Enron's $1.5B DIP Loan Syndication To Start Next Week

By CAROL S. REMOND
Of Dow Jones Newswires

NEW YORK -- Enron Corp.'s (ENE) $1.5 billion interim financing package will be marketed for syndication beginning next week.

A final term sheet for the deal, which was preliminarily approved by the bankruptcy judge who oversees Enron's reorganization on Dec. 3, is now in the process of being finalized, people familiar with the matter said Thursday.

J.P. Morgan Chase & Co. (JPM) and Citigroup INC. (C), Enron's two lead banks, have been organizing the rescue loan, known as debtor-in-possession, or DIP, financing.

That money is needed for the company to continue to operate and to protect any value left - value that could be crucial for creditors to recoup any of their losses.

Under the terms of the deal, Enron has already received $250 million from J.P. Morgan Chase and Citigroup. Another $250 million is expected to become available in the next couple of weeks, after Enron's lenders approve the company new business plan.

The final $1 billion in funding is contingent on final approval of the court and successful syndication of the loan. Some of that last installment will be used to repay a $550 million loan extended by Citigroup and J.P. Morgan Chase to Enron last month.

Although Enron's rapid fall has left a number of financial institutions exposed to the company's fiscal and accounting woes, the people familiar with the matter said they expected most syndicate players to be interested in taking on some of the DIP financing. In a loan syndication, lead lenders offload a large part of the loan onto other banks, thereby sharing the risk with the so-called syndicate group.

Most banks are willing to take on DIP lending because such exposure is senior to all other claims in bankruptcy court. DIP loans are also attractive because they carry higher interest rates.

In the case of Enron, DIP financing comes at a cost of 350 basis points (3.5 percentage points) over the London Interbank Offered Rate, or LIBOR. That's 100 basis points wider than the rate under which Citigroup and J.P. Morgan Chase recently loaned $1 billion to Enron, which consisted of a $550 million loan secured by Enron's Transwestern pipeline and a $450 million loan secured by the company's Northern Natural Gas pipeline.

The final DIP package is scheduled to be approved by the bankruptcy judge on Jan. 7.

Meanwhile, J.P. Morgan Chase and Citigroup are said to continue working with UBS AG (UBS) on a plan to form a joint venture under which UBS' subsidiary UBS Warburg would take over Enron's trading operations.
Background on Reaction of Energy Markets to Yesterday’s Attack

September 12, 2001

[(b)(5)]

Prepared by Office of Economic Policy

September 12, 2001
California Electricity Update
Thursday, February 1, 2001

[OUTSIDE SCOPE, (b)(5)]

[(b)(5)]
MEMORANDUM FOR DEPUTY SECRETARY EIZENSTAT

FROM: Timothy F. Geithner
Under Secretary (International Affairs)

SUBJECT: Briefing for Your OPIC Board Meeting

DATE AND TIME: Tuesday, March 21, 2000
Board Luncheon 12:00-1:00 P.M.
Board Meeting 1:00-3:00 P.M.

LOCATION: Twelfth Floor
1100 New York Avenue

[(b)(5)]
Brazil -- Construction of a full service business hotel

[(b)(5)]
Argentina – Electricity Distribution

[(b)(5)]
Turkey -- Electric Power Plant

[(b)(5)]
[(b)(5)]
Gaza -- Power Project

[(b)(5)]

Upcoming Project

Tab 11
From: Margaret Kuhlow
To: DONOVANM
Date: 2/3/00 10:53am
Subject: RE: Bolivia Article IV -Reply -Reply

I haven't seen the cable and would love a copy, thanks

>>> Meg Donovan 02/03/00 10:41am >>>
Thanks Erik... appreciate the update. On the PRSP/HIPC section, do you know if Laure be forwarding us a copy? I think there was some confusion at the meeting with TFG last week as to our position on Bolivia and just wanted to make sure everyone was on the same page.

Also, I'm sure everyone probably saw it, but yesterday's cables from State included a review of problems due to flooding and subsequent breakage of an Enron pipeline in Bolivia together with preliminary environmental impact assessment.

