

ORIGINAL

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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-----X  
: Chapter 11  
In re :  
: Case No. 01-16034 (AJG)  
ENRON CORP., et al., :  
: Jointly Administered  
: Debtors. :  
-----X

NOTICE OF COMMENCEMENT OF  
CHAPTER 11 CASES AND MEETING OF CREDITORS  
PURSUANT TO SECTION 341 OF THE BANKRUPTCY CODE

Done 8/21/02

TO ALL INTERESTED PARTIES:

Commencing on December 2, 2001, Enron Corp. and its affiliates identified below (collectively, "the Debtors") each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 through 1330 (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York (the "Court"). As of August 1, 2002, the Debtors are as follows:

	Debtor	Tax / Federal ID Number	Case Number	Filed
1.	Enron Metals & Commodity Corp.	13-3910153	01-16033	12/2/01
2.	Enron Corp.	47-0255140	01-16034	12/2/01
3.	Enron North America Corp.	76-0318139	01-16035	12/2/01
4.	Enron Power Marketing, Inc.	76-0413675	01-16036	12/2/01
5.	PBOG Corp.	76-0698198	01-16037	12/2/01
6.	Smith Street Land Company	76-0348670	01-16038	12/2/01
7.	Enron Broadband Services, Inc.	93-1205987	01-16039	12/2/01
8.	Enron Energy Services Operations, Inc.	76-0551327	01-16040	12/2/01
9.	Enron Energy Marketing Corp.	94-3240290	01-16041	12/2/01
10.	Enron Energy Services, Inc.	76-0551325	01-16042	12/2/01
11.	Enron Energy Services, LLC	52-2074178	01-16043	12/2/01
12.	Enron Transportation Services Company	76-0323922	01-16044	12/2/01
13.	BAM Leasing Company	76-0673771	01-16045	12/2/01
14.	ENA Asset Holdings, L.P.	76-0629563	01-16046	12/2/01
15.	Enron Gas Liquids, Inc.	76-0193183	01-16048	12/3/01
16.	Enron Global Markets LLC	47-0255140	01-16076	12/4/01
17.	Enron Net Works L.L.C.	76-0255140	01-16078	12/4/01
18.	Enron Industrial Markets LLC	76-0255140	01-16080	12/4/01
19.	Operational Energy Corp.	95-4168461	01-16109	12/6/01
20.	Enron Engineering & Construction Company	76-0172740	01-16110	12/6/01
21.	Enron Engineering & Operational Services Company	52-2328736	01-16111	12/6/01
22.	Garden State Paper Company LLC	76-0684706	01-16280	12/17/01
23.	Palm Beach Development Company, L.L.C.	76-0318139	01-16319	12/18/01
24.	Tenant Services, Inc.	52-2205414	01-16428	12/20/01
25.	Enron Energy Information Solutions, Inc.	25-1642266	01-16429	12/21/01
26.	EESO Merchant Investments, Inc.	52-2310215	01-16430	12/21/01
27.	Enron Federal Solutions, Inc.	76-0571895	01-16431	12/21/01
28.	Enron Freight Markets Corp.	36-4308789	01-16467	12/21/01
29.	Enron Broadband Services, L.P.	93-1311605	01-16483	12/24/01
30.	Enron Energy Services North America, Inc.	94-2331224	02-10007	01/02/02
31.	Enron LNG Marketing LLC	52-0406201	02-10038	01/04/02

