

EXHIBIT F

This was put to us - small deal - cut
teeth on transaction

Just like in pr. to deal - This was a low structured
deal. So had structured for
GP (~10 people @ time) all they do is
structured finance (GP was debt area)

↓
Headed by Jim Brown - Jim headed GP

What was critical feedback to (C) position?

Certainly something we can really take
heart to go thru internal process
Doesn't remember what feedback

DID have conv. w (F) - called him
as sr one

Is this important to you

Is this part of process you discussed

yes. Think it is important to establish a relationship
building trust

Told him I wanted him to talk to Byrd directly
wanted Dan to hear that was important to establish
(also if Marubini deal fell through we
we had to sell out at 15c - it was
what it on my neck)

Clearly conveyed to our committee - (E) intended to take gain on S&P

Murkin - what conveyed what was sorry to happen?

(M) in process of forming the
specifies of how we want to go
so would be finished by year end

Clear implication - couple months later we will
finish all stuff and Murkin will take
on.

Think of it as BATTLE EIGHT.

Think you would sell to (M).

Any understand what (E) role in that? Best efforts
or obligation.

This was a setback - a trust as situation -
we will find new home place

Believe does not have either fee or stock. Don't
specify well

Yes a fee or stock involved. From looky
C does understand a fee or stock but
don't know how why structure in that way

(E) - We will get off hands. If not (M),
then we will get off hands

We had

(E), mem, Boyle, Felt counsel invest bank
with Zierke, T. Long, or Felt - maybe with
(could I mention I had set up for Dan &
her

○ impetus to outreach

○ Representative this would get us out of it

We will find a new home for this
very much long is important to outreach

way for you to improve outreach w/ E
Furthermore if that

Consisted of doing a press

and that they would find me here for it

Covered a 6 month time period

This was after Terry - F conversation
and, if you see Me - Felt

That he called Felt to present info
I wanted to make sure some of them also
Confidential it's important

I called Boyle

Then set up for call so those up would
be made by (E) CFO to Ad of those
Party of a me

was fee discussed?

I don't remember. This was not a big fee.

Not even a consideration

How fee, per account? Don't know.
Between executive turnover

Per note that was guaranteed?

Read in class, didn't focus on term

More concern they was why for us to show how
were willing to commit our capital to a $\text{\textcircled{E}}$
investor

seems much more important than fee

Why wasn't obj. of $\text{\textcircled{E}}$ a

fact then wouldn't be classified as true sale

$\text{\textcircled{E}}$ concern if included obj. in then wouldn't be true
sale

Think $\text{\textcircled{M}}$ $\text{\textcircled{F}}$ said he can't give you
guarantee in part in writing

He obviously wouldn't be true sale

Think was conveyed they couldn't put in writing,
but conveyed they would do it

If (E) understanding - maybe not true sale.

but if client says we will make best efforts

If they hadnt come thru & maxsen deal only
come thru, MC @ risk - clearly
our understanding fit.

Are you saying MC had no legal recourse to (E)?

Yes.

What CFO of B.S. Co

What's rep to you he will find a new
home for this

MANDEL: That is why we evaluated it as 7mm
investment and proposed to lose it.

When CFO tells you he will find home for it, you
expect him to do it

MC places 7mm @ Risk + build relationship w/ (E)
Yes.

Very active Co - @ 300 am to local street in Amherst
they had ability to make up 7mm loss
many times over

Ever make any representation that it could be made up some other way if it went down today

The Appropriation memo -

He wasn't involved in majority specifics
So ~~most~~ Knowledge of details may be weak

ML OUTSIDE COUNCIL

ALAN HOFFMAN - POW Winston & Strawn

DR. BAGLEY will have conf. call w/ se impact of

ⓔ to confirm the committee & guarantee the ML take out w/in 6 months

Think it would have been a stronger statement than any consideration of what was going to take place

Said we will take you out - not a guarantee

Credit Rept. Paul Wood -

Believed they would feel new bond - take us out w/in first 3 months.

Briscoe in network felt network early
felt what a risk and exp. from being
se people ⓔ that we would be not bag

or bought out, and wouldn't have done it unless you assumed
So you expect you would be bought out.

Oh yeah -

So, expectation is you would be taken out of there?

Yes, Absolutely.

I feel it was a strong belief absolutely they
would find a home for them.

What the enforceable on or of law - I don't know.

Look do us a favor, but as soon as we'll
to make sure you're better care of

Help us out. Deal @ end of yr. Get off books.

