

Credit Approval Report for the General and Private Banks

| | | | | |
|--|--|---|--|---|
| Bank NationsBank of Texas, N.A. | City/Unit Private Banking/Houston | Profit Center No. 3055 | Effective Date 7/15/94 | Ownership/Stock Traded: NA |
| Borrower Name & Address Kenneth L. Lay & Linda P. Lay Houston, Texas 77019 | | Tax ID No./ SS No. | Officer No. 0236/Shelton | Customer No. 4324810 |
| SIC/NB Industry Code 8811 | | Treasury Management Exposure: | | |
| CRA Code: | | Product: | | |
| Nature of Business Chairman & CEO of Enron Corp. | | Credit Exposure Strategy Inc. <input type="checkbox"/> Dec. <input type="checkbox"/> Main <input checked="" type="checkbox"/> Out. <input type="checkbox"/> | Borrower Risk Rating Existing Rating 4/5 Proposed Rating 4/5 | Company Revenues: \$ |
| Principals/Guarantors 1 KLL & LPL Investments, Ltd. 2 3 | | Title \$ Unlimited | Amount of City \$ 22,000,000 | GTR ONW |
| New Credit Requests | | Projected Avg. | Both Facilities | Maturity |
| Type | Amount | Outstanding | Rate | Date |
| 1 CLN | \$ 8,000,000 | \$ 6,000,000 | LIBOR+175bp | 364 days |
| 2 CLN | \$ 8,000,000 | \$ 6,000,000 | Prime-50bp | 364 days |
| 3 | \$ | \$ | | |
| 4 | \$ | \$ | | |
| 5 | \$ 16,000,000 | \$ 12,000,000 | | |
| 6 | \$ 17,000,000 | Existing Commitment Totals (from Page 2, Section I) | | |
| 7 \$33,000,000 | Total Amount (sum lines 5 & 6) | | Total Corporate Exposure \$ 19,500,000 | |
| 8 \$13,500,000 | Less: Existing Credit Renewed/Replaced by New Request | | Pre Authorized Limit (PAL) | |
| 9 \$19,500,000 | Total Proposed Direct Exposure (This name only, this state only) | | Amount | |
| 10 \$0 | Plus: Indirect & Related Exposure (from Page 2, Section II) | | Effective Date | |
| 11 \$0 | Plus: Other NationsBank Exposure (from Page 2, Section III) | | Maturity Date | |
| 12 \$19,500,000 | Sum of lines 9, 10 & 11. Equals TCE | | Seasonal Line Activity | |
| Are Notes Cross Defaulted? | | Is Collateral Specifically Cross Pledged? | | Credit Quality Assessment (must check one) |
| Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | | 1. Existing or Proposed Policy/Collateral Exceptions (See Page 2) |
| Yes Except Nos. _____ | | Yes Except Nos. _____ | | 2. Proposed Loan Agreement Covenants Attached? |
| Loan/Commitment Fee Agreement(s) (By requested Facility No.) | | None | | 3. Covenant Compliance Forms Attached? |
| Purpose of Credit (By requested Facility No.) | | 1) To purchase or carry margin securities. 2) For business investments and personal expenses (will not be used to purchase or carry margin stock). | | 4. Annual Review/Base Memo Prepared? |
| Terms of Payment (By requested Facility No.) | | Both Facilities: Interest only payable the earlier of quarterly or at the maturity of each LIBOR contract. Principal due at maturity: _____ | | 5. Is this to be Annual Term Loan Review? |
| Source of Repayment (By Requested Facility No. - Primary & Alternate) | | Both Facilities: Primary: Sale of marketable securities Alternate: Personal cash flow; exercise of in-the-money stock options | | 6. Borrower has subsidiaries/affiliates not party to credit |
| Loan Agreement Required: | | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <i>Law to agree to no asset transfers without bank approval. KLP</i> | | 7. Financials include results for other than borrower/guarantor |
| Line Officers (Concurred/Approved) | | Credit Policy (Concurred/Approved) | | 8. Is this an HLT transaction? |
| Name | Initial | Date | Name | Initial |
| J. Shelton | JKS | 7/15/94 | A. Pryde | APR |
| K. Wilson | KW | 7/15/94 | M. Reilly | MR |
| W. Helms | WH | 8/2/94 | | |
| 15. Does this loan exceed FDICIA Supervisory Loan to Value Limits? (CP Bulletin 002-93) If Yes, which one? (Circle) Raw Land (65%); Land Dev (75%); Improved Prop (85%); Owner Occ 1-4 Family & Home Equity (90%); Coast Cnd, Multifamily & Other Non-Res (80%); Coast 1-4 Family Residential (85%) | | | | |
| Approving Officer's Comments & Conditions (Initialed) (Continued on page 2 if necessary) <i>Subject to our legal counsel's satisfaction that the structure (partnership is guaranteed + pledged) fully protects us, and that all approved mechanics are within Reg U boundaries. KLP</i> | | | | |

Energy CFG Acknowledgement: _____ Jo Tamalis

BOA/FBI/LAY: 29467

GOVERNMENT
EXHIBIT
318

Crim. No. H-04-25 (S-2)

RELATIONSHIP SUMMARY (* - Facilities Being Renewed/Replaced)

I. Existing Commitments

| | Amount | CFG | Rate | Type | Outstandings | Maturity Date | Risk Rating | Collateral Description | Loan Value | Basis of Loan Value |
|----|--------------|-----|-------------|---------|--------------|---------------|-------------|------------------------|------------|---------------------|
| 1 | \$500,000 | PB | Prime | CLN | \$ 383,939 | 12/12/94 | 5 | Unsecured | NA | NA |
| *2 | \$11,500,000 | PB | LIBOR+175bp | CLN | \$ 8,108,600 | 12/12/94 | 4 | Listed Stock | 11,500,000 | 70% Mkt Value |
| *3 | \$2,000,000 | PB | LIBOR+175bp | CLN | \$ 0 | 12/12/94 | 4 | Listed Stock | 2,000,000 | 70% Mkt Value |
| 4 | \$3,000,000 | PB | Prime ARM | IC/PBCM | \$ 0 | 16 years | 5 | Homesite | 3,000,000 | 75% Appraised Value |
| 5 | | | | | \$ | | | | | |
| | \$17,000,000 | | | | | | | | | |

Total Section I. (to page 1, line 6)

II. Indirect and Related Exposure Included in TCE (This State Only - Use Second Page if Necessary)

| Borrower Name | CFG | Amount | Rate | Type | Outstandings | Maturity Date | Risk Rating | Type of GTY |
|---------------|-----|--------|------|------|--------------|---------------|-------------|-------------|
| 1 | | \$ | | | \$ | | | |
| 2 | | \$ | | | \$ | | | |
| 3 | | \$ | | | \$ | | | |
| 4 | | \$ | | | \$ | | | |
| 5 | | \$ | | | \$ | | | |
| | | \$ | | | \$ | | | |

0 Total Section II. (to page 1, line 10)

III. Other NationsBank Exposure (Exposure Outside of this State or CFG)

| Borrower Name | CFG | Amount | Rate | Type | Outstandings | Maturity Date |
|---------------|-----|--------|------|------|--------------|---------------|
| 1 | | \$ | | | \$ | |
| 2 | | \$ | | | \$ | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |

0 Total Section III. (to page 1, line 11)

Material Documentation, Collateral, and Underwriting Exceptions (**** - Permanent Waiver Not Permitted; Will Continue as Exception Until Obtained)

| Exception | Type | Waive | Exception | Type | Waive | Exception | Type | Waive |
|--|------|-------|--|------|-------|---|------|-------|
| 1 Will not get annual F/S or other required financial info (B23, B24, C23/1, C25/6c) | Doc/ | | 16 No tri-party agreement and/or commitment/sales agreement, if req'd by CFG (C23/14) | Doc | | 10 Landlord lien waiver will not be obtained (C24/9) | Coll | |
| 2 Will not get appraisal as required (B26, C23/2, C25/6b) | Doc/ | | 17 Hotel/Condo collateral: No docs. as req'd per CFG policy (C23/15) | Doc | | 11 Assignment of Lease will not be obtained and/or recorded (B28, C24/10) | Coll | |
| 3 CAR not doc. within 30 days (C23/3) | Doc | | 18 No construction related docs per CFG policy (C23/16) | Doc | | 12 No confirmation letter from Sr. lienholder on Jr. lien collateral (C24/11) | Coll | |
| 4 Will not get proper borrowing authorization (C23/4, C25/6g) | Doc/ | **** | 19 No environmental due diligence as req'd (B27, C23/17, C25/6h) | Doc/ | | | | |
| 5 Will not get note (C23/5) | Doc | **** | | Ud | | 1 Loan is unauthorized or discouraged facility including subordinated loans, demand loans, holding companies. (B17, B18, C25/1, E17, E22, E31, E32) | Ud | |
| 6 Will not get Gys as req'd by policy (non-public borrowers) (B22, C23/6, C25/6a) | Doc/ | | 1 Security instruments will not be obtained (D/T, S/A) (C24/1) | Coll | **** | 2 TCE will exceed house limits (A13, C5, C14, C25/2) | Ud | |
| 7 Will not get lien search (UCC-II) (C23/7) | Doc | | 2 Title or title documentation will not be obtained (C24/2) | Coll | **** | 3 Terms of credit exceed established limits (as defined) incl. mat., amort., int. cap., int. only period (B11-13, B15, B29, B31, C25/3) | Ud | |
| 8 Will not have Loan Agreement if req'd by policy (B25, C23/8, C25/6f) | Doc/ | | 3 Negotiable collateral will not be in possession or security interest will not be perfected (C24/3) | Coll | | 4 Cash flow coverage ratios violated per CFG or General Policy Guides and Supplements (C25/4) | Ud | |
| 9 Will not get A/R listing and aging (C23/9) | Doc | | 4 Negotiable collateral will not be endorsed (C24/4) | Coll | | 5 Credit advance exceeds maximum advance ratio allowed or req. margin not obtained (B21-A, C25/5) | Ud | |
| 10 Will not get inventory certificates or reports (C23/9) | Doc | | 5 Financing Statements expired or not filed properly (C24/5) | Coll | | 6 Will not get acknowledgement of collateral assignments (C25/6d) | Ud | |
| 11 Will not have Borrowing Base Certificate (C23/9) | Doc | | 6 Title Insurance will not be obtained (C24/6) | Coll | | 7 No Commitment Letter on binding commitment (C25/6c) | Ud | |
| 12 Will not get Contractor Status Reports (C23/10) | Doc | | 7 Hazard Insurance will not be obtained (C24/7) | Coll | | 8 No real estate presale/prelease requirements per CFG (C25/7) | Ud | |
| 13 Reg U-1(Sik. or Bond Sec.) (C23/11) | Doc | **** | 8 Flood letter/flood insurance will not be obtained (C24/7) | Coll | **** | | | |
| 14 Will not have Participation Certif. and/or Agreement (B16, C23/12) | Doc | **** | 9 Bank will not be shown as "party in interest" on insurance policy(s) (C24/8) | Coll | | | | |
| 15 No current boundary/as-built survey or plat as req'd by CFG (C23/13) | Doc | | | | | | | |