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32.	Calypso Pipeline, LLC	76-0486649	02-10059	01/07/02
33.	Enron Global LNG LLC	76-0486649	02-10060	01/07/02
34.	Enron International Fuel Management Company	76-0616051	02-10061	01/07/02
35.	Enron Natural Gas Marketing Corp.	76-0481290	02-10132	01/11/02
36.	ENA Upstream Company LLC	76-0318139	02-10232	01/17/02
37.	Enron Liquid Fuels, Inc.	76-0387023	02-10252	01/18/02
38.	Enron LNG Shipping Company	None	02-10346	01/24/02
39.	Enron Property & Services Corp.	76-0487744	02-10464	02/01/02
40.	Enron Capital & Trade Resources International Corp.	76-0482792	02-10613	02/11/02
41.	Enron Communications Leasing Corp.	76-0611232	02-10632	02/12/02
42.	Enron Wind Corp.	77-0085374	02-10743	02/20/02
43.	Enron Wind Systems, Inc.	95-3595766	02-10747	02/20/02
44.	Enron Wind Energy Systems Corp.	77-0086291	02-10748	02/20/02
45.	Enron Wind Maintenance Corp.	77-0397106	02-10751	02/20/02
46.	Enron Wind Constructors Corp.	77-0102514	02-10755	02/20/02
47.	EREC Subsidiary I, LLC	01-0599698	02-10757	02/20/02
48.	EREC Subsidiary II, LLC	03-0388962	02-10760	02/20/02
49.	EREC Subsidiary III, LLC	04-3602747	02-10761	02/20/02
50.	EREC Subsidiary IV, LLC	04-3603054	02-10764	02/20/02
51.	EREC Subsidiary V, LLC	04-3603062	02-10766	02/20/02
52.	Intratex Gas Company	74-1652491	02-10939	03/01/02
53.	Enron Processing Properties, Inc.	76-0531858	02-11123	03/12/02
54.	Enron Methanol Company	76-0266729	02-11239	03/18/02
55.	Enron Ventures Corp.	76-0525820	02-11242	03/18/02
56.	Enron Mauritius Company	None	02-11267	03/19/02
57.	Enron India Holdings Ltd.	None	02-11268	03/19/02
58.	Offshore Power Production C.V.	None	02-11272	03/20/02
59.	The New Energy Trading Company	76-0696361	02-11824	04/16/02
60.	EES Service Holdings, Inc.	52-2343627	02-11884	04/18/02
61.	Enron Wind Development LLC	01-0599698	02-12104	05/01/02
62.	ZWHC LLC	77-0477161	02-12105	05/01/02
63.	Zond Pacific, LLC	77-0078323	02-12106	05/01/02
64.	Enron Reserve Acquisition Corp.	76-0323755	02-12347	05/16/02
65.	National Energy Production Corporation	76-0540797	02-12398	05/20/02
66.	Enron Power & Industrial Construction Company	52-2267528	02-12400	05/20/02
67.	NEPCO Power Procurement Company	52-2310299	02-12402	05/20/02
68.	NEPCO Services International, Inc.	52-2084929	02-12403	05/20/02
69.	San Juan Gas Company, Inc.	66-0516873 (Puerto Rico Tax ID)	02-12902	06/12/02
70.	EBF LLC	76-0683335	02-13702	7/31/02
71.	Zond Minnesota Construction Company LLC	52-2061866	02-13723	8/1/02

**COMMENCEMENT OF CASES.** Petitions for reorganization under chapter 11 of the Bankruptcy Code have been filed in this Court by each of the Debtors as set forth above, and orders for relief have been entered. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, each of the Debtors is authorized to continue to operate its business and manage its properties as a debtor in possession. Pursuant to an order of this Court dated December 3, 2001, the Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered under Case No. 01-16034 (AJG). You will not receive notice of all documents filed in this case. All documents filed with the Court, including lists of property and debts, are available for inspection at the Office of the Clerk of the Court listed below. Since this case is governed by the Court's General Order regarding electronic means of filing, signing, and verifying documents, the Court's docket sheet and documents filed electronically are also accessible at the Court's Internet site, [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), through an account obtained from PACER Service Center at 1-800-676-6856.

**CREDITORS MAY NOT TAKE CERTAIN ACTIONS.** A creditor is anyone to whom the Debtors owe money or property. Under the Bankruptcy Code, the debtor is granted certain protection against creditors. Common examples of prohibited actions by creditors are contacting the debtor to demand repayment, taking action against the debtor to collect money owed to creditors or to take property of the debtor, and starting or continuing foreclosure actions, repossessions, or wage deductions. If unauthorized actions are taken by a creditor against any of the Debtors, the Court may penalize that

creditor. A creditor who is considering taking action against any of the Debtors or property of any of the Debtors should review section 362 of the Bankruptcy Code and may wish to seek legal advice. **The staffs of the Bankruptcy Court and the United States Trustee's Office are not permitted to give legal advice.**

**NOTICE.** On December 6, 2001, the Debtors filed a Motion to Establish Notice Procedures (the "Motion"), which proposes to limit notice of all pleadings and other papers filed in these bankruptcy cases to certain parties in interest. A copy of the Motion is on file at the bankruptcy clerk's office (document 114 on the docket sheet) and on the Court's Electronic Case Filing System. A PACER Login and Password are needed to access this system. See the Court's web site: [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov) for further instructions. Pursuant to the Motion, you must file a formal notice of appearance with the bankruptcy clerk's office pursuant to the Federal Rules of Bankruptcy Procedure if you wish to receive notice of pleadings and other papers filed in these bankruptcy cases. Attorneys may register their e-mail address in the Court's Electronic Case Filing System if they wish to receive notice of pleadings and other papers filed in these bankruptcy cases. See attached Notice of Electronic Filing Procedure.

**MEETING OF CREDITORS.** A meeting of creditors and equity security holders pursuant to section 341 of the Bankruptcy Code has been scheduled for Tuesday, October 22, 2002 at 10:00 a.m. (New York City Time) at the Grand Hyatt New York, Park Avenue at Grand Central Station, New York, New York 10017. As specified in Bankruptcy Rule 9001(5), the Debtors' representative is required to appear at the meeting of creditors on the date and at the place set forth above for the purpose of being examined under oath. Attendance by creditors at the meeting is welcomed, but not required. At the meeting, the creditors may examine the Debtors' representative and transact such other business as may properly come before the meeting. The meeting may be continued or adjourned from time to time by notice at the meeting, without further written notice.

In order to ensure that questions may be addressed at the meeting, the Debtors strongly encourage all creditors and parties in interests to submit questions by e-mail in advance to [creditorquestions@enron.com](mailto:creditorquestions@enron.com).

**DEADLINE TO FILE A PROOF OF CLAIM.** The deadline for filing proofs of claim is October 15, 2002 for the first fifty-eight (58) Debtors listed above. For all other Debtors the bar date will be the last business day of the month that is two (2) months after the date that such Debtors file their respective schedules.

**PROOF OF CLAIM.** Schedules of creditors have been or will be filed pursuant to Bankruptcy Rule 1007. Any creditor holding a scheduled claim which is not listed as disputed, contingent, or unliquidated as to amount may, but is not required to, file a proof of claim in these cases. Creditors whose claims are not scheduled or whose claims are listed as disputed, contingent, or unliquidated as to amount and who desire to participate in these cases or share in any distribution must file their proofs of claim. A creditor who desires to rely on the schedules of creditors has the responsibility for determining that the claim is listed accurately. You may obtain a copy of the proof of claims forms for these cases at [www.enron.com](http://www.enron.com) or call (713) 345-5400 or (866) 367-6601.

**PURPOSE OF CHAPTER 11 FILING.** Chapter 11 of the Bankruptcy Code enables a debtor to reorganize pursuant to a plan. A plan is not effective unless approved by the Court at a confirmation hearing. Creditors will be given notice concerning any plan, or in the event the case is dismissed or converted to another chapter of the Bankruptcy Code. Each of the Debtors will remain in possession of its property and will continue to operate any business unless a trustee is appointed.

**COUNSEL FOR ENRON.** The attorneys for Enron are Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attn: Brian S. Rosen, Esq.

Dated: August 1, 2002  
New York, New York

Kathleen Farrell, Clerk  
United States Bankruptcy Court  
Southern District of New York  
One Bowling Green  
New York, NY 10004-1408

**United States Bankruptcy Court  
Southern District of New York  
Manhattan Division  
One Bowling Green  
New York, NY 10004-1408**

**NOTICE OF ELECTRONIC FILING PROCEDURE**

Case Name: Enron Corp., et al.

Case Number: 01-16034 (AJG)      Date Commenced: December 2, 2001

These cases will be docketed exclusively on the court's Electronic Case Filing System. The System can be accessed via the Internet using a login and password obtained from the PACER Service Center at 1-800-676-6856. To file documents, an attorney login and password obtained from the Court are needed. In compliance with Federal Rule of Civil Procedure Rule 11 and in accordance with Local Bankruptcy Rule 9011-1, the attorney's password shall constitute the signature of the attorney; therefore security of a password issued to an attorney is the responsibility of that attorney. An original signed copy of the filing shall be maintained in the attorney's files. A chamber's copy of all filed documents is required and all parties with legal representation must file documents in accordance with the following:

1. The requirements for filing, viewing and retrieving case documents are: A personal computer running any standard Windows platform; an Internet provider, Netscape Navigator and Adobe Exchange software to convert documents from a word processor format to a portable document format (PDF). The URL address is [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov) and a password is needed to access this system. If you are unable to comply with this requirement, then
2. You must submit documents on a diskette using PDF format. The adobe software will provide this format. Further instruction may be found in the Adobe manual. Use a separate diskette for each filing. Submit the diskette in an envelope with the case name, case number, type and title of document, and the file name on the outside of the envelope. If you are unable to comply with this requirement, or requirement number 1, then
3. You must submit your documents on a diskette using one of the following formats: Word, Wordperfect, or DOS text (ASCII). If you are unable to comply with this requirement, or requirements 1 or 2, then
4. You must submit an affidavit of your inability to file in either of the above formats. You may then file conventionally on unstapled, unbound, single-sided paper. Include your affidavit with your filing.

For assistance call (212) 668-2870 ext. 3522 or to schedule training, call ext. 3580, Monday – Friday, 8:30 a.m. – 5:00 p.m.

Dated: August 1, 2002

Kathleen Farrell, Clerk of Court

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
**In re**

**Chapter 11**

**ENRON CORP., et al.,**

**Case No. 01-16034 (AJG)**

**Debtors.**

**Jointly Administered**  
-----X

**NOTICE OF HEARING ON APPLICATION OF THE DEBTORS  
PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY CODE FOR  
AUTHORIZATION TO EMPLOY THE BLACKSTONE GROUP L.P. AS FINANCIAL ADVISORS**

TO ALL CREDITORS OF THE DEBTORS:

PLEASE TAKE NOTICE that the debtors and debtors-in-possession in the above-captioned chapter 11 cases (the "Debtors") seek a final order approving their Application Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code for Authorization to Retain and Employ The Blackstone Group L.P. ("Blackstone") as financial advisors filed on December 3, 2001 (the "Application").

PLEASE TAKE FURTHER NOTICE that, on July 8, 2002, the Honorable Arthur J. Gonzalez, United States Bankruptcy Judge, of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") signed an Interim Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code Authorizing the Employment and Retention of The Blackstone Group L.P. as Financial Advisor for the Debtors and Debtors-in-Possession (the "Interim Order") on an interim basis pending a final hearing on the Application.

