

# ENRON

## Power Development Corp.

Richard A. Lammers  
Vice President

Direct Dial:  
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### INFORMATION LETTER

February 23, 1993

INTERNATIONAL FINANCE CORPORATION  
1818 H Street, N.W.  
Washington, D.C. 20433

Gentlemen:

For the purpose of your consideration of our application for an investment comprising:

- (i) Loans totalling \$71.00 Million US Dollars consisting of \$13.4 million in IFC "A" Loans, \$51.00 million in IFC "B" Loans and \$6.6 million in IFC Subordinated "C" Loans.

in Puerto Quetzal Power Corp. (the "Company") to assist in financing the project described in paragraph 3 below (the "Project"), the following information is provided:

1. The Company is a corporation duly organized and existing under the laws of the state of Delaware, United States, and has full powers to own the properties and to carry out business which it proposes to own and carry on for the purpose of the Project and to borrow and provide security for any borrowing. Two copies of the company's Articles of Incorporation and all documents evidencing the registration of the Guatemalan branch of the Company are attached as Annex 1.
2. The capital of the Company as proposed for the purpose of the Project is expected to be as follows:

Item	Present	Proposed
Loan Capital Debt	0	\$71,000,000
Share Capital		
- Authorized	\$10,000	\$10,000
- Subscribed	\$1,000	\$1,000
- Paid-up		\$20,999,000

Attached (Annex 2) is a list of the present and proposed shareholders and share holdings of the company.

333 Clay Street Suite 1800 Houston, Texas 77002 (713) 646-6100

Part of the Enron Group of Energy Companies

Senate Finance Committee

**EXHIBIT 2**

EC2 000036644

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3. The Project, which is more fully described in the attached Information Memorandum (Annex 3), consists of the construction and operation of two 55 megawatt fuel oil-fired barge mounted power generating plants (hereinafter referred to as the Project) located in Puerto Quetzal, Guatemala. The Project is expected to provide annually 870 gigawatt-hours of energy. The Project began commercial operation on February 18, 1993.
4. The Company has applied for and received the following tax holidays and concessions:
  - a. An exemption on all major fuel import taxes.
  - b. Temporary duty-free importation of power generating sets
  - c. Temporary duty-free importation of spare parts

A copy of the fuel import tax approval is included as Appendix E to Annex 3.

Cost increases resulting from any changes in these exemptions would be passed through to Empresa Electrica de Guatemala, Sociedad Anonima ("EEGSA").

5. The Company will have no subsidiary company *i.e.*, any company over fifty percent (50%) of whose capital will be owned, directly or indirectly, by the Company or which will be effectively controlled by the Company other than two single purpose subsidiaries, Comelectric, S. A. and Electricidad del Pacifico, S. A., established for additional foreign exchange flexibility.
6. The Company is not a party to, or committed to enter into, any material contract (*i.e.*, a contract other than in the ordinary course of business, which might affect the judgement of a prospective lender) other than:
  - (i) The Contract, dated January 13, 1992, between Texas-Ohio Power, Inc. and EEGSA which was assigned to Enron Power Development Corp. on March 12, 1992 and further assigned to the Company on November 13, 1992. Appendix A of Annex 3.
  - (ii) Operation and Maintenance Agreement dated as of November 13, 1992 between Electricidad Enron de Guatemala, S.A. and the Company (Annex 4).
  - (iii) Fuel Agreement, dated October 27, 1992, between Texaco International Trader Inc. and the Company.

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- (iv) Turnkey Contract dated April 10, 1992, entered into between Wärtsilä Diesel, Inc. ("Wärtsilä"), and Enron Power Corp. (the "Construction Contract") (Annex 6).
  - (v) Port Lease Contract, dated December 3, 1992, between Electricidad Enron de Guatemala, Sociedad Anonima and Empresa Portuaria Quetzal to lease certain property located at the Puerto Quetzal port facilities. (Annex 7).
  - (vi) Fuel Oil Term Sheet, dated October 16, 1992, entered into between Enron Power Corp. and Enron Products Marketing company, which was assigned to the Company on November 13, 1992. (Annex 8).
7. The Company does not have any outstanding mortgage, or lien on its property, except for liens created pursuant to the Construction Contract. The Company proposes that the IFC loans be secured by a first preferred mortgage.
  8. All tax returns and reports of the Company required by law to be filed have been duly filed and all taxes, fees, and other governmental charges upon the Company or its properties, income, or assets which are due and payable have been paid.
  9. There is no action, suit or proceeding by or before any governmental or regulatory authority, court, arbitral tribunal or other body now pending (or, to the actual knowledge of the Company, threatened) against the Company which could reasonably be expected to materially and adversely affect the business, financial condition or results of operations of the Company. To its knowledge, the Company is not in violation of any statute or regulation of any governmental authority and no judgment or order has been issued which has or is likely to have a material adverse effect on the Company's business, financial condition, or results of operations.
  10. The Company has good and unencumbered title to or rights to use all of the properties at which its business is carried on or is proposed to be carried on for the purposes of the Project except for the rights of Wärtsilä under the Construction Contract.
  11. The Company has the right to all concessions, trade names, patents, and license agreements necessary for the conduct of its business as now conducted and as proposed to be conducted without any known conflict of the rights of others.