Approving Officer's Comments & Conditions

(Initials) (Continued from Page 1)

Advances to fund other investments is allowed provided that the overall LTV of the \$15.5MM facility does not exceed 65% of the value of Enron Corp. stock held as collateral.

JHS

KW

Not a credit
solving exception
A330

WATZ

| CAR COLLATERAL SECTION | | BORROWER: Kenneth L. Lay & Linda P. Lay | | | | |
|--|---|--|------------------------------------|-----------------|--|----------------------------------|
| Law Firm & Attorney Preparing Collateral Documentation: | | DATE: 7/15/94 | | | | |
| COLLATERAL DESCRIPTION (Denotes New Collateral) | VALUATION METHOD & SO (Include Borrowing Base Form Date of Appraisal/Financial Statement) | BOOK VALUE OR APPRAISAL | LOAN % | VALUE Amount | | |
| See Addendum <i>Next page</i> | | | | | | |
| Total Debt Secured By Above Collateral | Total Collateral Value | \$0 | | \$0 | | |
| RESPOND (Y/N) TO EACH QUESTION ("N" means not applicable to collateral listed above. If "N", please explain below. (N) 1. Is all debt (direct and indirect) cross collateralized? (-) 2. Have UCC-11 searches reported a perfected senior lien position for the bank? (Y) 3. Have liens on real property (real estate, oil & gas, fixtures, etc.) indicating proper priority been confirmed by: () title binder? (Y) title policy? () attorney's opinion? (Y) 4. Has collateral requiring possession for perfection been received? (Y) 5. Have legal opinions been received (required for credits \$250,000 or more and collateral outside of Texas)? Explanation: 1 Real estate collateral above is homestead property and cannot be crossed to other debt. Also, the margin stock facilities cannot be crossed under Regulation U. | | | | | | |
| Names of Add'l Support Entity (Guarantors, Endorsers, Co-Makers, General Partners) | For This Request (Y/N) | Capacity (Guarantor, Co-Maker, etc.) | INDIRECT LIABILITY (Limit/Date) | | NET WORTH Statement Amount Date | TOTAL NATIONSBANK EXPOSURE |
| KLL & LPL Investments, Ltd. | Y | Guarantor | Unlimited | 7/15/94 | \$22,000,000 7/1/94 | \$16,000,000 |

APPROVAL AUTHORITIES

JAS KM [Signature] [Signature]

CAR Collateral Section

Borrower: Kenneth L. Lay and Linda P. Lay

Date: 7/15/94

| COLLATERAL DESCRIPTION | VALUATION SOURCE | BOOK VALUE | LOAN % | VALUE |
|---|--|--|------------------------------------|--------------|
| <u>\$8,000,000 Purpose Loan</u> | | | | |
| 228,936 sh Enron Corp. | 7/14/94 close (\$33-1/4) | \$7,612,122 | 70% | \$5,328,485 |
| 84,658 sh TCW Core Equity Fund | 7/14/94 close (\$11.08) | \$938,011 | 70% | \$656,607 |
| 34,477 sh TCW Latin America Fund | 7/14/94 close (\$12.16) <i>\$932</i> | \$419,240 | 70% | \$293,468 |
| 58,608 sh TCW Asia Pacific Fund | 7/14/94 close (\$9.08) | \$532,161 | 70% | \$372,512 |
| 5,000 sh EOTT Energy Partners | 7/14/94 close (\$18.25) <i>2507</i> | \$91,250 | 70% | \$63,875 |
| TCW Investment Partners I | Purchase Price <i>\$4796</i> | \$65,000 | 0% | \$0 |
| TCW Royalty Partnership IV | Purchase Price <i>private 4/5</i> | \$4,080 | 0% | \$0 |
| The Meridian Fund | Purchase Price <i>on 8/7/94</i> | \$500,000 | 0% | \$0 |
| Ella-Airtex Partners | Purchase Price | \$285,000 | 0% | \$0 |
| Green Land Properties | Purchase Price | \$75,000 | 0% | \$0 |
| Hilcorp Acquisition Partners | Purchase Price | \$105,694 | 0% | \$0 |
| Twin-Oaks - Bordeaux XII Partners | Purchase Price | \$120,000 | 0% | \$0 |
| <u>\$8,000,000 Non-Purpose Loan</u> | | | | |
| 252,485 sh Enron Corp. | 7/14/94 close (\$33-1/4) | \$8,395,126 | 70% | \$5,876,588 |
| 83,064 sh Compaq Computer | 7/14/94 close (\$35-7/8) | \$2,979,921 | 70% | \$2,085,945 |
| 3,000 sh Baker Hughes | 7/14/94 close (\$21-1/2) | \$64,500 | 70% | \$45,150 |
| 30,000 sh Enron Oil & Gas | 7/14/94 close (\$21-3/4) | \$652,500 | 70% | \$456,750 |
| 5,000 sh Eli Lilly & Company | 7/14/94 close (\$50-5/8) | \$253,125 | 70% | \$177,188 |
| 15,000 sh Aire Cure Environmental | 7/14/94 close (\$3-3/8) | \$50,625 | 70% | \$35,438 |
| 5,000 sh Copytele, Inc. | 7/14/94 close (\$9-5/16) | \$46,563 | 70% | \$32,594 |
| 10,000 sh Fiberchem Inc. | 7/14/94 close (\$1) | \$10,000 | 70% | \$7,000 |
| <u>Mortgage Loan</u> | | | | |
| 1st lien deed of trust on property & improvements to be constructed on 31st floor of The Huntingdon located at - 2121 Kirby Drive, Houston, Texas | Appraisal to be completed (Purchase price) | <i>\$12,454</i> <i>x 70%</i> <i>\$8,718</i> \$4,000,000 | <i>Some could be funded</i> 75% | \$3,000,000 |
| Totals | | \$27,199,917 | | \$18,431,600 |
| Debt Secured by Above Collateral \$12,250,000 | | | | |

JWS

Kenneth L. Lay and Linda P. Lay
CAR Comments
July 15, 1994

*Mr. Lay's desire is transfer more of our
existing purpose credit to Charter Bank,
while we would handle all of his
non-purpose borrowings in the future.
That is what the proposed structure
attempt to accomplish.*

1/8/94

Executive Summary

This CAR requests a renewal and increase of two credit facilities totalling \$16MM for Ken and Linda Lay. These one-year revolving credit facilities are structured as follows:

| | |
|----------------------------------|---------------------|
| Facility A (Purpose Credit): | \$8MM (50% advance) |
| Facility B (Non-Purpose Credit): | \$8MM (70% advance) |

Borrowings will be made by Kenneth L. and Linda P. Lay, but KLL & LPL Investments, Ltd. (a family limited partnership established for estate planning reasons) will pledge assets to secure the facilities and guarantee the indebtedness. The purpose of Facility A is to fund purchases of margin stock, primarily that of Enron Corp. As this will be a purpose credit under Regulation U, advances will be limited to 50% of the collateral value. Facility B, also secured by listed stock (Compaq, Eli Lilly, Baker Hughes) and other investments, will have a 70% advance ratio and will be used for business investments (excluding margin stock) and personal expenses. Both credit facilities will have a margin call (via a collateral maintenance agreement) at a 75% LTV, requiring Lay to pledge additional acceptable collateral or reduce the loan balance to return to a 70% LTV. Advances under Facility A to fund other investments will be allowed provided that the overall LTV, based on Enron stock held as collateral, does not exceed 65% (for purposes of a margin call, value will only be given to acceptable liquid collateral). Pricing will be LIBOR+175bp (based on 30, 60, 90 or 180 day LIBOR) or Prime-50bp at Lay's option. Repayment terms for both facilities: interest only due the earlier of quarterly or the expiration of each LIBOR contract, with principal due at maturity. The proposed risk rating is '4' based on the marketability and collateral coverage of the Enron Corp. stock or other listed stock held as collateral. Including the credit exposure proposed in a CAR submitted concurrently, credit exposure strategy for the Lay relationship is maintain at \$19.5MM. Ken Lay is Chairman and CEO of Enron Corp., a large Energy Group customer. After Joe Musolino introduced Lay to the Private Bank in 1993, NationsBank has become Lay's primary bank. Of \$14MM in total credit facilities, the bank has funded approximately \$9MM to enable Lay to exercise Enron stock options, purchase other stock and for general purposes. All borrowings have been handled as agreed. Relationship ROE including this request is 59%.

