



Bankers Trust

Bankers Trust New York Corporation
and its affiliated Companies

Thomas Finley
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August 11, 1997

Mr. R. Davis Maxey
Enron Corp.
Senior Director
1400 Smith Street
Houston, TX 77002-7361

Dear Dave:

As we discussed, attached is a schedule detailing the possible cost to Bankers Trust Company ("Bankers Trust") of entering into the proposed transaction with Enron Corp. As you know, absent the proposed transaction, Bankers Trust would continue to hold the REMIC residuals until they stop producing "phantom income" and would be able to recognize the tax loss built into the REMIC residuals through disposition of the interests at that time. As the schedule indicates, the phantom income is expected to cease on the REMIC residuals as of the beginning of 1999. However, as a result of the proposed transaction, Bankers Trust would not be able to recognize its built-in tax loss until it disposes of the Enron debt to be received in the future recapitalization. We anticipate that such a sale could occur no earlier than the end of the year 2002. Accordingly, as a result of the proposed transaction, Bankers Trust would be deferring the recognition of a tax loss by at least 3 years (from 1999 to 2002). The attached schedule provides details for these computations and illustrates the net present value cost to Bankers Trust of entering into the proposed transaction.

As the schedule indicates, the net present value cost to Bankers Trust is approximately \$7.4 million. This amount is greater than the \$6.5 million number we discussed earlier due to several factors. First, this initial estimate was generated assuming the proposed transaction were to occur at the end of the second quarter of 1997. The proposed transaction is now expected to occur as of the end of the third quarter of 1997. As a result of this change in assumed timing, Bankers Trust has recognized additional phantom income from the REMIC residuals, which has increased its tax basis. In addition, more complete information has been received (e.g., missing quarterly statements for certain REMIC residuals were received) since the initial computation was made which caused an increase in the amount of phantom income recognized in prior

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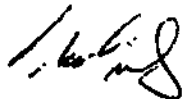
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August 11, 1997
Page 2

periods. An additional cost to Bankers Trust therefore exists due to the deferral of the tax loss related to the additional tax basis.

If you have any questions, please give me a call.

Very truly yours,



Thomas Finley