>>> ex.mail."EWISEMAN2@imf.org" 02/03/00 10:27am >>>
Meg,

[OUTSIDE SCOPE , (b)(5)]

erik

-----------------------------------------------

Thank you, Mr. Chairman.

[Opening sentence - addressing multiple documents]

Article IV

[OUTSIDE SCOPE , (b)(5)]
HIPIC
PRS

----Original Message----
From: Meg.Donovan@do.treas.gov [mailto: Meg.Donovan@do.treas.gov]
Sent: Thursday, February 03, 2000 10:10 AM
To: eweisman2@imf.org
Subject: Bolivia Article IV

Date: 02/03/2000 10:09 am (Thursday)
From: Meg Donovan
To: ErikWeisman
Subject: Bolivia Article IV

Erik:

just checking in to see if we're all set on the Article IV for Bolivia. I saw Margaret's comments so I think that clears everything from my end. Are there any issues not covered in my statement that will likely be raised? Please let me know if you're waiting on anything else from our office.....

Thanks,
Meg
From: ex.mail."MSOBE@imf.org"
To: ex.mail("MSOBE@imf.org", "Meg.Donovan", "Brian.Crow..."
Date: 2/5/00 1:10pm
Subject: RE: draft Bolivia statement -Reply

[OUTSIDE SCOPE , (b)(5)]

-----Original Message-----
From: Sobel, Mark
Sent: Friday, February 04, 2000 9:21 AM
To: 'Meg.Donovan@do.treas.gov'; Brian.Crowe@do.treas.gov;
Stephen.Donovan@do.treas.gov; Barbara.Holloway@do.treas.gov;
Clay.Lowery@do.treas.gov; William.Schuerch@do.treas.gov;
barbara.holloway@do.treas.gov; brian.crowe@do.treas.gov;
clay.lowery@do.treas.gov; Redifer, Lauren; stephen.donovan@do.treas.gov
Cc: Margaret.Kuhlow@do.treas.gov; Curatolo, Christine; Lissakers, Karin;
îtredef@delinet.com; Sobel, Mark; william.schuerch@do.treas.gov
Subject: RE: draft Bolivia statement -Reply

Meg:

[OUTSIDE SCOPE , (b)(5)]

Could you send Brian's trip report to me?

[OUTSIDE SCOPE , (b)(5)]

-----Original Message-----
From: Meg.Donovan@do.treas.gov [mailto: Meg.Donovan@do.treas.gov]
Sent: Thursday, February 03, 2000 8:31 PM
To: Brian.Crowe@do.treas.gov; Stephen.Donovan@do.treas.gov;
Barbara.Holloway@do.treas.gov; Clay.Lowery@do.treas.gov;
William.Schuerch@do.treas.gov; barbara.holloway@do.treas.gov;
brian.crowe@do.treas.gov; clay.lowery@do.treas.gov; LREDIFER@imf.org;
meg.donovan@do.treas.gov; stephen.donovan@do.treas.gov
Cc: Margaret.Kuhlow@do.treas.gov; CCURATOLO@imf.org; KLISSAKERS@imf.org;
îtredef@delinet.com; MSOBE@imf.org; william.schuerch@do.treas.gov
Subject: draft Bolivia statement -Reply

Date: 02/03/2000 08:26 pm (Thursday)
From: Meg Donovan
To: CROWEB, DONOVANST, HOLLOWAYB, LOWERYC, SchuerchW,
thanks for sending along the statement, I know it's been a lot of work to get these cases ready and we appreciate the efforts you've made.

[OUTSIDE SCOPE , (b)(5)]
[OUTSIDE SCOPE, (b)(5)]

b. The Enron pipeline spill... Enron has sent in a planeload of experts to deal with the resulting damage and has assured the GOB that cost is not a consideration.

Thanks Laure...