The only allowable "other investments" under Facility A will be those that are also margin stocks or investments CPO approved needed to include these

Transaction Analysis

(in a case by case basis) in our borrowing base for margin call calculation purposes. (i.e., some may be given 0% credit). Our attorney will also need to tell us that this set-up is in accordance with Reg U.

R/S

Use of Proceeds. Lay intends to use Facility A to fund purchases of margin securities (primarily Enron stock via options) and other investments. Lay currently has a \$7.5MM non-purpose credit facility at Charter Bank (\$4MM outstanding) secured by approximately \$12MM in Enron and other listed stock. This collateral will be transferred to NationsBank to secure Facility B, which will be used to fund non-margin stock investments and personal expenses. Also, Lay will likely use a portion of Facility B to reduce unsecured debt owed to Enron. Lay intends to keep a \$5MM line at Charter secured by approximately \$7MM in Enron stock, but future financing needs will be funded under the new NationsBank facilities. The following table details Lay's credit availability with the closing of this transaction:

| | <u>Commitment</u> | <u>Outstand.</u> |
|---|---------------------|---------------------|
| <u>NationsBank Credit Facilities:</u> | | |
| Purpose Line of Credit (50% LTV, 75% margin call) | \$8,000,000 | \$5,000,000 |
| Non-Purpose Line of Credit (70% LTV, 75% margin call) | 8,000,000 | \$4,000,000 |
| Unsecured Revolver | <u>500,000</u> | <u>400,000</u> |
| Total NationsBank Exposure | \$16,500,000 | \$9,400,000 |
| <u>Non-NationsBank Credit Facilities:</u> | | |
| Charter Bank - Stock-Secured Line | \$5,000,000 | \$3,500,000 |
| Texas Commerce - Unsecured Line | 250,000 | 250,000 |
| Enron Corp. - Unsecured Line | <u>4,000,000</u> | <u>4,000,000</u> |
| TOTAL CREDIT AVAILABILITY | \$25,750,000 | \$17,150,000 |

Family Limited Partnership. For estate planning purposes, Lay intends to transfer the majority of his assets and liabilities to KLL & LPL Investments, Ltd., a Texas limited partnership. The partnership has the authority to pledge assets for Lay's personal debt and guarantee Lay's personal debt. Lay's counsel, Baker & Botts, will provide an opinion regarding consideration issues. Linda Zimmerman has reviewed the partnership documents and has not noted any major issues. This facility will be governed by a credit agreement which will contain a covenant that the partnership will not dissolve or transfer assets without bank approval.

Collateral Analysis:

- Enron Corp. is one of only a few vertically integrated natural gas companies offering worldwide service. Enron's interests include gas pipelines, exploration and production, natural gas liquids, processing, marketing, and power generation.
- Enron's strategy of growth through vertical integration has allowed it to experience five years of solid performance over which compounded earnings per share have grown at a rate of 32% annually. The Board of Directors has approved two 2-for-1 stock splits in the past two years and, for the third year in a row, increased the dividend. Over a five year period Enron has given its shareholders a total return of about 252%, compared to a total return of 90% for the S&P 500 and 27% for its industry peer group.
- FY93 is typical of Enron's performance over this period. Net income increased more than 26%, exclusive of a non-cash charge to adjust for an increase in the federal income tax rate. Earnings per share grew 20% after preferred dividends and exclusive of the income tax charge. Leverage continued to decline from a high of nearly 70% at FYE87 to 47% at FYE93. Total return to shareholders in 1993 amounted to 28% versus an average of 17% for its peers and less than 10% for the S&P 500.
- Value Line gives the company timeliness and safety ratings of "3" on a scale of 1-highest to 5-lowest. Further, Value Line validates Enron's forecasted growth of 15% or better for the next three to five years. Enron's debt is rated at Baa2 by Moody's, BBB by S&P. On July 5, 1994, Enron closed at \$32.625 per share, with a 52-week high of \$37.00 per share and a 52-week low of \$27.00 per share. Enron's current market capitalization is in excess of \$8 billion. Although Enron's price has fluctuated somewhat during the past year, its beta is 0.85 (somewhat less volatile than the market as a whole). While the overall market has declined nearly 10% in 1994, Enron stock has appreciated 10%.

- **Rule 144/Trading Volume Analysis.** Lay beneficially owns less than 1/2% of Enron's outstanding shares. However, due to Lay's position as Chairman and CEO, he must follow the control restrictions of Rule 144. After satisfying the standard public reporting requirements, the number of shares Lay may sell during any three month period may not exceed the greater of the following:

- 1) **1% of the shares of the class outstanding.** There are approximately 250MM shares of Enron Corp. common stock outstanding with a total market value of over \$8 billion.
(1% = 2.5MM shares @ \$33 per share = 82MM)
- 2) **Average weekly trading volume as reported on all national securities exchanges during the previous four-week period.** Per Bloomberg reporting system, the average weekly trading volume for the previous four weeks ending 5/19/94 was approximately 2.3MM shares. (Avg. Weekly Volume = 2.3MM shares @ 33 per share = \$76MM)
- 3) **Average weekly trading volume reported in the consolidated reporting system during the previous four-week period.** Same as item two above.

Liquidation Analysis. The following liquidation analysis will be done based on the assumptions that Lay has pledged 818M shares of Enron stock as collateral for the line and the call price is \$22.00 per share. This price is 33% below the current market price. With an average daily trading volume of nearly 500M, Enron is considered a highly liquid stock. The sales factor to be used for highly liquid stocks is 25%. The following illustrates the liquidation scenario:

400M ADTV x 25% sales factor = 100M shares/day at \$22/share; we would need to liquidate
~~\$13.5MM/\$2.2MM~~ = 6 days to liquidate entire loan *we could sell the company we will hold in one day. then 592 shares of Enron to pay off entire loan value -> 6 days*

Repayment Sources. The primary repayment source for this debt is the timely liquidation of marketable securities by Lay. Lay has approximately \$13MM in equity in his \$23MM unrestricted Enron stock. Lay is subject to Rule 144 restrictions on the sale of Enron stock, but with 250MM Enron shares outstanding and an average daily trading volume of 400M shares, Lay's ownership position is well below Rule 144 sale limits. Lay also has \$6MM in other marketable securities which secure \$2.5MM in debt.

An alternate repayment source for this loan is Lay's cash compensation from his employment with Enron. Lay recently renewed an employment contract with Enron which provides for a fixed annual salary of \$990M through February 1999. However, according to Enron's board of directors, approximately 70% of Lay's compensation is "at risk", growing or shrinking based strictly upon the performance of Enron and return to stockholders. During 1993, Lay received cash payments of approximately \$2.5MM in excess of his base salary which represented "at risk" compensation. This incentive compensation was based upon Enron's superior performance (28% total return for Enron stockholders in 1993 versus 10% for the S&P 500).

Another substantial source of repayment is Lay's Enron stock options which have a current vested value of nearly \$20MM. The following table details the value of these options based on a \$33 current stock price. Unvested options generally vest over a four year period.

| | CURRENT VALUE | Pro-Forma 10% Increase in Stock Price | Pro-Forma 20% Decline in Stock Price |
|-------------------------------------|----------------------|---|--|
| ENRON CORP. (\$33/share) | | | |
| Exercisable Options: | | | |
| 763,600 shares @ \$12.50* | \$15,653,800 | \$18,173,680 | \$10,614,040 |
| 31,200 shares @ \$13.75 | \$600,600 | \$703,560 | \$394,680 |
| 112,500 shares @ \$15.50 | \$1,968,750 | \$2,340,000 | \$1,226,250 |
| 240,000 shares @ \$27.1875 | \$1,395,000 | \$2,187,000 | \$0 |
| 48,000 shares @ \$28.25 | \$228,000 | \$386,400 | \$0 |
| TOTAL EXERCISABLE | \$19,846,150* | \$23,790,640 | \$12,234,970 |
| ENRON CORP. (\$33/share) | | | |
| Unexercisable Options: | | | |
| 31,200 shares @ \$13.75 | \$600,600 | \$703,560 | \$394,680 |
| 75,000 shares @ \$15.50 | \$1,312,500 | \$1,560,000 | \$817,500 |
| 360,000 shares @ \$27.1875 | \$2,092,500 | \$3,280,500 | \$0 |
| 84,000 shares @ \$33.50 | \$0 | \$235,200 | \$0 |
| 1,200,000 shares @ \$33.00 | \$0 | \$3,960,000 | \$0 |
| TOTAL UNEXERCISABLE | \$4,005,600 | \$9,739,260 | \$1,212,180 |
| COMPAQ COMPUTER (\$33/share) | | | |
| 4,000 shares @ \$20.33 | \$50,680 | \$63,880 | \$24,280 |
| 4,000 shares @ \$16.25 | \$67,000 | \$80,200 | \$40,600 |
| 1,231 shares @ \$8.125 | \$30,621 | \$34,683 | \$22,496 |
| TOTAL EXERCISABLE | \$148,301 | \$178,763 | \$87,376 |

*733,600 shares at \$12.50 vest and are exercisable beginning August 23, 1994.

Other Key Critical Issues:

- **Leverage.** The primary risk of this credit is Lay's leverage, as virtually all of his Enron stock is encumbered. However, this risk is mitigated by Lay's significant cash flow generation ability and liquidity. Also, Lay stated to the RM that he intends to reduce his leverage from the current 50% of assets to 25%-30% of assets over the next 3-4 years. Sources of Lay's liquidity are as follows:
 - 1) Lay's primary liquidity, consisting of large capitalization stocks and mutual funds, is currently worth \$29MM. Outstanding debt (stock secured and unsecured debt) reliant on this liquidity is approximately \$16.7MM (\$12.1MM is secured, \$4.6MM is unsecured); given a required margin on secured debt of 75%, Lay currently has excess margin of approximately \$13MM.
 - 2) The value of Lay's currently exercisable Enron and Compaq stock options is approximately \$20MM. Assuming a substantial decline of 20% in the price of Enron's stock, Lay would still have the ability to realize \$12MM in option value. Approximately 20% of the unvested Enron options vest each year, representing a source of ongoing liquidity.
 - 3) Lay also has other liquidity totalling over \$5MM, including deferred income from Enron, an Enron ESOP, restricted Enron stock, and retirement savings. While these assets are clearly less liquid than listed stock, this is another source of liquidity which could be used to retire debt.

- **Concentration of Wealth/Income.** Lay's wealth is concentrated in Enron common stock and his recurring cash flow is dependent upon his employment at Enron. This risk is mitigated by the strong performance of Enron under Lay's leadership. As evidence of Enron's confidence in Lay, the board of directors renewed Lay's employment contract with Enron for five years, which included a 1.2MM share stock option grant. Wall Street has likewise rewarded Enron's performance as the company's stock has increased 296% over the past five years, compared to 97% for the S&P 500 and 23% for Enron's industry peers. This strong performance could make the stock vulnerable to a market correction, but the stock is up 10% this year while the market has declined. The company is expected to continue to perform well due to its diversification across most segments of the natural gas business in addition to the strengthening of natural gas prices.
- **Ability to Meet Margin Calls.** Of the total credit available to Lay, approximately \$9MM is unfunded. However, given Lay's total pledgeable liquidity and the advance ratios on these credit facilities, his current availability is limited to \$4.5MM. While Lay's unencumbered liquidity is marginal, the value of all encumbered liquidity is over 176% of outstanding secured and unsecured debt, providing significant capacity to meet margin calls. Furthermore, Lay has nearly \$20MM in option value that will be realizable beginning August 23, 1994. Lay has stated that, in the event of a margin call, he would liquidate Enron savings, ESOP and deferred income plans, exercise options, and sell Enron stock if necessary.

As of July 1, 1994, Lay's total secured debt LTV was 41%. The value of the collateral securing this debt would have to decline by 45% before a margin call would occur. This scenario is unlikely given the strong performance of Enron, and Lay's ongoing effort to diversify his liquidity. Assuming maximum fundings under all credit facilities (limited by advance ratios) and assuming a 20% decline in the value of encumbered liquidity, the value of Lay's encumbered liquidity would have to decline by 27% before Lay would face a margin call. At the point of a margin call, Lay would still have 25% equity in the collateral.

- **Death, Estate Taxes, Etc.** This transaction will complete the majority of Lay's estate planning. He currently has \$47MM in life insurance (mostly second-to-die policies) which is currently sufficient to pay off all debt and estate taxes after the deaths of both Ken and Linda Lay.

Relationship Summary

- Ken Lay is a high-profile executive who leads one of the largest fully integrated natural gas companies in the world. Lay has been with Enron since 1985 and has been Chairman and CEO for over five years. Lay is also a director of Eli Lilly and Company, Compaq Computer Corporation, Enron Oil & Gas Company, EOTT Energy Corp., and Trust Company of the West. Lay currently has banking relationships with Texas Commerce Bank and Charter Bank.

Cash Flow:

- Lay's cash compensation from Enron totaled \$6,766M for 1993, consisting primarily of his salary (\$987M), incentive bonus (\$1,375M), deferred income (\$200M), long term incentive bonus (\$900M), less deferred salary (\$588M). Lay also exercised \$2.2MM in stock options during 1993, received a one-time payment of \$1.1MM and exercised stock appreciation rights of \$545M. The incentive bonus is paid to Mr. Lay based on the results

achieved by Enron during each year. In addition, Enron provides for a long term incentive bonus, based on the performance of the company generally over a four-year period. Other income, totalling \$557M, consisted of Enron dividends (\$376M), other dividends (\$15M), rental income (\$101M) directors fee income (\$65M). Total cash received in 1993 after federal income taxes was \$5.2MM.

- Recurring uses of cash (\$4,298M) consist of estimated taxes (\$2,060M), living expenses (\$1,720M), home maintenance (\$446M) and alimony payments (\$72M). Lay's debt service totalled \$1,029M consisting of \$528M on stock-secured debt, \$315M for his homes in Houston, Aspen, and Galveston, \$149M for investment properties, and other debt service of \$37M. It should be noted that living expenses and children expenses are discretionary items that Mr. Lay could reduce if necessary.

Liquidity:

- As of 7/1/94, Lay's liquid assets totaled \$29MM of which unrestricted Enron Corp. stock accounted for \$23MM. Other marketable securities accounted for \$6MM and include listed stock and mutual funds. Although Lay's liquid assets are concentrated in Enron stock, his liquidity remains strong due to the marketability of this stock.

*although
much of
this is
pledged*

Leverage:

- As of 7/1/94, total liabilities were \$21.8MM consisting of stock-secured debt (\$12.1MM), unsecured debt (\$4.6MM), homestead/vacation home debt (\$4.4MM) and investment property debt (\$708M). Lay has no contingent liabilities. It should be noted that total liquid assets of \$29MM covered total debt of \$19.7MM 1.5 times. As of 7/1/94, Lay's net worth was \$24MM, while his adjusted net worth was \$14MM.

NationsBank Private Banking Residual Asset Valuation Worksheet (\$ in 000's)

Borrower/Sponsor: Kenneth L. Lay
Statement Date: February 3, 1994

Prepared by: James Shelton
Date Prepared: 4/25/94

| A | | B | C | D | E | F | |
|---|--|-------------------------------|-------------------|------------------------------|----------------|------------------------|--------------------|
| PART I: Asset Valuations and Secured Debt/Description of Assets | | Owner's Stated Carrying Value | Adjustment Ratios | NationsBank Adjusted Values | (Less) Debt(s) | Residual Asset Values | Comments |
| 1. | Cash | 32 | 100% | 32 | | 32 | |
| 2. | Deferred Income | 2,412 | 90% | 2,171 | | 2,171 | |
| 3. | Enron Savings/ESOP | 1,148 | 75% | 860 | | 860 | |
| 4. | Restricted Enron Stock | 1,551 | 50% | 776 | | 779 | 47M shares @ \$33 |
| 5. | Unrestricted Enron Stock | 23,430 | 75% | 17,573 | 10,153 | 7,420 | 710M shares @ \$33 |
| 6. | Enron Oil & Gas Stock | 692 | 75% | 519 | | 519 | |
| 7. | Marketable Securities | 5,320 | 70% | 3,724 | 2,532 | 3,724 | |
| 8. | IRA/Keough | 170 | 75% | 128 | | 128 | |
| 9. | Homestead - 3195 Inwood | 3,489 | 75% | 2,617 | 2,560 | 57 | |
| 10. | Vacation Home - Aspen, CO | 2,561 | 70% | 1,793 | 1,320 | 473 | |
| 11. | Bayhouse - Galveston, TX | 433 | 70% | 303 | 287 | 16 | |
| 12. | Furniture/Personal Property | 1,225 | 25% | 306 | | 306 | |
| 13. | Automobiles | 169 | 50% | 85 | | 85 | |
| 14. | Boats | 39 | 50% | 20 | | 20 | |
| 15. | Investment Property | 1,520 | 50% | 760 | 708 | 52 | |
| 16. | Cash Value Life Insurance | 12 | 100% | 12 | | 12 | |
| 17. | Savings Bonds | 2 | 100% | 2 | | 2 | |
| 18. | Other Securities | 620 | 50% | 310 | | 310 | |
| Subtotals: | | 44,823 | | 31,988 | 17,560 | 16,963 | |
| PART II: G | | | | H | | J | |
| Debts & Creditors | | | | Total Unsecured Availability | | Unsecured Outstandings | |
| Enron Corp. | | | | | | 4,000 | |
| Subtotals: | | | | 0 | | 4,000 | |
| K | Contingent Liabilities expected to be paid | | | | | | |
| Subtotals: | | | | 0 | | 0 | |
| Adjusted Net Worth | | | | | | 12,963 | |

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BOA/FBI/LAY: 29477

NationsBank Private Banking Personal Cash Flow Worksheet

Name of Borrower/Sponsor: Kenneth L. Lay
Statement Date: January 25, 1994

Prepared by: James Shelton
Date Prepared: 4/25/94

| Cash Flows (\$000s): | Actuals Yr. 1992 | Actuals Yr. 1992 | Actuals Yr. 1993 | Pro Forma Year 1994 | Comments |
|---|------------------------|------------------------|------------------------|---------------------------|--|
| Recurring Sources of Cash | | | | | |
| 1. Salaries, Bonuses | | 3,537 | 2,874 | | 1. \$987 salary; \$2,275 bonuses; \$200 def. |
| 2. Dividends & Interest | | 263 | 390 | | 2. salary; less \$588 in deferrals |
| 3. Stock Options | | 6,026 | 2,251 | | 3. |
| 4. Recurring Real Estate Inflows: | | 102 | 101 | | 4. |
| Net Rents - NOI | | | | | |
| R/E Partnership Distributions | | | | | |
| Other Recurring - NOI | | | | | |
| 5. Other Partnership Distributions | | | | | 5. |
| 6. Other (incl. Bus. income, Trust | | 57 | 65 | | 6. Director's Fees |
| income, NOI, Tax Refunds, Gifts, etc.) | | | | | |
| 7. SUBTOTAL | 0 | 9,985 | 5,681 | 0 | 7. (lines 1 through 6) |
| Recurring Uses of Cash | | | | | |
| 8. Home Maintenance | | 257 | 446 | | 8. Inwood, Aspen, Galveston homes |
| 9. Planned Investments, Partnership | | | | | 9. |
| Contributions & Capital Calls | | | | | |
| 10. Estimated Living Expenses | | 1,213 | 1,720 | | 10. |
| 11. Estimated Taxes | | 3,189 | 2,060 | | 11. |
| 12. Alimony | | 72 | 72 | | 12. |
| 13. SUBTOTAL | 0 | 4,731 | 4,298 | 0 | 13. (lines 8 through 12) |
| 14. CASH FL. AVAIL. FOR DEBT SERV. | 0 | 5,254 | 1,383 | 0 | 14. (line 7 - line 13) |
| 15. Real Estate Debt Service | | 168 | 149 | | 15. Investment Property |
| 16. Home Mortgage Payments | | 350 | 315 | | 16. Inwood, Aspen, Galveston homes |
| 17. Auto & Other Installments | | 41 | 37 | | 17. |
| 18. Sched. Cont. Liab. Pymts. | | | | | 18. |
| 19. Other Scheduled Debt Service | | 533 | 528 | | 19. |
| 20. SUBTOTAL - DEBT SERVICE | 0 | 1,092 | 1,029 | 0 | 20. (lines 15 through 19) |
| 21. SUBTOTAL - RECURRING USES | 0 | 5,823 | 5,327 | 0 | 21. (line 13 + line 20) |
| 22. NET RECURRING CASH FLOW | 0 | 4,162 | 354 | 0 | 22. (Line 7 - line 21) |
| 23. DEBT SERVICE COVERAGE | #DIV/0! | 4.8 | 1.3 | #DIV/0! | 23. (line 14 divided by line 20) |
| Non-Recurring Sources (Uses) | | | | | |
| 24. Real Estate Sales | | | | | 24. |
| 25. New Real Estate Investment | | | (528) | | 25. |
| 26. Sale of Mkt. Sec./Stk Apprec Rights | | | 545 | | 26. |
| 27. Purchase of Mkt. Sec. | | | (4,572) | | 27. |
| 28. Other purch. & capital outlays | | | | | 28. |
| 29. Other | | | 1,095 | | 29. One-time Employment Agreement Pymt |
| 30. SUBTOTAL | 0 | 0 | (3,460) | 0 | 30. (lines 24 through 29) |
| 31. NET CASH FLOW BEFORE | | | | | 31. |
| FINANCING ACTIVITIES | 0 | 4,162 | (3,106) | 0 | (line 22 - line 30) |
| Financing Sources (Uses) | | | | | |
| 32. Real Estate Financing | | | 198 | | 32. |
| 33. Margin Financing | | | 4,572 | | 33. Includes increase in unsecured debt |
| 34. Homestead Financing | | | | | 34. |
| 35. Discretionary Debt Payments | | | | | 35. |
| 36. Contingent Liability Payments | | | | | 36. |
| 37. Other | | | | | 37. |
| 38. SUBTOTAL | 0 | 0 | 4,770 | 0 | 38. (lines 32 through 37) |
| 39. NET CASH FLOW (DEFICIT) | 0 | 4,162 | 1,664 | 0 | 39. (line 31-38) |
| ACTUAL CHANGE IN CASH | | | | | |

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INCOME STATEMENT

Kenneth L. Lay
January 25, 1994

| | | <u>ANNUAL</u> | <u>MONTHLY</u> |
|-------------------------------|----------------|----------------|----------------|
| <u>CASH COMPENSATION</u> | | | |
| Enron Corp - Salary | \$ 960,000 | | |
| Flex Perq | 27,000 | | |
| Employment Agreement | 1,095,128 | | |
| Incentive Bonus | 1,375,000 | | |
| L-Term Incentive | 900,000 | | |
| Deferred Salary | 199,784 | | |
| Stock Appreciation Rights | 545,580 | | |
| Stock Options | 2,251,239 | | |
| less: FICA/Medicare | 5,715 | | |
| FIT | 2,052,493 | | |
| PAC | 2,400 | | |
| Salary/Bonus Deferral | <u>587,526</u> | \$4,705,597 | |
| Compaq Computer Corporation | | 10,750 | |
| Trust Company of the West | | <u>54,000</u> | |
| | | 4,770,347 | 397,529 |
| <u>INVESTMENT INCOME</u> | | | |
| Stock Dividends: Baker Hughes | 1,455 | | |
| Eli Lilly | 4,840 | | |
| Enron Corp | 375,747 | | |
| Enron Oil & Gas | 3,600 | | |
| Intersport Ltd. | 4,500 | 390,142 | |
| Rental Income: Missouri Home | 4,200 | | |
| 1918 Huldry | 15,000 | | |
| 2406 Kingston | 9,600 | | |
| 1852 Marshall | 2,200 | | |
| 1856 Marshall | 23,450 | | |
| 1741 Sul Ross | 7,551 | | |
| 1918 Sul Ross | 32,825 | | |
| 1750 Viking | <u>6,000</u> | <u>100,826</u> | |
| | | 490,968 | 40,914 |
| TOTAL INCOME | | \$5,261,315 | \$438,443 |

**MONTHLY CASH FLOW ANALYSIS
FOR THE KENNETH L. LAY FAMILY**

CONTINUING COST OF FIRST MARRIAGE

| | |
|---------|----------|
| Alimony | \$ 6,000 |
|---------|----------|

ONGOING COST OF SECOND & LAST MARRIAGE

| | |
|--|------------|
| Residence expense and upkeep | |
| Inwood house | 34,622 |
| Aspen house | 21,320 |
| Galveston bay house | 7,488 |
| Other living expenses | 117,952 |
| Children | 21,057 |
| Cars and boats | 3,086 |
| Social clubs | 4,304 |
| Interest on loans | 44,036 |
| Investment property: | |
| Columbia, Missouri - RR 1, 7220, Hwy. AB | 1,634 |
| 1918 Huldry, Houston | 1,315 |
| 2406 Kingston, Houston | 556 |
| 1852 Marshall, Houston | 1,273 |
| 1856 Marshall, Houston | 2,620 |
| 1741 Sul Ross, Houston | 1,219 |
| 1918 Sul Ross, Houston | 3,585 |
| 1750 Viking, Houston | <u>186</u> |

| | |
|--------------|------------------|
| TOTAL | \$272,253 |
|--------------|------------------|

1/25/94

Kenneth L. Lay
1/25/94

Income Statement
Kenneth L. Lay
January 25, 1994
Page 2, cont'd.

POTENTIAL INCOME/ASSETS

Baker Hughes Stock Options

1,000 shares @ 21.95
1,000 shares @ 28.50
1,000 shares @ 25.00
2,000 shares @ 23.00

Compaq Computer Stock Options

4,000 shares @ 61.00
4,000 shares @ 48.75
1,231 shares @ 24.38

Enron Corp Stock Options

800,000 shares @ 12.50
62,400 shares @ 13.75
187,500 shares @ 15.50
200,000 shares @ 27.1875
400,000 shares @ 27.1875
48,000 shares @ 28.25

Kenneth L. Lay
1/25/94

BALANCE SHEET
Kenneth L. & Linda P. Lay
June 09, 1994

ASSETS**Non-Real Estate Investments**

| | |
|--------------------------------|-------|
| Checking Accounts: NationsBank | 8,702 |
| Pitkin County Bank/Aspen | 3,833 |
| Unity Bank | 5,000 |

| | |
|--|------------|
| Deferred Income Account | 2,457,453 |
| Enron Savings Plan | 255,575 |
| Enron ESOP | 625,514 |
| IRA's | 42,943 |
| Keough Account | 127,690 |
| Savings Bonds | 2,400 |
| Enron Corp stock (restricted: 39,840 x 31 1/8) | 1,240,020 |
| (unrestricted: 457,871 x 31 1/8) | 14,251,235 |
| EOTT Energy Partners, L.P. (5,000 x 18 3/4) | 93,750 |
| Envirofil, Inc. 8%CV PR C (50,000 x 1,000) | 50,000 |
| Envirofil, Inc. PV \$0.0002 (2,327 x 2.2497) | 5,235 |
| First Cash, Inc. 10% Convertible Sub Notes | 50,000 |
| Hillcorp Acquisition Partners | 250,000 |
| Houston County Drilling Prospects | 15,000 |
| Intersport Ltd. Convertible Sub Notes | 50,000 |
| Jalate Ltd. stock (5,000 x 9 5/8) | 48,125 |
| KLL & LPL Investments, Ltd. (see Schedule A) | 11,854,428 |
| National Serv-Ice Co. (common: 2,633) | 100,000 |
| (preferred: 1,254) | 38,867 |
| Native Power Corp. Equity | 100,000 |
| Old Baldy Club stock (250 x 113.44) | 28,360 |
| St. Arnold Brewery Co. | 75,000 |
| Tatham Offshore Inc. stock (2,500 x 16 1/4) | 40,625 |
| Telescan, Inc. stock (25,000 x 6 1/4) | 156,250 |
| TCW Core Equity Fund | 998,878 |
| TCW Asia Pacific Ltd. Partnership | 562,843 |
| TCW Investment Partners I- | 105,000 |
| TCW Royalty Partnership IV | 4,080 |
| TCW Latin America Equity Fund | 483,874 |
| U.S. Delivery System Inc. stock (5,000 x 12 3/4) | 63,750 |

| | |
|--|-----------|
| Residence - [REDACTED], Houston, TX | 3,489,100 |
| Furniture/Personal property | 950,000 |
| Aspen - 0165 Shady Lane, Aspen, CO. | 2,561,676 |
| Furniture/Personal property | 125,000 |
| Bayhouse - 3441 Petite Circle, Galveston, TX. | 432,900 |
| Furniture/Personal property | 150,000 |