PLEASE TAKE FURTHER NOTICE that the final hearing to consider the Application and the relief requested therein is scheduled for October 10, 2002 at 10:00 a.m. (New York City Time) at the United States Bankruptcy Court, Room 523, United States Customs House, One Bowling Green, New York, New York 10004;

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Application must be filed and served, in accordance with General Order M-242 and the Amended Case Management Order, dated February 26, 2002, no later than October 7, 2002 at 5:00 P.M. (New York City Time) on (a) Weil Gotshal & Manges LLP, Attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153, Attention: Brian S. Rosen, Esq.; (b) Simpson Thacher & Bartlett, Attorneys for Blackstone, 425 Lexington Avenue, New York, New York 10017, Attention: Mark Thompson, Esq.; (c) Milbank Tweed Hadley & McCloy, Attorneys for the Creditors' Committee, One Chase Manhattan Plaza, New York, New York 10005, Attention: Luc Despins, Esq. and (d) Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Mary Tom, Esq.

PLEASE TAKE FURTHER NOTICE that any objections to the Application must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (General Order M-242 and the User's Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard-copy delivered directly to Chambers).

PLEASE TAKE FURTHER NOTICE that, pursuant to the Application, Debtors seek to retain Blackstone to:

- a. Assist in the evaluation of the Company's businesses and prospects;
- b. Review and critique the Company's long-term business plan;
- c. Assist in the development of financial data and presentations to the Company's Board of Directors, various creditors, any official committees formed in the Debtors' chapter 11 cases, including the Official Committee of Unsecured Creditors of Enron Corp., et al. (the "Creditors' Committee"), other official committees formed in these cases and other third parties;
- d. Analyze the Company's financial liquidity and evaluate alternatives to improve such liquidity;
- e. Analyze various restructuring scenarios and the potential impact of these scenarios on the value of the Company and the recoveries of those stakeholders impacted by the Restructuring;
- f. Provide strategic advice with regard to restructuring or refinancing the Company's Obligations;

- g. Evaluate the Company's debt capacity and alternative capital structures;
- h. Participate in negotiations among the Company and its creditors, suppliers, lessors and other interested parties with respect to any of the transactions contemplated in the Engagement Letter, including the Creditors' Committee and other committees formed in these cases;
- i. Value securities offered by the Company in connection with a Restructuring;
- j. Advise the Company and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;
- k. Assist in the arranging of Financings, including identifying potential sources of capital, assisting in the due diligence process, and negotiating the terms of any proposed Financing, as requested; assist the Company in evaluating and executing both a Trading Transaction and a Divestiture / Merger Transaction, including identifying potential buyers or parties in interest, assisting in the due diligence process, and negotiating the terms of any proposed Trading Transaction or Divestiture / Merger Transaction, as requested;
- l. Provide testimony in the chapter 11 cases concerning any of the subjects encompassed by the other financial advisory services, if appropriate and as required; and
- m. Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of any of the transactions contemplated in the Engagement Letter, as requested and mutually agreed.

PLEASE TAKE FURTHER NOTICE that, if its retention is approved, Blackstone will, unless such terms prove to have been improvident in light of developments not capable of being anticipated at the time of the hearing, be entitled to receive the following compensation:

- (i) An initial monthly advisory fee (the "Initial Monthly Fee") in the amount of \$350,000, due and payable on December 2, 2001 and January 2, 2002, with the first Initial Monthly Fee to be due upon the execution of the Engagement Letter;
- (ii) The interim monthly advisory fee (the "Interim Monthly Fee") in the amount of \$300,000, due and payable on the first day of the third through ninth month of our engagement (i.e., for the period commencing February 2, 2002 and ending August 1, 2002);
- (iii) The ongoing monthly advisory fee (the "Ongoing Monthly Fee") in the amount of \$250,000 per month for the remainder of our engagement pursuant to the Engagement Letter; provided, however, that (x) Blackstone may request an upward adjustment to the Ongoing Monthly Fee up to an amount not in excess of \$350,000 based upon the level of activity in any particular month, subject to approval by the Company, in consultation with the Creditors' Committee, or by order of the Bankruptcy Court as defined below, and (y) the Company, in consultation with the Creditors' Committee, may request a downward adjustment to the Ongoing Monthly Fee based upon the level of activity in any particular month, subject to approval by Blackstone or entry of an order of the Bankruptcy Court (as defined below);
- (iv) Upon the consummation of a Trading Transaction, cash fees (the "Trading Transaction Fees") equal to 2% of the proceeds received by the Company or any of its subsidiaries at any time, whether received in cash or other forms of consideration, which Trading Transaction Fees shall be payable in cash to Blackstone within fifteen (15) days of the receipt of proceeds by the Company; provided that the aggregate of the payments received by Blackstone pursuant to this paragraph shall not exceed \$10,000,000;
- (v) Upon the consummation of a Divestiture / Merger Transaction in circumstances where the Company, with the written consent of the Creditors' Committee, has requested Blackstone, and Blackstone has agreed, to serve as the Company's financial advisor for such Divestiture / Merger Transaction, a transaction fee (a "Divestiture / Merger Transaction Fee") due upon the closing of such Divestiture / Merger Transaction equal to the percentage, ranging from .345% to 1.42% (depending on the size of the transaction), of the aggregate Consideration paid to the Company in such Divestiture / Merger Transaction; provided, however, that the Company agrees that Blackstone has been engaged to serve as the Company's financial advisor and will be entitled to separate Divestiture / Merger Transaction Fees for a limited number of transactions specifically identified in the Engagement Letter;
- (vi) Upon consummation of a debt Financing in circumstances where the Company, with the written consent of the Creditors' Committee, has requested Blackstone, and Blackstone has agreed, to serve as the Company's financial advisor for such debt Financing transaction, a debt Financing fee (the "Debt Financing Fee") equal to 0.5% of the total facility size of any debt Financing arranged by Blackstone due upon receipt of a binding commitment letter for such a facility;
- (vii) Upon consummation of an equity Financing in circumstances where the Company, with the written consent of the Creditors' Committee, has requested Blackstone, and Blackstone has agreed, to serve as the



