

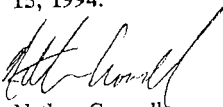
Kenneth L. Lay and Linda P. Lay
CAR Comments
August 23, 1994

The attached CAR documents approval of a \$7.5MM revolving line of credit for Ken and Linda Lay. This credit facility will replace a contemplated \$7.5MM credit facility which was going to be provided by Charter Bank. The borrower decided to consolidate his banking relationship at NationsBank based on the responsiveness of Private Banking with regards to the \$16MM credit facilities. Since closure of the \$16MM credit facilities was being held up by Charter's responsiveness on the proposed \$7.5MM credit facility, Ken Lay decided to replace Charter. Ken and Linda were scheduled to sign documents on the \$16MM credit facilities on 8/23/94 and offered to move the Charter Bank debt to NationsBank could meet the closing date.

The proposed \$7.5MM line of credit will be subject to a 50% advance on listed stock (acceptable to NationsBank) and include a 75% margin call. Pricing will be the same as the other secured credit facilities. Initially, NationsBank will fund approximately \$3.5MM under the proposed credit facility to completely pay off Charter Bank.

This facility will be a purpose credit under Regulation U, accordingly, advances will be limited to 50% of the collateral value. At a later date, NationsBank may decide to split the \$7.5MM facility into two separate facilities (one for purpose credit and one for non purpose credit); however, all other terms and conditions will remain unchanged. Also, the facility will have a margin call at a 75% LTV, requiring Lay to pledge additional acceptable collateral or reduce the loan balance to return to a 70% LTV. Pricing will be at LIBOR + 175bps; with repayment of interest only due the earlier of quarterly or the expiration of each LIBOR contract, and principal due at maturity. The proposed risk rating of "4-Good" is assigned based on the marketability and collateral coverage of the listed stock held as collateral. Further, the credit exposure strategy of "Maintain" is appropriate given the size (\$27MM committed with the acceptance of this proposal) and performance of Mr. Lay's overall relationship with NationsBank.

For further background and financial information, please refer to the CAR Comments dated July 15, 1994.


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While we can split the facility, at this point we have approved only a 50% advance/call ratio secured by acceptable margin stocks (Mr. Lay is aware of this.) 