Automobiles

| | |
|--------------------|-------|
| 1990 Nissan Wagon | 8,575 |
| 1990 Jeep Wrangler | 9,395 |

| | |
|----------------------|---------|
| 1988 Mercedes 300E | 20,875 |
| 1994 Ford Mustang | 28,075 |
| 1990 Range Rover | 28,975 |
| 1993 Mercedes 600 SL | 103,000 |

Boats/Pleasure Craft

| | |
|------------------------|--------|
| 1983 18' Duffield | 16,000 |
| 1990 20' Correct Craft | 17,085 |
| 1994 21' Boston Whaler | 46,600 |

Real Estate Investments

| | |
|---|---------|
| 11 Acres Farmland - Fayette Co., Beecher City, IL | 11,000 |
| 1750 Viking Dr., Houston, TX | 60,000 |
| Texas Land | 80,000 |
| Green Land Properties, Ltd. | 75,000 |
| Twin Oaks-Bordeaux XII Investors, Ltd. | 120,000 |
| 1852 Marshall, Houston, TX | 124,700 |
| 1741 Sul Ross, Houston, TX | 154,150 |
| 1918 Huldy, Houston, TX | 162,700 |
| Dymaxon Apartments, Austin, TX | 170,000 |
| RR1, 7220, Hwy. AB, Columbia, MO. | 183,000 |
| 1856 Marshall, Houston, TX | 203,800 |
| 2406 Kingston, Houston, TX | 205,200 |
| 1918 Sul Ross, Houston, TX | 259,850 |
| 3429 Petite Circle, Galveston, TX | 387,500 |

TOTAL ASSETS**\$44,344,088****LIABILITIES**

| | |
|---|-------------------|
| 1852 Marshall, Houston, TX George Rosenau | 73,384 |
| 1918 Huldy, Houston, TX Denton C. Priest Trust | 93,185 |
| 1741 Sul Ross, Houston, TX TCB/Houston, Houston, TX | 94,485 |
| RR1, 7220, Hwy. AB, Columbia, MO. Macon Bldg. & Loan, Macon, MO. | 127,150 |
| 1856 Marshall, Houston, TX Mills Levenson | 145,854 |
| 1918 Sul Ross, Houston, TX F. E. Dickson Darby Suiter | 29,915 138,784 |
| 3429 Petite Circle, Galveston, TX. | |

| | |
|---|---------------------|
| Charter Bank, Houston, TX. | 275,625 |
| 3441 Petite Circle, Galveston, TX. Prudential Home Mtge, Pasadena, CA. | 281,046 |
| 0165 Shady Lane, Aspen, CO. The Boston Co., Boston, MA. | 1,320,000 |
| [REDACTED], Houston, TX. Bank One Montg. Corp., Indianapolis, IN. TCB/Houston, Houston, TX. | 2,490,835 52,500 |
| Notes Payable | |
| KLL & LPL Investments, Ltd. (see Schedule A) | 3,968,392 |
| Enron Corp. | 4,000,000 |
| NationsBank | 8,492,539 |
| TOTAL LIABILITIES | \$21,594,694 |
| NET WORTH | \$22,749,394 |
| TOTAL LIABILITIES AND NET WORTH | \$44,344,088 |

Potential Income/Assets**Baker Hughes Stock Options**

1,000 shares @ 21.95 — 10/25/89
 1,000 shares @ 28.50 — 10/25/90
 1,000 shares @ 25.00 — 10/23/91
 1,000 shares @ 23.00 — 10/28/92
 1,000 shares @ 23.00 — 10/28/93

Compaq Computer Stock Options

12,000 shares @ 20.33 — 05/24/90
 8,000 shares @ 8.46 — 05/14/92
 8,000 shares @ 18.25 — 04/23/93
 3,693 shares @ 8.12 — 04/23/93

Enron Corp. Stock Options

763,800 shares @ 12.50 — 08/23/89
 62,400 shares @ 13.75 — 02/11/91
 187,500 shares @ 15.50 — 02/10/92
 200,000 shares @ 27.1875 — 02/09/93
 400,000 shares @ 27.1875 — 02/09/93
 48,000 shares @ 28.25 — 12/13/93
 84,000 shares @ 33.50 — 02/07/94
 1,200,000 shares @ 34.00 — 02/08/94

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 6/10/94

SCHEDULE A

Balance Sheet
 KLL & LPL Investments, Ltd.
 June 09, 1994

ASSETSNon-Real Estate Investments

Checking Account: Charter Bank

500

Aire Cure Environmental stock (15,000 x 3 3/8)

50,825

Baker Hughes, Inc. stock (3,238 x 19 3/4)

83,981

Compaq Computer Corp. stock (83,064 x 34 3/8)

2,855,325

Copytele Inc. stock (5,000 x 10)

50,000

Eli Lilly Company stock (5,000 x 55)

275,000

(deferred: 451.0103 x 55)

24,808

Enron Corp stock (252,485 x 31 1/8)

7,858,588

Enron Oil & Gas Company stock (15,000 x 43 3/4)

656,250

Fiberchem Inc. stock (10,000 x 1 3/32)

19,375

TOTAL ASSETS

\$11,854,428

LIABILITIESNotes Payable

Charter Bank Houston

3,969,392

TOTAL LIABILITIES

\$3,969,392

NET WORTH

\$7,885,038

TOTAL LIABILITIES AND NET WORTH

\$11,854,428

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 6/10/94

**QUICK REFERENCE GUIDE
FOR ANALYZING STOCK SECURED LOANS**

I. Key Facts

Borrower: Kenneth L. Lay Advance/Call Ratios: 50/75
 Loan Amount: \$13,500,000 Collateral: Enron Corp.
 Maturity: 1 year
 Terms: See attached CAR Comments Pledgor, if not Borrower: N/A
 Pricing: LIBOR+175bp
 Call Price Per Share: \$22

II. Underwriting and Analysis

ENRON CORP.

Quality:

Issuer's primary business: Integrated natural gas company

Is the issuer rated? NO Symbol NA

If traded OTC, primary market makers:

Issuer's debt or commercial paper rating source: Baa2/BBB

Down-grade recently?: No, recent Moody's upgrade to Baa2

Consensus of underwriter's recommendations (buy, hold, sell): Hold

Industry Rating: NA Valueline: Beta 0.85 Safety Rating 3

Timeliness Rating 3

Volume:

No. of shares outstanding: 250MM

Shares pledged/total shares outstanding: 818M / 250MM = 3.3%

Market capitalization (# shares outstanding X price per share): \$8 Billion

Public float (total shares outstanding less insider owned shares institutionally owned shares not likely to trade): 210MM

Shares pledged/public floats: 818M / 210MM = 3.9%

Average Daily Trading Volume: past 60 days: 400M

Price:

Current price: \$32.625 (on 7/5/94) Hi-Low past year: \$37/\$27 Low past three years: \$12.50

Recent stock splits: 2/1 Sept 1993 Dividend yield: 2.6%

P/E Ratio: 20 Historical EPS: \$1.37

Projected EPS: \$1.67 Book value per share: \$9.93

NET DAYS TO LIQUIDATE:

| | # of shares | Price/share | Collateral MV | ADTV | Sales Factor |
|-----|-------------|-------------|---------------|---------|--------------|
| ENE | 818,000 | \$22.00 | \$18MM | 400,000 | 25% |

Net Days to Liquidate:

ENE: $400,000 \times 25\% = 100,000$ shares per day x \$22/sh call price, = \$2.2MM

$\$13.5\text{MM} / \$2.2\text{MM} = 6$ days to liquidate entire loan.

III. Control and Restricted Stock Issues N/A

Is stock restricted?: NO If restricted, how long has it been owned by borrower?:

Has borrower sold the stock short or entered into a put arrangement during the ownership period?: NO Is stock subject to underwriter's lockout?: NO

Calculate limits on sales imposed by Rule 144 ("Dribble Rule"):

Under Rule 144, the maximum number of shares sold during any 90 day period is limited to the greater of (i) 1% of total shares outstanding, or (ii) the average weekly trading volume during the previous four weeks:

- (i) 2.5MM shares
- (ii) 2.3MM shares

The maximum number of shares that can be sold is 2.5MM or over \$80MM every 90 days.

Compare to volume limits on stock in Section II and utilize most restrictive.