Company's financial advisor for such equity Financing transaction, an equity Financing fee (the "Equity Financing Fee") upon the raising of new equity arranged by Blackstone, in an amount to be agreed upon, which amount will represent a percentage of the gross proceeds to the Company due upon the closing of an equity Financing;

- (viii) A Transaction Fee equal to \$10 million payable upon the consummation of a plan of reorganization of the Debtors, which fee shall be prorated in a manner to be determined in the event of consummation of plans of reorganization for separate Debtors; provided, however, that Blackstone shall earn and be entitled to receive a portion of the Transaction Fee on an interim basis upon conditions specified in the Engagement Letter and provided, further, that up to \$3 million of Divestitures/Merger Transaction Fees may be credited against this fee upon conditions specified in the Engagement Letter; and
- (ix) Reimbursement of all reasonable out-of-pocket expenses incurred during this engagement, including, but not limited to, travel, lodging, direct identifiable data processing and communication charges, courier services, working meals, reasonable fees and expenses of Blackstone's counsel and other necessary expenditures, due upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses.

The Initial Fee received by Blackstone in the amount of \$1,000,000, as defined in the pre-petition engagement letter dated November 24, 2001, executed by the Company and Blackstone, shall be credited against the aggregate fees payable pursuant to paragraphs (iv), (v), (vi) and (vii) above as such fees become payable, until such credit equals \$1,000,000. The fees payable pursuant to paragraphs (v), (vi) and (vii) above shall be payable in cash from the proceeds of the transaction giving rise to such fees, at the close of such transaction; provided, however, that Blackstone will include the amounts payable pursuant to this paragraph in all required filings with the court.

All capitalized terms contained in the foregoing paragraphs are defined in the engagement letter dated as of May 24, 2002, between Blackstone and Debtors ("Engagement Letter").

PLEASE TAKE FURTHER NOTICE that, in the event that the Application is granted, the Debtors will indemnify and hold Blackstone harmless against liabilities arising out of or in connection with its retention by Debtors except for any such liability for losses, claims, damages or liabilities incurred by the Debtors that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the bad faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct of Blackstone, subject to further modification in the Final Order.

PLEASE TAKE FURTHER NOTICE that the foregoing summary of certain elements of the retention is not complete and that the full terms of the retention are contained in the Application and the Engagement Letter, which are available for inspection at the clerk's office for the Bankruptcy Court and on the Bankruptcy Court's Internet site at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), through an account obtained from Pacer Service Center at 1-800-676-6856. To the extent that the summary of the retention terms set forth in this notice conflict with the terms of the Engagement Letter, the terms of the Engagement Letter control.

Dated: August 1, 2002  
New York, New York

Martin J. Bienenstock  
Brian S. Rosen  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153

ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION





**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
: **Chapter 11**  
: **Case No. 01-16034 (AJG)**  
: **Jointly Administered**  
: **Debtors.**  
:   
-----X

**NOTICE OF HEARING ON APPLICATION OF THE  
DEBTORS PURSUANT TO SECTIONS 327 AND 328(a)  
OF THE BANKRUPTCY CODE FOR AUTHORIZATION TO  
EMPLOY BATCHELDER & PARTNERS, INC. AS FINANCIAL ADVISORS**

TO ALL CREDITORS OF THE DEBTORS:

PLEASE TAKE NOTICE that the debtors and debtors-in-possession in the above-captioned chapter 11 cases (the "Debtors") seek a final order approving their Application Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code for Authorization to Retain and Employ Batchelder & Partners, Inc. ("B&P") as financial advisors filed on December 3, 2001 (the "Application").

PLEASE TAKE FURTHER NOTICE that, on July 8, 2002, the Honorable Arthur J. Gonzalez, United States Bankruptcy Judge, of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") signed an Interim Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code Authorizing the Employment and Retention of Batchelder & Partners, Inc. as Financial Advisor for the Debtors and Debtors-in-Possession (the "Interim Order") on an interim basis pending a final hearing on the Application.

