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TRANSMISSION DATE: April 25, 2001

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TO: Isabel Parker

FIRM/DEPT: Freshfields

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TOTAL NUMBER OF PAGES: (including this page) 4

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THIS NUMBER AS SOON AS POSSIBLE: Ruth Dent @ (617) 572-9220

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(Our main number is (617-572-6000))

**COMMENTS:**

April 25, 2001

Enron North America Corp.  
121 Southwest Salmon Street  
Portland, Oregon 97204  
Attention: Jacob S. Thomas

Reference is made herein to the letter agreement, dated April 4, 2001 (the *Letter Agreement*), between Pegasus Power Partners, LLC, a Delaware limited liability company (*Pegasus*) and Enron North America Corp., a Delaware corporation (*ENA*), a copy of which is attached hereto. Unless otherwise provided herein, capitalized terms used herein without definition have the meanings given to such terms in the Letter Agreement.

As contemplated by Section 4(a) of the Letter Agreement, Pegasus and ENA have entered into the Escrow Agreement dated as of April 26, 2001 (the *Escrow Agreement*), with Citibank N.A., as Intermediary (the *Intermediary*), Citibank N.A., as Escrow Agent (the *Escrow Agent*) and U.S. Trust Bank National Association, as Collateral Agent (the *Collateral Agent*). Pegasus intends to use, *inter alia*, the proceeds from sale of certain notes (the *Notes*) sold to the purchasers thereof named below (the *Purchasers*) to fund the Escrow Account as provided in the Letter Agreement. The Purchasers have purchased \$46,000,000 aggregate principal amount of notes from Pegasus part of the proceeds of which have been transferred to the Escrow Account. The Purchasers have a security interest in the assets of Pegasus.

The undersigned agree that notwithstanding Section 7 of Part I of the Escrow Agreement, in connection with the closing of the Transaction under the Letter Agreement, if: (a) ENA has (i) delivered to Pegasus the Turbine Contract, (ii) transferred to Pegasus the Membership Interests in exchange for \$800 (iii) executed and delivered the LLC Agreement in the form attached to the Letter Agreement as Exhibit A; and (b) the Purchasers have received (i) the GE Consent Documents and (ii) the guarantee by General Electric Company of GE's obligations under the Turbine Contract, in each case, duly executed by the parties thereto, the undersigned will not issue any entitlement orders (or instruct the Collateral Agent to issue any entitlement orders) with respect to the Escrow Account that contradict the instructions of the Depositors given in accordance with the Letter Agreement; *provided* ENA shall not at any time interfere in any respect with the execution and delivery by Salmon Energy, LLC (*Salmon*) of the note referred to in Section 2(d) of the Letter Agreement or any security or pledge agreement securing Salmon's obligations under such note or to the performance by Salmon of its obligations under such note or such other agreement.

If you agree with the terms of this letter agreement, please sign the acceptance and acknowledgment form affixed to the end of this letter agreement.

This agreement shall be governed by the laws of the State of New York.

Very truly yours,

JOHN HANCOCK LIFE INSURANCE COMPANY  
(as Purchaser under the Note Purchase Agreement)



By: \_\_\_\_\_  
Name: John C. S. Anderson  
Title: Director

JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY  
(as Purchaser under the Note Purchase Agreement)



By: \_\_\_\_\_  
Name: John C. S. Anderson  
Title: Authorized Signatory

ACCEPTED AND AGREED:

ENRON NORTH AMERICA CORP.

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By:  
Name:  
Title: