Enron Corporation
Project Tanya
To Do List
November 9, 1995

Action Step	Responsibility	Target Date
1. Prepare list of available subsidiaries • Equity of $500,000 to $5,000,000 • Preferably 1st tier subs • 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)	Enron Tax AA	Mon. 11/13
2. Draft documents/discuss project with attorney • Select Enron corporate attorney to assist with project • Amend Newco's Articles of Incorporation for name change and to provide for two classes of stock (a sample document has been provided). • 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). • 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). • Agreement for the assumption of liabilities. • Agreement(s) to convert intercompany receivables to notes receivable. • Tax sharing agreement (if necessary) • Consulting agreement/stock purchase agreement. • AA LLP to obtain sample additional sample documents (if available).	Enron Legal	Wed. 11/15 Fri. 11/10
3. Select existing liabilities to be transferred to Newco • Meet Monday afternoon (1:30) to discuss with HR and Towns Perrin. • Determine if assets related to the liabilities (i.e. COLI & 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. • Deferred Compensation (pre 1994, excludes rabbi	Enron/AA	Tues. 11/14 Mon. 11/13

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Action Step	Responsibility	Due Date
trust/COLI).		
• FAS 106 Post Retirement Benefits.		
• Active Medical Obligation (?).		
• Determine the fair market value of the liabilities to be assumed by Newco.		
• Consider provisions to "cap" Newco's exposure where the costs of satisfying the liabilities could increase substantially.		
• Any regulatory issues on the transfer of liabilities/VEBA funding?	Enron	
4. Identify existing intercompany accounts receivable to be converted to intercompany notes receivable.	Enron	Tues. 11/14
• Bob Butts will provide a list.		
• Accounts receivable must have tax basis.		
• Determine the required interest rate for the notes.		
• Determine the required face amount of the notes to yield the desired value of the second class of stock.		
5. Determine the potential buyer of Newco stock	Enron	Tues. 11/14
• Drives the type of stock to be issued.		
• Employee – voting participating preferred		
• Consultant – nonvoting class B common		
• Determine the terms of Newco's new class of stock.		
6. Develop a cashflow/accounting model for Newco	TBD	11/16
• Supports the value placed on the second class of stock		
• Payment of liabilities		
• Receipt of interest income		
• Payment of dividends (only if preferred stock is used)		
• Payment of administrative costs		
• Payment for (and assumption of) additional future obligations (if any)		
• Use of intercompany advances to meet cashflow needs		
• Future redemption of second class of stock		
• Book Basis Balance Sheet/Income Statement		
• Tax Basis Balance Sheet/Income Statement		
• Deferred Tax Treatment		
• AA LLP to obtain sample model (if available)		
7. Draft Tax Opinion	AA	
• Draft Opinion (based on generic factual assumptions)		11/14
• Develop business purpose	Enron/AA	11/14
• Finalize Tax Opinion (based on Newco's specific facts)		

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Action Step	Responsibility	Due Date
8. Resolve financial accounting treatment • Send preliminary cashflow/accounting model to Dave Duncan and Bob Butts	AA Audit	11/17
9. After Newco has been formed and the second class of stock has been issued, begin negotiations with potential buyer(s). • Negotiate consulting agreement/stock purchase agreement with buyer. • 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.	Enron	December