Expectation Muehlen will close

If not, will take you out

BRIDGE OF EQUITY to Muehlen DEAR

What due diligence?

by

STRUCTURED Fin Gp (in debt, corp MLTS) would
have filed it.

Bellini from Brown, who runs Struct Fin Gp
told me that it was sold.

Now common for ML in Merrill 100% subsidiary &
also entity in SPE? Common.

SIA Memo said MC label 4 (E) and 500
computable by ACCOUNTS. (Who SA.1?)

Ref from outside auditors reviewing a full
computable - (E) outside auditors
(AA)

We were told (E) outside auditors had several
transactions -> clarity treatment

→

Mindy: Found SPE. Put in 7MM
Borrow 27MM for (E)

Buys - Barge. Put's where to (mes for).

MC found SPE to keep ASSETS IS, INTCD. CORRECT

- ML had enough of details to know buy barges & resell to Mamkeni w/in 1st couple of months
- called ^{Dan} Bailey & said couldn't commit ML capital like this
- introduced as a sm deal structured deal as to how ML bought it (had execution team w/ structured finance group) Jim Brun headed group w/in debt capital markets
- ML said it was willing to look @ this
- Tilney had a conversation w/ Fastw to find out if this was imp't to Fastw & Enron; wanted Bailey to know about this & get his approval
- didn't want to retain barges & esp. sell them @ a loss later bear it's neck
- E wanted to sell @ end of year ^{to put the gain}
- thinking was that ML would sell these barges to Mamkeni
- relationship based deal/trust thing
- Tilney never talked to Mamkeni
- there was a fee involved/return involved

Fastw, McMahon, Dan Bailey, Kathy Zreik
Fast, Tilney, IBZ course

- was convinced by E that E would replace the equity w/in 1st mos of 2000 (find a person who would buy barges)
- "we'll find a new home for this"
- "this is imp to your relationship w/E" & "this would be further incidence of impairing the relationship"
- wanted conference call to get Bailey involved & get his buy in (to Fast)
- believe McMahon called 1st to give opportunity
- also called Fastw to make sure that this was the transxn represented to Fast
- do not know how fee was offered & execute (execution deal team would have discussed fee w/E); not a big fee relative to other
- way to show E that ML was willing to invest capital
- intention was that ML would own barges if E didn't find a seller.
- Mr. Bailey was alerted to this not unusual for energy comps to ask for some yr end financing, not necessarily barges (although

leasing a structured financing group → have the energy projects

- E stated that if not Mariken; then someone else

- if in contract stated that E would guarantee finding a home then it wouldn't be a true sale; Fastow & Mahon stated that this couldn't be in writing (understanding that E would find someone)

- @ the end of 2000, if E didn't sell the barges then ML would ^{legally} own barges

- looked @ investment " was ML prepared to pay \$7m" \$

- no indication that Skilling knew about deal did believe E would come thru w/ this transaxn - find a new home

- Fastow was imp't figure in a mtg leads

- never told ML that if barges fell thru, E would make it up to them

- could easily make 3x ^(3x more) the \$7m if they were one of leads on a convertible bond sale of \$1bil

- don't know if one of these is done for every transaxn

Appropriation quest emo

Gary Dolan: inside counsel

Whitman: Breckplaques by...
DOJ-ENRONBARGE-000705

- don't know who Leo Keller is
- believes "commitment to guaranty" conflict w/his understanding of what would take place under transaction

- LJM2 started in 11/99
^{this occurred}
• early on in k raising efforts
• ML had already signed commitment letter w/E

Americas Credit Flash Report
^{w/}
• domestic report to summarize
axns — inside credit/fixed income
(but not something that Tilney regularly gets)

Debt Markets Commitment Cmtee
"assurances from Enron to take us out"

- Tilney didn't know if this verbal "assurance"
was enforceable by law
- "believed this to be a bridge to Manukemi deal"

~~believe~~

diligence - don't believe they checked into status of negotiations w/Nigeria, didn't go see barges

B. we are under the impression that E pd LJM a fee for buying barges. Doesn't this give the impression that this wasn't a sale
- nothing that they saw @ the ~~the~~ time was net assets

B. the loan that E gave to ML ^{did this give any info to E's response:} ML got 90% of cash flow & E merged barges & got 10% of cash flow

- Subsequent sale to AES was for LJM's & E's interest

- Joe Valenti sent out a memo stating that as part of ^{LJM} capital call they were financing LJM's purchase of barges, is this weird? Did not know anything about this?