>>> ex.mail."LREDIFER@imf.org" 02/03/00 05:35pm >>>
Laure editorial comments are italicized. I'm sending this to Karin at home
tonight and we hope to issue a written statement in the morning. Please get comments to me tonight, if possible, if not, first thing tomorrow. I'm sorry about the tight timeframe. If tonight, please send to my home address "fred@rednet.com" to ensure I get it.

NOTE THE BIG ISSUE IS WHETHER OR NOT WE ARE PUSHING FOR AN IMPLEMENTATION PERIOD AFTER PRSP IS COMPLETED. This is written, per Karin's instructions based on conversations with Bill, that we are pushing for an implementation period. We may wish to consider again [OUTSIDE SCOPE, (b)(5)]

<<Bolivia-ArtIV-PRGF-HIPC-02-04-00.doc>>

CC: ex.mail("William.Schuerch", "Margaret.Kuhlow", "CCUR..."
ENRON MEETING WITH TREASURY
IPP Dispute with GODR
February 18, 2000

Enron: David Shields, Executive Director Caribbean Region
Treasury: Gay Sills, Greg Christopulos, Gene Clapp, Elizabeth Stewart, Gary Sampliner, Meg Donovan

Note: Enron distributed a chronology of the dispute entitled “Summary of Debt Crisis of the Independent Power Producers”

[(b)(4), (b)(5)]
[(b)(4), (b)(5)]
[(b)(4), (b)(5)]
From: Meg Donovan
To: BERGK, CHRISTOPULOS, CLAPPG, KUHLOWM, SILLSG, ex.m...
Date: 12/14/99 1:10pm
Subject: DR Power Sector - Cogentrix -Reply

[(b)(5)]
Just thought you might want to know.

 Forwarded by Todd W. Crawford/Person/World Bank EDs on
12/13/99 05:30 PM

Orsalia Kalantzopoulos
12/10/99 08:37 AM
Extn: 82636 LCC3C

To: Todd W. Crawford Eds
cc:

Subject: DR Power Sector - Cogentrix

Todd:
Please see the attached from Max.
As you know, the Bank, IDB technical staff, and members of IDB senior management have raised concerns, but with very limited success. Orsalia

 Forwarded by Max B. Pulgar-Vidal/Person/World Bank on
12/10/99 05:36 AM

Philippe J-P. Durand
12/09/99 05:55 PM
Extn: 33244 LCSFE
To: Max B. Pulgar-Vidal
cc:

Subject: Re: DR Power Sector - Cogentrix (Document link: Max B. Pulgar-Vidal)

Max:
Aide memoire is almost ready. I hope to finish it tonight.
IDB has distributed the documentation on the Cogentrix project to its Board.
Presentation date is December 15 and approval is expected.

[(b)(5)]

regards.
Philippe.

---

Max B. Pulgar-Vidal
12/07/99 06:12 PM
Extn: 34839 LCC3C

To: Orsalia Kalantzopoulos
cc: Philippe J-P. Durand, Susan G. Goldmark

Subject: DR Power Sector - Cogentrix

Orsalia:
I met with Philippe Durand earlier today. He is finalizing the Aide-Memoire and will get back to me tomorrow. Once I meet with him again, we should meet with you. Meanwhile, a few items for your information:

[(b)(5)]
CC: MCGREW, JOHNSTONR
From: ex.mail."tcrawford@worldbank.org"
To: ex.mail("Bruce_Juba%iadb@worldbank.org"), Dom13.DOP...
Date: 11/19/99 10:51am
Subject: Re: DR Power Project

[(b)(5)]
Todd

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

To: William Schuerch@William.Schuerch@Do.Treas.Gov@Smtp@ladb, David Bloomgarden@David.Bloomgarden@Do.Treas.Gov@Smtp@ladb, Greg Christophulos@Greg.Christophulos@Do.Treas.Gov@Smtp@ladb
Cc: Lawrence Harrington/Idb-Hq/ladb, Todd W. Crawford Eds

Subject: DR Power Project

[(b)(5)]
FYI, attached a message from the World Bank's country director indicating follow up action she took in Dominican Republic pursuant to concerns we had raised with her about the investment climate.