PLEASE TAKE FURTHER NOTICE that the final hearing to consider the Application and the relief requested therein is scheduled for October 10, 2002 at 10:00 a.m. (New York City Time) at the United States Bankruptcy Court, Room 523, United States Customs House, One Bowling Green, New York, New York 10004;

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Application must be filed and served, in accordance with General Order M-242 and the Amended Case Management Order, dated February 26, 2002, no later than October 7, 2002 at 5:00 P.M. (New York City Time) on (a) Weil Gotshal & Manges LLP, Attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153, Attention: Brian S. Rosen, Esq.; (b) Latham & Watkins, Attorneys for B&P, 633 West 5<sup>th</sup> Street, Suite 4000, Los Angeles, CA 90071, Attention: Robert Klyman, Esq.; (c) Milbank Tweed Hadley & McCloy, Attorneys for the Creditors' Committee, One Chase Manhattan Plaza, New York, New York 10005, Attention: Luc Despina, Esq. and (d) Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attention: Mary Tom, Esq.

PLEASE TAKE FURTHER NOTICE that any objections to the Application must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (General Order M-242 and the User's Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (with a hard-copy delivered directly to Chambers).

PLEASE TAKE FURTHER NOTICE that, pursuant to the Application, Debtors seek to retain B&P to provide the following services:

- a. Assistance in developing initial cash flow projections for Debtor-In-Possession financing and other needs;
- b. Assistance in initializing centralized cash management and control;

- c. Assistance in identification and preliminary valuation of certain assets;
- d. Assistance in the review and strategy development for structured finance vehicles;
- e. Assistance in development of business plans for core business units and the resulting combined enterprise ("Initial OpCo");
- f. Assistance in development of detailed historical financial statements and financial projections for Initial OpCo;
- g. Assistance in a detailed review of corporate overhead for Initial OpCo;
- h. Preparation of valuations for Initial OpCo and its constituent parts;
- i. Assistance in the resolution of valuations attributable to OpCo Assets (as defined below), and the determination of relative valuations allocable among the Debtors;
- j. Assistance in developing corporate governance policies for Initial OpCo;
- k. Provision of specialized energy industry expertise to assist in maximizing the value of the Debtors' estate;
- l. Provision of advice on M&A transactions led by the Enron corporate development team;
- m. Leading or co-managing execution of M&A transactions as B&P and the Debtors may mutually agree, with the written consent of the Official Committee of Unsecured Creditors of Enron Corp., et al. ("the Committee"), to the extent requested in writing by the Company (as defined in the Amended Letter), and subject to certain first consideration given to The Blackstone Group L.P. ("Blackstone"); and
- n. Other financial advisory services related to the Debtors' chapter 11 cases ("Cases") as the Company may reasonably request.

PLEASE TAKE FURTHER NOTICE that, if its retention is approved, B&P will, unless such terms prove to have been improvident in light of developments not capable of being anticipated at the time of the hearing, be entitled to receive the following compensation:

- (i) An initial monthly advisory fee of \$375,000 for each of December, 2001 and January, 2002; and
- (ii) An interim monthly advisory fee of \$300,000 for each of the six months ending July 31, 2002; and
- (iii) An ongoing monthly advisory fee of \$250,000 for each month thereafter until termination of the Amended Letter subject to adjustment but not above \$300,000, in certain circumstances as described in the Amended Letter; and
- (iv) A Transaction Fee equal to \$10.0 million payable upon consummation of a Plan provided, however, that B&P shall earn and be entitled to receive a nonrefundable portion of the Transaction Fee on an interim basis as follows:
  - (a) A fee equal to \$5.0 million, (the "OpCo Fee") payable on a pro-rata basis, upon the closing of a transaction or transactions effecting the transfer of individual assets or stock (the identity of which may change from time to time) to be included in a section 363 sale process or in the potential reorganization of the Debtors (collectively the "OpCo Assets"), and for which there is payment of Consideration by an entity, whether or not affiliated with the Company. If B&P receives M&A Fees up to \$3 million of such fee shall be credited against the OpCo Fee; and
  - (b) Up to \$3 million upon the Divestitures of assets or stock that are not OpCo Assets. Fees pursuant to this subsection (b) shall accrue at the rate of 0.125% of the Consideration for each Divestiture.
  - (c) The balance of the Transaction Fee (\$10 million less full credit for fees received pursuant to subsections (a) and (b) above, the "Balance") upon the effective date of a Plan for the Debtors, prorated in the event individual Debtor Plans are confirmed at different times.
- (v) If the Company chooses B&P to provide M&A services, B&P shall receive a declining percentage M&A Fee (ranging from 1.429% for aggregate transaction Consideration of \$70 million or less, to 0.345% for aggregate Consideration of \$4 billion or more), which fee shall be reduced by 50% if B&P co-manages an M&A transaction. If the Company asks B&P to arrange debt financing or

equity financing, the fees for these services shall be in addition to fees otherwise provided herein, normal and customary in the circumstances, and mutually agreed upon by the Company, with the written consent of the Committee, and B&P at the outset of the services to be provided.