7/7/00 ML memo

- ^{ML} did participate on this loan
- don't know what the exception was
- 2nd LJM fund was LJM B; anticipating LJM III fund in the following year

- generally if client is satisfied, ML assumes they would have been a hunt runner for 2nd fund raising (raising more than double the target)

- Guarantee of a return? → remembers fee → doesn't recall

* Specific convo.

↳ Fastow First
McMahon maybe other
Dan Bailey
Kathy & Zrike

* They set it up

* rep. that they would replace the equity

↳ E. made the rep. that they would find a new person to take it off Mr's hands

* What reps. E. made in this convo.

↳ its ongoing resp.
↳ "we'll find a new home for this"

↳ this is imp. to relat.
↳ way to work to improve relat.
↳ ~~that~~ they would find a new home for it

↳ was subsequent to ST's convo. w/ ASF

* McMahon called ST - present approx.

↳ ST wanted to make sure this was imp. & get higher up to confirm @ E.

↳ as that was being developed, trans.

↳ those reps. could be made from CFO to head of init. banking @ ML

* Don't know how fee/return restricted

* Reps. that there was a return rate guaranteed? Doesn't recall

- Gesture - much more imp.

- Consequences if no home? ML owned 3 Nigerian barges

thinks
* Only because ML has



*

Did E. have an obligation to get these off ML's hands?



- Wasn't in the K b/c E. didn't think it would be a true sale

↳ McMahon or Fenton - can't put it in writing

↳ for obvious ⇒

↳ but there was the understanding that E. would do it

* Best efforts ⇒ why not in legal docs. ⇒ doesn't know

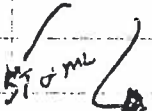


↳ if a contractual legal oblig. ⇒ ? re: true sale

↳ if best efforts ⇒ & doesn't go through ⇒ ML @ risk

when CFO makes this repres.

* Expected E. to find a home for it



they believed the deal would get done ⇒

E.

- Never made repres. that if it doesn't go well, we'll make it up to you another way

arrange for the resale of Merrill Lynch with 6 mos.

ML - no legal oblig. to E. to do anything

- ML placed \$7mm @ risk to E. w/ no guarantee

once deal done - felt had reps - Meridian deal would go through
- new partic. worried wouldn't get it back b/c had very specific

assess
structured
fin group
handled it
- debt/capital mkt.
- Jim Brown (behavior)
told him of the
sale in June

reps.
- June of that yr. - someone said began resold
- doesn't recall if was told who bought it
or where it went; just told it
was sold

* didn't make any interest

* Merrill + Merrill indivs.

↳ Es
- "Spoke w/ Es w/ct. + outside auditor (AA)"

↳ SPE - purchased the equity int. in the began

* Is this in
fore sale by E.