Orsalia Kalantzopoulos
08/13/99 04:55 PM
Ext: 82636     LCC3C

To: Todd W. Crawford Eds
cc:

Subject: Dominican Republic -- US Concerns Follow-up

Todd:
I was in the DR this week for couple of days. During my visit I met with USAID and staff from the economic section of the US Embassy. [(b)(5)]

Please give me a call if you would like to discuss this further. Regards,
Orsalia

Todd Crawford
Advisor, Office of U.S. Executive Director
The World Bank
Phone: 202-458-0112
Fax: 202-477-2967
e-mail: tcrawford@worldbank.org
Enron goes global

Houston-based corporation Enron announced an annual turnover last year of $6bn – making it one of the world's largest gas companies. Although most of their business is still in the United States, the company's greatest growth is through contracts beyond North America.

According to Rod Gray, Enron's senior vice president, finance and treasury, the world will need another 100,000 MW of power over the next 10 years, most of that outside the US. If gas-fired stations account for even a small percentage of that, it is still a very big market.

"We are looking at countries with the following characteristics: those that are privatizing their infrastructure, those that have a natural gas potential which is under-utilized, and those with a need for more electrical power," says Gray.

"We see great opportunities for Enron to participate in all levels of development in such countries - from exploration and development to transporting gas through pipelines, liquid extraction and electrical power generation."

In the UK, Enron is in negotiation on four more plants, one of which, valued at $400m, could go ahead later this year.

Another area of focus is Latin America, where Enron owns 3,800 miles of pipeline in Argentina, and has just completed a 110MW plant in Guatemala financed by the International Finance Corporation (IFC). In southeast Asia, the company has just completed one 100MW plant and is starting construction on another, both project financed with advice from Citibank, and with multilateral agency funding. Enron is also in discussion on possible future projects in Malaysia, Indonesia and Eastern Europe and the former Soviet Union have proved frustratingly frustrating markets for Enron. A number of projects are under consideration, including one in Bitterfeld, in eastern Germany, and a $200m project for Russia's Gazprom to update part of its pipeline system and compressor stations. "But it is a very slow process, and the lack of a sound legal structure is a great problem in that region," says Gray.

Much more promising is a possible $2bn 500MW station in Turkey, where Enron is being advised by Kidder Peabody and Bankers Trust, in conjunction with the UK's Midlands Electricity.

Gray expects Turkey's relatively developed capital markets to play a significant role in the financing of the project.

In India the company is closest to success on a new development. Enron proposes building a 2,000MW power station south of Bombay. The project will cost between $2bn and $3bn, to be built in two phases, starting as a naphtha-fuelled operation which will later be converted to liquified natural gas (LNG).
Bio-Bio awards imminent

Contracts for the construction of a controversial 450MW hydro-electric power plant in Chile are expected to be awarded in June. The plant on the Bio-Bio River south of Santiago is to be built by a joint venture called Pangea.

The joint venture will be dominated by the part-private Chilean utility company Endesa, which will own approximately 90% of the shares. The International Finance Corporation (IFC) has also indicated that it will take a small equity stake in the joint venture.

Negotiations to finance Pangea are already underway. The estimated total cost is around $470m, with $230m being provided in the form of a loan from the IFC. Around half of this loan will be syndicated through the New York capital markets, with the balance provided by the IFC's own account. Another major element to the financing is expected from the export credit agency of the equipment supply contractor. Further funds will be provided by locally generated loans and share capital from Endesa.

The project is also likely to benefit from tied aid. Several development agencies have stressed that they are willing to offer funds if companies from their countries are awarded the equipment supply contracts. One of the most prominent agencies involved in negotiations is the Swedish development agency BTT. The agency has stated that it is willing to offer a $30m tied aid package if equipment supply and machinery supply contracts are awarded to ABB Generation in Sweden and the Swedish subsidiary of the Norwegian engineers Kvaerner Turbin.