- (vi) Reimbursement of all reasonable out-of-pocket expenses incurred during this engagement, including, but not limited to, travel, lodging, direct identifiable data processing and communication charges, courier services, working meals, reasonable fees and expenses of B&P's counsel and other necessary expenditures, due upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses.

The fees payable pursuant to paragraphs (iv) and (v) above shall be payable in cash from the proceeds of the transaction giving rise to such fees or from other sources available to the Company, at the close of such transaction; provided, however, that B&P will include the amounts payable pursuant to this paragraph in required filings with the Bankruptcy Court.

Unless otherwise defined herein, all capitalized terms contained in the foregoing paragraphs are defined in the Amended Letter dated as of May 24, 2002, between B&P and the Debtors ("Amended Letter").

PLEASE TAKE FURTHER NOTICE that, in the event that the Application is granted, the Debtors will indemnify and hold B&P harmless against liabilities arising out of or in connection with its retention by Debtors except for any such liability for losses, claims, damages or liabilities incurred by the Debtors that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the bad faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct of B&P, subject to further modification in the Final Order.

PLEASE TAKE FURTHER NOTICE that the foregoing summary of certain elements of the retention is not complete and that the full terms of the retention are contained in the Application and the Amended Letter, which are available for inspection at the clerk's office for the Bankruptcy Court and on the Bankruptcy Court's Internet site at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), through an account obtained from Pacer Service Center at 1-800-676-6856. To the extent that the summary of the retention terms set forth in this notice conflict with the terms of the Amended Letter, the terms of the Amended Letter shall control.

Dated: August 1, 2002  
New York, New York

Martin J. Bienenstock  
Brian S. Rosen  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153

ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION



**STANDARD  
PROOF OF CLAIM**

Debtor Name and Case Number as Scheduled:

**NOTICE OF SCHEDULED CLAIM:**

Your claim is scheduled by the Debtor as:

Indicate Debtor Name and Case Number, if other than above (see Exhibit A to the Bar Date Notice for a complete list of debtors and case numbers):

**NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.**

Name and Address of Creditor (The person or other entity to whom the debtor owes money or property): P: 1195989

ENR # 168307  
FLORIDA PUBLIC SERVICE  
COMMISSION  
2540 SHURMARD OAKS BLVD  
TALLAHASSEE, FL 32399-0850

- Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
- Check box if you have never received any notices from the bankruptcy court in this case.
- Check box if the address information provided is incorrect or incomplete. Please provide correct information by striking through the preprinted address and writing the correct information.



IF YOU AGREE WITH THE AMOUNT SCHEDULED BY THE DEBTOR AND HAVE NO OTHER CLAIMS AGAINST THE DEBTOR, YOU DO NOT NEED TO FILE THIS PROOF OF CLAIM, EXCEPT AS FOLLOWS: If the amount shown above is listed as DISPUTED, UNLIQUIDATED, or CONTINGENT, a proof of claim MUST be filed

Creditor's Telephone number:

Creditor's Tax Identification or Social Security Number:

- Check here  supplements  
if this claim  replaces a previously filed claim, dated: \_\_\_\_\_  
 amends

**1. Basis for Claim**

- Goods sold/Services performed
- Contract/Lease (other than trading contracts)
- Trading contract
- Money loaned
- Litigation

- Guarantees
- Taxes
- Other \_\_\_\_\_

If your claim is for retiree benefits, wages, salary, or compensation, you should complete the Employee Proof of Claim Form rather than this form.

**2. Date debt was incurred:** \_\_\_\_\_

**3. If court judgment, date obtained:** \_\_\_\_\_

**4. Total Amount of Claim at Time Case Filed:** \$ \_\_\_\_\_

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.

- Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

**5. Secured Claim.**

- Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral

Value of Collateral. \$ \_\_\_\_\_

Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ \_\_\_\_\_

**6. Unsecured Priority Claim.**

- Check this box if you have an unsecured priority claim

Amount entitled to priority \$ \_\_\_\_\_

Specify the priority of the claim:

- Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)
- Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(\_\_\_\_)

**7. Credits:** The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

**THIS SPACE IS FOR COURT USE ONLY**

**8. Supporting Documents:** Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien.

DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

**9. Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and a copy of this proof of claim.

Date:

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

Penalty for presenting a fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years or both. 18 U.S.C. §§ 152 and 3571.

## INSTRUCTIONS FOR STANDARD PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In particular types of cases or circumstances, such as bankruptcy cases that are not filed voluntarily by a debtor, there may be exceptions to these general rules.

### DEFINITIONS

#### **Debtor**

The person, corporation, or other entity that has filed a bankruptcy case is called the debtor.

#### **Creditor**

A creditor is any person, corporation, or other entity to whom the debtor owed a debt on the date that the bankruptcy case was filed.

#### **Proof of Claim**

A form telling the bankruptcy court how much the debtor owed a creditor at the time the bankruptcy case was filed (the amount of the creditor's claim). This form must be filed with the Enron Claims Docketing Center, Mega Case Unit, One Bowling Green, New York, New York 10004-1408.