Control:

Is borrower a director or senior officer of issue pledged?: YES
Borrower's ownership percentage of issue?: 1/2% Is borrower party to aggregation group which has agreements to buy or sell stock of issuer?: NO
Do family member of borrower own stock in issuer?: Yes
How much?: <1/2% Does NB have lending/investment relationships with the issuer? YES (Energy Group) Has qualified legal counsel been engaged to review stock's restrictions, etc.?: Yes

IV. Margin Maintenance Requirements

Is loan governed by Collateral Maintenance Agreement? YES Standard NB documents?: Yes Attorney prepared?: No Maximum Advance Ratio: 50%
Call Ratio: 75% Is the loan governed by Regulation U?: Yes Does structure conform to Reg U?: YES Margin call price per share, if applicable: \$22
No. of days granted to cure margin call: 5 Method of notification required: Letter
 List unique features of CMA:
Does borrower have other debt at other financial institutions secured by this stock?: Yes
List securities pledged and lender: See attached CAR
Advance/Call Ratios: 70/75 Margin call price per share, if applicable:
Have the limits imposed by Rule 144 been factored into the liquidation scenario for all secured, if applicable?: Yes

Borrower's Liquidity: \$29MM Cash or Equivalents: \$30M
Unencumbered Marketable Securities: \$0 Exchange Traded: NYSE
Has perfected security interest in collateral been attained?: YES Is loan set up for daily monitoring of values? YES Has "road map" for Liquidation Scenario been documented?: Yes

ENRON CORP. NYSE:ENE

RECENT PRICE 33

P/E RATIO 21.0

RELATIVE P/E RATIO 1.27

VALUE LINE 456

TIMELINESS 3

SAFETY 3

BETA .85

1987-88 PROJECTIONS

Price Gain Return

High 55 18% 18%

Low 38 4% 4%

Insider Decisions

to Buy 1 0 0 0 0 0 0 0

to Sell 2 2 4 0 0 0 1 0 3

Institutional Decisions

to Buy 121 122 117

to Sell 119 110 119

Net Buy 2 12 0

Percent 8.0 8.0 8.0

Traded 3.0 3.0 3.0

Options: CBOE

1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995

10.61 14.04 17.04 20.59 23.52 26.19 28.19 30.13 31.57 33.13 34.85 36.24 37.79 39.07 40.08 40.08 40.08 40.08

1.41 1.84 2.16 2.52 2.77 2.87 3.04 3.17 3.20 3.20 3.20 3.20 3.20 3.20 3.20 3.20 3.20 3.20

.77 1.02 1.18 1.38 1.47 1.54 1.62 1.68 1.71 1.71 1.71 1.71 1.71 1.71 1.71 1.71 1.71 1.71

.31 .35 .43 .46 .53 .58 .62 .62 .62 .62 .62 .62 .62 .62 .62 .62 .62 .62

1.53 2.02 2.08 2.47 1.98 1.30 1.80 3.31 1.08 .98 1.55 1.87 2.78 3.48 2.48 2.78 3.30 3.50

5.20 5.87 6.67 7.48 7.70 8.32 8.90 7.30 5.48 5.02 7.38 7.88 8.02 8.43 8.97 9.93 10.80 12.06

180.79 177.95 178.27 178.70 178.85 177.28 175.53 178.65 177.61 187.38 188.44 201.35 201.78 202.44 207.18 248.10 258.80 280.80

6.0 5.5 7.0 8.1 5.8 6.8 7.5 10.3 NMF NMF -- NMF 31.0 18.2 18.9 22.4

.82 .80 .88 .74 .82 .57 .70 .84 NMF NMF -- NMF 2.30 1.23 1.21 1.32

6.7% 6.2% 5.2% 6.0% 8.1% 8.0% 8.2% 5.8% 6.0% 5.5% 6.5% 5.3% 4.5% 4.1% 3.2% 2.7%

CAPITAL STRUCTURE as of 12/31/88

Total Debt \$2801.2 mil. Due in 9 Yrs \$810 mil.

LT Debt \$2528.8 mil. LT Interest \$285 mil.

(Total interest coverage: 2.5x) (46% of Cap)

Leases, Uncapitalized Annual rentals \$194 mil.

Pension Liability None

Pld Stock \$149.7 mil. Pld Div'd \$16.9 mil.

1,498,677 shs. \$10.50 cum. callab \$100. conv.

into 13,652 com. shs. (5% of Cap)

Common Stock 249,095,337 shs. (46% of Cap)

(271 mil. shs. fully diluted)

CURRENT POSITION 1981 1982 12/31/83

Cash Assets 216.8 141.7 140.2

Receivables 729.2 610.8 989.6

Inventory (Avg Cost) 272.9 198.4 197.7

Other 586.2 1177.3 891.1

Current Assets 1805.1 2128.2 2018.6

Accounts Payable 1395.0 802.3 1477.3

Debt Due 74.0 -- 132.4

Other 810.8 1840.0 1198.3

Current Liab. 2279.8 2642.3 2808.0

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. 1979-83

Revenue 5.5% 3.5% 4.0%

"Cash Flow" 1.0% 6.5% 12.0%

Earnings 1.5% NMF 15.0%

Dividends 2.5% 1.5% 9.5%

Book Value 2.0% 9.5% 8.5%

QUARTERLY REVENUES (\$ mil.) A

Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year

1981 3607 3035 3284 3594 13520

1982 1498 1303 1500 2021 6325

1983 1857 1907 1934 2274 7972

1984 2150 2100 2200 2889 9100

1985 2450 2400 2500 3089 10480

QUARTERLY EARNINGS PER SHARE A

Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year

1981 .43 .08 .08 .23 .80

1982 .44 .11 .18 .34 1.05

1983 .55 .23 .24 .35 1.37

1984 .88 .28 .28 .43 1.85

1985 .78 .31 .33 .53 1.95

QUARTERLY DIVIDENDS PAID C

Cal-ender Mar.31 Jun.30 Sep.30 Dec.31 Full Year

1980 .155 .155 .155 .155 .62

1981 .155 .155 .155 .163 .63

1982 .163 .163 .163 .175 .67

1983 .175 .175 .175 .188 .71

1984 .188

BUSINESS: Enron Corporation is a major integrated natural gas business. '93 profit mix: Transportation & Operation (construct, manage pipelines, power plants), 46%; Gas Services (purchase, market, finance gas & liquids; manage interstate pipelines, domestic power plants), 20%; International Gas & Power Services (develop, acquire overseas gas power & liquids plants, pipelines).

Enron made the most of a good year for natural gas in 1983. Strong results in most lines generated an overall advance of 30% in fully diluted earnings per share for the year. (Our figures exclude non-operating gain and loss items.) The only apparent drag was depressed margins on natural gas processing and liquids sales, caused by high gas feedstock costs and low NGL selling prices. The best comparisons came in the second and third quarters, partly reflecting the absence of seasonal weakening in gas prices typical in past summers. New price spikes imply healthy 1994 results, although Enron has hedged most of this year's gas production by selling forward at recent prices.

A number of projects offer opportunity to keep profits growing. By June, Enron will have added daily capacity of 240 million cu. ft. to its Argentina pipeline, which contributed over 5¢ a share last year. By year-end, a 530 MMcf/D expansion of the Florida Gas Transmission system is to be completed. Domestic production is growing steadily at Enron Oil & Gas, which is also drilling more wells in a plan that may double

19%; Exploration & Production (80%-owned Enron Oil & Gas), 15%; Gas Processing (domestic gas liquids), 3%. Foreign earnings: 28% of profit. '93 deprec. rate: 4.2%. Has about 7,800 employees; 25,560 shares. Mgmt. owns 20% of stock (549 proxy). Chair. & C.E.O.: K.L. Lay. Pres.: R.D. Kinder. Inccorp.: Delaware. Address: P.O. Box 1188, Houston, TX 77251-1188. Tel.: 713-863-6181.

Trinidad gas output to a 100 MMcf/D rate this year. EOG also is operator in a project to develop reserves with significant potential offshore India. And another India undertaking teams Enron with GE and Bechtel to build a 2015 megawatt gas fired power plant.

Selling interests in parts of the business helps to finance expansion. Last year, Enron received \$217 million for all but a 13% retained interest in Northern Border Partners, L.P., now a limited partnership. Currently, it's readying a public offering of a 58% interest EOTT Energy Partners, L.P. for around \$200 million. This new limited partnership will operate Enron's EOTT Energy subsidiary, one of the largest North American crude oil gathering and marketing operations. Investor confidence supports a premium in the price of Enron stock. Management shares its growth plans with investors, and we see no reason to dispute its targets of 15% or better for 1994 and possibly the next 3 to 5 years. The price of the neutrally ranked stock, though, leaves little room for any earnings shortfall.

Edmund B. Swort, CFA April 1, 1994

(A) '92 data reflect '93 spinoff of oil trading business. Quarterly amounts adjusted to sum to annual figures. (B) Fully diluted. Excludes nonrecurring gain (loss): '82, (41¢); '83, (4¢); '84, 1¢; '85, (\$1.43); '86, 73¢; '87, (36¢); '88, 44¢; '89, 78¢; '90, 41¢; '91, 22¢; '92, 25¢; '93, (12¢). Next earnings report due late April. (C) Next dividend meeting about May 1. Goes

ex about May 24. Dividend payment dates: about March 20, June 20, Sept. 20, Dec. 20. '93 Div'd reinvestment plan available. (D) In millions, adjusted for stock splits. Fiscal year-end is obtained from sources believed to be reliable, but the publisher is not responsible for any errors or omissions contained herein. For the company's financial strength, see the company's annual report.

