

Project Cochise

Deal Basics

Business Purpose – To acquire a diversified portfolio of financial instruments (REMIC interests and equipment leases) with an enhanced earnings profile

Primary Entities – Enron Corp. (bankruptcy filer); Maliseet Properties, Inc.; ECT Investments Holding Corp.

Date Closed – January 1999

Principal Assets – Current assets include REMIC regular & residual interests; \$9 million in bank demand deposits (i.e. cash). Formation assets also included a portfolio of airplane leases and commercial paper.

Transaction Size – Approximately \$65 million in assets acquired; anticipated earnings of up to \$140 million

Net Income Impact – Earnings of approximately \$105 million have been recorded through the 3rd quarter of 2001.

Primary Tax Return Effect – Through 2000, the structure generated tax deductions reported in Enron's consolidated return of approximately \$1 million. 2001 return not yet filed.

Current Status – Not in default. Solvent. Needs careful attention to maintain REIT status. Various legal issues need to be addressed.

Counterparties

Counterparty – Deutsche Bank (through BT Green, Inc. and BT Ever, Inc.); 99 independent and 6 former and current Enron officers and directors are REIT investors.

Size of Investment – BT Green holds the entire \$1.2 million common stock interest; also has a \$2 million receivable balance due from Maliseet. A current liquidation could result in a substantial windfall to this investor.

Litigation Status – None currently

Control Rights – BT holds all of the common stock and has controlling vote over certain events including bankruptcy, amendment of charter, liquidation, recapitalizations, etc.

Indemnities – Various

Advisory History

Principal Advisors

- King & Spalding – Tax, corporate and REIT counsel
- McKee Nelson – Tax, corporate and REIT counsel
- Potter Anderson – Special Delaware counsel

Primary Opinions

- Formation & operation of Maliseet including exemption from tax-shelter registration analysis (Tax)
- REIT Qualification (Tax)
- SAS 50 Letters issued by Arthur Andersen to Banker's Trust
- Delaware Law Opinion – Potter, Anderson
- Tax basis study on REMIC residual interests – K&S

Confidentiality Agreement – No

Widely Marketed Deal – No

Financial Model and Deal Memo – Completed on transaction

Current Counsel – None (DB has requested hiring of external counsel)

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EC2 000037348