#### **Secured Claim**

A claim is a secured claim to the extent that the creditor has a lien on property of the debtor (collateral) that gives the creditor the right to be paid from that property before creditors who do not have liens on the property.

Examples of liens are a mortgage on real estate and a security interest in a car, truck, boat, or other item of property. A lien may have been obtained through a court proceeding before the bankruptcy case began; in some states a court judgment is a lien. In addition, to the extent a creditor also owes money to the debtor (has a right of setoff), the creditor's claim may be a secured claim. (See also *Unsecured Claim*.)

#### **Unsecured Claim**

If a claim is not a secured claim it is an unsecured claim. A claim may be partly secured and partly unsecured if the property on which a creditor has a lien is not worth enough to pay the creditor in full.

#### **Unsecured Priority Claim**

Certain types of unsecured claims are given priority, so they are to be paid in bankruptcy cases before most other unsecured claims (if there is sufficient money or property available to pay these claims). The most common types of priority claims are listed on the proof of claim form. Unsecured claims that are not specifically given priority status by the bankruptcy laws are classified as *Unsecured Nonpriority Claims*.

### Items to be completed in Standard Proof of Claim form (if not already filled in)

#### **Name of Debtor and Case Number:**

If your claim has been scheduled, the form indicates the name of the debtor against whom you have a scheduled claim. If you have a claim against a different debtor, please indicate this in the blank provided in the top left hand corner of the Proof of Claim form. **IF YOU HAVE CLAIMS AGAINST ADDITIONAL DEBTORS, YOU MUST COMPLETE A SEPARATE PROOF OF CLAIM FORM FOR EACH CLAIM AND AGAINST EACH DEBTOR.** A complete list of debtors is provided in the Bar Date Notice accompanying this form.

#### **Information about Creditor:**

The section giving the name and address of the creditor to whom the debtor owes money or property has been completed for you, based on the debtor's books and records. If anyone else has already filed a proof of claim relating to this debt, if you never received notices from the bankruptcy court about these cases, if your address differs from the information printed on the form, or if this proof of claim replaces or changes a proof of claim that was already filed, check the appropriate box on the form. Please update the address information if it is incorrect or incomplete.

#### **Information about Scheduled Claim:**

If there is a claim amount shown in the upper right hand corner of the Proof of Claim form, the debtor has scheduled your claim in that amount in its Schedules and Statements filed with the Bankruptcy Court. **IF YOU AGREE WITH THE AMOUNT SCHEDULED BY THE DEBTOR AND HAVE NO OTHER CLAIMS AGAINST THE DEBTOR, YOU DO NOT NEED TO FILE A PROOF OF CLAIM, EXCEPT AS FOLLOWS:** If the amount shown is **DISPUTED**, **UNLIQUIDATED**, or **CONTINGENT**, a proof of claim **MUST** be filed in or order to recover any distributions in respect of your claim. If you have already filed your claim with the Bankruptcy Court, you do not need to file again.

#### **1. Basis for Claim:**

Check the type of debt for which the proof of claim is being filed. If the type of debt is not listed, check "Other" and briefly describe the type of debt. If you were an employee of the debtor, you should complete the Employee Proof of Claim form rather than this form. The Employee Proof of Claim is available at [www.enron.com](http://www.enron.com) or [www.employeecommittee.com](http://www.employeecommittee.com).

#### **2. Date Debt Incurred:**

Fill in the date when the debt first was owed by the debtor.

#### **3. Court Judgments:**

If you have a court judgment for this debt, state the date the court entered the judgment.

#### **4. Total Amount of Claim at Time Case Filed:**

Fill in the amount of the entire claim. If interest or other charges in addition to the principal amount of the claim are included, check the appropriate place on the form and attach an itemization of the interest and charges. The date of filing for each of the debtors is provided in the Bar Date Notice accompanying this form.

#### **5. Secured Claim**

Check the appropriate place if the claim is a secured claim. You must state the type and value of property that is collateral for the claim, attach copies of the documentation of your lien, and state the amount past due on the claim as of the date the bankruptcy case was filed. A claim may be partly secured and partly unsecured. (See DEFINITIONS, above).

#### **6. Unsecured Priority Claim**

Check the appropriate place if you have an unsecured priority claim, and state the amount entitled to priority. (See DEFINITIONS, above). A claim may be partly priority and partly nonpriority if, for example, the claim is for more than the amount given priority by the law. Check the appropriate place to specify the type of priority claim.

#### **7. Credits:**

By signing this proof of claim, you are stating under oath that in calculating the amount of your claim you have given the debtor credit for all payments received from the debtor.

#### **8. Supporting Documents:**

**YOU MUST ATTACH TO THIS PROOF OF CLAIM FORM COPIES OF DOCUMENTS THAT SHOW THE DEBTOR OWES THE DEBT CLAIMED OR, IF THE DOCUMENTS ARE TOO LENGTHY, A SUMMARY OF THOSE DOCUMENTS.** If documents are not available, you must attach an explanation of why they are not available.