

## STOCK PURCHASE AND RELATED TRANSACTIONS AGREEMENT

THIS STOCK PURCHASE AND RELATED TRANSACTIONS AGREEMENT (this "Agreement") is entered into as of December 16, 1994, by and among King Ranch Power Corp. ("KRPC"), King Ranch Oil and Gas, Inc. ("KROG"), Enron Corp. ("Enron"), Enron Development Corp. ("EDC"), Enron International Inc. ("EII"), Enron Global Power & Pipelines L.L.C. ("EGPP") and Electricidad Enron de Guatemala S.A. ("Electricidad Enron").

### Recitals

A. EGPP and KRPC are the sole shareholders of Puerto Quetzal Power Corp. ("PQPC"), each such party owning 500 shares of common stock of PQPC.

B. KRPC and EDC are parties to that certain Generator Performance Remedy Agreement dated March 31, 1993 (the "Generator Performance Remedy Agreement"), pursuant to which KRPC was given the right ("Put Right"), exercisable upon the occurrence of certain circumstances, to require that EDC purchase from KRPC the shares of common stock of PQPC owned by KRPC in accordance with the provisions of Section 2.03 of that certain Project Participation Agreement dated as of March 31, 1993, between KRPC and EDC (the "Project Participation Agreement").

C. KRPC has notified EDC that it has exercised its Put Right, and EII, an affiliate of EDC, as EDC's designee and without acknowledging the continuing existence of the Put Right, is willing to purchase the shares of common stock of PQPC owned by KRPC in accordance with the provisions of this Agreement (the parties hereby waiving or agreeing to amend any contrary provision of the Project Participation Agreement and the Generator Performance Remedy Agreement).

### Agreement

NOW, THEREFORE, for and in consideration of the transfers and covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

#### 1 *Transfers.*

(a) KRPC hereby sells, assigns, and transfers unto EII 500 shares of common stock of PQPC, such shares of stock standing in KRPC's name on the books of PQPC and represented by Certificate No. 4, and does hereby irrevocably constitute and appoint the secretary of PQPC attorney to transfer said shares of stock on the books of PQPC with full power of substitution in the premises.

(b) KRPC hereby sells, assigns, and transfers unto EII, KRPC's entire partnership interest in Western Caribbean Finance L.P. (the "Partnership"), being a 1% partnership interest as a limited partner in the Partnership

2. *Purchase Price.* EII and KRPC hereby agree that the purchase price for the aforementioned transfers is \$15,200,000, payable by EII in cash on January 3, 1995, by wire transfer of immediately available funds to an account of KRPC designated by KRPC on or before December 30, 1994.

3. *Representations and Warranties.*

(a) KRPC hereby represents and warrants to the other parties as follows:

(i) KRPC is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has all requisite corporate power, including approval of its board of directors, to enter into this Agreement and to perform its obligations under this Agreement;

(ii) This Agreement has been duly executed and delivered by KRPC, and assuming the due execution and delivery of this Agreement by the other parties hereto, this Agreement constitutes the legal, valid and binding obligation of KRPC, enforceable against KRPC in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general principals of equity; and

(iii) Immediately prior to the transfers described in Paragraph 1 above, KRPC owned 500 shares of common stock of PQPC and a 1% partnership interest in the Partnership free and clear of any and all liens, encumbrances or adverse claims of any kind.

(b) EII hereby represents and warrants to the other parties as follows:

(i) EII is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation, and has all requisite power to enter into this Agreement and to perform its obligations under this Agreement;

(ii) This Agreement has been duly executed and delivered by EII, and assuming the due execution and delivery of this Agreement by the other parties hereto, this Agreement constitutes the legal, valid and binding obligation of EII, enforceable against EII in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general principals of equity;

(iii) EII is acquiring all property transferred under this Agreement for investment for its own account and not with a view toward any resale or distribution thereof in violation of any United States federal or state securities

laws; is an "accredited investor" meeting the standards of sophistication normally expected of an investor in a transaction exempt from the registration provisions of the Securities Act of 1933, as amended, under Section 4(2) thereof or as defined in Regulation D thereunder; is not relying on any statement, document or information provided by KRPC or KROG or their respective affiliates, employees or agents, except those expressly set forth herein; and understands and acknowledges that the property transferred under this Agreement has not been and will not be registered under applicable United States federal or state securities laws; and

(iv) EII is a wholly-owned subsidiary of Enron.

(c) The parties hereto (other than KRPC and EII) hereby represent and warrant (each only with respect to itself) to each other and to KRPC and EII as follows:

(i) Such party is a corporation (or in the case of EGPP, a limited liability company) duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation, and has all requisite corporate (or in the case of EGPP, all requisite company) power to enter into this Agreement and to perform its obligations under this Agreement; and

(ii) This Agreement has been duly executed and delivered by such party, and assuming the due execution and delivery of this Agreement by the other parties hereto, this Agreement constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general principals of equity.