Company's Financial Strength 8+
Stock's Price Stability 80
Price Growth Persistence 55
Earnings Predictability 35
To subscribe call 1-800-833-0246

| Customer: Kenneth L. Lay | | Risk Rating: 4 | | CPM Analysis Date: 15-Jul-94 | |
|--|-----------|----------------|-----------|---|-----------------|
| Relationship Profitability | | | | Summary Statistics | |
| | | After Tax | After Tax | | |
| | | Cont. | Cont. | | |
| | Inc/Exp. | to ROA | to ROE | Balance Summary | |
| Net Interest Spread | \$291,837 | 1.17% | 56.97% | Average Commitments | \$19,500,000 |
| Loan Fees | \$30,000 | 0.12% | 5.86% | Average Funded Loans | \$15,500,000 |
| Equity Funding Credit | \$18,073 | 0.07% | 3.53% | Total Assets | \$15,469,596 |
| Reserve Funding Credit | \$2,631 | 0.01% | 0.51% | Allocated Equity-Assets | \$314,320 |
| Net Interest Income-Credits | \$342,541 | 1.37% | 66.87% | Allocated Equity-Other | \$3,283 |
| Other Fee Income | \$0 | 0.00% | 0.00% | Total Book Deposits | \$100,000 |
| Less: Provision Expense | \$18,300 | -0.07% | -3.57% | Total Collected Deposits | \$94,060 |
| Net Credit Income-Assets | \$324,241 | 1.30% | 63.30% | | |
| Less: FDIC Insurance | \$0 | 0.00% | 0.00% | | |
| Loan & LC Prod. Costs | \$447 | 0.00% | -0.09% | Services Used by Customer | Proj. Ann. Fees |
| Total Product Margin-Assets | \$323,793 | 1.30% | 63.21% | | |
| | | | | Letters of Credit Fees | \$0 |
| | | | | Treas. Mgmt. & Dep. Fees | \$0 |
| Net Credit Income-Liabilities | \$5,604 | 0.02% | 1.09% | Funds Management Fees | \$0 |
| Treas. Mgt/Analysis/Other Dep Fees | \$0 | 0.00% | 0.00% | Investment Banking Fees | \$0 |
| Less: FDIC Insurance | \$260 | 0.00% | -0.05% | Trust Fees | \$0 |
| Treas. Mgt/Dep Prod. Costs | \$1,057 | 0.00% | -0.21% | Foreign Exchange Fees | \$0 |
| Total Product Margin-Liabilities | \$4,287 | 0.02% | 0.84% | | |
| | | | | Products/Services Not Incl. in Relationship Profitability | |
| Other Service Fees | \$0 | 0.00% | 0.00% | Lease Outstandings of | \$0 |
| Equity Credit from Other Services | \$0 | 0.00% | 0.00% | Factoring Outstandings of | \$0 |
| Other Service Production Costs | \$0 | 0.00% | 0.00% | Consumer Credit Outs. of | \$0 |
| Total Product Margin-Services | \$0 | 0.00% | 0.00% | Residential Mtg. Outs. of | \$0 |
| | | | | Other Significant Profit of | \$0 |
| | | | | (Merchant Visa, Indirect Loans, etc.) | |
| Relationship Contribution Margin | \$328,081 | 1.31% | 64.05% | | |
| Equity Credit-Fixed Assets, etc. | \$189 | 0.00% | 0.04% | | |
| Less: Profit Center Expense | \$20,000 | -0.08% | -3.90% | Key Variables | |
| Corporate Overhead | \$3,217 | -0.01% | -0.63% | 1 Year Variable COF | 4.95% |
| Tax Expense | \$115,920 | -0.46% | -22.63% | Commercial Float % | 17.60% |
| Total Relationship Earnings | \$189,133 | 1.22% | 59.55% | Prime Rate | 7.25% |
| vs. | | | | Corporate OH Rate | 14.78% |
| Target Earnings and ROE | \$63,521 | | 20.00% | Tax Rate | 38.00% |
| Earnings and ROE Variance | \$125,612 | | 39.55% | | |
| Existing or Proposed Policy/Collateral Exceptions: | | | | Approving Officer: | |

4/27/94 rel. of CPM v. 2a

BOA/FBI/LAY: 29489

Company Name: Kenneth L. Lay
 Relationship Manager: James H. Shelton

4/27/94 rel. of CPM v. 2a

| | Facility ONE | Facility TWO | Facility THREE | Facility FOUR | Facility FIVE |
|---------------------|-----------------|-----------------|-------------------|------------------|------------------|
| Interest Income | \$380,208 | \$380,208 | \$36,753 | \$212,917 | \$0 |
| Upfront Fees | \$0 | \$0 | \$0 | \$30,000 | \$0 |
| Unused Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| LC Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| Cost of Funds | \$270,000 | \$270,000 | \$23,750 | \$154,500 | \$0 |
| Net Spread | \$110,208 | \$110,208 | \$13,003 | \$88,417 | \$0 |
| Eqty & Res Credit | \$5,794 | \$5,794 | \$1,095 | \$8,021 | \$0 |
| Provision Expense | \$6,000 | \$6,000 | \$900 | \$5,400 | \$0 |
| Net Credit Income | \$110,002 | \$110,002 | \$13,199 | \$91,038 | \$0 |
| Prod. Cost/FDIC | \$112 | \$112 | \$112 | \$112 | \$0 |
| Total Prod Margin | \$109,890 | \$109,890 | \$13,087 | \$90,926 | \$0 |
| Tax Adj. ROE (1) | 79.44% | 79.44% | 48.30% | 44.74% | 0.00% |
| Assigned Equity | \$85,760 | \$85,760 | \$16,800 | \$126,000 | \$0 |
| Outstandings | \$6,000,000 | \$6,000,000 | \$500,000 | \$3,000,000 | \$0 |
| Unused Commitments | \$2,000,000 | \$2,000,000 | \$0 | \$0 | \$0 |
| Interest Rate (365) | 6.34% | 6.34% | 7.35% | 7.10% | #N/A |
| Cost of Funds | 4.50% | 4.50% | 4.75% | 5.15% | #N/A |
| Risk Rating | 4 | 4 | 5 | 5 | 0 |
| Maturity in Months | 12 | 12 | 12 | 180 | 0 |

Kenneth L. Lay's Relationship ROE is 59.55%.

The Target ROE of 20.00% could be achieved by:

DECREASING the spread on Facility ONE by 333 bp or,

DECREASING the annual fees on Facility ONE by 202,600 or,

DECREASING the Commercial DDA balance by 5,964,916 based on a current Commercial DDA Ledger Balance of 0.

(1) Tax Adjusted ROE equals Total Product Margin less Taxes divided by Assigned Equity.

Company Name: Kenneth L. Lay
Relationship Manager: James H. Shelton

Product Margin Summary

15-Jul-94

| | Net Interest Income | | | | | | | | | Contribution |
|---|---------------------|----------------------------|-----------|------------------|-------------------|-----------------------|----------------|-------------------|------------------|--------------|
| | Gross Spread | Equity and Reserve Credits | Loan Fees | Other Fee Income | Provision Expense | Production Costs/FDIC | Product Margin | Equity Allocation | to ROE After Tax | |
| CONTRIBUTION FROM CREDIT FACILITIES | | | | | | | | | | |
| Variable Credit Facilities: | | | | | | | | | | |
| Funded Loans | 291,837 | 20,088 | 30,000 | | 18,300 | 447 | 323,177 | 303,600 | 66.00% | |
| Unused Credits | | 616 | 0 | | | | 616 | 10,720 | 3.57% | |
| Match-Funded Credit Facilities: | | | | | | | | | | |
| Funded Loans | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | #N/A | |
| Unused Credits | | 0 | 0 | | | | 0 | 0 | #N/A | |
| Letters of Credit | | 0 | | 0 | | 0 | 0 | 0 | #N/A | |
| Total Contribution From Credits | 291,837 | 20,704 | 30,000 | 0 | 18,300 | 447 | 323,793 | 314,320 | 63.87% | |
| CONTRIBUTION FROM LIABILITIES & TREASURY MANAGEMENT | | | | | | | | | | |
| Commercial Analysis Accounts | 0 | | | 0 | | 0 | 0 | #N/A | #N/A | |
| Other Comm./Personal DDAs | 5,604 | | | 0 | | 1,317 | 4,287 | #N/A | #N/A | |
| CDs and IRAs | 0 | | | 0 | | 0 | 0 | #N/A | #N/A | |
| Savings Accounts | 0 | | | 0 | | 0 | 0 | #N/A | #N/A | |
| REPO Sweep Accounts | 0 | | | 0 | | 0 | 0 | #N/A | #N/A | |
| Total Contribution from Liab. & T. M. | 5,604 | 0 | 0 | 0 | 0 | 1,317 | 4,287 | #N/A | #N/A | |
| CONTRIBUTION FROM OTHER SERVICES | | | | | | | | | | |
| Funds Management Services | | 0 | | 0 | | 0 | 0 | 0 | #N/A | |
| Investment Banking Services | | 0 | | 0 | | 0 | 0 | 0 | #N/A | |
| Trust Services | | 0 | | 0 | | 0 | 0 | 0 | #N/A | |
| Foreign Exchange | | 0 | | 0 | | 0 | 0 | 0 | #N/A | |
| Total Contribution from Other Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #N/A | |
| Total Relationship Contribution | 297,441 | 20,704 | 30,000 | 0 | 18,300 | 1,764 | 328,081 | 314,320 | 64.71% | |

RELATIONSHIP ALLOCATIONS

| | | | |
|--|---------|---------|--------|
| Miscellaneous Equity Allocation | 189 | 3,283 | |
| Profit Center Expense | 20,000 | | |
| Corporate Overhead | 3,217 | | |
| Income Tax Expense | 115,920 | | |
| | 189,133 | 317,603 | 59.55% |
| Profitability Excluding other Services | 189,133 | 317,603 | 59.55% |

4/27/94 rel. of CPM v. 2a

BOA/FBI/LAY: 29491