

Draft

- CONFIDENTIAL - as of 10/23/2001 8:15 AM

ENRON Corp  
Investor Concerns

Conference Call Information

Time: 8:30 am (Central)  
9:30 am (Eastern)

Dial In: (719) 457-2633  
Website: [www.enron.com](http://www.enron.com); Click - Investor Relations  
Replay: (719) 457-0820 Code 627675 (available until midnight on October 30)

Introductions

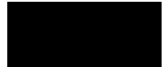
Ken Lay, Chairman and Chief Executive Officer  
Mark Frevert, Vice Chairman  
Greg Whalley, President & Chief Operating Officer  
Rick Causey, Executive VP and Chief Accounting Officer  
Andy Fastow, Executive VP and CFO  
Steve Kean, Executive VP and Chief of Staff  
Mark Koenig, Executive VP, Investor Relations  
Ben Glisan, Managing Director and Treasurer

Good morning, this is Ken Lay. Thank you for joining us on today's investor call.

We decided yesterday to set up <sup>family</sup> this call to address questions and concerns raised over the last few days. We are ~~very~~ disappointed with our stock price, but our businesses are performing very well, and we are conducting business as usual. We recognize, however, that these are uncertain times in the capital markets, and we will continue to hold additional investor calls as needed to proactively communicate essential information to all our shareholders.

There has been a lot of recent attention to transactions Enron previously entered into with LJM, a private equity partnership. Let me reiterate a couple of things:

- We clearly heard investor concerns earlier this year, and Andy Fastow, Enron's CFO, ceased all affiliations with LJM; and, as reported in our second quarter 10Q filing, LJM is no longer a related party.
- During the third quarter, we took additional steps and terminated the finance arrangements with LJM.



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REQUESTED BY KENNETH LAY

GOVERNMENT  
EXHIBIT  
3687

SEC Inquiry

We announced yesterday that we received a request for information from the SEC regarding certain related party transactions. As we said yesterday,

- We welcome this request, and the opportunity it provides us to put these matters to rest;
- We are cooperating fully with the SEC; and
- We believe everything that needed to be considered and done in connection with these transactions was considered and done.

*They were reviewed by internal and external auditors of lawyers of Enron and Enron's board of directors. I felt discomfited.*

As you can appreciate, while this matter is pending, we cannot say much more about it now.

However, a number of other, unrelated questions have been raised, and we will do our best to address those here.

Equity Reduction

Our third quarter earnings conference call last Tuesday included information associated with a \$1.2 billion reduction in shareholders' equity that would ordinarily have been disclosed in our 10Q, to be filed in mid-November. There have been a number of questions surrounding the equity adjustment since the call, so we want to take the opportunity to clearly spell out the basis of the adjustment.

A structured finance vehicle, in which LJM was an investor, was established to mitigate volatility associated with certain of Enron's merchant investments, including investments in The New Power Company, technology and other investments of Enron.

In conjunction with the recent termination of these vehicles, Enron recorded a \$1.2 billion reduction in shareholders' equity and a corresponding reduction in notes receivables. These adjustments were the result of Enron's termination of obligations to deliver Enron shares in future periods. Although this obligation equated to 62 million shares and was reflected in our fully diluted shares outstanding, the obligation to issue shares in the future no longer exist and, as such, the shares will no longer be factored into our EPS calculation. The 10Q will reflect the final, proper reduction of 62 million shares, as calculated using Enron's actual share prices during the third quarter.

If you have additional questions on these adjustments, I will address them at the end of the call. Now, I will turn the discussion over to our CFO, Andy Fastow, to discuss our current liquidity position and credit rating. *I might add that I and Enron's Board of directors continue to have the highest faith and confidence in Andy and believe*

Liquidity/Credit Rating *he is an outstanding CFO.*

We have received questions recently about both our liquidity and the outlook for the Enron Corp. credit.



