistre
Mr. Jerome J. Meyer
Mr. Jeffrey K. Skilling
Mr. John A. Urquhart
Lord John Wakeham
Mr. Herbert S. Winokur, Jr.

Director Charls E. Walker was absent from the meeting. Director Chan joined the meeting in progress as noted below. The meeting was begun in executive session, during which only Mr. James V. Derrick, Jr. and Ms. Peggy B. Menchaca were in attendance.

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

Mr. Lay called the meeting to order and stated that minutes of a meeting of the Board held on December 8, 1998, had been distributed to the Directors and were included in the meeting material. He called for additions, corrections, or comments. There being none, upon motion duly made by Mr. Blake, seconded by Mr. Foy, and carried, the minutes of the meeting held on December 8, 1998, were approved as distributed.

Mr. Duncan reported on a meeting of the Executive Committee of the Board of Directors held on December 18, 1998. He stated that at the December 18, 1998, meeting, the Executive Committee approved (i) an Azurix project to acquire a 35% interest in Empresa de Obras Sanitarias de Valparaiso S.A., a water and sewerage treatment company located near Valparaiso and Vina del Mar, Chile, (ii) a corporate transaction designed to assist in diversifying the Company's equity and debt investments, and (iii) a financing structure enabling the Company to obtain financing from independent investors at a lower cost of funds, and that the Executive

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Committee had also recommended corporate officer elections. He noted that minutes of the meeting were included in the meeting material, and he moved the acceptance of the report and approval of the minutes of the meeting. Mr. Duncan's motion was duly seconded by Mr. Harrison and carried, and the report of the Executive Committee meeting of December 18, 1998, was accepted, and the minutes of such meeting were approved.

Dr. LeMaistre reported on meetings of the Compensation and Management Development Committee held on January 25, 1999, and February 7, 1999. He stated that at the January 25, 1999, meeting, the Committee approved the annual incentive payouts, and he noted that a copy of the 1998 Performance Review, which was relied upon by the Committee in making its decisions with regard to incentive payouts relative to 1998 performance, was included in the meeting material.

Dr. LeMaistre stated that at the Compensation and Management Development Committee meeting held on February 7, 1999, the Committee (i) approved the "Report from the Compensation and Management Development Committee Regarding Executive Compensation" that would be included in the proxy statement for the 1999 Annual Meeting of Shareholders, and (ii) approved for recommendation to the Board amendments to the Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 6, 1997) (the 1991 Plan) and the Company's Annual Incentive Plan (the "AIP") relating to the need for additional shares, increased flexibility, and to ensure regulatory compliance. He reviewed the rationale for specific changes to each plan and noted that both plans would also be submitted to the shareholders of the Company for consideration at its 1999 Annual Meeting of Shareholders. Dr. LeMaistre moved approval of the amendments to the 1991 Plan and the AIP, his motion was duly seconded and carried, and the following resolutions were approved:

Amendment to Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 6, 1997)

> WHEREAS, Enron Corp. (the "Company") and the shareholders of the Company heretofore approved and adopted the Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 6, 1997) (the "1991 Plan"); and
>
> WHEREAS, the Company desires to amend the Plan;
>
> NOW THEREFORE, IT IS RESOLVED, that the proper officers of the Company be, and they hereby are, authorized and directed to prepare an amendment to the 1991 Plan incorporating the form of amendment presented at this meeting with up to an additional ten million shares of Enron Corp. common stock authorized for granting awards under the 1991 Plan, or such lesser number of shares as such officers in their discretion may determine advisable for obtaining shareholder approval, and to present such 1991 Plan amendment for approval by the shareholders of the Company at their annual meeting in May, 1999;

Agenda Item 3
(Suggested Form of Resolutions)

WHEREAS, it is in the Company's best interest for the Company to set up a structure involving several affiliates of the Company to participate, directly or indirectly, in various investing activities and in a corporation formed for the purpose of investing in certain securities and other assets in the range and in the approximate amounts presented to the Executive Committee (the "***Transaction***"); and

WHEREAS, the Company authorized the retention of Bankers Trust Company to assist the Company in setting up such a structure, to be an interest holder in conjunction with the Transaction and to invest in the Transaction and/or the entities participating in the Transaction, all as deemed appropriate by officers or representatives of the Company;

NOW, THEREFORE, BE IT RESOLVED, that the Company authorize and set up the structure contemplated in connection with the Transaction as described to the Executive Committee with such modifications as may be approved by officers of the Company, including without limitation contributions to capital, if any, transfers of assets, guarantees and indemnifications, creation of entities, if any, and issuance of notes, all of the foregoing subject to the finalizing of contractual arrangements deemed necessary and appropriate to the Transaction and meeting the final approval of officers or representatives of the Company acting on the advice of counsel, which shall be conclusively evidenced by their signatures on documents intended to be final documents;

RESOLVED FURTHER, that the Transaction in form acceptable to the officers and representatives of the Company acting on the advice of counsel be, and hereby is, approved;

RESOLVED FURTHER, that the Company approves the purchase by it or one of its affiliates of mortgages and certain leased assets from Bankers Trust Company or an affiliate thereof in connection with the Transaction;

RESOLVED FURTHER, that the Company is authorized to guarantee payments and performances and to provide indemnities with respect to the Transaction as deemed appropriate by any officer of the Company (conclusively evidenced by the signature of such officer on related documents), and the Company also approves such action on the part of its affiliates;

RESOLVED FURTHER, that the Company and/or its affiliates pay such attorneys fees and adviser fees as they deem appropriate, in the range and approximate amounts presented to the Executive Committee;

RESOLVED FURTHER, that the Chairman and Chief Executive Officer, the President and Chief Operating Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Chief Accounting, Information and Administrative Officer, the Senior Vice President, Finance and Treasurer, or any Vice President of the Company be, and each of them hereby is, authorized and empowered on behalf of the Company to take such actions necessary or appropriate to effectuate the intent of these resolutions;

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RESOLVED FURTHER, that all actions heretofore taken by any officer or representative of the Company related to or in connection with the Transaction and the matters described in these resolutions, including without limitation the execution and delivery of any related documents or instruments, are hereby adopted, ratified, confirmed, and approved in all respects; and

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

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