· Start middle of August
projected close - October 31, 1998

· Replacement securities needed for some of the REMICs - will take a couple months to clean-up.

AA (1) basis of already accreted basis. $40m.
asset being acquired
viewed as a purchase transaction
recorded as asset and deferred credit of $40m

II. Transaction Structure

Open issue - admin. mgmt. of REITs - ser. hundred securities generating quarterly income

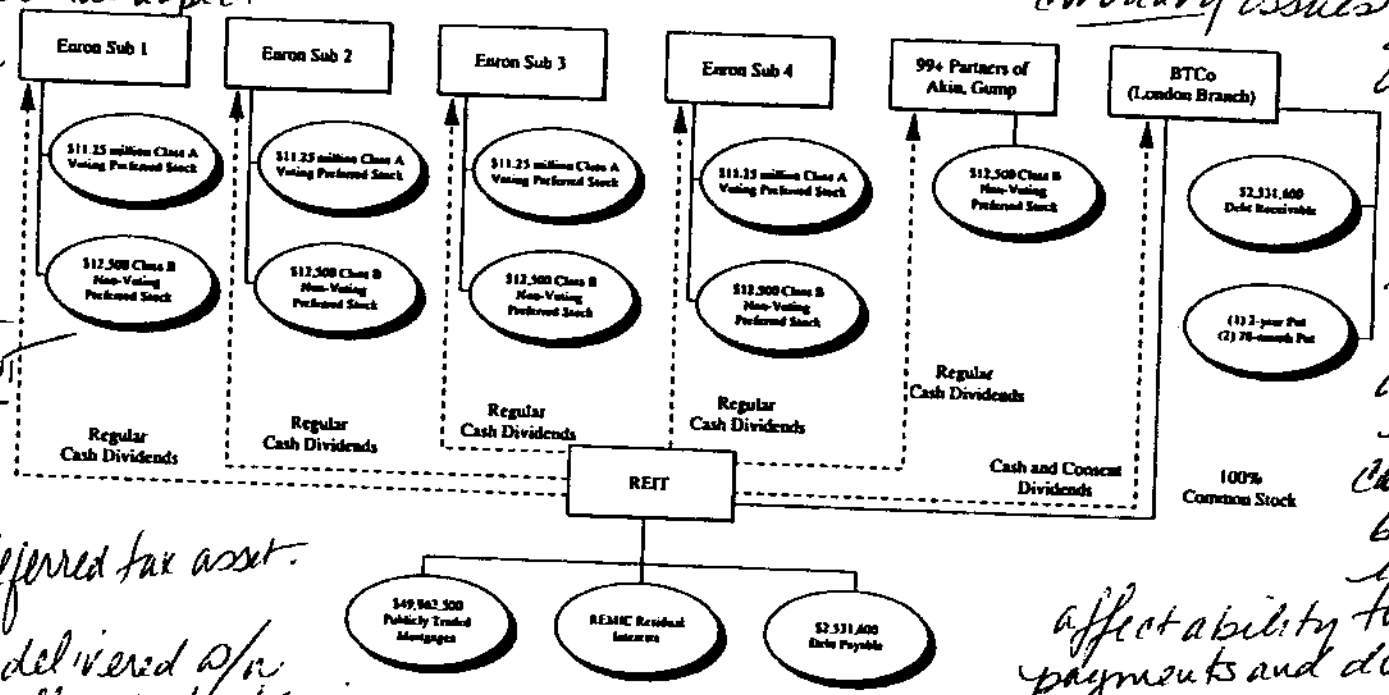
corollary issues - REIT qualification - if disqualif. becomes C corp. giving rise to substan taxable income - drag on $ flow would cause it to become insolvent - affect ability to make payments and do recapitalize - so suggesting an indemnity

3. Dividends During Subsequent Years

(2) this asset creates another iterative aspect

amortization on a reasonable basis

(3) future accretion - consented to BT to under its common stk interest - creates add. deferred tax asset.



A memo s/b delivered o/n next week - all substantive issues resolved.

Bill Wecker says Instead we all need to "row" the REIT boat

- During subsequent years of operation, the REIT will make the required coupon payments on the voting and non-voting preferred stock. In addition, the REIT will distribute any remaining taxable income through cash and consent dividends to BTCo (London Branch) as the holder of the common stock.

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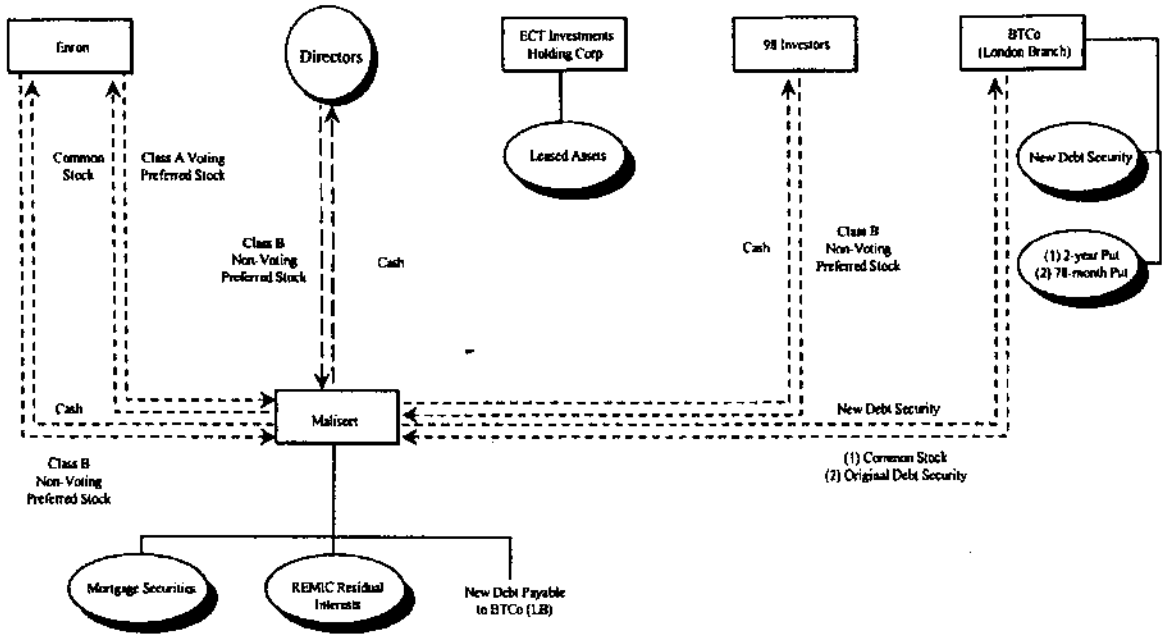
Transaction Structure

Recapitalization



- After at least 5 years, pursuant to the terms of the corporate documents governing Maliseet, either Enron or BTCo may force a recapitalization of Maliseet.
- As part of a recapitalization, Maliseet would redeem the Class B non-voting preferred stock.