

From: Lance Schuler-Legal
Sent: Tuesday, May 01, 2001 11:09 PM
To: Kenneth Lay; Jeff Skilling
Cc: James Derrick
Subject: Project Aura; draft disclosures re LJM2

At the request of Jim Derrick, attached are the latest draft disclosures for a 10-Q Quarterly Report and for the 2002 Proxy Statement in connection with LJM2's proposed acquisition of Enron Renewable Energy Corp. Please do not hesitate to contact me if you have any questions. Lance.


 RELATED PARTY
 TRANSACTIONS-10...


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Derrick
 EXHIBIT 20
 5-20-03
 MARY DOPICO, CSR

GOVERNMENT
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DRAFT #2

Related Party Transactions (10-Q Proposed Disclosure – Enron Wind Sale)

In 2001 and 2000, Enron entered into transactions with a limited partnership (the "Related Party") whose general partner's managing member is a senior officer of Enron. The limited partners of the Related Party are unrelated to Enron. Management believes that the terms of the transactions with the Related Party were reasonable compared to those which could have been negotiated with unrelated third parties.

In 2001, after seeking a sale to unaffiliated third parties, Enron sold all of the outstanding capital stock in Enron Renewable Energy Corp., an indirect subsidiary, to the Related Party in exchange for \$_____ million in cash and \$_____ million in a PIK-preferred security and warrants. Enron recognized nonrecurring gain of \$_____ on the sale. The terms of such sale were reviewed and approved by Enron's Board of Directors, who received a fairness opinions of [], who acted as financial advisor to Enron in connection with the transactions.

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DRAFT #4**Proposed (2002) Proxy Disclosure
(Enron Wind Sale)**

During 2001, certain Enron subsidiaries and affiliates (defined collectively for purposes of the following paragraphs as "Enron") entered into a number of transactions with LJM2 Co-Investment, L.P., a private investment company that primarily engages in acquiring or investing in energy and communications-related investments ("LJM2"), and its affiliates involving either assets Enron had previously decided to sell or risk management activities intended to limit Enron's exposure to price and value fluctuations with respect to various assets. Andrew S. Fastow, Executive Vice President and Chief Financial Officer of Enron, is the managing member of LJM2's general partner. The general partner of LJM2 is entitled to receive a percentage of the profits of LJM2 in excess of the general partner's portion of the total capital contributed to LJM2, depending upon the performance of the investments made by LJM2.

In one such transaction, LJM2 purchased from Enron all of the outstanding capital stock of Enron Renewable Energy Corp ("EREC"), an indirect subsidiary of Enron, for \$ _____ in cash and \$ _____ in a PIK-preferred security and warrants of EREC. [Describe reimbursement of expenses, if any, and payment of work fee to LJM2 to the extent EREC is sold to a party other than LJM2.] [Describe the amount of Mr. Fastow's financial interest in the transaction.] The terms of the purchase were negotiated on Enron's behalf by senior officers of Enron, other than Mr. Fastow, and approved by Enron's Board of Directors, who received an opinion of _____, its financial advisor, that the transaction was fair to Enron and its stockholders from a financial standpoint.

Enron acquired EREC (then Zond Energy Systems) in 1996. EREC is a global wind power company that engages in the manufacturer, sale and installation of wind turbines with third parties, as well as the development, financing and operations/maintenance of wind projects. Enron determined to dispose of EREC and discussed a possible sale with a number of parties, including industry competitors and financial investors. As a result of this process, Enron determined that a potential sale to LJM2 offered the most favorable prospects for completing a transaction on terms acceptable to Enron.

[Insert discussion of other transactions entered into with LJM2 during 2001, including--if practicable to determine (see above)--financial quantification of the amount of Mr. Fastow's interest in transactions between Enron and LJM2.] Management believes that the terms of the transaction were reasonable and no less favorable than the terms of the similar agreements with unrelated third parties.

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