

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

ORIGINAL

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In re	: Chapter 11
ENRON CORP., et al.,	: Case No. 01-16034 (AJG)
	: Jointly Administered
Debtors.	:
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**NOTICE OF HEARING ON APPLICATION OF OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS OF ENRON CORP. ET AL., PURSUANT TO  
§§ 328(a) AND 1103 OF BANKRUPTCY CODE AND 2014 OF BANKRUPTCY RULES FOR  
AUTHORIZATION TO EMPLOY HOULIHAN LOKEY HOWARD & ZUKIN AS FINANCIAL ADVISORS**

TO ALL CREDITORS OF THE DEBTORS:

PLEASE TAKE NOTICE of the Official Committee of Unsecured Creditors (the "Committee") of Enron Corp. and its related and affiliated debtors and debtors in possession ("Enron" or the "Debtors") seeks a final order approving their Application Pursuant to Sections 328(a) and 1103 of the Bankruptcy Code and rule 2014 of the Bankruptcy Rules for Authorization to Retain and Employ Houlihan Lokey Howard & Zukin, Inc. ("Houlihan Lokey") as its Financial Advisors filed on January 29, 2002 (the "Application").

PLEASE TAKE FURTHER NOTICE that the Honorable Arthur J. Gonzalez of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") approved an Interim Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code Authorizing the Employment and Retention of Houlihan Lokey as Financial Advisors for the Committee (the "Interim Order") on an interim basis pending a final hearing on the Application.

PLEASE TAKE FURTHER NOTICE that the hearing on the Application is scheduled for October 10, 2002 at 10:00 a.m. prevailing Eastern 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 no later than October 7, 2002 at 5:00 P.M. prevailing Eastern Time on (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Brian S. Rosen, Esq.); (ii) Milbank Tweed Hadley & McCloy, One Chase Manhattan Plaza, New York, New York 10005 (Attn: Luc Despina, Esq.); (iii) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Mary Tom, Esq.); (iv) Houlihan Lokey Howard & Zukin, 123 North Wacker Drive, 4th Floor, Chicago, Illinois 60606 (Attn: Richard Chesley, 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-182 (General Order M-182 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, the Committee seeks to retain Houlihan Lokey as its financial advisor in these bankruptcy cases pursuant to the terms of the engagement letter that was negotiated between Houlihan Lokey, the Committee and their counsel, and executed on December 17, 2001 (the "Engagement Letter") to:

- a. Evaluate the assets and liabilities of the Debtors and their subsidiaries;
- b. Analyze and review the financial and operating statements of the Debtors and their subsidiaries;
- c. Analyze the business plans and forecasts of the Debtors and their subsidiaries;

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- d. Evaluate all aspects of debtor-in-possession financing, cash collateral usage and adequate protection therefore and any exit financing in connection with any plan of reorganization and any budgets relating thereto;
- e. Help with the claim resolution process and distributions relating thereto;
- f. Provide such specific valuation or other financial analyses or opinions as the Committee may require in connection with these cases;
- g. Assess the financial issues and options concerning (a) the sale of any assets of the Debtors, either in whole or in part, and (b) the Debtors' plan(s) of reorganization or any other plan(s) of reorganization (the "Plan") and assisting the Committee in negotiating the terms thereof;
- h. Prepare, analyze and explain the Plan to various constituencies;
- i. Provide testimony in court on behalf of the Committee; and
- j. Provide litigation support to counsel to the Committee in any contested matter before the Court.

PLEASE TAKE FURTHER NOTICE that, under the Engagement Letter, Houlihan Lokey, if its retention is approved, will be paid \$350,000 per month for advisory services to the Committee (the "Monthly Fee"), and a transaction fee of \$9,500,000 (the "Transaction Fee") to be earned upon the closing or consummation of a Transaction (as defined in the Engagement Letter) and to be paid upon the effective date of a Chapter 11 plan of reorganization or liquidation. Of the Transaction Fee, \$4,000,000 shall be subject to the following credits of the Monthly Fees earned by Houlihan Lokey: twenty-five percent (25%) of the Monthly Fees earned after the first nine months of the engagement and fifty percent (50%) of the Monthly Fees earned after the first eighteen months of the engagement. In addition to any other payments and regardless of whether any Transaction is consummated, Houlihan Lokey shall be reimbursed for all out-of-pocket expenses that are reasonably incurred in connection with its services to the Committee.

PLEASE TAKE FURTHER NOTICE that the Engagement Letter and Application contain indemnification provisions which may bar certain actions against Houlihan Lokey as a result of their services on behalf of the Committee.

PLEASE TAKE FURTHER NOTICE that if you do not object by the objection deadline above, your rights to subsequently object to the compensation of Houlihan Lokey will be affected and subject to the heightened standard of review enumerated in section 328 of title 11 of the United States Code.

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

Luc A. Despins  
MILBANK, TWEED, HADLEY & McCLOY LLP  
1 Chase Manhattan Plaza  
New York, New York 10005

ATTORNEYS FOR THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF ENRON CORP ET AL.