However, the project has yet to pass the hurdle of a three-phase investigation into its environmental and social impact. The IFC has initiated the studies - the second phase of which should be ready by June. The first phase, which looked at the impact of the plant up-river, concluded in Pangea's favour. It stated that only a few families would have to be displaced and that the reservoir created by the plant's dam was small enough to have minimal impact. Phase two reports on the impact of the project down-river.

The Bio-Bio plan has a troubled history. The construction of a dam and power plant on the site was conceived in the 1970s, but only became a concrete proposal in the last decade. Under Pinochet's dictatorship, no attention was paid to the environmental impact and the project became the subject of furious criticism from ecology groups - criticism that has not entirely abated.

PETRONAS president, Azizan Zainul Abidin, says that while the state-owned company will hold the majority stake in the 60/40 joint venture, third parties might be invited to take some equity in the project. The new refinery, which will cost at least $1.6bn to build with a refining capacity of 100,000 to 130,000 barrels a day of sour crude, is the second stage of Petronas' $2.2bn integrated refinery complex. The first stage, under construction, is wholly-owned by Petronas and is due to come on stream by next April with a capacity of 100,000 barrels per day of sweet crude.

The proposal by Cable & Wireless, which has teamed up with Australia's government-owned Telstra International (the offshore operating arm of Telecom) and a local company, Aplang, involves an investment of $3bn to install about one million telephone lines over five years. While 13 other proposals have been submitted to the government, the proposals from Singapore: Telecom and Cable & Wireless are the largest.

PETRONAS in Malaccan oil refinery: Malaysia's national oil company, Petronas, Conoco, US is to jointly develop a second Petronas-controlled refinery in the Sungai Udang district of north Malacca.

Petronas was looking for a partner for the refinery since last year when Japan's Idemitsu Kosan and a unit of South Korea's Samsung Corp pulled out of the contest.
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. Around 10 days ago, Enron invoked the State guarantee for MSEB’s payments which the State did not honor, as of last Thursday’s deadline. In the meanwhile MSEB submitted a small payment (approx $2 million). The State had one week to submit the payment to Enron but opted to put in place an expert committee to review the Dabhol situation instead. In other news, Enron is close to selling its 30% stake in oil/gas fields offshore of Maharashtra and Gujarat.
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: Christopoulos, 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; Christopoulos, 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.treasury.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. ([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 reform 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)
Sent: Monday, January 22, 2001 1:54 PM
To: geetha.rao@do.treas.gov
Subject: India/Dabhol Meeting

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We look forward to meeting you tomorrow.

(See attached file: Dabhol PPA - DC Talking Points.doc)
Dabhol Power Company
January 10, 2001

[(b)(4)]
Clapp, Gene

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 regretfully 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

-----Original Message-----
From: Rao, Geetha
Sent: Monday, January 22, 2001 3:01 PM
To: Grewe, Maureen; Mills, Marshall; Sampliner, Gary; Christopoulos, 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]
Electricity reform law generates more controversy: On Thursday, Parliament approved an article of the law extending the deadline for the completion of contracts to transfer operating rights (TOR) for electricity distribution from March 31 to June 30. The draft law to end the state monopoly on power production and distribution, has been part of World Bank and Fund conditionality since early last year. The Turkish authorities did miss the structural performance criterion of enactment by February 15, but passage of the whole law and enactment are expected next week. [(b)(5)]
sounds like you have it well in hand. Good work.

Let me know what Janet has to say when she calls you back.

-----Original Message-----
From: Rao, Geetha
Sent: Thursday, July 12, 2001 2:53 PM
To: Grewe, Maureen
Subject: Enron talking points
Importance: High

I left a message with Gary/Gay - still no word - Katie berg oked the talking points (and agreed to move the EXIM/OPIC point down below)

Janet Speck is out at a meeting and should be back at 4 - i left her a message to clarify the situation.

I spoke to Gary Usrey who mentioned that the first set of points that Adam sent over this morning are the most recent ones, as far as he knows. [(b)(5)]

I think Janet and her office had something to do with including that as the first point... He told me to take up this issue with her... He'll be back in his office at 5 so requested a voicemail by then.

so that is where we stand right now -
Geetha, thanks for these. I'll read tonight and we can chat in the morning. I agree that we need a note on the Enron case.