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12. No person, firm or company or other entity (other than as a shareholder) has any right to participate in the profits of the Company, other than: Enron Power Development Corp.

13. The Directors and Officers of the Company are as follows:

Directors

James V. Derrick, Jr.  
 Lincoln Jones, III  
 Thomas E. White

Officers

Thomas E. White	Chairman & CEO
Lincoln Jones, III	President & COO
James V. Derrick, Jr.	Sr. VP, Law & Asst. Secretary
Lawrence E. Reynolds	Sr. VP, Chief Engineer
Richard A. Lammers	Vice President, Administration
Rodney L. Gray	Vice President and Treasurer
DeWayne W. Roberts	Vice President, Operations
David W. Shields	VP, Chief Financial Officer

14. Procurement of significant goods and services for the Project will be from the following sources:

- Wärtsilä Diesel, Inc., Chestertown, Maryland (part of Wärtsilä Group of Finland) under Construction Contract
- ▶ McDermott
- ▶ Texaco International Trader Inc.
- ▶ Enron Products Marketing Company
- ▶ Electricidad Enron de Guatemala, S.A.

15. Copies of the most recent audited financial statements of Enron Corp. are attached as Annex 10.

16. Since the date of its incorporation, the Company has not suffered any material adverse change in its business or financial condition or incurred any substantial or unusual loss or liability.

In making any loan to the Company, you may have reliance upon the above information which has been approved by the Board of Directors of the Company.

We have no knowledge of any additional material facts or matters which would reasonably be expected to materially adversely affect the judgement of a prospective lender.

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The documents which are annexed to this letter are true and correct copies of the documents which they purport to be and the statements set out therein are all true and correct.

We understand that, in accordance with the expressed intention of the IFC to interest private participants in its investments, all or any of the information which we have supplied to you, or which we may supply to you in the future, may be given on a confidential basis to prospective participants.

The Company shall undertake to send IFC (i) within ninety (90) days after the end of each quarter of each fiscal year, copies of the Company's financial statements together with a report on the progress of the Project and on factors, if any, materially adversely affecting, or likely to materially adversely affect, the Company's business or financial condition; and (ii) as soon as available, but in any case, within one hundred twenty (120) days after the end of each fiscal year, two copies of its audited accounts for such year in form satisfactory to IFC; and shall also undertake promptly to inform the IFC of any event or condition which is likely to materially and adversely affect the carrying out of the Project or the carrying on of the Company's business.

Yours truly,



Richard A. Lammers  
Vice President

RAL:gg

Attachments

**ENRON**  
Development Corp.

March 30, 1993

International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433

Re: Modification of Information Letter

Gentlemen:

The following information is provided to modify and supplement our Information Letter sent to you dated February 23, 1993.

1. Under Paragraph 6 of the Information Letter, the Company is not a party to the following agreements: item (iii), the Fuel Agreement, dated October 27, 1992, executed by Texaco International Trader, Inc. and Enron Power Corp. (the "Texaco Fuel Contract"), item (v) the Port Lease Contract, dated December 3, 1992, between Electricidad Enron de Guatemala, S. A. ("the Operator") and Empresa Portuaria Quetzal to lease certain property located at the Puerto Quetzal port facilities; and item (vi), the Fuel Oil Term Sheet, dated October 16, 1992, between Enron Power Corp. and Enron Products Marketing Company (the "Enron Fuel Contract"). The Operator has assumed the obligation to supply fuel to the Project on substantially similar terms and conditions as those included in the Texaco Fuel Contract and the Enron Fuel Contract pursuant to Amendment No. 1 dated March 31, 1993, to the Operation and Maintenance agreement between the Operator and Puerto Quetzal Power Corp. dated November 13, 1992. The Port Lease Contract will be pledged to the International Finance Corporation ("IFC") directly by the Operator.
2. Under Paragraph 12 of the Information Letter, Enron Development Corp. (formerly Enron Power Development Corp.) expects to sell 50 percent of its interest in the Company to King Ranch Power Corp., a Delaware corporation.
3. Under Paragraph 14 of the Information Letter, the Company will procure significant goods and services for the Project from Wärtsilä Diesel, Inc., Electricidad Enron de Guatemala, S.A., and other subsidiaries of Enron Power Corp.

333 Clay Street Suite 1800 Houston, Texas 77002 (713) 644-4100

Part of the Enron Group of Energy Companies

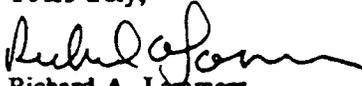
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4. Under Paragraph 5 of the Information Letter, Enron Development Corp. hereby notifies the IFC that two single purpose subsidiaries of the Company, Comelectric, S.A. and Electricidad del Pacifico, S.A., and perhaps other subsidiaries of Enron Power Corp., will from time to time be used to engage in foreign exchange and other financial transactions through currency exchange procedures in Guatemala established by the Ministry of Finance or the Bank of Guatemala. The Company does not expect these transactions to exceed in any year the sum of annual revenues and capital expenditures for the project and in each case would be without additional liability or recourse to the Company.

Please do not hesitate to call if you have any questions regarding the foregoing.

Yours truly,



Richard A. Lammers  
Vice President-Finance

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