ENRON

10/22/01

and on rating agency views of the company

perception of Enron in

Ken called upon Mr. Glison ~~and Koenig~~ to provide an update on the view of the debt ~~and~~ ~~equity~~ markets ~~respectively~~. Mr. Glison reported that credit spreads for Enron's bonds continued at the relatively high levels and low levels of activity experienced during the prior week.

(1)

3:08 Begin

Ken: Called for market updates from

Glison - Last week, very slowed trading; widened spreads

credit trading update

Today - Continued poor trading

Bonds - High 300's quoting; little trading.

[Frank Savage intend]

Moody's - rational response

rating agency update

S&P - Helpful; quoted as strong bus. fundamentals

Koenig - Conf call @ 8 am for debt & equity investors

Blake, Savage, Mendelsohn, Gramm - Receiving media inquiries.

Glison - $1.5 b committed facilities or cash today;

liq. update

$500 mm CEG Rio & Ecoelectr - within 1 wk

$500 replace cash margin w/ LoC

$140 Cash to be pulled from Enron wholly owned ins. co

300-400 30-40 days from w/c facilities

$ 2.54-2.64 S/T liq

CONFIRM BEN

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GOVERNMENT EXHIBIT 2548

Crim. No. H-04-25 (S-2)

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(2)

$ 1.5 bil — J P Morgan & Chase - Supplemental lines in progress pending due dil.

$ 1.6 bil — Margin posted to the mkt; seeking comm. transactions to assign

200 mm — Potential from Citrus

India E & P prop. close — Signed,

$ 2.5 bil — add'l opp.

Key messages: No near-term liq. problem.
Sale of PGE highly probable
Add'l asset sales being pursued.
Cap exp program will be rationalized
Rating - we will defend
Wholesale & Retail fund. very strong.

Savage: Raised concern about relying on asset sales

Belfer: $3 bil CP line status? Gilson: Some has been funded; $1 billion note was intended to term out CP

Blake: ? Moody's concerns on eq. adj. resulting from inquiry - Whalley - Difficult to assess until process is complete.
- Not likely to recommend Proj. S/W.

Foster: C/P credit - Buy: Non issue. BP & Koch expressed concerns, but EOL trading @ record high levels.

[illegible] short-term funding commitments and continued strong counterparty credit extensions to Enron as reflected in recent record high levels of transact. activity on EOL

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Mr. Koenig reviewed ~~recent~~ equity investor perception, including the need ~~for the co.~~ to demonstrate a high level of credibility ~~by~~ Enron's financial mgmt. He advised that a conference call was scheduled for the following morning to provide a platform for investor questions

(3)

Equity mkt update

Koenig: $1.1 bil. loss + $1.2 bil. equity adj. contributed to initial concerns; Today, most believe inquiry will escalate to an investigation. Concern over weakened CFO. Need to show credibility w/ Enron's fin. & acctg. team. Conf. Call will include Andy - may illicit emotional comments.

Ken: Any questions? Mkt. closed ↓ $6. No comments.

Pug: 1) On debt side, supportive of Andy. Andy needs to be out front, get story out.

2a) Deaktie Bank FI - Neither Andy nor Enron did anything wrong; Recapped from proxy. All well disclosed. Good SEC is looking at it.

2b) Equity adj. - Mkt. confusion. Need mea culpa.

2c) Liquidity - Expect bond issue by y/e, tho difficult if SEC process not complete. Issues w/ SEC in house have issued, tho spreads may be wide - we expect to.

- S M Mundy - Strong fundamentals; clouded by issues.

Koenig - Tho sell-side friendly; buy-side not & they're not listening to sell-side. Lots of calls/inquiries on liquidity

Glisan - Similar tone from debt investors.

Ken - Many investors bought from $80 ↓.

Mr. Kleinman advised on recent discussion with a fixed income analyst

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Derrick - Insiders may buy starting Wed.
[Glisan, Bay, Koenig, Whalley left]

Causey: Goodwill update
- $200 mm impact expected in 1Q02.
- Wessex work/review completed. Worked w/ AA. No impairment @ this time. On-going evaluation. Interest rates are largest sensitivity. Assessing sensitivity.

Duncan - Any postponement of inevitable write offs?
- Credit downgrades likely if Wessex-related write off.

Bob J. - Can we accelerate write off - No.

Blake - Sensitivity to int. rates? Rich: 200 bp has signif impact, assuming no new growth opp.

[Rich left.]

Ken: Discussion of pursuit of knowledge of Andy's returns — Rogers, Derrick, Frevert, Lay & Ricken IN
- Micky L & J. Duncan - Special Comm. proposed to gain knowledge of AF's returns.
- Duncan - Discussion of benefits & risks.

[Whalley In]
- Derrick - Derrick & AF rec'd SEC request.
  - SEC requested acctg. of each trans. & AF's profit/losses

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~~Duncan~~ -
- Clear, Chinese wall had been in place & BoD had not had knowledge of AF's financial interests & returns.
- Savage -
- Derrick: Bill McLaughlin, partner w/ Wilmer, Cutler & Pickering Co-head of Sec. practice. Longest serving head of SEC enforcement division. Bill will be in Houston Thursday & will provide input for most prudent steps for BoD to pursue.
- Pug: 1) Disclosed everything necessary
  2) Confirmed confidence in Andy as CEO

} Friday's BoD discussion

" A discussion ensued, during which ~~Mr. Duncan~~ members reflected that a clear "Chinese wall" separation had been in place since the inception of transactions with LJM and that full and appropriate disclosures on the transactions had been made. Mr. Derrick summarized the information requested in a letter received the prior week from the SEC. He advised on legal resources. A discussion continued regarding the Board number lack of knowledge of the financial profit or loss

- Ken/Derrick - 11/9/01 targeted response date to SEC.
- Blake - The BoD will be privy to it at that time.
- Gramm - Natural to want to know & to find out.
- LeMaistre - AF's comp not explicitly addressed

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by Andy Fastow, the process and timing of such information being available and the potential impact " " "

- BoD Concluded that general range knowledge of AF's return would be beneficed to the BoD

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as decisions are made

Ken - Discussion of employee perception / reaction to AF.

John - Discussed scenarios of re-gaining credibility

Bob J. - Procedures were established & were followed. (Rex R.)

Written to manage potential conflicts of int.

Duncan - Supportive of learning nature of AF profits

Foster -

Duncan - Suggested

[Whalley left]

Reg: Suggested inf. conf. w/ AF re: profits. Consensus. Sum.

Ken: Asked Reg to spend more time w/ Fin. Comm.; noted a beneficial "active chairmanship" - Chair, Finance

[Whalley in]

[John M exits]

Ken -

Proj S/W - Proj. gets stronger. Ken talked to GP mgmt. regarding timing of trans. MOU thru 11/15. Will monitor

Dennis - Retain LJM-related materials.

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Ken - Equity resolution for aggregate of $1 bil.
- Gramm ①
- Duncan ②
[Modify language
Add Pug as chair of Finance
Any public disclosure? At execution. No disc now

★ O/S - Rex: - LJM-disclosure in proxy, 10Q, annual report 6/30/99 2000/2001
- Excerpts of disclosure

★ Pug - Fact sheets, press kits, etc.
Send email info

5:50

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