> >

> > ----Original Message-----
> > From: Rao, Geetha
> > Sent: Monday, September 03, 2001 11:29 AM
> > To: McDonald, Larry
> > Subject: Comments on Investment papers for Dam's book
> > Importance: High
> >
> > Please comment and we would need to send back to ITI for their approval.
> > Thanks!
> >
> > < <India invt climate1.doc> >  < <Briefing on OPIC-Dabhol.doc> >
India – Enron Dispute

[(b)(5)]

Drafted by: Geetha Rao, x1238
Cleared by Investment Office
05/02/01
FAX COVER SHEET

ENRON, WASHINGTON
1775 Eye Street Street, N.W.
Washington, DC 20006
202-828-3360
202-828-3372 (fax)

TO: Marshall Mills
FROM: Tam Briggs
FAX #: 622-0037
RE: 
DATE: 

Number of pages including cover sheet: 4

Message:

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________
From: McCardell, Dan
Sent: Thursday, January 17, 2002 12:20 PM
To: Strickler, Marie
Subject: Enron Summary for OPL
[OUTSIDE SCOPE, (b)(5)]
From: Sharer, James
Sent: Tuesday, January 15, 2002 4:43 PM
To: _DL_, Market Group; Andrew D. Sacher; David Griffiths; Eric H. Otto; Jay Hoffman; Lundsager, Meg; Phillippa Malmgren; reidjp; Shevlin, Thomas; wallarjg; wayneea
Subject: Financial Markets Night Report 1/15/02

[OUTSIDE SCOPE, (b)(5)]
Goals for 2002

[(b)(5)]
For a speech and/or editorial piece by P. Fisher

[(b)(5)]
[(b)(5)]
August 8, 2000  
Lei's Office  
CEEA update + meeting w/ LHS  

[(b)(5)]
6/27/2000  CFTC Hearing on  
Reg. Relief Proposal  
Day I: MTEFs

[(b)(5)]
[(b)(5)]
The CFTC proposed an exemptive order for certain energy contracts on January 27, 1993. It was finalized on April 20, 1993. (As you know, you dissented because the exemption extended to the antifraud provisions of the CEA.)

I talked to Ken Raisler about this. He indicated that the energy coalition was concerned about forward contracts being characterized as futures contracts in light of a federal district court decision that Brent oil contracts were futures contracts (Transnor). The CFTC issued a statutory interpretation in 1990 that said that Brent contracts were not futures contracts; however, the energy coalition which Mr. Raisler represented was not sure that statutory interpretation would hold up in court, especially since Commissioner's Fowler West had issued a coherent dissent.
The legislative history of the Futures Trading Practices Act of 1992 directed the CFTC to use its new exemptive authority for three classes of instruments: swaps, hybrids, and energy contracts.

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

[(b)(5)]

Norman
Norm -- [(b)(5)]

Sheila

-----Original Message-----
From: Carleton, Norman
Sent: Tuesday, January 08, 2002 5:14 PM
To: Bair, Sheila
Cc: Smith, Amy; Bair, Sheila; Berardi, Steve; Bitsberger, Timothy; Eichner, Matthew; Gablundo, Jose; Gross, Jared; Hammer, Viva; Lori Sanatamorena (E-mail); Nickloff, Peter; Novey, Michael; Pietrangeli, Fred; Roseboro, Brian; Schultheiss, Heidi Lynne; Whaley, Jean; Wiedman, Mark

Sheila,

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

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

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

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

[(b)(5)]

Norman
thanks

---Original Message---
From: Carleton, Norman
Sent: Tuesday, January 08, 2002 2:51 PM
To: Bair, Sheila
Cc: Roseboro, Brian; Bitsberger, Timothy; Wiedman, Mark; Gross, Jared; Schultheiss, Heldilynne; Nickoloff, Peter
Subject: PWG's Report on OTC Derivatives and the CEA

Sheila,

[(b)(5)]