

**Enron Corporation  
Project Tanya  
To Do List  
November 9, 1995**

Action Step	Responsibility	Target Date
<p>1. Prepare list of available subsidiaries</p> <ul style="list-style-type: none"> <li>• Equity of \$500,000 to \$5,000,000</li> <li>• Preferably 1st tier subs</li> <li>• AA LLP to address issues involving the potential use of a 2nd tier subsidiary and or a subsidiary with minimal existing equity (i.e. \$1,000)</li> </ul>	<p>Enron Tax</p> <p>AA</p>	<p>Mon. 11/13</p>
<p>2. Draft documents/ discuss project with attorney</p> <ul style="list-style-type: none"> <li>• Select Enron corporate attorney to assist with project</li> <li>• Amend Newco's Articles of Incorporation for name change and to provide for two classes of stock (a sample document has been provided).</li> <li>• Newco Board of Directors resolution providing for the <u>issuance</u> of stock in consideration for (1) the contribution of the note(s) receivable and (2) assumption of certain liabilities (a sample document has been provided).</li> <li>• Enron Board of Directors resolution providing for the <u>acquisition</u> of stock in consideration for (1) the contribution of note(s) receivable and (2) assumption of certain liabilities (a sample document has been provided).</li> <li>• Agreement for the assumption of liabilities.</li> <li>• Agreement(s) to convert intercompany receivables to notes receivable.</li> <li>• Tax sharing agreement (if necessary)</li> <li>• Consulting agreement/stock purchase agreement.</li> <li>• AA LLP to obtain sample additional sample documents (if available).</li> </ul>	<p>Enron Legal</p>	<p>Wed. 11/15 Fri. 11/10</p>
<p>3. Select existing liabilities to be transferred to Newco</p> <ul style="list-style-type: none"> <li>• Meet Monday afternoon (1:30) to discuss with HR and Towns Perrin.</li> <li>• Determine if assets related to the liabilities (i.e. COU &amp; VEBA) must reside in the same subsidiary as the liabilities. Review for possible delay in transferring the assets since they will not provide any tax benefit.</li> <li>• Deferred Compensation (pre 1994, excludes rabbi</li> </ul>	<p>Enron/AA</p>	<p>Tues. 11/14 Mon. 11/13</p>

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<ul style="list-style-type: none"> <li>trust/COLI).</li> <li>• FAS 106 Post Retirement Benefits.</li> <li>• Active Medical Obligation (?).</li> <li>• Determine the fair market value of the liabilities to be assumed by Newco.</li> <li>• Consider provisions to "cap" Newco's exposure where the costs of satisfying the liabilities could increase substantially.</li> <li>• Any regulatory issues on the transfer of liabilities/VEBA funding?</li> </ul>	Enron	
<p>4. Identify existing intercompany accounts receivable to be converted to intercompany notes receivable.</p> <ul style="list-style-type: none"> <li>• Bob Butts will provide a list.</li> <li>• Accounts receivable must have tax basis.</li> <li>• Determine the required interest rate for the notes.</li> <li>• Determine the required face amount of the notes to yield the desired value of the second class of stock.</li> </ul>	Enron	Tues. 11/14
<p>5. Determine the potential buyer of Newco stock</p> <ul style="list-style-type: none"> <li>• Drives the type of stock to be issued.</li> <li>• Employee - voting participating preferred</li> <li>• Consultant - nonvoting class B common</li> <li>• Determine the terms of Newco's new class of stock.</li> </ul>	Enron	Tues. 11/14
<p>6. Develop a cashflow/accounting model for Newco</p> <ul style="list-style-type: none"> <li>• Supports the value placed on the second class of stock</li> <li>• Payment of liabilities</li> <li>• Receipt of interest income</li> <li>• Payment of dividends (only if preferred stock is used)</li> <li>• Payment of administrative costs</li> <li>• Payment for (and assumption of) additional future obligations (if any)</li> <li>• Use of intercompany advances to meet cashflow needs</li> <li>• Future redemption of second class of stock</li> <li>• Book Basis Balance Sheet/Income Statement</li> <li>• Tax Basis Balance Sheet/Income Statement</li> <li>• Deferred Tax Treatment</li> <li>• AA LLP to obtain sample model (if available)</li> </ul>	TBD	11/16
<p>7. Draft Tax Opinion</p> <ul style="list-style-type: none"> <li>• Draft Opinion (based on generic factual assumptions)</li> <li>• Develop business purpose</li> <li>• Finalize Tax Opinion (based on Newco's specific facts)</li> </ul>	AA Enron/AA	11/14 11/14

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<p>8. Resolve financial accounting treatment</p> <ul style="list-style-type: none"> <li>• Send preliminary cashflow/accounting model to Dave Duncan and Bob Butts</li> </ul>	AA Audit	11/17
<p>9. After Newco has been formed and the second class of stock has been issued, begin negotiations with potential buyer(s).</p> <ul style="list-style-type: none"> <li>• Negotiate consulting agreement/stock purchase agreement with buyer.</li> <li>• Preferably agreement will not require audited financial statements for Newco. Instead, Newco's FMV can be supported with actuarial determinations of the value of the liabilities.</li> </ul>	Enron	December