

To: Robert J. Hermann, Enron Corp.
From: Robert P. Palmquist, Houston
Date: October 27, 1995
Subject: Enron Capital Loss

1. Attached are preliminary steps to implement.
2. We are doing preliminary feasibility study of reviewing particular items:

	(in millions)
Deferred Compensation	\$60
SERP	20
FAS 106	<u>120</u>
Targeted Loss	<u>\$200</u>

3. Items considered but on hold:

Pension plans
Stock options

4. Biggest issue to be resolved -- business purpose for Newco's managing these items.

5. AA fees

Feasibility review	\$75,000 - \$100,000
Implementation	\$100,000 - \$200,000

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