#### 4. *Mutual Release and Waiver.*

(a) Enron, EDC, EGPP and Electricidad Enron (collectively, the "Enron Parties") hereby release and discharge KRPC and KROG (and their respective affiliates) from all obligations, duties, liabilities and debts, known or unknown, owed by such parties to the Enron Parties under the Terminated Agreements (hereinafter defined) or relating to the business or affairs of PQPC, except for any obligations of the Terminated Agreements expressly stated to survive the termination of any such Terminated Agreement. The Enron Parties hereby waive any and all claims they have or might have against KRPC or KROG (or their respective affiliates) under the Terminated Agreements or relating to the business or affairs of PQPC, except for any claim hereafter arising for breach of any obligation of any Terminated Agreement expressly stated to survive the termination of such Terminated Agreement.

(b) KRPC and KROG hereby release and discharge the Enron Parties (and their respective affiliates) from all obligations, duties, liabilities and debts, known or unknown, owed by the Enron Parties to KRPC or KROG under the Terminated Agreements or relating to the business or affairs of PQPC, except for any obligations of the Terminated Agreements expressly stated to survive the termination of any such Terminated Agreement. KRPC and KROG hereby waive any and all claims they have or might have against the Enron Parties (or their respective affiliates) under the Terminated Agreements or relating to the business or affairs of PQPC, except for any claim hereafter arising for breach of any obligation of any Terminated Agreement expressly stated to survive the termination of such Terminated Agreement.

5. *Mutual Indemnity.*

(a) KRPC shall reimburse, indemnify, protect, defend, release and hold harmless (collectively, "Indemnify") EII from and against (i) all sums paid, losses, liabilities, claims, demands, damages, actions, suits, causes of action, remedies, judgments, awards, fines, fees, penalties, costs and expenses (including reasonable attorneys' fees and expenses and court costs) ("Losses") incurred by EII to unaffiliated third parties and arising out of any actions taken solely by KRPC or any of its affiliates (other than PQPC) relating to the activities, operations, business or affairs of PQPC prior to the date hereof, and (ii) all Losses incurred by EII and arising out of KRPC's breach of this Agreement.

(b) EII shall Indemnify KRPC from and against (i) all Losses incurred by KRPC and arising out of the activities, operations, business or affairs of PQPC on or after the date hereof, and (ii) all Losses incurred by KRPC and arising out of EII's breach of this Agreement.

6. *Termination of Agreements.* The parties hereby terminate (or consent to the termination of) the following agreements (collectively, the "Terminated Agreements"):

(a) The Generator Performance Remedy Agreement;

(b) The Project Participation Agreement (except for the provisions thereof that are expressly stated to survive the termination thereof);

(c) That certain Stockholders' Agreement (the "Stockholders Agreement") dated as of March 31, 1993 between EDC and KRPC (EDC's right, title, interest, duties and obligations under which have been assigned to and assumed by EGPP);

(d) That certain Agreement Regarding O&M Agreement dated as of March 31, 1993, among KRPC, EDC and Electricidad Enron; and

(e) That certain Reimbursement Agreement dated as of March 31, 1993, among KROG, KRPC, Enron and EDC.

7. *New Stockholders' Agreement.* EGPP and EII intend to negotiate in good faith and enter into a new stockholders' agreement containing terms substantially similar to those in the Stockholders Agreement to govern their relationship as stockholders of PQPC and the management of the business and affairs of PQPC.

8. *Cancellation of Letter of Credit.* On or before the date hereof, Enron has caused that certain letter of credit arranged by KROG for the benefit of Enron in the amount of \$2.25 million to be cancelled and returned to KROG. KROG hereby acknowledges such cancellation and return.

9. *Reimbursement Undertaking of EII.* EII hereby agrees to reimburse EDC for 50% of any amounts EDC is required to pay to Electricidad Enron pursuant to paragraph 4 of that certain Assignment and Assumption Agreement dated as of November 13, 1992, among PQPC, EDC and Electricidad Enron.

10. *Further Assurances.* The parties agree to take all such further actions and to execute, acknowledge and deliver all such further documents as are necessary to carry out the purposes and intent of this Agreement.

11. *Successors and Assigns.* This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns. Nothing in this Agreement is intended to confer upon any person or entity, other than the parties, any benefits, rights or remedies.

12. *Governing Law.* This Agreement and the legal relations among the parties hereto shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to the principles of conflicts of laws.

13. *Amendment or Modification.* This Agreement may be amended or modified from time to time only by the written agreement of all of the parties hereto intended to be bound by such amendment or modification.

14. *Counterparts.* This Agreement may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument.

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EXECUTED as of the date first above written.

KING RANCH POWER CORP.

By: [Signature]  
Name: MARK E. KENT  
Title: VICE PRESIDENT AND TREASURER

KING RANCH OIL AND GAS, INC.

By: [Signature]  
Name: MARK E. KENT  
Title: VICE PRESIDENT AND TREASURER

ENRON CORP.

By: [Signature]  
Name: Jack H. Tompkins  
Title: Senior Vice President, Chief Information, Administrative & Accounting Officer

ENRON DEVELOPMENT CORP.

By: [Signature]  
Name: David W. Shields  
Title: Principal

ENRON INTERNATIONAL INC.

By: [Signature]  
Name: Rodney L. Gray  
Title: President and Chief Executive Officer

ENRON GLOBAL POWER & PIPELINES L.L.C.

By: [Signature]  
Name: President and Chief Executive Officer  
Title: Rodney L. Gray

ELECTRICIDAD ENRON DE GUATEMALA S.A.

By: [Signature]  
Name: James J. Steele  
Title: President

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