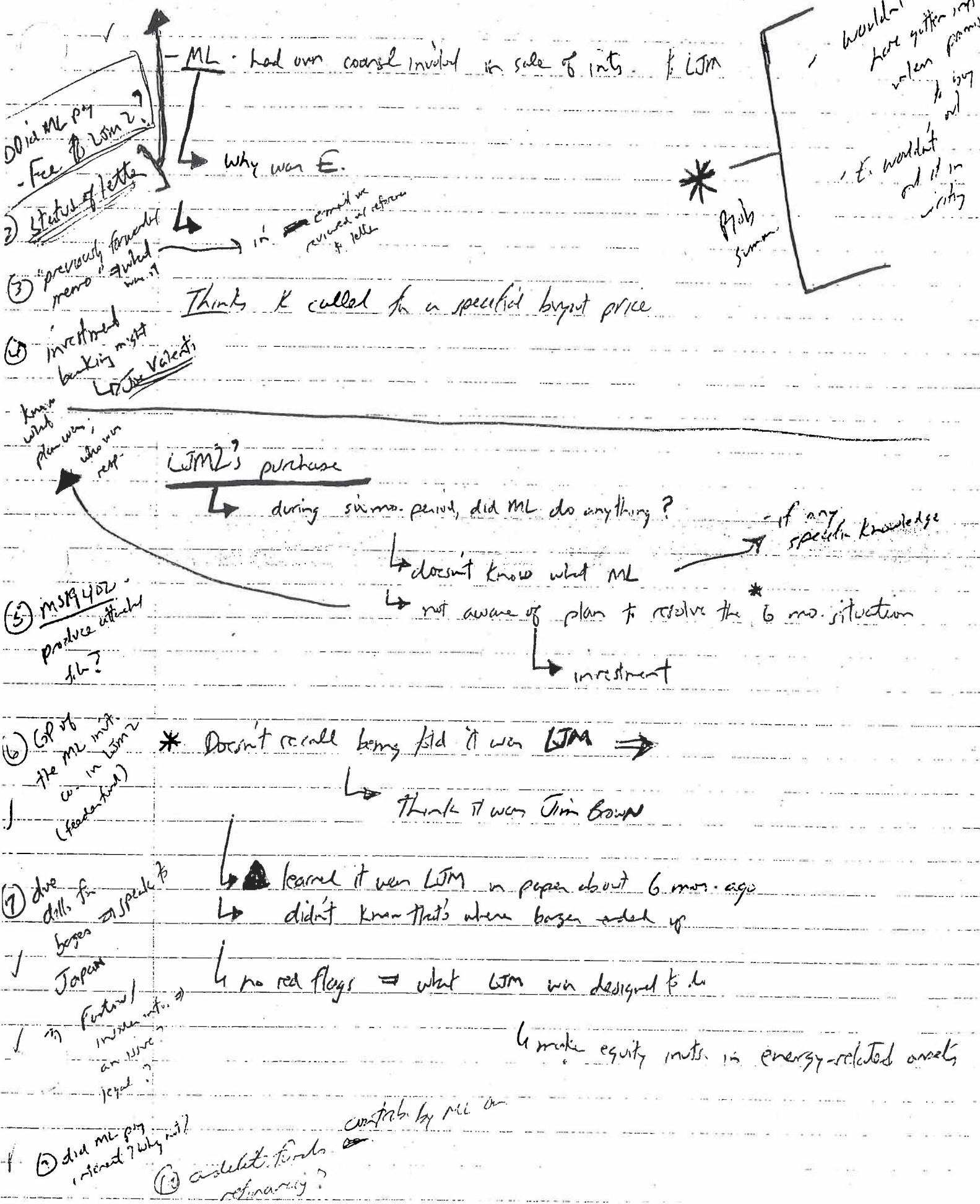
↳ an issue
confronted by
E's outside auditor
had reviewed the
act. on the trans
(then act. trans)

↳ were these
assurances
revealed to
AA of AA

Didn't speak
to AA *
directly

↳ through E.

↳ did not have
direct know.
of what E.
told AA



said we'd look at it → internal processes -

talked to AF - to just say is it imp to you part of process ^{yes}

- thinks its a relationship built by teams

I was afraid of Dan

I said I wanted him to talk to my boss Dan - I was tel someone higher to him -

They wanted to take ^{10 mil} again - in memos - I've seen

1999

right before Xmas

What was explained to you -

Merwin - in process - not to be finished by year end - couple more later, will finish at world budget equity only - we'd sell the to CO -

PR details small deals

- basket

- En role in agreements -

"trust type of thing" we'll put a new home -

Executive team may have talked to M. I didn't -

- Guarantee of return to MFC - I held down but fee or some return - don't spec. recall my over fee! - fee; return - yes - I don't recall if then - have seen docs since Trust - well get you out - If not then

Specific comments

AF, M, Mah, Dan Bailey, our counsel Cathy Zinke, me, First - I set up call make rep they'd replace equity - slipped to Sep Nov. in 2000

Subsequent to memo / AF calls -

En representation made - their resp -

- we'd find a new home for this
- into our relationship -
way to improve it
- longer time period -

memorandum
in lieu of
formal
representation
opportunity

I would
my boss
know

- not a life fee transaction
\$500K -
minor -
DK how fee determined

trans details
developed

I set up call where

Return rate guaranteed -? Didn't focus on
I've read in documents; I was more aware
of focus on our efforts to show En we
would help -

we
owned

3 Nigerian banks - on structured prof down
a lot of things - golf courses -

other energy companies - have contacts - general
general deals - reasonably frequent -

"cash flow thing" structured deal as purchasing
cash flow - not part of operation team

Why they get by you out not in
contract? - I would not have been
a time sale - I assume

if goes away - you were happy -

Mr. Mahan
in
Fisher
Said

we cant put in writing - not time sale
but understand they would do it. -

We couldn't force them to do it! -

we trusted them.

we were at risk - but on thing not work

- no legal recourse to force them

- we evaluated it as a 7 year transaction
we were prepared to lose; -

this was a big wheel; AF says it's repeat

no link to JS -

I had they would come thru - all did -

"they were very active"

\$300 mil paid to us in annual fees

and make up losses several times over! -

never represented this that I recall!

(4) Jim
30 mil
MLJM

doz
M
albert

started? - OK - no specific record doc. -
(in v; E) - your course - in home -

Mary
Heldman
Winton
Strom

Alvin Hoffman
Whitman
Brisler